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Secretary's Speech

TRANSCRIPT OF REMARKS

Thursday, March 13, 2008

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Remarks by U.S. Secretary of Commerce Carlos M. Gutierrez U.S. Hispanic Chamber of Commerce Legislative Conference Washington, D.C.

Muchas gracias. Buenas tardes. Thank you very much. Thank you for that very kind introduction. *Buenos tardes a todos.* It is always an honor to be here. I think it's a great time to be with this group and it's a great time to be a Latino in the United States. (Applause) We are at the right time and the right place.

I know that you heard from the President yesterday on the importance of the Colombia Free Trade Agreement. We believe that this is a critical issue, not just for our country, but for the whole Hemisphere. I'll be talking a little bit about that today as well and talking about some other issues that concern all of us in our community.

Let me start by talking about the state of the U.S. economy. I know it's very much on everyone's mind. The nation is, no question, facing economic challenges and we are growing at a slower pace than we were in the past. We are going through a difficult period. We believe that we are going through a correction. We also believe that we will get through it, but there is no question that we are going through times of difficulty for many people.

We have seen our job market...for the first time in 52 months we've had two consecutive months of job losses, which no one likes, and as you can imagine any time that even one job is lost that's a problem. There were 63,000 jobs lost in the month of February, and of course, that is a concern. Unemployment continues to be low, but we want to get that jobs number growing again. The important thing to keep in mind is as you look at our GDP growth, it was very sluggish in the first quarter, up 2.2 percent last year, we know we are going through a housing correction that could take some time. The housing inventory, just to give you an idea, is about 10 months. Typically, we would have an inventory of about five months. So it's going to take us some time. It's going to take us some time to lower the inventories, it's going to take us some time to get the capital markets sorted out.

So we believe that in the second half of the year we're going to see growth again, pick back up. And, most economists will say that this quarter will be our toughest quarter. We are getting toward the end of what should be the toughest quarter of the year. As you know, in response to these challenges, the President began looking late last year for ways to stimulate the economy. And last month the President signed a one-time, what he called a "booster shot," something that you take before you get sick, so that you can prevent getting sick. A booster shot that provides temporary tax incentives for businesses and tax relief for individuals.

And we believe, as I have said before, we will get through this. We have gotten through a tremendous amount of challenges throughout the last six or seven years, whether it be the recession of 2000, the stock market crash, a wave of corporate scandals, 9/11, the 2005 hurricane season, the increase in the price of oil and commodities, this economy has proven to be incredibly resilient and we will get through this again. And the key thing is to look long-term and continue to find ways to create an environment so businesses can grow, small businesses can start, people can find jobs, and creativity and talents of individuals can flourish.

One piece of information I heard the other day, which I thought was just amazing, is that 50 percent of all new jobs in the country are created by businesses that are less than five years old. When you talk about energy and creativity and vitality that entrepreneurs add to the country, that's probably the single best statistic I have heard. So it says a lot about the impact of small and medium sized businesses on the economy.

There are other steps we need to take to keep our economy strong and to keep our economy competitive, and that is, as the President spoke yesterday and as many of you know, immigration reform.

We believe that the country needs immigration reform and that our economy is going to be in deep trouble unless we do see immigration reform. Families like mine and yours have been coming to this country for generations in search of the American Dream. We are part of the Latino community. It is the largest, the fastest growing population group in the U.S. and we should be speaking out about issues that affect our community and issues about which we are interested. Freedom, openness and opportunity have drawn people to our shores for more than two centuries and this has made our country a better place. There is no question that immigration has made this country a better place. And there is no question that we will be better with immigration. (Applause)

And immigration has historically been one of our strengths and it can continue to be if we fix the system. And if we recognize the system is broken. This is a big issue—if we don't get it right we'll have a big society problem and a big economic problem. But if we do get it right, we can have an advantage against the rest of the world for the next century...if we get it right. After all, we have experience with immigration. Every developed economy in the world is struggling with immigration. They're wondering what to do about immigration, because they also need immigration to keep their economy growing. The difference is: we have experience—they don't. So we should be using our experience instead of standing still and trying to ignore the problem.

Securing the borders is the first priority, but it doesn't stop there. There are 12 million people here with three million children, and it is incredibly complicated problem. It requires a lot of thought. It requires a lot of hard work. It requires a lot attention to detail, and it is not going to be solved with a

one-liner, or with one word, like "amnesty." People want a very simple, one-line solution to a very, very complicated problem and it's only going to be solved with a comprehensive approach. And that's going to require one, we have to recognize that we have to confront it, and two, be willing to fix it, and be willing to have the political will to stand up and fix the problem once and for all.

The President, as you know, has been committed to immigration reform from his very first day in office and he believes that it's important we find a permanent solution that meets our country's needs by creating a practical immigration system. And yes, we have to fix our borders, but if that's the only thing we do, we haven't fixed the problem. It's very easy to say "fix the border" and it's very easy to say, "That's what we have to do is build a fence," but no, it's not that easy. It will require a lot more than just that, and again we need to get to work and we need to confront it. It's not going to go away. And we have to keep in mind that the extremes are not going to work. We're not going to deport 12 million people and we're not going to give everybody a passport. The answer is in the middle, and that middle is going to require a lot of work.

So I appreciate everything that you've done so far. We have a lot of work to do, but it's just a matter of time before we get immigration reform. The important thing is to just not lose sight of the fact that we need to do it and we will do it, and that will be on our agenda until we do. So I want to thank you for your support and I also want to thank the President for his leadership at a time when very few people were addressing the problem he was standing up talking about it, regardless of the political risk, he was talking about something that he felt was important to do.

The heightened rhetoric during the immigration debate, has I think been very damaging, and not just for Latinos living in the U.S., but it also has impacted our relationship with Latin America countries. And as I travel around Latin America and I talk to leaders they'll tell me this that it's painful listening to some of the news reports and what you are saying about immigration and the rhetoric you're using it confuses us. This confuses your neighbors.

So not only has it been damaging here, but the rhetoric has also been damaging around the hemisphere. That's just one more reason why we need to confront it and get through it, and hopefully get beyond the rhetoric.

As Latinos I believe that we should be engaged in our Hemisphere and I believe that we should take an interest in what happens in Latin America. After all, these are countries from which we came. Countries where we may have relatives. These are countries that we should be interested in. We should take an interest in each one of them.

One of the best ways to enhance prosperity and security is to extend free markets, free speech and free trade wherever we can in our neighborhood. We want all Latin American countries to be prosperous. And that will be good for the whole Hemisphere. We have an interest in that because that is where many of our ancestors came from. We should always be looking out, not just domestically, but we should have a view outside of the U.S., a view that takes us out internationally.

By almost any measure, President Bush has been engaged in this hemisphere more than any other President. It's not just that he loves to speak Spanish. It's more than just visiting the region, which he has done a number of times. But it's the policies and the programs this President has championed, and the results that he has delivered. For example, aid to the region during this Administration has

doubled. We have signed more free trade agreements in this hemisphere than with any other part of the world. (Applause) We had three free trade agreements when he took office, with Israel, Canada and Mexico. The President mentioned this yesterday. We added CAFTA, the Dominican Republic, Chile, Peru, and we have two others in our hemisphere that we want to add. So there's been a tremendous amount of focus. American trade with the hemisphere has gone up 56 percent since 2001. And we believe we should be doing a lot more.

So, with the completion of the pending FTAs, more than 90 percent of the hemisphere's GDP—that includes U.S. and Canada—will be part of a free trade area that extends from the Arctic Circle to Tierra del Fuego. So we might not have free trade of the Americas, but we have one-by-one stitched up our own free trade of the Americas with willing partners.

Just to give you an idea of the size of trade, last year we exported \$1.6 trillion in goods and services. Net trade was 26 percent of economic growth. So, more and more trade is becoming a big contributor to our growth. We export 31 percent of our agriculture products and export 20 percent of our manufactured goods. So we rely on overseas markets, we rely on foreign trade. We rely on the world to keep our companies growing, and we need to keep that in mind.

This is not a time to start isolating ourselves or to believe that we could just trade with each other and continue to grow the way we are growing now. So the time is right for businesses, ranchers and workers to expand markets and seize the opportunity by opening up new potential markets for exports.

We're pleased with the passage of Peru, but as you know there are three more agreements pending in Congress. It is not enough to pass Peru. We want all four passed, so we still have a lot of work to do.

As the President mentioned yesterday, all three are important—Colombia, Panama, South Korea—they're all important, but Colombia is especially important.

I believe every single Latino in the country should take a very special interest in that free trade agreement with Colombia because it says a lot about our relationship with Latin America. Yesterday the President called on members of Congress to move forward with the U.S.-Colombia Free Trade Agreement when they return from the Easter recess. We've been talking about this for too long. It's time to get on with it. It's time to get a vote. (Applause)

The President also talked about economic and the national security arguments for the FTA with Colombia. There is no question about it, this agreement is the right thing to do for Colombia and for the U.S.

The other thing to think about is that if we don't have a free trade agreement with Colombia but we have one with Peru, with Chile, with Central America and with Mexico, Colombia will be put at a disadvantage. So not only will it not move forward, it'll move backward. And one estimate is that Colombia will lose 400,000 jobs if they don't have a free trade agreement.

After \$5.5 billion of Plan Colombia, after all the pain and all the effort and all the progress that they have made in Colombia, after 40 years of war and violence, all the progress they have made, to go

backward now... that would be bad. As someone once said, and I don't know what country they used, but "*Para atras ni para cojer vuelo.*" (Laughter)

With 750,000 Colombian-Americans in the U.S. I know they take, they have a stake in the welfare of their native land. We should all have the same interest they do.

As President Bush said, "*If we fail to approve this agreement we will let down a close ally, we will damage our credibility in the region, and we will embolden the demagogues in our hemisphere.*"

This agreement in Colombia is a bellwether as to how we treat other countries in our hemisphere. Our Latin America allies should not be taken for granted. And others are watching closely to see how we treat Colombia given that Colombia has been such a close ally. The world is watching for signals that the U.S. is *in* the global economy, or is actually backing away from its leadership position.

We have heard recently criticisms of NAFTA. I was just in Mexico the day that the criticisms came out, when discussions were happening around NAFTA. Just listen to these numbers regarding NAFTA. NAFTA today is a \$930 billion relationship—it was about \$200 billion 15 years ago. Nine hundred and thirty billion...that means it will be \$1 trillion very soon. In the 14 years since NAFTA our GDP has grown 54 percent. And, if you look at the 14 years prior to NAFTA, our per capita income—real disposable per capita income—increased by \$5,400. If you look at the 14 years after NAFTA our real disposable income per capita increased \$8,400. Fourteen years before NAFTA the unemployment rate was 7.1. After NAFTA the average unemployment rate has been 5.1 percent. And more than 25 million net new jobs were created in the 14 years since NAFTA.

And you still hear people saying, "NAFTA has been a disaster". NAFTA has been an overwhelming success. I don't doubt that in some communities it has been a challenge. It has been difficult and I don't doubt that and I take that very seriously, but for the country as a whole we have benefited greatly from NAFTA.

When we talk about, let's take a "timeout" from trade or let's renegotiate our agreements...you know, this a time when the European Union is negotiating with 15 different countries. Chile has over 50 free trade agreements. Everyone is negotiating with everyone. And the single biggest country in the world, the one who led the rest of the world toward trade and free enterprise and freedom, all of a sudden is standing still. We can't afford to do that. We have grown and we have flourished because we have been aggressive. And because we have had the confidence to compete with the rest of the world and we shouldn't lose that.

We know that protectionism, unfortunately, doesn't protect. You know this, being business people. The only thing that protects is having a good product, is working hard, is investing, is innovating, is being productive. That's the way to compete, that's the way to protect jobs. Not by assuming that the government can sign something in Washington and protect our business.

You know that's not the way it works, and I think, I believe, that Hispanic Americans, Latinos, came to the U.S. in search of opportunity, not in search of protection. I believe we all came asking for one thing: give us a shot. Give us the opportunity. I don't think we only came in search of paternalism; government paternalism, or some sort of protection. I believe that we can be leading this debate, ensuring that the U.S. remains open, that we remain aggressive, that we remain part of the world

economy because we understand the stakes.

As a community, we should speak out on the issues that are important to us, such as immigration reform, economic growth, extending freedom, extending free trade, and ensuring that social justice—true social justice—not demagoguery, but true social justice, exists in Latin America.

I believe that this country is best when we're open, when we're leading, when we're welcoming, when we're engaged, when we're confident. That's when this country flourishes, this country grows. That's when we are at our best. Not when we are inward looking or we begin to doubt our system or we begin to question whether immigration is good or we begin to question whether we should welcome people. That is not our best and we know that. We know that.

If there is one thing I would leave you with—a couple things—is of course, you know, join up, let's join up and do what we can do to get Colombia passed. I believe that the Colombia agreement is the kind of symbolic event that can turn things...that can have an impact well beyond Colombia. So we've talked about the risk if it doesn't pass, but think about if it does pass, what that will mean for our friends; for their confidence and their friendship with us, for demagogues who don't believe in our values. It has the potential to change the game. So please, please, please get involved.

The last thing I want to tell you is that I am so very proud to be a Latino. I never forget that. I never forget where I came from. I never, ever hide the fact that I am a Latino, that my name is Carlos Gutierrez, that I speak Spanish at home. (Applause) That my favorite food is *arroz con frijoles*. (Laughter) So please be proud, be proud to be a Latino, always remember that. Always wear your "Latin-ness" with pride.

I believe and I am convinced that we will be a better country, 10, 20, 30, 40, 50 years from now, we will look back and say we are such a better country today because of all that Latin immigration that came into this country in the late 20th century and throughout the 21st century and I thank you for letting me be here today. (Applause)

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