have in engineering at Focus: Hope requires a 40-hour workweek, and that is not work-study. It is not work-study * * *. The work they do and the skills they are developing dictate the knowledge they need to draw down. And if the university cannot provide that knowledge, the university is irrelevant. So the knowledge drawdown assimilates knowledge at, as I said earlier, geometric proportions. So the young people there are learning four and five and six times faster than the normal engineering candidate at a major university, simply because they are seeing the relevance of what they are learning in terms of the demands of the workplace.

Mr. President, judging by the testimony provided to the committee during the 3 days of the hearing, Focus: Hope is precisely the type of program we should be attempting to replicate around the country. However, the lesson is not that the Government should dictate that all recipients of Federal dollars exactly mirror Focus: Hope in concept and design, but that the Government seek out programs with a proven track record of success and a proven base of support in their community or region.

This Senator believes the best method for accomplishing this is to get the money into the hands of State and local officials who have a better idea as to which programs are working and where our limited resources are best utilized, that certainly has been the experience in my State of Michigan, where our citizens have had tremendous success under the leadership of Gov. John Engler, in forging a statewide partnership to enact real reform in such areas as job training and welfare.

Once again, let me congratulate Father Cunningham on his appearance before the Senate's Labor and Human Resources Committee and commend him for his fine work at Focus: Hope. It is individuals like Father Cunningham and organizations like Focus: Hope which have made this country great and stand to make a positive difference in our future. We would be wise to offer them our assistance and follow their example.

Mr. President, I yield the floor.

WAS CONGRESS IRRESPONSIBLE? THE VOTERS HAVE SAID YES

Mr. HELMS. Mr. President, anyone even remotely familiar with the U.S. Constitution knows that no President can spend a dime of Federal tax money that has not first been authorized and appropriated by Congress—both the House of Representatives and the U.S. Senate.

So when you hear a politician or an editor or a commentator declare that ''Reagan ran up the Federal debt'' or that ''Bush ran it up,'' bear in mind that it was, and is, the constitutional duty of Congress to control Federal spending. We'd better get busy correcting this because Congress has failed miserably to do it for about 50 years.

The fiscal irresponsibility of Congress has created a Federal debt which stood at $4,810,859,576,867.71 as of the close of business Wednesday, February 1. Averaged out, every man, woman, and child in America owes a share of this massive debt, and that per capita share is $18,262.11.

THE CLINTON BAILOUT OF MEXICO

Mr. HELMS. Mr. President, our offices in Washington and North Carolina have been inundated with calls protesting President Clinton's decision to bypass Congress and, more importantly, Mr. Clinton's willingness to ignore the emphatic will of the American people. In any event, that is what Mr. Clinton has done with his unilateral $20 billion bailout of Mexico.

I have opposed this scheme from the very beginning because it will do nothing to remedy Mexico's internal problem and it is unfair to American taxpayers. Last week, I presided over in-depth hearings by the Foreign Relations Committee. Witness after witness warned the President not to violate the will of the American people in this matter.

Mr. President, if this were as important as the President would have us believe, then Congress should debate the bailout and vote on it, up or down, for or against. Before the taxpayers' money is put at risk, however, the people being forced to foot the bill should have a say. The $20 billion in question is an enormous amount of money. It is more than the annual budget of the State of North Carolina; it is larger than the annual budgets of 16 of the 18 States represented on the Foreign Relations Committee.

I am not convinced that refusal to bailout Mexico would be the disaster that the administration has described. Many topflight economists say the same. The Mexican people are already suffering, a condition that will improve only with solid political and economic reform, not as the result of a bailout.

Mr. President, on several occasions between 1980 and 1994, Mexico used dollars drawn from a special line of credit at the United States Treasury. The United States has also aided Mexico with bridge loans, bank credits, currency swaps, and guarantees, all to shore up confidence in Mexico. Assistance from Uncle Sam usually has come right around election time in Mexico. Credit lines from the United States and other countries, amounting to as much as $12 billion, were negotiated twice in the past 15 months alone.

With the exception of last week's hearings narrowly focused on the peso crisis, the Senate has not held hearings on the situation in Mexico since 1986. Since the President is obviously willing to risk saddling the taxpayers with $20 billion of debt, I believe Congress has a fundamental obligation to examine carefully the political and economic situation in Mexico and the administration's policy toward Mexico.

Mr. President, the Mexican Government has a credibility gap, and for obvious reasons. Just one example: There are some 2,000 United States claimants protesting Mexico's refusal to pay about $19 billion owed under a little-known 1941 treaty—the Treaty on Final Settlement of Certain Claims—which provided for settlement of longstanding disputed property claims. The United States fully met its obligations by 1948, but Mexico broke its promise. The Mexicans signed the treaty on the dotted line knowing full well that it was never intended that Mexico would compensate these Americans. To this day, not a dime nor a peso has ever been paid to an American claimant.

Mexico doesn't hesitate to break its promises to the United States, much less to violate United States policies. For example: Mexico is giving aid and comfort to Fidel Castro by investing in Cuba's economy, notwithstanding the United States trade embargo. According to Cuba Report, published by the Miami Herald, the Mexicans are financing Cuba's telephone company to the tune of $1.5 billion, And, by the way, the Cuban phone company is a confiscated United States business. Also, a Mexican-Cuba joint venture will invest $100 million in a Cuban oil refinery. The dominant member of this venture will be Pemex, the Mexican's Government-owned oil company.

The Mexican Foreign Minister was quoted by the January 27 Financial Times as saying that ''the typical U.S. politician is not necessarily someone who is very conscious of international subjects. Even supposing they know where Mexico is * * * they lack information about what happens in Mexico.''

Mr. President, this is the same fellow who came to Washington with an outstretched hand pleading for cash.

Mexico's international debt stands at $180 billion. According to the United States Treasury Department's own estimate, the Mexican debt coming due in 1995 alone—both public and private sector debt—is more than $80 billion. What Mexico sorely needs is to get at the root causes of its problems so that it will cease to require emergency intervention by the United States taxpayers.

Mr. President, Mexican President Zedillo has a tough road to travel: He must solve the short term economic crisis; provide for a long-term economic stability; end a civil uprising; address corruption; stop drug trafficking, and initiate political reforms. Properly addressing these issues is what's needed to shore-up investor confidence.

Mexico would be better off letting the markets set the value of the peso and Mexican stocks and bonds. The U.S. Government has no business bailing-out private or public investors who lose money on highly speculative investments.

In testimony last week before the Foreign Relations Committee, experts recommended that Mexico eliminate its wage and price controls; reform its banking industry; increase the pace of privatization and further open their oil company and other State-controlled entities to foreign investment, and then tighten its fiscal and monetary policies.

A bailout of Mexico is bad policy. It may provide some illusory short term relief, but it fails to address the root causes of Mexico's woes. We've been told that the imposition of any conditions, such as: First, drug trafficking controls; second, extradition of Mexican citizens involved in United States crimes, and third, resolution of all outstanding claims against Mexico by United States citizens—these conditions are too politically sensitive for the Mexicans. It might hurt somebody's feelings. But, I for one, wonder why the Mexicans seek United States financial aid with one hand, while they sustain Fidel Castro's brutal dictatorship with the other.

It boils down to this, Mr. President: When an American taxpayer gets a loan from his local bank to buy a house, the property is security for the loan, as Uncle Sam doesn't cosign the note. Yet, that is exactly what Mr. Clinton is proposing, namely that the United States sign the $20 billion note.

In my judgment, the United States and the Mexican Governments are perpetuating an unhealthy situation in which Mexico has grown dependent on us to fix its financial problems. It's bad for Mexico and it's unfair to the American taxpayers. This is the seventh time since 1982 that the United States taxpayers have bailed-out Mexicans and have rewarded wealthy bankers who have made bad loans.

The American taxpayers should not be placed at risk in bailing-out Wall Street bankers and speculators, particularly since the Federal Government has already run up a 4 trillion, 800 billion dollar debt which our grandchildren and their grandchildren will have to pay.

Mr. President, on January 18, I sent the administration 35 questions about the proposed bailout. I ask unanimous consent that the responses, which I received 8 days later, be printed in the RECORD at the conclusion of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

QUESTIONS AND ANSWERS

Question 1. Is the Secretary of the Treasury prepared to recommend to the President that he explain, in writing, to the U.S. Congress the urgency and necessity of authorizing $40 billion in loan guarantees to Mexico? If so, has such a recommendation been made or when can it be expected?

Answer. The President addressed the urgency and necessity of obtaining legislation authorizing a loan guarantee facility in his January 18 remarks at the Treasury Department and in the State of the Union. And he wrote to the bipartisan leadership on January 19.

Question 2. What specific conditions will the United States require of the Government of Mexico in order to ensure that we are repaid?

Answer. Mexico will pay substantial fees upfront to more than cover scoring costs.

Mexico will provide backing in the form of proceeds from oil exports in the event it can't meet its obligations.

Mexico will be required to agree to strong economic conditions and comply with them during the period that the guarantees are made available.

These conditions will focus on the monetary and fiscal policies necessary to restore growth and thereby generate resources to repay its obligations.

We will prepare and transmit to Congress reports at least quarterly on Mexico's compliance with the conditions as set out in the legislation and elaborated in consultations with Mexican officials.

Question 3. What specific economic structural adjustments will the United States require of Mexico?

Answer. Mexico has implemented a number of structural changes in its economy over the past decade, notably the liberalization of trade restrictions, the privatization of state-owned enterprises, the establishment of an independent central bank, and the restoration of some balance to public finances. Mexico has announced its intention to undertake further structural changes, including further privatization steps. Progress in making these reforms will be taken into account in extending the guarantees.

Question 4. Will each and every condition be made public? If not, will Members of Congress be able to obtain information on those conditions.

Answer. The legislation will itself stipulate many conditions. Conditions established in the agreement negotiated between the U.S. government and Mexico prior to the issue of guarantees will be provided to Congress if appropriate on a confidential basis.

We also intend to prepare and transmit to Congress reports at least quarterly on Mexico's compliance with the conditions as set out in the legislation and elaborated in consultations with Mexican officials.

Question 5. How was the $40 billion figure arrived at as the appropriate amount to deal with the current situation?

Answer. A substantial amount of Mexican debt will mature over the next 12 to 18 months. This includes public and private external debt as well as the dollar-indexed Tesobonos. We believe that $40 billion provides a reasonable safety net to be used to refinance maturing debt that is not being rolled over. The amount of $40 billion will convince the market that Mexico will have more than adequate resources to meet what we view as a short-term liquidity problem.

Question 6. Will the $40 billion in guarantees cover both principal and interest?

Answer. Under the guarantee arrangement with Mexico, the coverage will be up to 100% of principal and interest.

There are a number of U.S. Government guarantee programs which provide full coverage of principal and interest. These include the Israeli guarantees administered by USAID.

We will be charging the Mexicans substantial fees for this full guarantee coverage. These fees will move than cover the budget costs of the program, effectively reduce the exposure of the United States Government, and encourage the Mexicans to limit the use and coverage of the guarantees.

Question 7. What does the Treasury calculate to be the total risk to the United States should the Government of Mexico default?

Answer. We think the risks to U.S. taxpayers are small even if Mexico defaults.

Mexico will pay substantial fees upfront to more than cover scoring costs.

Mexico will provide backing in the form of proceeds from oil exports in the event it can't meet its obligations.

Mexico will be required to agree to substantial economic conditions and comply with them during the period that the guarantees are made available.

These conditions will be designed to ensure that these proceeds of the guarantee are used prudently.

Question 8. Will an authorization of $40 billion do the job of stabilizing the situation? Is this the last time the Administration will need to come back to Congress for loan guarantees for Mexico?

Answer. We believe $40 billion will be sufficient to restore stability, and in fact, we think it is highly unlikely that Mexico would use the entire $40 billion of guarantee authority.

Mexico has a liquidity problem that can be overcome in a relatively short period of time. We anticipate that Mexico will be able to return to private capital markets and borrow in its own name within a relatively short period of time.

With these guarantees and an appropriate economic program, we do not anticipate a need to return to Congress to request additional guarantee authority.

Question 9. In Administration briefings to Congress on the peso crisis, U.S. officials have stated that economic policies and decisions made by former Mexican President Salinas are directly responsible for the current crisis. Given this, does the Administration continue to support President Salinas to head the World Trade Organization?

Answer. The United States supports the candidacy of former President Salinas to head the World Trade Organization. As President of Mexico, Salinas led his country through a successful process of economic reform and trade liberalization. He also represents a bridge between the developing world and the industrialized nations.

The issue of whether the Mexican government should have devalued or not is a highly technical issue where economists disagree. The decision not to devalue does not disqualify former President Salinas. We continue to believe he is the best candidate for the job and is well-qualified to take on the challenges facing the global trading system.

Question 10. Please describe in detail all fees that will be incurred by the Government of Mexico in order to secure the guarantee. What will be the amount charged for each fee category? How is the fee amount determined?

Answer. The fee will have three components: commitment fees, basic fees, and supplemental fees.

The commitment fee will be set as a % of total guaranteed authority.

The basic fee will be set to correspond to the U.S. budget scoring cost as determined by OMB and CBO under the current scoring system. It will be paid when each guarantee is issued.

The supplemental fee will be set by the Secretary of the Treasury to ensure that Mexico return to private capital markets as soon as possible.

These fees will more than offset any estimated budget costs to the United States Government.

Question 11. Will the Government of Mexico be able to borrow against the loan guarantees in order to pay the fees mandated in any stabilization program?

Answer. Yes.

Question 12. What amount of collateral does the Treasury Department believe is sufficient to protect against the risk should the loan guarantees be used by the Government of Mexico? How was the amount of the collateral determined?

Answer. Treasury and Mexico will establish the oil proceeds facility to provide protection for the total potential U.S. exposure under the guarantee program—dollar for dollar.

Question 16. What steps has President Zedillo taken to alleviate the crisis since the situation began in December?

Answer. The initial action taken by President Zedillo was to renegotiate the PACTO, a tripartite (government, business, and labor) agreement that sets economic objectives, including wage increases, inflation and economic growth.

The Mexican Government also announced plans to reduce the growth of credit issued by the development banks and to accelerate the privatization program.

The Mexican Government then requested the U.S. and Canada to activate the swaps agreed to under the North American Framework Agreement of April 26, 1995.

As the market reaction indicated a lack of confidence in the Mexican economic program this program was strengthened. On January 2, President Zedillo announced additional measures aimed at restoring better economic balance. These include plans to reduce government budget expenditures, to privatize still more government-owned facilities. And to conduct a more stringent monetary policy.

At this time, the establishment of a $18 billion facility was announced. This included $9 billion from the United States split equally between the Treasury and the Federal Reserve, and $1.5 billion from the Bank of Canada, $5 billion from a consortium of central banks organized under the auspices of the Bank for International Settlements, and $3 billion from a group of private banks.

The Mexican Government also announced its intention to negotiate a Stand-by agreement with the International Monetary Fund. Negotiations are ongoing regarding the stabilization measures that Mexico will put in place under this agreement.

Question 17. What steps did the United States Government take in December to stabilize the peso?

Answer. The United States activated its $6 billion swap facility and then temporarily increased it to $9 billion. We did not intervene in the foreign exchange market, nor were there any drawings on our swap facility during December.

In early January, the Mexican government announced that it had made initial drawings from the Treasury and Federal Reserve swap facilities.

Question 18. What is the Treasury Department's position as to requiring, as part of a stabilization package, a commitment by the Government of Mexico to create a currency board or some other mechanism that will guarantee the independence of the monetary authority?

Answer. The most important thing for Mexico to do in the short-term is to put in place tight, effective controls on credit and money. There are lots of ways to do this, and we are looking at the alternatives with the Mexican authorities and the IMF.

Currency boards have worked well in certain circumstances, such as in Hong Kong. But they are controversial, and they cannot substitute for the need to put in place a credible and effective economic program. In addition, they require a substantial cushion of reserves, which Mexico now lacks.

Question 19. What is the current amount (in dollars) of both official and commercial debt that Mexico owes the United States or U.S. institutions?

Answer. As of September 1994, reported U.S. private and public debt claims on Mexico total $44 billion. These include: claims on Mexico of U.S. based banks of $21 billion, short-term claims held by U.S. non-banks of $4 billion, U.S. holdings of Mexican bonds of $18 billion, and U.S. official agencies' credits of $1 billion. (These figures do not include U.S. holdings of stocks or U.S. direct investment, which are substantial.)

Question 20. What is the current amount (in dollars) of Mexico's international reserves?

Answer. As of January 6, the Banco de Mexico's international reserves were $5,546 million.

Question 21. What is the amount, in dollars, of Mexico's ''short-term obligations'' that are now coming due?

Answer. Mexico faces maturity obligations in 1995 totalling approximately $81 billion. This sum includes both the external debt of the public and private sector, as well as public domestic debt obligations—Tesbonos—that are linked to the peso value of the dollar.

Much of this debt will be rolled over in the normal course of business. However, Mexico has been having a particularly difficult time rolling over maturity Tesobonos. In addition, some Mexican banks have had difficulty rolling over maturing debt.

Question 22. What is the amount (in dollars) of gold that Mexico either holds or has access to?

Answer. As of end-June, 1994, the gold holdings of the Bank of Mexico were 425,000 Fine Troy Ounces. At $380 per ounce, the value would be $161.5 million.

Question 23. What is the estimate of flight capital from New Mexico over the past twelve months?

Answer. Flight capital is inherently difficult to measure. The general consensus of economic experts on Mexico is that Mexico's balance of payment from problem resulted more from the drying up of foreign portfolio investment than capital flight. According to the Federal Reserve, which uses World Bank standard methodology, capital flight may have totaled $8–$10 billion in 1994.

Question 24. What steps will the United States insist upon to end flight capital?

Answer. The only enduring way is to restore confidence of domestic and foreign investors in the economic policies and exchange rate of Mexico. The measures that Mexico takes to stabilize its economy—stringent monetary policies and attractive real interest rates, are aimed at restoring confidence.

Question 25. What specific assurances can the Treasury Department give to the Congress that no loan guarantees provided by the United States will be used to subsidize or otherwise underwrite Mexican commercial transactions that negatively impact on U.S. national interests, including Mexican debt-for-equity swaps with Cuba?

Answer. The Government of Mexico has indicated that it is prepared to make specific assurances that these loan guarantees would not be used to subsidize or otherwise underwrite the types of transactions with Cuba raised in the above question.

Question 26. As the situation presently confronting Mexico is also faced by other developing countries, is the Administration prepared to propose similar stabilization plans should other nations find themselves facing a situation similar to that confronting Mexico?

Answer. Mexico is unique in terms of its strategic importance to the U.S. The U.S. and Mexico share a 2,000 mile border, rapidly growing trade and economic ties, and growing prosperity. And, the crisis in Mexico presents a unique risk of contagion to other emerging markets.

We will be exploring ways that international financial institutions are prepared and can respond to similar situations in the future.

Question 27. What other countries or international institutions will be involved in providing financial support to Mexico in response to the crisis? What specific steps are being taken by the U.S. government to secure international cooperation?

Answer. Canada is already providing about $1.5 billion Canadian dollars (approx. U.S. $1 billion) in swap credits. The central banks from other industrialized countries, under the auspices of the Bank of International Settlements, are arranging about $5 billion for Mexico.

The International Monetary Fund is arranging a sizable credit in support of a program with Mexico. Mexico is proceeding to negotiate with the World Bank and the Inter-American Development Bank additional loans, which will provide Mexico with a considerable amount of foreign exchange this year.

We are now in the process of encouraging other countries to join the effort.

Question 28. Has the Administration considered requiring the Government of Mexico to make progress in solving and bringing to justice those responsible for the recent assassinations of prominent Mexican political candidates and officials as a condition for authorizing loan guarantees?

Answer. In his inaugural address, President Zedillo said that the Mexican people were not satisfied with the results of the Government's inquiries into the killings of presidential candidate Colosio, political party leader Ruiz Massieu or Catholic Cardinal Posadas. He pledged that justice will be served.

Zedillo instructed his Attorney General, a member of the conservative opposition PAN party, to intensify efforts to resolve these crimes. The Attorney General, in turn, appointed a special prosecutor to investigate these cases. The special prosecutor has already held public news conferences to discuss the status of his inquiries.

In these circumstances, we consider that conditioning authorization of loan guarantees on specific progress would be inappropriate.

Question 29. How much does the Treasury Department estimate U.S. companies/businesses have lost in Mexico since the current situation began?

Answer. We have no reliable estimate on losses.

We have a substantial stake in Mexico, which has already been adversely affected by the financial crisis.

There is $40 billion of exports at risk, which support 700,000 jobs.

The U.S. has $53.1 billion in foreign direct investment.

U.S. investors hold $36.5 billion in Mexican bonds and equities.

Question 31. Will Mexican economic reform efforts and austerity programs lead to a tighter monetary policy, higher inflation, and high unemployment in Mexico? Has the Treasury Department made projections as to the inflation and unemployment rates in Mexico for 1995 and 1996?

Answer. The Mexican authorities have announced plans for tightening marcoeconomic policy in 1995, and are in the process of working with the IMF on a macroeconomics stabilization program. These policy steps include a monetary policy stance that will be considerably tighter in 1995 than it was last year.

Inflation in Mexico—which was in single digits in 1994—is expected to be considerably higher this year, reflecting increases in prices of imports following the recent sharp depreciation value in the peso. The tightening of policy, as well as the international support program, is intended to keep a price-wage spiral from getting underway and ultimately return Mexico to a lower inflationary path.

The financial problems in Mexico can be expected to lead to recession and higher unemployment in Mexico in the next year. The Mexican authorities have taken steps to contain as much as possible the wage pressures that are likely to be felt in the aftermath of the peso depreciation. To the extent that these efforts are successful, employment losses will be reduced. The international support program, by averting a protracted crisis and a potential collapse in Mexican economic activity, should help minimize the rise in unemployment associated with the nessary Mexican adjustment.

Treasury has not made projections for Mexican inflation and unemployment for 1995 and 1996.

Question 32. Would higher inflation and higher interest rates make it more difficult for Mexico to repay any loans backed by U.S. loan guarantees? Would such economic conditions increase the likelihood of default by Mexico?

Answer. Yes, higher inflation if sustained and especially if accelerating, would impede the efficiency of the Mexican economy and make it less attractive to foreign investors. Both outcomes would undermine the peso and make it more difficult for Mexico to service its external debt, including that backed by U.S. loan guarantees.

The international support program is aimed at ensuring that Mexican reforms continue in a stable macroeconomics setting. The program will allow the Mexicans to make the necessary adjustments with a lower inflation rate than otherwise would be the case and in a political environment that would not jeopardize their reforms. Restoration of a stable economic and political environment will reduce the likelihood of default by Mexico.

Question 33. As the Mexican economy contracts, what is the Treasury Department's estimate as to the reduction in U.S. exports to Mexico? And what will be the impact on U.S. employment?

Answer. We have no precise number because the answer depends on many factors which are unknown.

One that is particularly important is the length of any decline because the growth gap compounds over time.

That is why restoring stability to the Mexican situation is so important.

The U.S. exported over $40 billion in 1993 (estimated to reach $50 billion in 1994.) representing 700,000 jobs.

Question 34. What is the Treasury Department's position on requiring an economic stability assessment (e.g., inflation, unemployment, current account balance ratios, ect.) for any nation with which we are considering opening negotiations on a trade agreement?

Answer. There would be no problem in compiling data. Such information is widely available and would be easy to collect in the context of considering trade agreements.

However, there is no common denominator for movements in these indicators or the relation to benefits that the U.S. derives from engaging in trade.

Our trading partners are diverse—in terms of economic development, structure, and performance.

Question 35. What is the Treasury Department's assessment as to whether there is a banking crisis looming in Mexico, as some analysts have projected?

Answer. The banking system in Mexico has been adversely affected by financial developments in Mexico in a number of ways. Credit lines to Mexican banks have come under pressure, making funding more difficult. The capital ratios for Mexican banks are likely to have declined, since as a result of the devaluation, the peso value of dollar-denominated assets has risen, while the banks' capital remains unchanged in peso terms. Finally, to the extent that recent developments have increased the financial difficulties of some Mexican firms, banks are likely to suffer from increased loan losses.

However, foreign banks will be given greater opportunities to invest in the Mexican banking system, which should help strengthen the banking system both in capital and management.

If the U.S. loan guarantee proposal for Mexico is approved, it should help mitigate the risks to the Mexican banking system.

BACKING FOR THE U.S. GUARANTEES

The United States guarantees will be backed in two ways by Mexico.

First, the Mexican commitments to the United States will be backed by the full faith and credit of the Mexican Government. This is a legal commitment by the Mexican Government to repay the securities issued under U.S. guarantees. The United States will only issue the guarantees on the condition that the Mexicans adopt a strict economic and financial program to help ensure that the Mexican economy has the resources to meet these obligations. In addition, the Mexican commitment to repay will be backed by Mexico's revenues from oil exports. (Mexico exports about $6.5 billion of oil each year.) The United States would have access to these revenues in the event of non-payment by the Mexican Government. The revenues would flow to the United States Government through a four step process based on irrevocable instructions:

1. Before a guarantee is given, Mexico's oil company, PEMEX, will instruct its foreign customers to deposit the payments for their oil purchases in a PEMEX account in a commercial bank in the United States. Such payments will begin on the first day when Mexico could be in default on its payment obligations on its guaranteed securities.

2. If Mexico fails to make an interest or a principal payment on its guaranteed securities, the oil proceeds will be automatically transferred from the PEMEX account in the U.S. commercial bank to a Mexican government account at the same bank.

3. These proceeds will be automatically transferred again to a Mexican government account at the Federal Reserve Bank of New York (FRBNY).

4. The FRBNY will then have access to these funds and can use them to reimburse the United States for any amounts it had paid out on its guarantee, plus interest. In other words, the funds would be transferred to the United States to compensate for any payments made by the U.S. under the guarantee.

This mechanism has been put in place several times before by Mexico and Treasury for loans extended to Mexico. However, it has never been activated because Mexico has always paid off its loan obligations to the United States government.

EXISTING PEMEX COMMITMENTS

Question. Has any PEMEX oil already been ''pledged'' to anyone else?

Answer. Mexico earns about $6.5 billion from oil exports each year.

PEMEX crude oil exports are subject to three existing financing arrangements with non-Mexican banks. Under these arrangements, in a worst case scenario, PEMEX would be obligated to pay roughly ten percent of one year's proceeds of Mexican oil exports.

PEMEX has also entered into an oil proceeds facility with the United States and Canada to back up the drawings under the swap lines established by the North American Framework Agreement.

This facility is currently backing up the $1 billion that Mexico has drawn this month.

FORMER OIL FACILITY ARRANGEMENTS

Question. Has this oil facility arrangement been put in place before?

Answer. Yes, on five occasions since 1982.

However, oil proceeds have never been transferred because Mexico has always paid off its loan obligations on time.

CONSTITUTIONAL OBLIGATIONS

Question. Are there any Mexican constitutional restrictions on control and ownership of PEMEX that could undermine this arrangement?

Answer. No. There are constitutional restrictions on the foreign ownership and control of PEMEX, but they do not affect the ability of PEMEX commit its resources to the United States Government under this facility.

This mechanism has been put in place on five prior occasions, and Mexican government attorneys have always issued legal opinions stating that the mechanism is fully consistent with Mexican law.

POSSIBLE PEMEX EVASION

Question. Is there any way that PEMEX could get around its obligations to the United States government in the event of a non-payment by the Mexican government under a guaranteed security?

Answer. We are making this facility as air tight as possible.

Mexico has agreed that PEMEX will issue irrevocable instructions to all of its existing foreign customers to have dollar payments routed to a commercial bank in the United States. Under these instructions, these payments would automatically flow to the New York Federal Reserve Bank in the event of a default.

This provides excellent protection because the funds will be in the United States.

If PEMEX wants to sell oil currently sold to a U.S. company to an alternative foreign customer, PEMEX would have to secure our agreement in advance.

If Mexico failed to make payments on the guaranteed securities, and PEMEX were to violate its obligations, Mexico would lose all access to the international financial community and face serious adverse consequences in its relationship with the United States.

FULL BACKING?

Question. Does the oil facility provide us full dollar backing for our maximum exposure?

Answer. Yes. The facility provides full dollar backing for our maximum exposure.

MEXICAN OIL RESERVES

Question. How much oil does PEMEX have?

Answer. Estimates of Mexican oil reserves range from 25 to 50 billion barrels.

Assuming that 50 percent of Mexico's oil is exported at $10 a barrel, PEMEX's total potential export oil revenues could range from $12 to $250 billion.

In 1994, PEMEX earned approximately $6.5 billion from crude oil exports and $1 billion from oil product exports.

U.S. LEGAL PROTECTIONS

Question. What legal protections does the United States have in the oil proceeds facility?

Answer. The United States has strong legal protection through the recognized banker's right of ''set off'' against Mexican oil proceeds in the New York Federal Reserve Bank (FRBNY).

This means that the FRBNY has access to the Mexican oil proceeds and can use them to reimburse the United States for any amounts it had paid out on its guarantee, plus interest.

DEATH OF RICHARD L. ROUDEBUSH

Mr. COATS. Mr. President, the world lost a great public servant and well-known Hoosier last weekend with the death of the Honorable Richard L. Roudebush.

He was born on a farm in Noblesville, IN, 77 years ago. In 1941, he graduated from Butler University in Indianapolis with a degree in business administration. Soon after, he enlisted on the Army just 1 month before the Japanese attack on Pearl Harbor and was shipped out to Egypt in September 1942, where he joined with British Forces during five major battles in North Africa. While participating in the invasion of Italy, his landing craft was hit and was sunk by the enemy, but he survived and continued the fight with the 15th Air Force.

Richard Roudebush's distinguished career of serving United States does not end with his role in World War II. He demonstrated his leadership among his war veteran peers with being actively involved in the Indiana Department of Veterans of Foreign Wars and eventually being elected as national commander in chief of the national VFW.

A friend of Mr. Roudebush's remarked that he was so discouraged at the way Hoosier Congressmen were handling things in Washington, that he decided to run for Congress himself. He did, and in fact, he was elected to the House of Representatives five times, and from three different districts. Through his own efforts, he quickly rose from the ranks to become the assistant minority whip and ranking member of his party on the Committee on Science and Astronautics where he was best known for his instrumental efforts in helping to get America's space program successfully off the ground.

No challenge was ever too great for Richard Roudebush. This was most apparent in the contest for the Senate seat of then-Senator Vance Hartke. Mr. Roudebush did not win the race, but it was the closest Senate election race in Indiana history. Out of 2 million votes cast only 4,000 votes kept him from victory.

His deep affection and commitment to his fellow veterans led him on a continued mission, especially after his congressional days, to help make better the lives of his fellow comrades. After working in the Veterans Administration for 3 years as the No. 3 man, President Gerald Ford nominated Mr. Roudebush as Veterans Administrator in 1974. His dedication to veterans continued later in life as he served on veteran advisory boards and was honored with life membership to most veteran-related organizations.

Richard Roudebush fought for United States and served his country in the public sector as representative of the people. He was a Hoosier hero who exemplified the very best in public service. His vision, knowledge, and zeal for excellence, and determination to see initiatives through to their successful conclusion are some of his qualities that have endured in the Veterans Administration and the Congress. His honors and awards are a treatment to the depth of his service dedication and the impact of his efforts. His presence will be greatly missed, but his work on behalf of veterans and the residents of Indiana will remain a great legacy of which all Americans can be proud.

RECOGNIZING THE 200TH BIRTHDAY OF THE U.S. NAVY SUPPLY CORPS

Mr. THURMOND. Mr. President, I rise today to recognize the more than 5,000 men and women of the U.S. Navy Supply Corps, active and reserve, who on February 23, 1995, will celebrate the 200th birthday of their distinguished service to our Nation and Navy. The naval officers who proudly wear the Supply Corps oak leaf are the business managers of the Navy and are responsible for the logistics support of operating forces in the fleet and naval shore installations worldwide.

The Supply Corps has come a long way since its birth in 1795, when Teach Francis of Philadelphia took the helm as the first Purveyor of Public Supplies. The original charter of the Supply Corps was to support the six wooden frigates of a young American Navy. The Supply Corps has distinguished itself throughout its long history by ensuring that the United States has been ready to defend American freedom and interests in every conflict since the War of 1812. Its responsibilities have grown tremendously and have kept pace with the challenge of providing logistics support to a modern and highly technological Navy, which has grown in size and complexity. Today, the Navy Supply Corps employs the latest technologies and management skills to supply our Navy at the lowest possible cost and with the greatest efficiency.

Having progressed from supplying wooden frigates with cannon balls to supplying AEGIS destroys with Tomahawk cruise missiles, the U.S. Navy Supply Corps continues to carry out its vital mission to keep our Navy well equipped and ready to respond at a moment's notice. I ask my colleagues to join me in congratulating the officers of the U.S. Navy Supply Corps on its 200th birthday.

RETIREMENT OF DONALD E. GESSAMAN

Mr. GLENN. Mr. President, I rise today to make a few comments concerning the retirement of Mr. Donald E. Gessaman of Dayton, OH.

Upon Mr. Gessaman's retirement, the Federal Government will lose one of its most effective public servants. Mr. Gessaman served as the Deputy Associate Director for National Security in the Office of Management and Budget. I would like to take this opportunity to commend Mr. Gessaman on 32 years of outstanding service to his country. He is known for exceptional intelligence, common sense, and good humor. Mr. President, his counsel and wisdom will be sorely missed.

Mr. Gessaman began his career in 1963 as an analyst for the Air Force space program. In 1966, he moved to Washington to become a management intern in the Office of the Secretary of Defense. The following year, he began his work at OMB and has remained there since, rising through the ranks and becoming a member of the Senior Executive Service. In 1990, he assumed his present position as Deputy Associate Director for National Security.

Mr. Gessaman dedicated his career to ensuring that the taxpayers' investment in our Nation's Armed Forces is well spent. The importance of national security issues and the spending constraints imposed by the deficit have made this a daunting task. Yet, time and time again, Mr. Gessaman has shown that judgment, analysis, and a thorough understanding of defense programs can serve both our national security and our economic security.

Mr. Gessaman's professionalism, his thorough analyses, and his commitment to the highest standards throughout his career have inspired his colleagues. I want to join those colleagues and his many friends in thanking Mr. Gessaman and wishing him all the best for the future.

TRIBUTE TO M.R. SENI PRAMOJ

Mr. BAUCUS. Mr. President, I rise to offer congratulations and best wishes to M.R. Seni Pramoj, one of America's great friends, and one of Asia's most accomplished democratic leaders, as his 90th birthday approaches.

And as we prepare to commemorate the 50th anniversary of the end of the Second World War, I would like to remind the Senate of Seni's great service as Thai Ambassador to the United States when the war began.

Seni Pramoj began his career in the 1930's, as one of Thailand's first legal scholars. During that decade, he helped to draft many of Thailand's modern laws, including the law abolishing the unequal treaties Thailand was forced to sign during the colonial era. He lectured to a generation of students at Thammasat School of Law, and before the end of the decade was made a judge on Thailand's Supreme Court.

These accomplishments gained him national recognition far beyond the legal field. And in 1940, at the young age of 35, Seni found himself appointed Ambassador to the United States.