term as Secretary is foreign trade. As I stated earlier, agriculture enjoys a trade surplus. Furthermore, the early evidence indicates that farmers have greatly benefited from recent free-trade agreements such as GATT and NAFTA. I understand that Mr. Glickman's record has been supportive of agricultural trade, although he felt it necessary to vote against the GATT for other reasons. I would just urge Mr. Glickman to do everything within his authority to open new markets for U.S. agricultural exports. As chairman of the Finance Subcommittee on International Trade, I would be happy to work with him on this endeavor.

In closing, I would reiterate my support for the nomination of Daniel Glickman for Secretary of Agriculture and look forward to working with him in his new position.

Mr. LEVIN. Mr. President, I am pleased that the President has nominated and the Senate is about to confirm former Congressman Dan Glickman as the new Secretary of Agriculture. He has an encyclopedic knowledge of U.S. and international agriculture and the U.S. Department of Agriculture. He will make an excellent addition to the Cabinet. I strongly support his confirmation.

Secretary Glickman and I had a chance to talk recently about Michigan's agricultural picture. I did not have to spend a lot of time impressing him with my knowledge of the vibrancy and diversity of the agriculture sector in Michigan. He was already familiar with it, as he had the good fortune to attend college in Michigan.

Mr. President, I look forward to working with the new Secretary to promote and legislate wise agricultural policy and continuing his predecessor's efforts to improve efficiency at the Department in the coming years. I am particularly looking forward to working with him and the Department on promulgating a Federal marketing order for tart cherries, and getting some of Michigan's most abundant crops and agricultural products, like tart cherries, into the School Lunch Program.

The PRESIDING OFFICER. The question now occurs on the confirmation of the nomination of Daniel Robert Glickman, to be the Secretary of Agriculture.

Mr. LUGAR. Mr. President, I ask for the yeas and nays on the nomination.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is, will the Senate advise and consent to the nomination of Daniel Robert Glickman, of Kansas, to be Secretary of Agriculture? The yeas and nays have been ordered. The clerk will call the roll.

The legislative clerk called the roll.

Mr. LOTT. I announce that the Senator from Alabama [Mr. SHELBY] is necessarily absent.

I also announce that the Senator from Kansas [Mrs. KASSEBAUM] and the Senator from Minnesota [Mr. GRAMS] are absent due to a death in the family.

Mr. FORD. I announce that the Senator from North Dakota [Mr. CONRAD], the Senator from North Dakota [Mr. DORGAN], and the Senator from New Jersey [Mr. BRADLEY] are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. DORGAN] and the Senator from North Dakota [Mr. CONRAD] would eacy vote ''aye.''

The PRESIDING OFFICER. Are there any other Senators in the Chamber who desire to vote?

The result was announced—yeas 94, nays 0, as follows:

[Rollcall Vote No. 120 Ex.]

YEAS—94

Abraham	Ford	McCain
Akaka	Frist	McConnell
Ashcroft	Glenn	Mikulski
Baucus	Gorton	Moseley-Braun
Bennett	Graham	Moynihan
Biden	Gramm	Murkowski
Bingaman	Grassley	Murray
Bond	Gregg	Nickles
Boxer	Harkin	Nunn
Breaux	Hatch	Packwood
Brown	Hatfield	Pell
Bryan	Heflin	Pressler
Bumpers	Helms	Pryor
Burns	Hollings	Reid
Byrd	Hutchison	Robb
Campbell	Inhofe	Rockefeller
Chafee	Inouye	Roth
Coats	Jeffords	Santorum
Cochran	Johnston	Sarbanes
Cohen	Kempthorne	Simon
Coverdell	Kennedy	Simpson
Craig	Kerrey	Smith
D'Amato	Kerry	Snowe
Daschle	Kohl	Specter
DeWine	Kyl	Stevens
Dodd	Lautenberg	Thomas
Dole	Leahy	Thompson
Domenici	Levin	Thurmond
Exon	Lieberman	Warner
Faircloth	Lott	Wellstone
Feingold	Lugar	
Feinstein	Mack	

NOT VOTING—6

Bradley	Dorgan	Kassebaum
Conrad	Grams	Shelby

So the nomination was confirmed.

The PRESIDING OFFICER. Under the previous order, the President will be notified of this action.

Mr. LUGAR. Mr. President, I move to reconsider the vote.

Mr. LEAHY. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

LEGISLATIVE SESSION

The PRESIDING OFFICER. The Senate will now return to legislative session.

EMERGENCY SUPPLEMENTAL APPROPRIATIONS ACT

The PRESIDING OFFICER. The clerk will report the pending business.

The bill clerk read as follows:

A bill (H.R. 1158) making emergency supplemental appropriations for additional disaster assistance and making rescissions for the fiscal year ending September 30, 1995, and for other purposes.

The Senate resumed consideration of the bill.

Pending:

Hatfield amendment No. 420, in the nature of a substitute.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. HATFIELD. Mr. President, I believe we were proceeding under a unanimous-consent agreement reached yesterday relating to the Daschle amendment being laid down at this time. Has that been vitiated?

The PRESIDING OFFICER. It has not.

Mr. HATFIELD. Mr. President, I ask unanimous consent that be vitiated at this moment, on the basis that Senator DASCHLE would like to take another opportunity to present his amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HATFIELD. Mr. President, let me just briefly outline the status of this bill, where we are.

I need not say that there are many amendments that we are aware of that have been indicated that many wish us to consider. I will say to the authors of each of those amendments that we are ready to consider those amendments and will be happy to do so.

I have checked with the Republican leader and the Republican leader has indicated support for the matter of pushing this bill to completion today. I say today, and possibly tomorrow—but tomorrow will be 12:01 a.m. onward, not beginning at 10 o'clock tomorrow, if we have to push it over. We are going to continue this bill through the night, if necessary into the a.m., in order to complete this bill.

So, consequently I think everyone ought to be on notice that the time agreements that everyone has been so cooperative on thus far, in reaching time agreements—we would like to be able to consider every amendment and we will consider every amendment, hopefully with some time agreement for each one.

I just make that comment because we must complete this bill tonight. We are, at the same time, I say to my colleagues, functioning on about eight subcommittees in conference on the first appropriations bill. We are doing that right now.

So we will accommodate each Member if we can have a little ''heads up'' as to the content of your amendments, so we may have the subcommittee chairmen present on the floor when you offer your amendment in order to engage in discourse. Those subcommittee chairmen are now with the House committee chairmen, working out the first supplemental appropriations bill. So give us a few moments in order to secure their presence on the floor to take up and discuss your particular amendment.

If it would be possible, I would like to have the listing, so we can get a little ''heads up'' ourselves, of what to expect in terms of amendments. So I ask Members to give us that opportunity to know the content and therefore identify the subcommittee. We have our staff of these subcommittees here to assist, to expedite the whole process. We are happy to work with them.

So with that, I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I ask the manager of the bill, the Senator from Oregon, if it is appropriate to send an amendment to the desk. He indicates it is.

AMENDMENT NO. 426 TO AMENDMENT NO. 420

(Purpose: To restore funding for programs under the Community Services Block Grant Act)

Mr. BINGAMAN. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Mr. DASCHLE, and Mr. SIMON, proposes an amendment numbered 426 to amendment No. 420.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 14, line 19, strike ''$100,000,000'' and insert ''$113,000,000''.

On page 31, line 9, strike ''$26,988,000'' and insert ''$13,988,000''.

Mr. BINGAMAN. Mr. President, I offer this amendment on behalf of myself and Senators DASCHLE and SIMON. It is an amendment to restore the funding for the Community Services Block Grant for homeless assistance. This funding, which flows through the States to community action agencies, accomplishes many badly needed services throughout the Nation. It is my understanding it is particularly important in addressing the problem of homelessness because it is one of the few sources of funds that can be used to prevent homelessness before it occurs. It can and is, however, used in a variety of ways by the different States.

In my home State of New Mexico, for example, this funding was used to help over 260 families and individuals last year in cases in which at least one family member had a job but could not yet obtain housing without assistance.

Grants were made to help these families make one-time deposits for utilities or for rent. The assistance helped provide the stability of a permanent home and thus helped to ensure that the persons assisted would be able to keep their jobs and stay out of homelessness.

This sort of help is especially important in States—like New Mexico—which have a shortage of transitional housing because most shelters have time limits on the time that one could stay there. Families could face constant relocation while they save for the necessary deposits to move into a permanent living situation.

In New Mexico this use has proven to be cost effective. The average one-time grant under this program has been about $500. While the cost to house and feed a single individual has been at least $600 a month in my State, a family would be more expensive, of course, to house and to feed.

Other States do equally good things with this homeless assistance funding. Massachusetts, for example, in addition to paying for rent deposits, also used funding of this type last year to prevent evictions, to prevent utility shutoff, to purchase blankets and heaters, provide counseling to children in domestic violence situations involved with the homeless. The other States have accomplished other worthy purposes with this relatively small amount of funding.

Mr. President, it appears to me that this block grant program which benefits the neediest in our society is exactly the sort of program that many of our colleagues, particularly on the House side but here in the Senate as well, have been arguing for. It flows the money through to the States, and allows the States to dedicate it as they think it should be dedicated within the larger framework of homeless assistance.

It is particularly surprising to me that it is one of the programs that has fallen victim to the present budget-cutting efforts under the pretense that we need to make this cut in order to meet the emergency needs in California from the last earthquake or the last flood. I believe that we need to restore this funding. Many States such as mine have not yet completed the fiscal year 1995 funding application procedure.

Let me go through the list of States that will be hurt if this rescission is allowed to stand. These are the States that have not yet filed their application for funding in this fiscal year. They are still working on that application. They still hope to access these funds for their homeless populations. The States that stand to gain from the restoration of these funds and from the adoption of my amendment are Arkansas, California, Connecticut, Delaware, the District of Columbia, Georgia, Iowa, Kansas, Maryland, Massachusetts, Mississippi, New Jersey, my home State of New Mexico, North Dakota, Ohio, Oregon, Puerto Rico, Rhode Island, Virginia, Washington, and Wyoming.

Mr. President, other States, in addition to this list, may also face funding cuts as a result of the rescission that is proposed in the bill if we do not adopt my amendment. There is no doubt in my mind that the rescission is likely to result in increased human suffering that can easily be prevented or reduced through programs like the one we have in New Mexico if we just continue the funding for the program.

I would like to briefly mention the offset because I know there is a great concern which I share that we find offsets in these various areas. I have offered to restore this funding, this $13 million that is involved here. The Defense environmental restoration and waste management fund, as noted by the committee itself in its report on this legislation, has a very large amount of unobligated funding in a total program of $5 billion. Furthermore, a special commission, the Galvin Commission, has found that this money is not accomplishing its mission in an efficient manner and that we as a country, and the Department of Energy more specifically, should delay or modify this planned expenditure of funds.

I will read a very short excerpt from the so-called Galvin Report on Alternative Futures for the Department of Energy National Laboratories. On page 30 of that report in talking about various environmental cleanup activities funded under this pot of money that I am going to get the $13 million from, the Galvin Commission said:

Other activities should be delayed or modified so as to await more effective and less costly technologies.

Mr. President, what we are proposing here in this offset is taking $13 million out of a combined fund of approximately $5 billion, or essentially one-third of 1 percent. It is a mere drop in the bucket compared to the total funding flow. The committee itself has recognized that $100 million should be taken out of that. This amendment would simply increase that rescission from $100 million to $113 million so that we could go ahead and use the funds for homeless assistance, as we had planned to do when we authorized and appropriated funds last year. Although that $13 million will be a mere drop in the bucket of the Defense environmental restoration and waste management fund, it is two-thirds of the total 1995 funding for the CSBG homeless assistance program.

Mr. President, I think that fairly accurately describes what my amendment does. I think it is an excellent amendment. I urge my colleagues to support it. I think that the shift of funds to this purpose and the maintenance of effort in this purpose is essential.

I conclude my remarks at this point and reserve any time. I believe there is a time limit. Mr. President, let me ask if we are operating under a time limit at this time.

The PRESIDING OFFICER (Mr. INHOFE). I advise the Senator from New Mexico that there is no time limitation.

Mr. BINGAMAN. In view of that, Mr. President, I yield the floor. I urge my colleagues to adopt the amendment.

Mr. HATFIELD addressed the Chair.

The PRESIDING OFFICER. The Senator from Oregon.

Mr. HATFIELD. Mr. President, I am very happy to accept the amendment.

Mr. BINGAMAN. Mr. President, could I address a question to the Chair for information from the chairman of the committee?

I would just want to know. My main concern—and I appreciate the offer and willingness to accept the amendment very much—I am anxious that the Senate prevail in the conference with the House. And for that reason, it has been my intention to go ahead and have a rollcall vote on this matter so as to make clear that the Senate feels strongly about this. I ask the Senator from Oregon if he thinks that is the appropriate course to follow.

Mr. HATFIELD. Mr. President, in response to the question, I urge the Senator not to follow that procedure on the basis that we can expedite these amendments, especially ones like Senator WELLSTONE's amendment yesterday on his priority for children. We reached an agreement on that. I think I can base that on the fact that this bill we have before us has made some major changes as to what we received from the House of Representatives. We have spent less dollars in this bill, and we have rescinded fewer dollars. But we have moved those rescissions from some programs of less personal need of character to programs of need. We demonstrated that as a part of our creation of this bill—everything from children's needs to homeless needs to low-income energy assistance to student aid.

So I say to the Senator that the amendment fits compatibly to the basic structure of this particular bill. Any Senator can ask for a rollcall. I am not suggesting that I can prevent that. I could not if I wanted to. But nevertheless I urge the Senator let us accept this amendment as a part of a Senate version of a rescission and supplemental for FEMA.

Mr. BINGAMAN. Mr. President, I have great respect for the Senator from Oregon. If he is confident with the Senate position with regard to this, I know that the $13 million rescission in this homeless assistance was also adopted by the House. Since we would not be adopting the rescission, I think it is very important that we would go to conference intending to prevail on that issue. If I have the assurance of the Senator from Oregon that he believes that will happen without a rollcall vote, then I will defer to him.

Mr. HATFIELD. I say to the Senator that there is a pattern in handling a bill of this kind that you have seen operate on the floor; that is, to move to table amendments. I do not know how that vote will turn out. But that is sort of our option. I would much rather see this amendment merged with the bill giving us further leverage with the House in terms of our conference and trading and what have you that has to go on to find a consensus, and I do not want to make a motion to table such an amendment because I think it has validity.

Mr. BINGAMAN. Based on that assurance, Mr. President, I will not ask for a rollcall vote at this time and allow the amendment to be voice voted. I urge all my colleagues to support it. I think it is a major improvement in the legislation, and hope it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to amendment of the Senator from New Mexico.

The amendment (No. 426) was agreed to.

Mr. HATFIELD. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. BINGAMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. HATFIELD. Mr. President, I thank the Senator from New Mexico.

I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 427 TO AMENDMENT NO. 420

(Purpose: To require congressional approval of aggregate annual assistance to any foreign entity using the exchange stabilization fund established under section 5302 of title 31, United States Code, in an amount that exceeds $5 billion)

Mr. D'AMATO. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The bill clerk read as follows:

The Senator from New York [Mr. D'AMATO], for himself, Mr. DOMENICI, Mr. STEVENS, Mr. HELMS, Mr. BROWN, Mr. SHELBY, Mr. FAIRCLOTH, Mr. MURKOWSKI, Mr. GRAMS, and Mr. PRESSLER, proposes an amendment numbered 427 to amendment No. 420:

At the appropriate place, insert the following new section:

SEC. . CONGRESSIONAL APPROVAL OF CERTAIN FOREIGN ASSISTANCE.

(a) IN GENERAL.—Section 5302(b) of title 31, United States Code, is amended by adding at the end the following: "Except as authorized by an Act of Congress, the Secretary may not take any action under this subsection with respect to a single foreign government (including agencies or other entities of that government) or with respect to the currency of a single foreign country that would result in expenditures and obligations, including contingent obligations, aggregating more than $5,000,000,000 with respect to that foreign country during any 12-month period, beginning on the date on which the first such action is or has been taken.".

(b) EFFECTIVE DATE.—Notwithstanding any other provision of this Act, the amendment made by subsection (a) shall apply to any action taken under section 5302(b) of title 31, United States Code, on or after January 1, 1995.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I have proposed hundreds of amendments. On very few occasions have I not asked that the clerk dispense with the reading of the amendment. But this time I wanted the clerk to read the entire amendment because it is rather concise. It says that we shall not permit more than $5 billion of our taxpayers' funds to be utilized for a loan program or to be given or made available to any foreign country without the approval of the Congress of the United States, without the approval of the people of the United States.

What we have taking place is one of the most incredible, most dismaying abdications of our constitutional responsibility as Members of the Congress. As well-intentioned as the Mexican bailout may be—and I do not question the motivations of those in the administration—as much as we might want to help a neighbor, we have a system of laws in this country that requires the authorization and the appropriation and the expenditure of money be approved by the Congress of the United States.

Now we have a fiction. A fiction has been created as it relates to the establishment of the Exchange Stabilization Fund which came into being when the United States moved from the gold standard. So as to be able to protect our currency against currency fluctuations, this fund was established and great authority was given to the Secretary of the Treasury. As a matter of fact, he could not be second-guessed as it related to the utilization of this fund to protect the American dollar. Congress could not intrude. Congress could not second-guess. He was given that authority, and that is as it should be.

However, even in the Treasury Department, its memorandum as it relates to the utilization of these funds states quite clearly that these funds cannot be used for loan or aid programs—page 6. And I will ask permission to be able to submit that letter from the general counsel of the Treasury to the Secretary of the Treasury and call particular attention to page 6, the paragraph which says it cannot be used for a loan or foreign aid.

Let me tell you, Mr. President, when you send $5 billion and have plans to send up to $15 additional billion to a country and that country can utilize these dollars for up to 7 to 10 years, that is a foreign aid program. That is not currency stabilization. The fact is, if they did not get the foreign aid, maybe their currency would devalue. But by any stretch of the imagination, I defy any Member to really buy into this fiction and say that this is not foreign aid or this is not an emergency loan program, an emergency loan program that will take anywhere from 1 to 7 to 10 years to repay.

It has been difficult to get adequate information from the administration as it relates to the administration of this program, the conditions of repayment, for what these dollars are being used. I think it is rather ironic that at this point in time when we have a rescission bill and we are talking about rescinding anywhere from $14 to $17 billion—and let me tell you some of the programs we are looking at, nobody can argue as to their merit. It is not a question whether we can afford it. It is a question of whether or not we are going to get our house in order. I think it is rather ironic that when we have the Nation's Capital, right here, with a $1 billion deficit, we are sending $20 billion to Mexico—taxpayers' money. Incredible. What about an aid program here in the District of Columbia?

I find it ironic when my State of New York is at a $4 billion deficit, when the Governor and the legislature are facing hard choices, cutting back on Medicaid programs, cutting back on other worthy programs because we just do not have the money and you cannot continue to tax and tax and spend and spend, and we are cutting back, State after State, making the tough choices, here we are talking about a balanced budget 7 years out. My State has a $4 billion deficit. Why not a loan guarantee program to help bail them out? What about Orange County, $2.2 billion, laying off people—policemen, firemen, teachers.

How about some foreign aid right here at home?

Twenty billion dollars, to where? To a democracy? No way. To a corrupt government, narco dealers, an agricultural Secretary who served for 25 years as a billionaire, whose sons are involved in narco trafficking. We are bailing out currency speculators.

How much of the $5 billion that we have already sent down there went to pay off currency speculators? And they got every single dollar back and, in some cases, 20 percent.

Mr. President, I have had colleagues say to me, "Well, you know something, if you don't go forward with this and the Mexican market collapses, they are going to blame you."

Well, let me tell you, we have a constitutional responsibility. And if we are going to make aid available to them, then let us make the aid available to them under conditions necessary, let us understand where the money is going. Let us control, not one of the these secret back-room things with the administration, secrecy we do not know, giving it to them in tranches.

Now I understand a very significant amount, up to $5 billion, is going to go out within the next couple of weeks. We are told, "Don't worry. You don't have to worry. There will be repayment."

When they first told us about this program, the administration came forward and they said, "If we have to use any money, any money whatsoever, then the program is a failure. Don't worry, because when they see the guarantees that are there, it is just like the United States, we are banking this, the world community is banking this. You don't have to worry."

Well, we have already sent $5 billion down. And, by the way, some of that money, they say they are going to repay us over the next 5 to 7 years. Do you believe a government down in Mexico can guarantee we are going to get the money back? They say, "Don't worry. We are funding with the oil revenues."

Well, I see my friend, Senator MURKOWSKI, here. Maybe he will talk to you about the possibility of a repayment as it relates to the oil revenues; very, very, tenuous.

How are you going to get the money? Are we going to send troops in to seize the collateral, the oil?

Let me tell you something, if they wanted to do something, if they wanted to really have privatization, that is one thing. Let the free market determine. Why is the United States attempting to do what the free market should be doing? If they collapse because they were overspending, if they collapse because there was no value there, then let the market determine. Why should we rush in artificially to, so-called, prop up their dollar, to pay their foreign debts, to pay off their obligations? It does not make sense.

Mr. President, the Mexican bailout is a failure. What this legislation says is, before you send down more money, you come to the Congress the way you should. You get the authority from the Congress of the United States.

And for my friends in the Congress to say, "Oh, no, don't do anything; don't do anything," is wrong.

If you think that the program is a good program, being administered the right way, then we should say "Fine, vote against my amendment. Vote against it." But let me tell you something. If you think you know all of the facts and you are comfortable, you know all the facts, you know how that money is being administered, who is getting it, how we will be repaid, then I have respect for people who would then say, "Alfonse, this is a bad amendment. I can't support it."

But, if, on the other hand, we do not know how the money is being spent, we have doubts as to its being used in this manner, we have doubts as to the ability of the Mexican Government to deal with the problem, we have doubts that the free market system should be employed in this system, we have doubts about prepaying speculators who make vast fortunes, billions of dollars as we are bailing them out—they are getting their money, by the way, they are not putting their money back—I say this has been a failure.

Yesterday, the Mexican market went down. It has already collapsed. Now they are talking about it went up 10 percent. Ten percent from what, when some of the stocks in the fund had a value of $5-plus and they are down now to 38 cents. And they say it went up 10 percent, 10 percent on 38 cents. I think the administration is being a little bit disingenuous with us when they give us those kind of numbers.

Look behind the numbers. Look to see whether revenue is coming back into Mexico.

Do you really think the private sector is going to invest in there? The only time they are going to invest is if they are going to buy securities that are backed up by our money, because we say that we are going to see to it that we will pay off those debts and obligations. That is what has been taking place. It has collapsed.

Mr. MURKOWSKI. Mr. President, will my friend from New York yield for a question?

Mr. D'AMATO. Absolutely.

The PRESIDING OFFICER. The Senator from Alaska.

Mr. MURKOWSKI. I thank the Chair.

The reference was made by the Senator from New York relative to bailing out speculators. We have never really had any acknowledgement from the administration as to just who held the debt, the Mexican bonds. We were told sometime ago, in an earlier discussion that the Senator from New York and I participated in, that these were bearer instruments. In other words, they were not issued in the name of a John Doe or a Sally Smith, but if you bought one you were a holder and, as a consequence of becoming a holder, there was no identification as to whom the holder is.

This loan and guarantee program started out at $6 billion. It escalated to $40 billion and when the administration end-runned the Congress, the total package exceeded $50 billion—at least $20 billion of which comes from the United States.

But my question specifically to the Senator from New York is, Why can we not find out who the holders of this debt are, the so-called speculators out there? And what is the difference between investing in a Mexican bearer bond and investing in the stock market?

If you buy IBM shares today at 82 and then next week it goes down to 62, do we expect the Federal Government to bail out that sophisticated investor who, with his or her eyes wide open, went in and bought that IBM stock? What is the difference between that and a Mexican bearer bond?

Mr. D'AMATO. There is very little difference. Except that in this case, we, the U.S. Government, participated in repurchasing billions of dollars' worth of these instruments that people invested in and we have literally guaranteed that they would suffer no loss. Indeed, not only did they suffer no loss but, to add insult to injury, instead of—by the way, if, in the free market, you had the free market working, they would have gone down, just like the IBM stock and, in most of those cases, that Government could have repurchased them when they came in for 20 cents on the dollar, 30 cents on the dollar.

No, we did not allow the free market to work. We went in and said, "Don't worry. The United States, Big Brother, the working middle-class families of America, we are going to provide you with $20 billion."

So those currency speculators, sophisticated investors, they got every dollar back they put in and, in some cases, a 20-percent increase. So instead of allowing the free market to work, the stock, IBM goes down—Lou Gerstner would not like to hear that—but if you bought the stock and it went down, you would think you lost. Can you imagine? Why should not the American people have us guaranteeing, whenever they—and I think that is the Senator's point—whenever they make an investment, whether it is in bond market or whether it is in the stock market, that if it goes down enough, we will come in and guarantee that they will be paid, plus get whatever the interest that they were promised on that bond, in this case 20 percent.

It is the most fallacious—by the way, how did that help the Mexican economy? It did make some very sophisticated investors whole, made them happy. And I am sure that prior to this agreement being worked out, they understood they were going to take really substantial losses.

So we took American taxpayers' money to bail out investors and speculators in this situation.

I have to tell you, we are preparing to do more. That is right. In the next several weeks, if we do not do something like adopt this legislation, we will be shipping down to Mexico billions of dollars more. It is not enough that we gave them $5 billion. We are ready to give them more. Now I find that incredible. And we do not even know who these people are.

Mr. MURKOWSKI. Let me again ask my friend from New York, you say we do not know who those people are. I find that very curious, and basically unacceptable. We are committing $20 billion from the economic stabilization fund as the Secretary of the Treasury see fit without any congressional oversight. The proposal of the Senator from New York that is before us would curtail any further utilization of that fund, and $5 billion has already been committed, I gather.

Mr. D'AMATO. It has already been sent down there.

Mr. MURKOWSKI. We do not know how much has been expended, but the holders of these instruments, as they become due, are cashing in. They are not rolling over their investment. I assume that they have decided the best thing to do is get their cash. They got their 20-percent interest, and now they are pulling their funds out of Mexico.

Mr. D'AMATO. They are taking the "dough," as they say, and running. And if anybody thinks that they are going to reinvest, the only time they are going to reinvest is if they know we are going to guarantee repayment.

Mr. MURKOWSKI. I wonder where that investment would be going. Would it be going into marks or yen outside the country, possibly?

Mr. D'AMATO. There is no doubt that those dollars are being taken out. We have seen huge outflows of money by the currency speculators, by the people who are reclaiming their bonds. Not all of this $20 billion is being used for bonds. But a substantial portion is even going to refinance Mexico's public debt.

Now, if that is not a loan or foreign aid in contravention to what the Treasury Department's own general counsel said—if I might, in an opinion by Robert Rubin, the general counsel, in a letter which I would like to have my staff get so I can put it in the RECORD, said:

> Although loans and credits are clearly permitted under the ESF, their purpose must be to maintain orderly exchange arrangements and a stable system of exchange rates, and not to serve as foreign aid.

Mr. MURKOWSKI. I wonder if my friend will yield for another question.

Mr. D'AMATO. Yes.

Mr. MURKOWSKI. In view of this commitment—and I was just given figures relative to the total of $52 billion as the extent of the funding—some $17 billion from the IMF, $20 billion from the United States, which we have identified, and $10 billion from the Bank of International Settlements, and from about five other sources, totaling $52 billion. The American taxpayer has a right to know who are the general beneficiaries of this fortunate commitment by the Treasury Department, because the average American that invests, if he loses, tough; he has lost.

Mr. D'AMATO. Mr. President, my friend is so right. If you ask, are we second guessing; sure we are. Our duty is to have oversight, not just to ship $20 billion and say we cannot micromanage. I am not looking to micromanage, but when you are reclaiming billions of dollars in securities, why would we not want to know who the people were? Why would we not send a representative down, as we do where you have financial collapses, and arrange to stretch out the repayment and to say to some of these people: Here is my million dollars; I want my million-dollar bond honored. I want you to pay a million dollars plus 20-percent interest.

You say: Wait a minute, Mr. Smith or Mr. Jones or Mr. Chou, because some of these come from abroad, we cannot. But I will tell you what we will do. We will pay you over a 10-year period. We are not going to pay you 20 percent interest. We will pay 3 percent interest, or maybe we will give you 60 cents on the dollar or 30 cents. To simply allow them—them being the Mexican Government and authorities—to repurchase, not even knowing who the people are, and how many are American citizens and how many are the investing bank houses of Germany, Japan, and other nations? We are told everything is going to collapse.

I tell you that the only thing collapsing is our dollar. By the way, why should we not use some of that money to reduce the deficit here in the United States? We can do away with the rescission bill. Why do we not take the money right here and say that we are going to use this money for deficit reduction? We do not need a rescission bill. That is rather absurd, but it makes more sense than sending it down to a group of people who have demonstrated to the Mexican Government that they do not have the capacity to be entrusted with billions of dollars, particularly when it is not even their money.

Mr. MURKOWSKI. Mr. President, why is this deal different than any other deal that basically turns out to be unsatisfactory, and when it comes down to a point where the Government cannot meet its obligation, or the financial house that has issued an instrument cannot meet the demand, the parties sit down and work something out relative to how the creditor is going to get paid. As the Senator from New York said, maybe 50 cents, 20 cents, 30 cents on the dollar. And it addresses itself in a business fashion, and there is a winner and a loser. In most cases, both sides lose if the investment is not successful. But it has been pointed out here in this instance that the Federal Government has seen fit to step in.

Why, I ask the Senator from New York, is it not more appropriate that we bail out, say, the investors in the Orange County debt?

Mr. D'AMATO. I agree.

Mr. MURKOWSKI. Somebody says charity begins at home once in a while. Is there a difference here between the Federal Government's obligation to step in and bail out the investors that hold the Mexican tesobonos? Why not those that hold the Orange County debt?

Mr. D'AMATO. I agree. It seems to me that if we were going to use taxpayer dollars, a much better case could be made as it relates to guaranteeing and giving a loan guarantee, for example, to Orange County, so they could repay these dollars over a period of time. They have taxpayers. These are the citizens of Orange County that are being hurt. These are our constituents, U.S. citizens. That, to me, would be much more understandable.

Mr. MURKOWSKI. Why do we know who those holders of the debt are, and we do not know who the holders of the tesobonos are?

Mr. D'AMATO. Because our administration did not take the time to say, in negotiating in this agreement—and again we are rushing down to make this money available—look, we are not going to pay back dollar for dollar, and we want to identify who these people are, have them come in, and we will negotiate with them. I would like to know how much further the market would have collapsed. It went from 10 to 2 on a relative scale. I mean, would it have gone down to 1½?

All this business about the damage being done—the Americans are hated there in Mexico now because interest rates have gone up. Home interest mortgages have gone from 20 to 80 percent. The Mexican people are blaming us, the bad Yankee. We are looked upon with disdain. We are not getting any credit for making American taxpayer dollars available. Meantime, working men and women are scrimping and scraping to provide a better way of life for their families, and we just willy-nilly turn the other way and send this money down to Mexico and we pay off speculators. I think maybe some would have been embarrassed.

I do not know how many large institutions who invested money there were bailed out and made substantial profits. But I think the American people have a right to know whether they are American, whether they are Japanese, or whether they are German. But who were they, and who are we bailing out?

Mr. MURKOWSKI. Mr. President, let me ask the Senator from New York a question relating to the obligation of a holder of an investment. If, through a mutual fund or a broker, an individual American acquired some of these bearer bonds—tesobonos—now, what obligation does that person have to report the gain or loss to the Federal Government on his or her income tax?

Is that not a way of identifying who these holders are? Would not the Internal Revenue Service have a record of who held these bonds and have to report that information?

Mr. D'AMATO. At some point in time, that is absolutely right, when the reported year for that transaction takes place they will be able to assert.

Having said that, the IRS will—that will take some time, probably run into the next calendar year—but the IRS will be able to get an idea.

It seems to me, though, that the Treasury people themselves have an obligation, before allowing these dollars to be used, to say we want to identify with specificity exactly ''who,'' when people come in and get paid off on the institutions.

We have an obligation to know that. They never do this.

Mr. MURKOWSKI. Mr. President, one of the explanations given in an earlier meeting that I think the Senator from New York was at when the question was asked: ''Who holds this debt?'' The explanation was ''They are bearer instruments.'' Like a check payable to cash, whoever holds it, owns it and can basically turn it into cash.

I think there was a comment suggested, if this thing settles down and we try to work it out, then those that hold the debt will be known because they will be represented by themselves as they come in with their pile of tesobono and say we want to work something out with the Mexican Government to get paid.

Why did the Treasury Department not see fit to try and address identification? Who are the beneficiaries of this $52 billion bailout?

Mr. D'AMATO. Senator, an interesting point is raised. I will digress, as I do very often.

We rightfully come under great criticism related to the savings and loan collapse and the bailout. In that case, people still think that we bailed out wealthy bankers, et cetera. They were the people—we can identify every one of them—and the average amount of money was in the nature, and I am hazarding a guess, of under $20,000. They were the small, middle-class depositors. They were the people who held harmless because the Federal Government made a guarantee.

Our different case here, we are talking about sophisticated investors. We are talking about large brokerage houses. We are talking about mutual fund situations where we came in and did not even ask.

In the case of the failed banks we obviously asked to see—these are our own citizens. We had to identify the banks, every single citizen, before he or she got back his money.

Let me say, if some of them had over $100,000, they had multiple checking accounts. And we had a case of a charity in New York who did not know. They thought because they had multiple checking accounts and each was under $100,000, they are covered. They would be wiped out.

We had to get special legislation by the Congress to see that our own citizens got back their money. Forget about interest—just got back their money.

Here we are paying off foreign speculators who invested in foreign obligations 100 percent on the dollar, plus their interest on top of that, and we are told, ''We couldn't find out who they were.''

Can you imagine? Of course we could have. We should have insisted on it. We should have insisted that they negotiate. Maybe we would want to make certain rules if some of the institutions that invested were people, pensioners, et cetera.

We might say, ''Let's give them a break.'' If some of them were not, we would say we have no legitimate claim and maybe we will pay them 20 cents on the dollar, 30 cents on the dollar.

No, we ship this money around like it does not belong to us. Well, it does more than belong to us.

Mr. MURKOWSKI. I wonder if the Senator from New York would yield for a minute for an examination of how risk works?

Many of the bearer bonds were sold with the promise they would return 20 percent interest or thereabouts. Very much, much higher than we can get in the United States on bonds.

Of course, the investor has to look at that 20 percent and say, ''Why are they willing to pay so much more than the going rate that is prevailing in the United States?''

Unlike what the investor would get if he or she went to his bank, their deposit would be basically guaranteed by the Federal Government—$100,000 through the insurance that the Federal Government mandates that banks must carry.

So, clearly, we have a case here where there was a consideration of a handsome return, 20 percent, by the issuance of these bonds. These investors had to make a decision whether to invest their money and run the risk associated with having to offer 20 percent to get the investment, or not invest at all.

They had to be fairly sophisticated, because a person looking for an investment for his or her old age would be foolish to invest and try and generate 20 percent return because he or she would know that is very, very risky. If investors knew the Federal Government would bail them out, why, then, they are home free.

Now, how in the world could we have made this transition? What were high-return, high-risk, investments have now been converted into an obligation of the U.S. Government.

Now, as the Senator from New York knows, as the Senator from Alaska knows, if we can get the guarantee or if we can get the kind of bailout that this has developed, why, a person will take it. In the meantime, the American taxpayer is taking it in the pants.

Mr. D'AMATO. There is no doubt, Mr. President, that this is one that goes down in history as one of the most misguided operations to rescue the Mexican economy. It is not working. It is not working.

Again, if we read the reports now, it is stabilized. The peso, at 6.7, approximately, to $1, where it used to be 3.5. It really has not recaptured any ground. It hit a high of 7.

The fact of whether it is 6.7 or 8 or 9 is not in the final analysis going to rescue the economy. I will say, all the drums are already beating.

My legislation, oh, horrible things—the Mexican economy has collapsed. The Mexican people have been injured as a result of what we have done. They hold us in disdain. We are in complicity with the group of corrupt politicians who have—we were sold a bill of goods about how great and decent and wonderful Mr. Salinas—how his administration was different, how free markets were working.

I will say, the megaspeculator did well. The people in that government who sold out early in terms of the currency in the billions of dollars of currency transactions, they made out.

I will say, that this administration, the President, the Secretary of the Treasury, withheld vital information and seduced the world and the American people into believing that everything was hunky-dory last year.

Do not believe me, read the Washington Post. I will quote them. ''Despite warnings, U.S. failed to see magnitude of Mexico's problems.'' We not only failed to see, we covered it up. Now, it is one thing not to reveal the problems and the failings of an ally, particularly when so important, and it is another thing to be totally disingenuous and untruthful with the American people.

Here we have, back in April, May, August, September, people in the administration, when they knew that there were serious problems, when the intelligence agencies of this country said, ''You got real problems there.''

September, Treasury Secretary expresses support for the policies of the Zedillo government, after he is elected—September, last year.

In July and August, we had serious misgivings and warned—warned—the Mexican Government and officials that there were real problems. We knew what was taking place. We knew that there was a drain on the foreign exchange. But we did nothing. Yet, the Secretary of the Treasury, when he met with President Zedillo, said he supported his policies.

In November, President Zedillo met with President Clinton and Secretary Bentsen in Washington. Nothing was said. In December, he is sworn in; December 9, the President of the United States touts Mexico.

Listen to this. December 9—we knew that they were a basket case. The administration knew it. Do you mean to tell me the Secretary of Treasury did not tell the President of the United States what was going on? And they said—this is an article, not me, the Washington Post:

> President Clinton touts Mexico as a case study in successful economic development at the Summit of the Americas.

This article was February 13, 1995. It is quite comprehensive. By the way, that was just less than 2 weeks before the Mexican Government then went through the devaluation, on December 20.

So here we are, all during that period—August, September, October, November, December—our administration knowing, and we are telling everybody everything is wonderful, a case study in success.

Let us talk about complicity. This is absolutely something that was horrendous. Now, to compound it by sending $20 billion down to people who do not have the ability—and not even ask who are we bailing out? Who are the people who are reaping the dividends? That is immoral.

I have to tell you something else. If we in the Congress of the United States, for whatever political reasons, are seeking political cover, look the other way—we are absolutely deviating from what we should be doing. We are in dereliction of our duty and responsibilities.

Mr. MURKOWSKI. Would the Senator yield. I would just like to explore a theory.

I think the Senator from New York will recall at a meeting that was held in the leader's office in January, the Secretary of the President of Mexico was there, and at that time we were under the illusion that the current debt was somewhere in the area of $40-some-odd billion. I believe the Secretary indicated that the current debt, that is the debt that is due within the current year, was somewhere in the area of 70—it was substantially more than we were led to believe by the Department of the Treasury.

Let us assume for a moment that most of this debt was held by American investors who held these tesobonos; the debt is due, and the Mexican Government cannot meet the debt. What happens to the investment that went into Mexico? Mexico issued these bearer bonds and they got dollars. They did things with those dollars, things that we would assume would increase the economic vitality in Mexico. In any event, the Mexican Government could not meet the obligations. Is Mexico going to be any worse or better off if the American taxpayer reimburses Americans who hold that debt? Americans are going to be better off.

Mr. D'AMATO. And other foreign investors.

Mr. MURKOWSKI. Any foreign investor. But it makes, really, no difference to Mexico, does it?

Mr. D'AMATO. Not to its people.

Mr. MURKOWSKI. No.

Mr. D'AMATO. As a matter of fact, tied to the repayment schedule, which they will never be able to carry out, has come the most austere measures placed upon the Mexican people. The Mexican middle class has collapsed. We are now viewed as truly the ''Ugly American'' in the eyes of the Mexican people. They are aghast at our intervention in their national sovereignty. And they happen to be right. It is one thing to help a neighbor in need. It is another thing to just simply take dollars, throw them down, and then tie their people, without the permission of their people, to the most incredible tax increases and interest rate increases, and create the business failures and collapses that will be blamed upon the United States of America.

Mr. MURKOWSKI. The obligation falls to the Mexican Government, really, to pay back the $52 billion. But we are being told that we have to do this to stabilize the Mexican Government, to prevent an economic collapse. But really the beneficiaries are the holders of the debt and not the Mexican people.

Mr. D'AMATO. Who have taken their money out. They are not going to be reinvesting. I think the Senator raised the point before. If you were a pension fund and you had invested $10 million or $1 million in these securities in Mexico, and now you got your money out, as a fiduciary—or if you were a bank or, again, an investment advisor—under no circumstances would you be permitted, without exposing yourself to tremendous liability in terms of investing the dollars in that situation. That would not be the act of a prudent investment manager.

So to hope you are now going to stimulate a recapitalization of Mexico with foreign dollars coming in is ridiculous. It is just not going to happen.

However, Senator MURKOWSKI is absolutely correct, people throughout the world are getting paid back on the moneys that they invested. We are paying them back, the American taxpayers. Look around: Working middle-class families, our farmers, our plant operators, our small businessmen—we are seeing to it that the people who invested in high risks, we are bailing them out. Terrific.

Are the Mexican people saying thank you? They are not. I would not, if I were them. If my house mortgage went from 20 percent to 80 percent, who do you think I would hate? The banks that are collapsing down there? We are going to bail them out. You want to talk about a bailout—sure. So the German speculators, they were there; the Japanese speculators, they were there; the Wall Street interests, they were there—they got bailed out. Not the Mexican people.

The economy is worse, much worse. Now they talk about, ''Don't worry, they are going to come across the borders.'' They are coming across the borders now. Every time we offer a bill on legislation or we fail to send money down, we are going to be threatened that we are going to be invaded? We are.

Let us do a job. We have a job to do. Because the immigration people are not doing a job—this administration or the past one—adequately, do not come to the American taxpayer and add to it, compound it, hit them now with $20 billion. And this is just the beginning, and it is not going to work.

Mr. MURKOWSKI. So to walk through this very briefly, so we all understand the transfer of the obligation here, it has been transferred to the American taxpayer and the Mexican taxpayer by this action. The holders of the tesobonos are being taken care of by this action by the United States Treasury, the guarantee, the $5 billion that has already been extended. You would stop that with this action?

Mr. D'AMATO. Absolutely.

Mr. MURKOWSKI. The Senator's bill would say, ''No more.''

Mr. D'AMATO. No more, unless you come to the Congress. And then let the Congress have the courage, let them tell the American people why they are sending money, where they are sending it, and under what conditions they are sending it.

Mr. MURKOWSKI. And who would benefit from that.

Mr. D'AMATO. And who would benefit.

I say to Senator MURKOWSKI, you never really did a finer job than bringing us right to the essence of this. What kind of free market are we talking about when the people who invested in the free market system had the Mexican people in Government, and the U.S. people in Government, guaranteeing their investment? That is not a free market system. You invest; you take a chance. You win or you lose. You do not have the Government coming to say we are going to bail you out. And that is what we are doing.

By the way, to get the facts is incredible. Do you think it is easy to try to get the facts from the administration as to what they are doing? ''Oh, we cannot tell you because if we tell you, they will have a thing and they will not know and speculators—the speculators will clean up.'' Or the tesobono will go down or the dollar will go even higher; the peso will go to even 7 or 8 or 9.

The damage has been done. Let us wake up. You can just keep the charade up for so long. And after we pay off all the obligations and all the speculators, and all the people who invested get their money, what do you think is going to happen?

Mr. MURKOWSKI. Then, theoretically, at least, the poor Mexican taxpayer is expected to come forward, regenerate the Mexican economy, and pay back the IMF, the United States—$20 billion, the $10 billion from the Bank of International Settlements—so the Mexican taxpayer has the obligation in the end, but his country at that time is in terrible shape.

What we have done is—Mexico issued these bonds. They could not pay them. When they become due, Uncle Sam comes along and puts together a deal under the charade that we have to save Mexico from collapse. But what we are doing is: We are paying the holders, most of which are Americans who have seen fit to take a handsome return—the brokerage firms and various others—while we are paying foreign investors with U.S. taxpayer dollars. And then we look to the Mexican taxpayer and the Mexican economy to come back and pay these obligations.

I wonder if the Senator from New York really believes, as the administration tells us, that our so-called loans are safe because we will have access to Mexican oil, if there is a default? Does the Senator believe for one moment that we have access to Mexico's oil or that we are going to have?

(Mr. SHELBY assumed the chair.)

Mr. D'AMATO. Absolutely not, notwithstanding every dollar that is supposed to go through the New York Fed as it relates to foreign imports. The fact is they are using these dollars. They desperately need these dollars now for their economy to support their social programs, and to support their other programs. The fact of the matter is that their exports are going down.

Mr. MURKOWSKI. Production is in decline.

Mr. D'AMATO. Production is in decline, and no one is going to give them the capital to get their production up because it is run by who?—a bunch of robber barons, a corrupt government.

Mr. INHOFE. Mr. President, will the Senator yield for a couple of questions?

First of all, let me applaud the Senator from New York for bringing this to the attention of the American people. I have been presiding and listening, and join the Senator in offering this amendment. I applaud him for it. But I would like to back up a little ways and recall something to see if the Senator from New York agrees with this; that when Carlos Salinas first went in the perception was that his policies were stabilizing the economy, the peso was stable, and all of a sudden we had investors from Europe and other places who had never theretofore bought Mexican debt. So they came in.

Then we had a meeting on the 6th of January—the Senator from New York I believe was attending that meeting of both the House and the Senate with the administration—with many officials, including Alan Greenspan, Robert Rubin, and others, at which time I asked the question: Since we are obviously protecting new investors who have bought Mexican debt, who are buying debt and being paid somewhere in the neighborhood of 20 to 25 percent, which implies to me that there are some risks involved, where are the European countries in joining us behind the guarantees of this debt?

The answer was yes, they would be behind us.

The question I have for the Senator from New York is that has been 2 or 3 months ago now. Has he heard of any of the European countries who have now joined us in underwriting the guarantees?

Mr. D'AMATO. To a very limited extent there has been some participation in this area. One country I believe joined with $3 billion as it relates to short-term—very short-term—credit swaps. They have not been engaged in a massive kind of relief effort that we are involved in for loans up to 7 or 10 years. Then, of course, through their participation through the International Monetary Fund, which in the final analysis we will be called upon to help replenish—this is not just a $20 billion bailout. This is $20 billion plus the participation we owe the IMF, plus whatever it might be from the World Bank.

So with the exception of some limited credit swaps, there has been no kind of coming forth on the scale of the magnitude which have been expected.

Mr. INHOFE. That was leading to the second question I have for the Senator from New York; that is, another meeting took place on the 13th of January 1 week later with somewhat the same participants. At that time they were asked again. Where are the guarantors that are going to join us? At that point, it was not $20 billion, it was $40 billion. I have been fearful, since they had started to come for concurrence from both Houses of Congress and then went ahead and did it by Executive order that perhaps this $20 billion we keep hearing about is in fact closer to $40 billion, part one of the question; part two, I picked up a paper going through Dallas—I believe it was a newspaper in Mexico—characterizing this amount of money as not loan guarantees but foreign aid.

Mr. D'AMATO. I believe the Senator is absolutely correct. It is foreign aid when we become involved in not short-term propping up of the currency for 3 months or 6 months, which was traditionally used, and it is questionable whether or not it was ever intended to prop up foreign currencies. But if you want the argument that it helps us and that it helps our own currency fund, never before have we made a loan under a situation which has gone beyond a year, and in that one case we went the year. That was Mexico; in no other case. Once again, back in 1982 we participated to the extent of $1 billion. We are now talking about $20 billion.

I think the Senator from Oklahoma is absolutely correct. We are not talking about $20 billion. We are talking about $20 billion from the ESF fund, we are talking another $20 billion from the IMF fund, another unsubstantiated participation in the World Bank. We are talking about other economic swaps. We are talking about closer to $40 billion of taxpayers' money to maybe drawn down on.

Mr. MURKOWSKI. The Senator from Alaska unfortunately has to leave the discussion. I wonder if the Senator from Oklahoma would carry on.

I want to pledge to my friend from New York that I will work with him to stop this hemorrhage of the American taxpayer. In fact, we were able to hold a meeting, the Senator from New York as chairman of the Banking Committee, myself as chairman of the Energy and Natural Resources Committee, I think is an appropriate utilization of our oversight responsibilities. I think it behooves us collectively to work with the Finance Committee to develop a methodology so that we can tell the American taxpayers specifically who the recipients of this $52 billion bailout are because clearly it is not the Mexican people. It is the holders of high-risk debt that is generating a very handsome rate of return at the expense and the exposure of the American taxpayer.

I can tell the Senator from New York and the Senator from Oklahoma that, if this $52 billion flows out, the people of Mexico are expected to pick up and pay that back. They are not going to be able to do it. And we know that. We should not kid ourselves. As a consequence, the American taxpayer will end up as the fall guy, and the sophisticated investment community in this country and abroad will be the beneficiaries. I think the American public is entitled to know who those beneficiaries are. I intend to work with my colleagues toward that end in appropriate identification of just where this handsome return is being funneled.

I thank my friend from New York. I am pleased to join with him in cosponsoring this amendment.

Mr. D'AMATO. I thank my friend and colleague from Alaska for really I think focusing in on the central theme. We talk about free markets. We are not allowing them to work. Then we come in and we pledge United States taxpayers and Mexican taxpayers to bail out unknown speculators, unknown investors. I would like to know who they are. And in contravention of the statute of the Constitution which says that elected representatives of the people of

Congress must approve the appropriations of taxpayers funds, it is our constitutional duty. It is spelled out in article I, section 9 of the U.S. Constitution. It says no money shall be drawn from the Treasury but in consequence of appropriations made by law. That exactly is not what is taking place.

Mr. President, I see my colleague from North Carolina is here. I know he has a statement. He is a cosponsor of this legislation. So I am going to yield the floor.

Mr. FAIRCLOTH addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. FAIRCLOTH. Thank you, Mr. President. A perfect example of what we are talking about in the conflict and the lack of direction we have seen in this entire process has been that, according to the President's fiscal year budget of 1996, the net position of the exchange stabilization fund is only $18.3 billion. Now he is committing $20 billion out of an $18.3 billion fund. That is by his own figures, not anyone else.

But I think the most distressing thing about the entire thing is nearly 6 weeks ago I asked Alan Greenspan how Mexico got into this situation. His answer was over-domestic spending, over-borrowing and an out-of-control trade deficit. I asked him which one of those we were doing at a greater rate than Mexico. And his answer? None, that we were doing them all.

The real question is this: Who is going to bail us out? That is the difference. There is not anyone to bail us out. When the time comes, there is no bailout. And a perfect example of what is happening—and we have all seen it—is the decline in the dollar. The dollar went into a straight decline after we refused to balance the budget and when we became entangled with Mexico.

President Clinton plans to give Mexico $20 billion. ''Give'' is the right word. Do not call it a loan. There is no chance of it being paid back under any conditions. It is an absolute giveaway.

This type of thing is not new to Mexico. They have been through five or six of these so-called crises before. We simply do not have the money to bail them out. This $20 billion we talk about is supposed to be used to stabilize the currency of this country, and at the rate we are going there is no doubt we are going to need it to stabilize the currency of this country, and quickly.

I think the President's plan is a bad idea from the beginning when you look at the fact that Mexico's foreign debt is $160 billion. It is higher than it was in 1982, when Mexico simply took a walk on the world, suspended interest payments, and precipitated the Latin American debt crisis bailout.

Unfortunately, in the face of this crisis, President Clinton chose a flawed strategy that he has followed before. He followed it with health care. And that is a massive Government intervention. The last thing we need in Mexico is a massive intervention of this Government. And like before, the plan is being resisted from ordinary Americans who know they are going to wind up paying it back. The working taxpayers of this country do not understand how we can afford to send Mexico $20 billion when the United States is going into debt every day at $700 million or more.

The thing about it that has been so confusing—and I have talked to the Senator from New York and everybody else about it—is that when we first heard of this crisis $12 billion was supposed to correct it. Later on, they told us it might take $25 billion. Then we went to a meeting and they said $40 billion would absolutely be such an overkill, so much extra money that we would not even have to use the $40 billion.

Now it would appear now they are talking about $52 billion. We have no idea how much is involved. But there is one thing for sure. It is going to take a lot more money than a country going in debt at $1 billion every working day ought to be spending. This is a problem for the Mexican economy and the Mexican people to address themselves. It is not a problem for the U.S. Government. We simply cannot afford it.

The plan thus far has done nothing to stabilize the Mexican currency. It has gone down against the dollar since the announcement of the plan.

Now, to add bad news to bad news, as the peso has been dropping against the dollar, the dollar has been dropping against practically every industrialized country's currency in the world. So we are trying to bail out a weak peso with a weakening dollar. It simply does not make sense.

As I think Senator BROWN from Colorado said, nobody ever falls in love with their banker, and we have seen it clearly in this situation. Mexico will soon resent our interference in their economy and in their political affairs. There will be ''Yankee go home'' signs up before we ever finish the bailout. In fact, the evidence is already there. During the deliberation on the President's first plan, the Mexican Legislature took a vote in which they said, yes they, have to approve the bailout. In other words, they have to decide whether they want us to give them money or not.

Finally, with an administration and a Congress that cannot control their own spending, the ludicrous part of it all is that we are talking about imposing financial constraints on Mexico, what they could spend, domestic spending, telling them to get the trade deficit in line—we, the United States Congress, imposing trade constraints and fiscal constraints on someone when for 35 years we have been totally out of control, spending and wrecking our own dollar against the world's economy.

So if we cannot control our own, why should we think we are going to be able to control the economy of Mexico? What we need to do is exactly what this bill does. I assume we have committed the $5 billion, but when that is up, we should stop until it comes back before the entire Congress to make a decision as to whether we go any further or not. Maybe we could afford the $5 billion but we cannot afford an open-ended check.

Mr. President, I thank you. I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. Mr. President, I thank Senator FAIRCLOTH not only for his support and cosponsorship of this legislation but for his persistence in asking for the facts.

Mr. President, I prepared a statement and I am going to stick to it and read it at this point.

The Mexican bailout is a failure. The rights of the American people have been ignored and disregarded. Might I add, I also believe the rights of the Mexican people, who we claim we are interested in, have been injured as well.

People of this Nation clearly do not want to send $20 billion to Mexico even when there are the implied threats that there will be huge immigration masses illegally coming across our borders.

The administration and the President have arrogantly disregarded the men and women of America. They have gone around Congress. The President took money that was supposed to be used to stabilize the American dollar, and we are giving it to Mexico, make no mistake about it. We are never going to get this money back. And the question as to the use of this money is a very real and legitimate question that should be answered. Who are we bailing out?

The President has rewarded a corrupt dictatorial Mexican regime and saved global speculators from massive losses. Already, $5 billion—$5 billion—of American taxpayers' money is gone. Yesterday, the Mexican market still fell. The collapse of the Mexican stock market continues unabated. It was a terrible mistake for the President to use $20 billion of the exchange stabilization fund. That fund was intended to stabilize and to protect the American dollar, not the peso. This is an outrage. It is shocking. It is wrong.

The President has made conditions in Mexico worse for the Mexican people. Just think of it. The $5 billion already sent to Mexico has been used to repay the Mexican public debt to bail out currency speculators and Mexican banks.

American taxpayers should not have to repay Mexico's public debt and prop up Mexican banks. And that is exactly what is happening.

Never before has an administration or an American President taken such large amounts—$20 billion—from our economic stabilization fund to bail out a foreign country. It is totally unprecedented. Never before has an administration sent more than $1 billion or used more than $1 billion from the ESF fund for a foreign country.

Never before has a President given a loan to a foreign country for more than 1 year from this fund. He should not give a loan at all. That is illegal.

But the administration has ignored precedent and did an end-run around the Congress. He has given the Mexican regime a line of credit from the ESF for 5 years, and in some cases up to 7 years. That has never been done before. It is totally unprecedented. It is wrong.

Even the Treasury Department recognized that the ESF may not be used for foreign aid. In an opinion to Treasury Secretary Robert Rubin, the general counsel of Treasury advised, and I quote from page 6:

> Although loans and credits are clearly permitted under the ESF, their purpose must be to maintain orderly exchange arrangements and a stable system of exchange rates, and not to serve as foreign aid.

This is clear. ESF money cannot be used as foreign aid. And that is exactly what is taking place.

Treasury also admits that ESF may not be used if American taxpayers' money is at risk.

I want one person to tell me that the American taxpayers' money is not at risk. No one can say that. Treasury officials cannot say that. They cannot say that privately, they cannot say that publicly, that the American taxpayers' money is not at risk. Now that is the law. That comes from their interpretation.

Treasury admits that ESF may not be used if American taxpayers' money is at risk.

Now, Mr. President, we have to be kidding ourselves if we are going to be saying that that is not the case. We have been told that Mexico has pledged its oil reserves as collateral for repayment. But Mexico can shut off the oil. And, the Mexicans can sell it elsewhere. The bottom line is that we have no real assurance that America will be repaid. What will we do? Will we send in the 82d Airborne to collect our money if they default?

Are we going to seize the oil wells? Are we going to prohibit them, somehow, from an agreement that is made with one administration today with another administration down there tomorrow if they decide, when interest rates at 80 to 100 percent are forcing a revolution, that they can no longer continue this austerity program?

Imagine what the middle class is doing and saying right now. How long do you think they can maintain this austerity program? And this is the only chance they have to make it. So what happens when they say, ''We cannot meet these onerous repayment schedules''? Are we going to cut off all their foreign aid? Are we going to seize all the money that comes through the Federal bank in New York? For how long? How long before they make a new arrangements for the sale and disregard the fact that money was supposed to go through the Federal bank? Are we going to sue them? Are we going to get judgments against them?

If you are going to do that, they will sell their oil abroad. If you take a man's life away from him, you take away his ability to make a living, he will stop working, and that is what they will do. You do not think that they are just going to pump oil for the sake of paying this debt if they need the money? It is preposterous.

Mr. President, given the unprecedented size and scope of the President's bailout, it is clear to this Senator, and to a dozen others who have cosponsored this legislation, that it is foreign aid for Mexico; that it is making a loan and, indeed, a loan which is not sufficiently collateralized, and that there is a good chance American taxpayers will suffer.

And, giving Mexico $20 billion of American foreign aid without congressional approval is wrong. Giving them $5 billion without congressional approval is wrong. Giving them $1 billion is wrong.

But this Senator said, ''All right. You have given them $5 billion. Let us hold it. And if, indeed, you can make a case to the American people, to the Congress, that they should continue to get aid, they should continue to get support, then let us have that legislation, let us have the ability to review how those dollars will be used, for what purposes, who will benefit.''

And that is the reason this Congress should be brought into this process. It happens to be the law.

As elected representatives of the people, the Congress must approve the appropriation of taxpayers' funds. It is our constitutional duty.

Instead of allowing the free market to decide Mexico's fate, the politicians in Mexico City and in Washington misled the markets. All during 1994, the administration told us that the Mexican economy was a model for the free world. We supported Mexican President Salinas' candidacy to head the World Trade Organization. President Clinton praised Mexico at the Summit of the America's, just days before the devaluation of the peso in December.

This administration has made the situation in Mexico far worse than it needed to become. The peso will rise and fall because of market forces—free market forces—and not because $5, $10, or $20 billion in American taxpayers' dollars goes south of the border.

What is going on in Mexico rivals any soap opera. There were reports of rampant Mexican corruption and collusion with drug traffickers. The former President of Mexico has left the country; his brother is under arrest for masterminding a political assassination. The Mexican Army is fighting rebellion in the southern region.

The peso printing press is still continuing—as we talk, they are printing pesos—and the peso continues to fall against other currencies, taking the dollar with it. The inflation rate in Mexico is almost 70 percent, and bank interest rates in some cases are close to 100 percent.

Mr. President, where is the voice of the people? Do the people want us to make a loan in this situation? We have an obligation—a duty—to bring this issue into the light. This Senator will not just stand by and allow this obligation to be buried under political considerations.

Maybe President Clinton does not understand that hard-working American people do not want their money being used in this manner, but I do. I was sent here to fight for them—not the international speculators, not corrupt foreign governments, as nice as we want to paint a coat of fresh paint on them to dress them up.

If this administration truly wants to help Mexico, we should do so by demanding fundamental free-market reforms.

The first thing the Mexican Government can do, if it wants to pay off all its debts, is privatize PEMEX, the Mexican national oil monopoly that has been used as a Mexican piggy bank for corrupt officials year after year after year after year.

You have a former agricultural administrator, the Secretary, just retired there. He is a billionaire. He earned $50,000 a year, yet he is a billionaire. And his sons are tied to drug dealings. Sixty percent of all the drugs that come into this country in terms of cocaine are from Mexico as a transshipment place, from top to bottom filled with corruption. Do you think they are going to treat our money like it is their own? They will take their cut. They will treat it like their own. They will make it their own. Incredible.

Let the Mexican Government eliminate wage and price controls. Let them see to it that they do not impose false and arbitrary standards. Let them clean up the corruption that is destroying their country and the ability of their people to believe in it.

We should not make ourselves the international welfare house, certainly not on this scale. Welfare has failed dismally in those countries in which we have made it the cornerstone of our policy. When will we learn? The road to economic growth is less government, not more government. Let us do the people of Mexico a favor. Let us demand free market reforms.

Let us not get into the business of international welfare. Now, when Congress must cut domestic programs to balance our Federal budget, is not the time to send $20-plus billion to Mexico. We cannot afford to be Mexico's banker. The ESF is not the President's personal piggy bank, and it is our duty to protect American taxpayers.

Who will bail us out if the dollar continues to fall? The Japanese? The Germans? The Mexicans? I doubt it.

The time has come for Congress to stand up for the American taxpayers. So today, on behalf of the hard-working men and women of America, I have offered this legislation. This legislation reasserts Congress' rights and responsibilities with regard to this matter.

Some of my colleagues may not be happy with this, but I think it is their obligation. They have an obligation to vote ''yes.'' If you believe that Congress is ultimately responsible for the appropriation of funds, you have an obligation to vote ''yes'' if you think these funds are not being used appropriately. On the other hand, if you think that the administration is correct under the law; that these funds can be used for this purpose; that these funds are not being made as foreign aid; that these funds are not being made as a loan which may not be repaid, or is in jeopardy of not being repaid, then vote against this.

My bill would amend the ESF statute to provide—I think it is far too generous, but to deal with this situation, I have limited it to $5 billion. I think it should be much lower than that, a lower floor; but the President cannot give a foreign country in excess of $5 billion without congressional approval. I think that is reasonable.

Some have said that I should not introduce this amendment. But I say let us look at the facts. Mexico is in a quagmire. And American taxpayers have been drawn into the quicksand without any authorization by their elected representatives. The only long-term financial commitments being made in Mexico right now are being made by the United States of America, using American taxpayer money without their consent. We have dragged in an unwilling IMF and an unwilling World Bank. That is not right. If my colleagues think this bailout is appropriate, then let us vote on the record.

It is Congress' constitutional responsibility to determine whether to send American tax dollars to a foreign country. We should use the $20 billion that the President has sent Mexico, or intends to send Mexico, to help balance the Federal budget. I would rather spend the money to help New York, Orange County, or the District of Columbia, and whatever is left over, use it to reduce the budget, which is far more appropriate.

Congress could approve more than $5 billion in aid to Mexico. But if so, let us do it the right way, in the open, on the record. It is not good enough to say, well, we have congressional leaders who have approved. That may be, but that is not the full House, and that is not the full Senate. I am tired of hearing that. I am tired of hearing, oh, well, the leadership agreed. Yes, they agreed in good faith. I do not think good faith was kept with them. They were not told how these dollars were going to be used or about the implications in terms of the interest rates that would be imposed on the Mexican people. They were not told about the ability to repay. I was there at the last of the briefings when the Chief of Staff came in from Mexico to the President. He was honest. I have to tell you, he shocked me. I was skeptical up to that time. After he finished briefing us, I said, there is no way this works. I felt sorry for him because at least he was honest and told us the problem: 70 billion dollars' worth of short-term debt coming through within 12 months.

Let me tell you something. You do not stop $70 billion with all of the financing that we have talked about; it is insufficient. They can roll it over and roll it over, but you have to pay it back. The interest rates are going to be higher, and there is going to be less investment in there. You are going to have more money flowing out. Oh, for the short term you will keep it and make this mirage and things will sound better. But that is not right.

Mr. President, I submit that Congress must have the final say on spending of taxpayer dollars on foreign aid or foreign loans. We owe it to the hard-working men and women of this country we represent to stand up and do what is right. Sometimes it may take some political courage. We are the Senate of the United States. We have a responsibility to the people of the United States. We cannot be cowards. Now is the time for action. I urge approval of this amendment.

I yield the floor.

Mr. FAIRCLOTH. Mr. President, just another thought or two.

The Senator from New York mentioned the ESF has never been used in this magnitude before. I think if we face reality and cut out the gossamer facade of calling this thing a loan, we will get to the facts quicker. It is not a loan. A loan is a euphemism for a total bailout grant that we are never going to be repaid.

Usually, money that has been borrowed from the ESF has been repaid within 90 days. But with this giveaway, we have no assurance that it will ever be repaid at all.

Can you imagine if a Senator came to this floor and proposed a $20 billion appropriation for a domestic project? The first thing he or she would be asked is, ''Where will the spending cut come from to pay for it?'' Why should it be different when we send $20 billion as a gift to Mexico without any idea who is going to pay for it—well, we know who is going to pay for it: the American taxpayer.

I do not think you need a better barometer of what is going on in Mexico than the trends of the market themselves, with the lowest interest rate in Mexico at 50 percent and running to 70, 80, and 100 percent. What does it tell you about the value of the Mexico's debt when that kind of interest rate is offered? We have asked repeatedly who this debt is owed to. And never once have we been told. Not once did we find out. But we are taking hard-earned American dollars to bail out financial investors and speculators around the world who are getting from 18 to 25 to 30 percent, whatever, on these Mexican bonds, and we are bailing them out with American money.

One further thought. The immigration problem. This was used of course, to excite us—and I think I would call it the excitement plan used by the administration—to encourage us to support this, at first $40 billion, and now as the President took the ESF of $20 billion. But some have estimated that illegal immigration may be as low as 40,000 more immigrants if we do not do the bailout. Well, if you look at $20 billion and 40,000 immigrants, we are putting a half million dollars into every potential illegal immigrant. It simply does not make sense. It is a bad idea whose time has not come and will not come.

I encourage my colleagues to vote for Senator D'AMATO's amendment. We are hooked with the $5 billion, but let us not send any more good money after bad.

Mr. President, I yield the floor.

Mr. D'AMATO. Mr. President, I see that a number of my colleagues who may share a difference of opinion on this are on the floor and if they wish to speak, I would be happy to yield the floor.

I ask unanimous consent that an article from the Wall Street Journal, entitled ''Americans Grow Ugly in Mexicans' Eyes,'' dated March 21, 1995, be printed in the RECORD.

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

[From the Wall Street Journal, Mar. 21, 1995]

AMERICANS GROW UGLY IN MEXICANS' EYES—RESCUE PLAN REVIVES LONG-SIMMERING RESENTMENTS

(By Dianne Solis)

XOCHIMILCO, MEXICO.—In this postcard perfect town of canals and floating gardens, a favorite of American tourists, Teresa Garcia fumes that her country is becoming a colony of the U.S.

Even though the U.S. helped save Mexico from a financial crash by organizing a $52 billion bailout package, many Mexicans such as Mrs. Garcia view the rescue program as a lead parachute.

They worry that the rescue plan calls for such severe austerity measures that Mexico will plunge into a serious recession. They fret about soaring interest rates, which now top 100%. And, perhaps most viscerally, they stew about provisions that make exports by the state oil monopoly, Petroleos Mexicanos, collateral for the rescue package. Many fear the move betrays U.S. designs on Mexico's sacrosanct petroleum operations.

OIL IS NATIONAL SYMBOL

''Those jerks want our oil,'' snaps Mrs. Garcia. ''Oil is a great symbol for the middle class and those below. You take it away, you steal our national identity.''

As her comments suggest, Mexico's historic anti-Americanism, seemingly vanquished in recent years, is creeping into view again.

Signs of the mood shift are cropping up all over. ''We will never agree to the privatization of Pemex,'' the acronym for Petroleos Mexicanos, reads graffiti on a wall across from the Camino Real hotel in Oaxaca, a southern tourist site frequented by Americans. On the Texas border in Ciudad Juarez, workers at a U.S.-owned furniture factory grouse about gringos who won't grant them pay raises, even though labor costs were sliced in half after a Mexican peso devaluation that began last December. ''The only ones who benefit are the American bosses,'' says Carlos Lopez, a 21-year-old worker. Fully 80% of Mexicans polled in a recent survey by the Civic Alliance, a citizens watchdog group, opposed the terms of the U.S. package.

Just a year or two ago, such feelings seemed virtually forgotten, Mexico's economy was humming, and more and more citizens were reaching middle-class status, giving them the chance to travel to the U.S. and partake of its material pleasures. Last year's historic North American Free Trade Agreement, which created a giant free-trade zone out of the U.S., Mexico and Canada, seemed to seal the close ties.

But the peso devaluation in December, and the prospects of deep economic hardship that followed, have soured the mood. In particular, many Mexicans are distraught that Pemex must now pass all receipts from crude oil exports through the Federal Reserve Bank of New York. This money will only be remitted to Mexico if it remains current on payments it owes on the bailout package.

Although both governments insist the arrangement is just a bookkeeping matter and say Mexico has used it in the past, it's harsh medicine for many.

ANGER AND FEAR

Indeed, when Mexican President Lazaro Cardenas nationalized foreign oil companies to resolve a union dispute in 1938, it became one of the country's proudest moments. On Saturday, the 57th anniversary of the nationalization was marked by angry speeches, and overshadowed by rampant-speculation that the government plans to allow foreigners to drill in Mexico's oil fields once again.

At a ceremony held by the party of the Democratic Revolution, Mexico's chief leftist opposition party, organizers drew fiery applause when they read a letter from Amalia Solorzano, President Cardenas's widow, warning against giving foreigners any more involvement in Pemex's affairs. ''They won't be satisfied with just draining the veins [of Pemex],'' the letter said. ''They'll keep asking for the head and the docile government will be happy to satisfy them.''

But Mexico's complex, love-hate relationship goes beyond oil. Although Mexico occupies only modest space in U.S. history books, Mexican children are drilled by teachers on how the 1848 Treaty of Guadalupe Hidalgo forced the sale of Mexico's northern half to the U.S., and on how the U.S. invaded Mexico in 1914 and 1916. In times like these, many a Mexican can be heard to repeat dictator Porfirio Diaz's line from around the turn of the century: ''Poor Mexico. So far from God and so close to the United States.''

Although old wounds had healed substantially as the U.S.-Mexico commercial relationship strengthened, memories of domination are being dredged up again. One editorial cartoon has a poor Mexican selling oil under a sign that reads, ''Pay at the booth.'' Collecting the money at the booth behind him is Uncle Sam. Another cartoon shows Mexico as a hungry dog begging at the table of President Clinton, who is holding a plate full of money just out of reach while musing, ''Mmm . . . Let me see if I've forgotten any condition.''

A visit to Xochimilco with Mrs. Garcia illustrates some of the frustrations people here are feeling.

BUSINESS SHUT

A business owner in debt to foreign banks, Mrs. Garcia has suffered such severe credit problems that she shuttered her meat-preservatives and condiments business a month ago and is trying to sell her inventory at a $40,000 loss.

Angrily touring her neighborhood, she points out spots where she says people are at least as disillusioned as she is. In front of a tiny restaurant with hand-lettered signs, she says with a sigh. ''The owners are three college professors with masters degrees. They couldn't make ends meet. Look, they had to open this little place to sell [pozole],'' a garbanzo-bean stew popular with the working class.

Well past midnight, Mrs. Garcia broods at the home of a neighbor over coffee. The neighbor, an academic from a well-to-do family with servants and nannies, complains her salary has effectively been sliced in half by the devaluation and barely covers her living expenses now.

The neighbors direct some of the blame at the Mexican government. But Mrs. Garcia continually returns to the theme of Pemex, and the U.S. threat to its independence.

''What does the U.S. want us to be?'' she sneers. ''A Puerto Rico?''

Mr. D'AMATO. Mr. President, the fact of the matter is the article goes on to talk about how the Mexican people are feeling toward Americans, and the great pain.

There are other articles that in graphic detail talk about the incredible burdens as it relates to the interest rates that now have gone up on small business owners, on the homeowners, on the savage price they are paying.

While we may be attempting to help our neighbors to the south, we have enraged their citizens. While we may be well-intentioned, what we have done is seen to it that a select group of investors have been bailed out. They have been bailed out by the American taxpayers, by the Mexican people, who resent our intrusion.

They have every right to resent that intrusion, given the sorry, dismal performance of their Government in giving out laudatory expressions over the past years, going back to past administrations, that had the United States believe that Mr. Salinas and his people were the answer to all their problems, and represented, truly, free markets and democracy, when that was, obviously, now, a myth.

Mr. President, I see my colleague on the floor who wishes to make his statement. I yield the floor.

Mr. SARBANES addressed the Chair.

The PRESIDING OFFICER. The Senator from Maryland.

Mr. SARBANES. Mr. President, I have been listening to this exchange with some interest and some bemusement—if one can use that term—with respect to a matter that has such potential serious consequences. This ought to be underscored: A matter of the utmost gravity.

The New York Times on the 25th had an article headlined ''Mexico's Recovery Plan Shows Signs It Is Working.'' Two weeks after it was introduced, Mexico's tough new recovery plan is showing the first signs that it may be working.

The floundering peso has started to stabilize while the economy is being squeezed even more tightly. The article ends up with a quote from the director of analysis in a brokerage firm in Mexico City, saying ''There is a little bit more confidence in Mexico. Things are getting better. But there is still a long way to go.''

Now, if there was any doubt about whether what we do here or what we say here—let alone what we do—may have significant consequences, this Mexican crisis may prove the point.

Let me go back with a little history. On the 11th of January, one of my colleagues took the floor and this is what he said:

> Mr. President, while American diplomats and foreign policy pundits handwring over various crises in Eurasia, and the American military is hand-holding the doomed in a number of Third World quagmires, an economic crisis of alarming proportions is threatening to engulf our nearest neighbor to the south. Could there be a better example of the failure of our foreign policy than the potential collapse of Mexico?

Continuing with this statement:

> I believe that charity begins at home. Mexico and Canada are part of the American family. Yes, we bicker, we snipe, we engage in the kind of heated battles only family members could get away with, but in the end it is the family ties that bind. We can no longer take our good neighbors for granted. Our national security and our economic well-being are inextricably linked to the health and stability of Mexican society and the Mexican economy.

Let me repeat that colleagues' statement here.

> We can no longer take our good neighbors for granted. Our national security and our economic well-being, are inextricably linked to the health and stability of Mexican society and the Mexican economy.
>
> We face a far greater threat from instability in Mexico than we will ever face from open conflict or economic chaos in most of the places American diplomatic attention and foreign aid are currently focused. We must help the Mexicans stabilize the peso to renegotiate their debt, and to develop an economic strategy of long-term investment and growth that will improve the quality of life of all Mexicans and, by extension, the quality of life of all Americans. To do as we have been doing, to focus on the problems of other continents while ignoring our own, is asking us to worry over a distant storm as wolves gather in our own backyard.

That is a very strong statement about the Mexican problem and a very strong statement about the United States responsibility to respond to the Mexican problem. That statement was made by my colleague, the distinguished Senator from New York, Senator D'AMATO, who has just spoken at great length here on the floor.

This was on January 11. Of course, the administration, I assume in part influenced by Senator D'AMATO's statement about responding to the Mexican situation, influenced by this strong, forceful declaration in the Senate as to what needed to be done with respect to Mexico, and the responsibility of the

United States to respond—I am sure the administration was impacted by that statement. And of course they began to try to construct some package that would enable the United States to play a role in addressing the economic crisis confronting Mexico.

The Treasury and the Federal Reserve came to the Congress to seek congressional authorization for a loan package to provide assistance to Mexico. That loan package in fact was in the amount of $40 billion. What we are now talking about is the use of the Exchange Stabilization Fund for $20 billion, with the international community coming in for other amounts to create a larger package which is judged as necessary if Mexico is going to be able to move out of this crisis.

But the administration came to the Congress to seek approval from the Congress of a loan guarantee package of $40 billion. That loan guarantee package, the administration's request, was endorsed by the Republican and Democratic leadership of the Congress.

We want to be very clear here about where the responsibilities are, and clear about this amendment in its historical context. It needs to be made clear that there is a recovery program now underway in Mexico, and if the rug is pulled out from under that recovery program the responsibility for that also needs to be made clear.

The recovery program has risks connected with it. No one has denied that. There has to be some evaluation of those risks, and weighing them, but on the 12th of January, President Clinton and the congressional leaders issued a joint statement on Mexico's currency crisis after meeting at the White House. I will quote from that statement. This was the statement of the Republican and Democratic leadership of the Congress, both Houses.

> We agree that the United States has an important economic and strategic interest in a stable and prosperous Mexico. Ultimately the solution to Mexico's economic problems must come from the people of Mexico. But we are pursuing ways to increase financial confidence and to encourage further reform in Mexico. We agree to do what is necessary to restore financial confidence in Mexico without affecting the current budget at home.

Mr. President, I ask unanimous consent that that statement be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SARBANES. The submission of that proposal was followed by extensive consultations between the Treasury, the Federal Reserve, and Members of the House and Senate to craft a package that could win congressional approval. A January 14 article in the Washington Post reported:

> Treasury Secretary Robert E. Rubin and Federal Reserve Chairman Alan Greenspan canvassed Capitol Hill, briefing legislators on the details of the plan and lobbying for support. At a question and answer session attended by more than 100 legislators yesterday morning, many Members of Congress questioned Rubin, Under Secretary Lawrence Summers, about whether the proposed rescue package would put U.S. tax dollars at risk. And some demanded assurances that the United States would extract broad promises of economic reform from the Mexican Government before the Treasury extended any financial support. But at the close of the 2-hour meeting, House Speaker Newt Gingrich told the gathering that the Republican leadership in the House stood firmly behind the administration's rescue plan, "We have zero choice on this," he said, according to those who attended the meeting. "Republican leadership," he added, "is committed to doing everything we can to make it work."
>
> "There is generally a consensus that as the leadership agreed last night, we need to do what is necessary to make this work," Senate majority leader Robert J. Dole said after the morning meeting. "We do not have the luxury of waiting very long," he added.

Mr. President, I ask unanimous consent that that article be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. SARBANES. Mr. President, there then followed 2 weeks of extensive efforts by the Federal Reserve, the Treasury, and congressional leaders to craft the package. A January 19 article in Roll Call reported, "Not only did House Speaker NEWT GINGRICH and Senate majority leader BOB DOLE immediately back President Clinton in offering a $40 billion"—and I emphasize that $40 billion—"loan guarantee to Mexico, but House and Senate task forces have been working tirelessly with the administration and Mexican officials to craft legislation to put the guarantee into effect. This period ensued with these discussions with the Congress, with the Federal Reserve and the administration."

And an article in the Financial Times recounts what transpired. I quote it:

> It was around 8 p.m. on Monday, January 30, that Leon Panetta, White House Chief of Staff, finally accepted that the administration's plan to rescue Mexico with up to $40 billion of loan guarantees was not going to work. Two phone calls in the space of a few minutes had virtually made up his mind. One was Newt Gingrich, the new Speaker of the House of Representatives, the other from Mexico, Guillermo Martinez Ortiz, the Mexican Finance Minister. The message from Gingrich was simple and pessimistic. Congress was objecting to the loan guarantee package, and the chances of its rapid and successful passage were slim and worsening. The conversation with Ortiz was also deeply worrying. Money was flowing out of Mexico so rapidly that without U.S. help they would soon have to abandon the convertibility of the peso. According to the article, Speaker Gingrich told Panetta it would take at least another 2 weeks to line up support for the package. If the President acted on his own, Congress would breathe a huge sigh of relief.

Let me repeat that:

> According to the article, Speaker Gingrich told Panetta it would take at least another 2 weeks to line up support for the package. If the President acted on his own, Congress would breathe a huge sigh of relief.

Let me just recount what has transpired up to this point and where we are. The administration, confronted with an economic crisis in Mexico, sought to devise a package to respond to the situation. It in effect was urged to do so by Members of the Congress and many other commentators on public policy issues. Some of my colleagues in this Chamber took the floor to underscore the seriousness of the Mexican crisis, and the interrelationship between our two countries. "Our national security and our economic well-being are inextricably linked to the health and stability of the Mexican society and the Mexican economy."

Statements of that sort, which urged that we must help the Mexicans stabilize the peso and renegotiate their debt, were being heard from various Members of the Congress. The administration came to the Congress proposing a loan guarantee program for $40 billion and seeking the approval of the Congress for that loan guarantee package. The administration's proposal was supported by leadership of the Congress, and I quoted statements from both Speaker GINGRICH and Majority Leader DOLE supporting the administration's effort. As Senator DOLE said—this is after the administration submitted at a briefing the loan guarantee package—"There is generally a consensus that, as the leadership agreed last night, we need to do what is necessary to make this work."

As we all well know, the efforts to muster congressional approval for the loan guarantee package of $40 billion ran into difficulty. And it was then that there was indication from some of the leadership. Speaker GINGRICH stated, "If the President acted on his own, Congress would breathe a huge sigh of relief."

That Financial Times article, from which I was quoting, then went on to say that the decision was then made to abandon the loan guarantee package which leadership had endorsed but for which there was difficulty commanding approval in the Congress. To abandon the loan guarantee proposal and develop a new support package centering on $20 billion of finance from the Exchange Stabilization Fund. So a new approach was taken.

On January 31, a joint statement was issued by President Clinton, Speaker GINGRICH, House Minority Leader GEPHARDT, Senate Majority Leader DOLE, and Senate Minority Leader DASCHLE. That statement said, and I quote, this is now quoting the statement of the President, congressional leadership, Speaker GINGRICH, Majority Leader DOLE and leaders GEPHARDT and DASCHLE.

> We agree, that in order to ensure orderly exchange arrangements and a stable system of exchange rates, the United States should immediately use the Exchange Stabilization Fund to provide appropriate financial assistance for Mexico. We further agree that, under title 31 of the United States Code, section 5302, the President has full authority to

provide this assistance. Because the situation in Mexico raises unique and emergency circumstances, the required assistance to be extended will be available for a period of more than 6 months in any 12-month period.

The statement then goes on to indicate that the support that is coming from other nations, from the IMF, through the Bank for International Settlement, and then it goes on to say, and I quote:

We must act now in order to protect American jobs, prevent an increased flow of illegal immigrants across our borders, ensure stability in this hemisphere, and encourage reform in emerging markets around the world. This is an important undertaking, and we believe that the risk of inaction vastly exceed any risk associated with this action. We fully support this effort, and we will work to ensure that its purposes are met. We have agreed to act today.

That is the end of the statement.

Mr. President, I ask unanimous consent that the full statement of the President and the congressional leadership be printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. KEMPTHORNE). Without objection, it is so ordered.

(See exhibit 3).

Mr. SARBANES. Mr. President, on that day, the IMF announced that the IMF was prepared to provide just under $18 billion standby credit to Mexico. The central banks of a number of industrial countries also said that they would consider providing $10 billion in short-term support through the Bank for International Settlement. So the second approach drew in greater support out of the international community than had been provided for in the first approach.

A Reuter's report of January 31 stated, and I quote:

Senate Republican leader Bob Dole said Congress' Republican and Democratic leaders would write President Clinton a letter backing his new Mexican aid plan. "He won't be out there by himself," Dole told reporters. Dole said he, House Republican Speaker Newt Gingrich, Senate Democratic leader Daschle, and House Democratic leader Gephardt would send Clinton the letter of support. Dole said he had checked with other Senators, including some who had opposed Clinton's request for $40 billion in loan guarantee for Mexico, before deciding to write the letter. "In my opinion, most everybody is on board supporting Clinton's new plan to commit $20 billion from the U.S. Currency Exchange Stabilization Fund", Dole said.

A New York Times article of February 2 quoted Speaker GINGRICH as follows:

"The President exercised his authority," Mr. Gingrich said today. He took a tremendous burden on his shoulders. He did what key leaders felt was necessary.

I think people at a minimum should recognize the President had the courage to do what he was being told by the very sophisticated experts was vital to reinforce international markets.

Mr. President, I ask unanimous consent that those two articles be printed in the RECORD.

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

[From the New York Times, Feb. 2, 1995]

RESCUE: DURABLE OR BRIEF?

(By David E. Sanger)

WASHINGTON.—President Clinton's move to sidestep Congress and order emergency credits to Mexico halted a monthlong run on the peso, but it left Congressional critics and reluctant American supporters worrying that the bailout's success would prove temporary.

A debate over the solidity of the plan arose today as the International Monetary Fund prepared to approve an emergency $17.8 billion in medium-term loans.

Officials said the money would be available immediately to help the Mexican Government keep from defaulting on $40 billion in bonds and other liabilities that come due for payment this year. But the deliberations came as Germany and France bitterly complained that they had not been consulted by the White House and that the money might come out of aid to Eastern Europe and Russia.

On Capitol Hill, opponents of any American involvement in Mexico's bailout threatened hearings, focusing on what the Administration knew about Mexico's distress last year and how President Clinton diverted $20 billion in Treasury Department funds—intended to stabilize the dollar on world markets—to provide Mexico with emergency loans.

Not surprisingly, some of the harshest criticism came from Patrick J. Buchanan, the leader of the effort to kill any aid to Mexico.

"The looting of America, on behalf of the new world order, has begun," said Mr. Buchanan. "Never again should a President be allowed to disregard the will of Congress to raid the U.S. Treasury to bail out Wall Street banks or a foreign regime."

Senator Phil Gramm, the Texas Republican and an expected contender for his party's nomination for President in 1996, said Mr. Clinton was "filling a bucket that is full of holes."

But the President's action was defended by an unlikely ally: Newt Gingrich, the Speaker of the Republican-controlled House of Representatives.

"The President exercised his authority," Mr. Gingrich said today. "He took a tremendous burden on his shoulders. He did what key leaders felt was necessary.

"I think people at a minimum should recognize the President had the courage to do what he was being told by the very sophisticated experts was vital to reinforce international markets."

To sell the President's action, Treasury Secretary Robert E. Rubin assured skeptical Republicans and Democrats on Capitol Hill that Mexico had agreed to fundamental economic reforms and would be held to those commitments.

The reforms, spelled out in a letter from Mexican officials to the I.M.F. last week, include a more independent central bank, controls on credit expansion, continued privatization of Government-owned industry and relaxation of many of economic controls, including prohibitions on foreign investment in Mexican banks.

But Treasury officials acknowledged today that while they had talked about the loan conditions in general terms with Mexico, there was nothing on paper. Already the conditions are being described in Mexico in far more lenient terms than they are in Washington.

For the American economy, the most important question is whether the bailout strengthens the peso. Its current level makes American goods 35 percent more expensive in Mexico than they were in December, and Mexican goods that much cheaper in the United States.

The current rate also seems to many economists to be likely to encourage far more illegal immigration across the border as Mexicans seek jobs that pay in dollars.

Mr. Clinton offered one of his most impassioned defenses of his action on Tuesday night in Boston.

"I know the surveys say that by 80 to 15, or whatever they said, the American people either didn't agree or didn't understand what in the world I'm up to in Mexico," he declared. "But I want to say to you, it might be unpopular, but in a time of transition it's the right thing to do."

Some of the harshest criticism of the Administration's action today came from European capitals, which were taken by surprise by the International Monetary Fund's decision—under strong pressure from the White House—to add $10 billion in aid to Mexico. That is in addition the $7.8 billion that the I.M.F. approved last week.

An I.M.F. official in Washington said some European governments were concerned that the fund's remaining resources might not be enough to deal with crises in other parts of the world.

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January 31, 1995, Tuesday, BC cycle.

Section: Money Report; Bonds Capital Market; Domestic Money; Financial Report.

Length: 151 words.

Headline: Dole says Congress's Leaders Back Mexico Plan.

Dateline: Washington, Jan. 31.

Body: Senate Republican Leader Bob Dole said Congress's Republican and Democratic leaders would write President Clinton a letter backing his new Mexico aid plan.

"He won't be out there by himself," Dole told reporters.

Dole said he, House Republican Speaker Newt Gingrich, Senate Democratic Leader Thomas Daschle and House Democratic Leader Richard Gephardt would send Clinton the letter of support.

Dole said he had checked with other senators, including some who had opposed Clinton's request for $40 billion in loan guarantees for Mexico, before deciding to write the letter.

"In my opinion, most everybody's on board" supporting Clinton's new plan to instead commit $20 billion from the U.S. currency exchange stabilization fund, Dole said.

The new plan does not need Congress's approval. Dole said the $40 billion in loan guarantees would not have been approved by Congress this week or next.

Mr. SARBANES. Now, these are the steps that transpired that led us to this point. And pursuant to this support of the leadership, the backing of the congressional leaders, the very explicit statements of Speaker GINGRICH and Majority Leader DOLE, the administration proceeded to use the Exchange Stabilization Fund on the basis of the package that had been outlined. Now, in effect, that approach would be negated by this amendment. That is what this amendment would do. And obviously, such a negation has very broad consequences, conceivably even immediately as the markets would react to this proposal that is before us.

Now, make no mistake about it, an effort was made to provide assistance to Mexico. Many Members of this body urged that that be done. The administration submitted a loan guarantee proposal to the Congress and sought the approval of the Congress. Time passed. That approval was not immediately forthcoming. The crisis worsened. The administration then responded, in effect, to a signal from the leadership in which they indicated that they would welcome the President acting.

So the President moved to use the Exchange Stabilization Fund, a provision under existing law. That use was strongly supported in a joint statement by the leadership, and a package was put into place which gives some signs of working. No one can guarantee it. And there are risks associated with it. One would be clearly imprudent to pass over the risks. But the risks connected with not doing anything were very clearly made earlier by majority leader DOLE in one of his statements as we were proceeding to consider this matter.

So, Mr. President, this is an interesting exercise that is going on on the floor today, but I think it very important to place it in the context of what has transpired and to make very clear, first, the administration coming to the Congress, the response of the congressional leaders, and then the support of the congressional leaders for using the Exchange Stabilization Fund.

EXHIBIT 1

WHITE HOUSE, CONGRESS JOINT STATEMENT ON MEXICO

WASHINGTON, JAN. 12 (Reuter).—President Clinton and Congressional leaders issued the following joint statement on Mexico's currency crisis after a meeting at the White House.

''We agree that the United States has an important economic and strategic interest in a stable and prosperous Mexico. Ultimately, the solution to Mexico's economic problems must come from the people of Mexico. But we are pursuing ways to increase financial confidence and to encourage further reform in Mexico. We agree to do what is necessary to restore financial confidence in Mexico without affecting the current budget at home.''

EXHIBIT 2

[From the Washington Post, Jan. 14, 1995]

U.S. PLAN TO AID MEXICO CALMS FINANCIAL MARKETS; LOAN GUARANTEES GET CAUTIOUS HILL BACKING

(By Clay Chandler and Martha M. Hamilton)

The Clinton administration's plan for bailing out Mexico's economy calmed investors yesterday and buoyed the peso. It also drew cautious, but generally favorable reviews from members of the new Congress.

The Mexico rescue plan—a package of $40 billion in loan guarantees outlined Thursday night after a White House meeting between President Clinton and congressional leaders—boosted stock prices and currencies throughout the hemisphere yesterday. Analysts said the size of the package—at the high end of the range described Thursday night—appeared to be big enough to sustain investor confidence.

The peso rallied sharply to close at 5.25 to the dollar, a strong gain from Thursday's 5.5 rate. When the crisis began Dec. 20, the peso was trading at about 3.4 to the dollar. Stock prices surged 4.6 percent on the Mexico City market, with the main index up 97.7 points to close at 2,216.55.

''There is definitely a floor under the market that wasn't there before the announcement,'' said Thomas Trebat, Chemical Banking Corp.'s managing director responsible for emerging markets research.''

John Daly, senior vice president-global fixed income of John Hancock Mutual Funds, declared: ''The worst of it is behind us.''

Yesterday morning, as markets took the measure of Thursday night's announcement, Treasury Secretary Robert E. Rubin and Federal Reserve Chairman Alan Greenspan canvassed Capitol Hill, briefing legislators on the details of the plan and lobbying for support.

At a question-and-answer session attended by more than 100 legislators yesterday morning, many members of Congress questioned Rubin and Treasury Undersecretary Lawrence H. Summers about whether the proposed rescue package would put U.S. tax dollars at risk. And some demanded assurances that the United States would extract broad promises of economic reform from the Mexican government before the Treasury extended any financial support.

''I'm going to need a lot more information before I sign on the dotted line,'' said Sen. Tom Harkin (D-Iowa).

But at the close of the two-hour meeting, House Speaker Newt Gingrich (R-Ga.) told the gathering that the Republican leadership in the House stood firmly behind the administration's rescue plan. ''We have zero choice on this.'' he said, according to those who attended the meeting. The Republican leadership, he added, is committed to doing ''everything we can to make it work.''

''There's generally a consensus that, as the leadership agreed last night, we need to do what's necessary to make this work,'' Senate Majority Leader Robert J. Dole (R-Kan.) said after the morning meeting. ''We don't have the luxury of waiting very long,'' he added.

To succeed, the plan needs speedy endorsement on the Hill. Delays and protracted bickering over budget issues or conditions of the loan guarantees could trigger another slide for the peso, Treasury officials and investors said yesterday. But timing for congressional action on the plan remains unclear.

''I think the timetable will start to gel early next week,'' said Sen. Robert F. Bennett (R-Utah), a member of a task force of Senate Republicans who met in Dole's office yesterday afternoon to discuss handling of the measure.

Without the approval of Congress, the administration will not be able to translate the financial support proposal—which closely resembles a similar formula devised to extend loan guarantees to Israel in 1992—into action. Under budget law, the government must set aside money to cover any potential losses from loan guarantees, a move requiring congressional consent.

In some ways, congressional reaction to the administration's proposal yesterday mirrored the divisions that arose during the 1993 battle over the North American Free Trade Agreement, with pro-labor Democrats and some conservation Republicans raising doubts about the plan.

''What I want to know is: 'How much is it going to cost us really?' '' said Sen. Ernest Hollings (D-S.C.) one of NAFTA's most strident critics, of the Mexican assistance plan.

Lawmakers from both parties said they would feel a lot more comfortable about voting to back up the peso if other wealthy nations would be persuaded to share the financial burden. ''If the Mexican default is a major risk to the global economy, it sure seems to me that the Japanese and the Europeans should be involved,'' said Sen. Joseph I. Lieberman (D-Conn). Rubin and Summers argued yesterday that there simply wasn't enough time to line up international cooperation.

''I think something has to be done'' to shore up the Mexican economy, said Sen. Bill Bradley (D-N.J.). Without prompt U.S. action, the peso's collapse threatens to ''ripple through the whole world economy,'' he said. But Bradley, too, insisted that the loan guarantees be conditioned on stringent economic reforms in Mexico and stressed that the United States should not attempt to manage the peso crisis alone.

Administration officials proposed to members of Congress yesterday that the loan guarantees might be secured by rights to profits from the sale of Mexican oil reserves—a notion that is sure to elicit controversy within Mexico. And Dole suggested loan guarantees to Mexico might carry a much steeper risk than the assurance extended to Israel. ''I assume you'd charge Mexico as high as 10 percent because they are a greater risk,'' he told reporters following the meeting.

In the eyes of financial traders, final details of the package appeared to matter less than the solid signal of commitment from the United States.

''There was a major panic this week, and I think that was a bit of a climatic sell-off, where people threw up their hands and said maybe Mexico is going to disappear,'' said John Ford, vice president of the T. Rowe Price Latin American Fund in London.

The price of Mexican par bonds, which had gone from 56 cents on the dollar to about 45 cents on the dollar, was back to 53 cents yesterday, said John Hancock's John Daly.

The news of the loan guarantees also benefitted markets in other Latin American countries such as Argentina, Brazil, Chile and Peru, where stock markets suffered through one of their worst days in years on Tuesday. Jose A. Estenssoro, president of the privatized Argentine oil company YPF S.A. said the United States had no choice but to support Mexico through the crisis.

''It's not something that will have an effect on Argentina directly, but it probably will indirectly because it will give Mexico a chance of solving the very, very serious problems they have caused for everybody,'' he said.

If the Mexican government takes advantage of the guarantees offered by the Treasury Department on Thursday, it would draw U.S. commercial banks back into a loan market they have shied away from for more than a decade—Latin American public debt.

Public sector loans badly burned industry giants such as Citicorp and BankAmerica Corp., when the Mexican government renegotiated loan terms in 1982. Several bankers said that while the Treasury Department's guarantees were reassuring, they hoped not to have to make the loans—even though, they said, Mexico in 1995 is a fundamentally different country than Mexico in 1992.

Then the government was much more closely involved in a closed Mexican economy that depended heavily on oil exports—just when oil prices plummeted, depriving the government of a primary means of paying debts. Now, the Mexican government sports a balanced budget, a smaller debt burden and a more open economy with diverse sources of income.

EXHIBIT 3

STATEMENT BY PRESIDENT CLINTON, SPEAKER GINGRICH, MINORITY LEADER GEPHARDT, MAJORITY LEADER DOLE, MINORITY LEADER DASCHLE

We agree that, in order to ensure orderly exchange arrangements and stable system of exchange rates, the United States should immediately use the Exchange Stabilization Fund (ESF) to provide appropriate financial assistance for Mexico. We further agree that under Title 31 of the United States Code, Section 5302, the President has full authority to provide this assistance. Because the situation in Mexico raises unique and emergency circumstances, the required assistance to be extended will be available for a period of more than six months in any 12 month period.

The U.S. will impose strict conditions on the assistance it provides with the goal of ensuring that this package imposes no cost on U.S. taxpayers. We are pleased that other nations have agreed to increase their support. Specifically, the International Monetary Fund today agreed to increase its participation by $10 billion for a total of $17.8 billion. In addition, central banks of a number of industrial countries through the Bank for International Settlements have increased their participation by $5 billion for a total of $10 billion.

We must act now in order to protect American jobs, prevent an increased flow of illegal immigrants across our borders, ensure stability in this hemisphere, and encourage reform in emerging markets around the world.

This is an important undertaking, and we believe that the risks of inaction vastly exceed any risks associated with this action. We fully support this effort, and we will work to ensure that its purposes are met.

We have agreed to act today.

Mr. DODD. Will my colleague yield?

Mr. SARBANES. Certainly.

Mr. DODD. I wish to thank my colleague from Maryland for his statement, for laying out what I think is critically important, Mr. President, the historical background that brings us to this moment in the matter before the Senate, the pending amendment offered by our colleague from New York.

I think it is important for people to point out the timeframe in which we are talking about here. We are talking about a little more than 60 days now, as I look at the calendar of events, of the matter first coming to our attention, as the Senator from Maryland has pointed out, roughly on January 11 or thereabouts. It may have been a few days earlier than that that the matter actually was raised. But in terms of the statements, it was January 11, and then there were a series of statements made over those days, roughly 60 days ago, 70 days ago, as I understand it, Mr. President.

It seems to me that when you have a matter of this import, the implications of which, as the Senator from Maryland has pointed out, are as profound as they are, then we ought to be very conscious of the implications should this amendment be adopted.

I know the Senator from Maryland has asked unanimous consent that various statements be included in the RECORD at the end of his remarks. I would like to ask as well, Mr. President, that some additional remarks by Brent Scowcroft at the Treasury Department briefing on January 30, about 60 days ago, be printed in the RECORD, along with a statement of declaration of support for the President's actions which was signed by former Presidents George Bush, Jimmy Carter, and Gerald Ford; former Secretaries of State James Baker, Lawrence Eagleburger, Alexander Haig, Henry Kissinger, Ed Muskie, and Cyrus Vance; former Secretaries of the Treasury Joseph Barr, Lloyd Bentsen, Michael Blumenthal, Henry Fowler, and David Kennedy; former Secretaries of Commerce Frederick Dent, Juanita Kreps, Robert Mosbacher, Elliot Richardson, Maurice Stans, Alexander Trowbridge; former U.S. Trade Representatives William Brock, William Epert, Carla Hills, Robert Strauss, Clayton Yeutter, along with statements from senior administration officials going back several administrations and a series of distinguished scholars as well, indicating the broad-based nature, Mr. President, of those who are knowledgeable about these issues as to the action taken by the President.

I commended at the time Speaker GINGRICH and Majority Leader DOLE for their statements. It was highly responsible for them as the leadership now in the Congress of the United States on a matter of this import, recognizing that it would take far too much time and it was likely to be very complicated here in the Congress, to make their recommendation that the President go forward and do what he did 60 days ago. We are hardly into this at all.

And so I commend my colleague from Maryland for his statement on the matter. I would further point out, Mr. President, I think it is important to note that just in the last day or so we have seen some very positive signs, by the way, occurring within Mexico.

The stabilization package as adopted is a strong one, as our colleague from New York has pointed out, and he is correct in stating that. It is very strong.

We had, of course, statements—because there is an exposure here, potential exposure, no doubt about that, but if we had not insisted upon a tough economic package in Mexico, I am just as certain we would have heard we were not tough enough on insisting that there be strong economic conditions imposed on Mexico to try to get its economic house in order, and had we not done that, the exposure to U.S. taxpayers might have been greater.

Let me just highlight, if I can, the positive news in the last few days. And, again, we all hope it works. I cannot imagine anyone not wanting to see this work. Of course, we are not in on it alone. There are a number of other major financial institutions which have made significant commitments to try to resolve this issue internally. They have upheld the tight money policy, and we are seeing results.

The nominal money supply has shrunk by 13 percent since the beginning of the year, and the real numbers by 23 percent through March 15. They have tightened their fiscal policy. Most recently, the congress approved a 50-percent increase in the value-added tax. Imagine trying to do here any tax increase. That is their congress adopting that. Electric and energy prices were raised significantly in real terms.

These are all over the last few days. Labor and wages seem to be under control. Market conditions have so far kept wage awards significantly below inflation despite the Government's decision to dispense with the PACTO.

Already economic adjustments are starting to work as seen by the swing in Mexico's trade balance to a surplus of $453 million in February, the first surplus, I might point out, since November 1990.

The markets are also responding, which is a critical element here. How is the rest of the world reacting to what Mexico is doing?

The bolsa in Mexico City is up 15 percent since last week, representing a 21-percent gain in dollar terms.

Prices on par Brady bonds have risen 11 percent from their recent low on March 16, and if the collateral is stripped away so that only Mexico risk is measured, the increase in value has been 17 percent.

Signs of declining volatility in peso trading have emerged, with the peso closing below 7 since March 23, and now trading within a narrower range.

The demand for Government securities rose in this week's primary auctions to 2.4 times the amount offered. Interest rates dropped 7.7 percent, to 75 percent on the benchmark issue.

According to March 24 diplomatic reporting, ''analysts are optimistic that the buying strength today of peso was not just bargain hunters but rather represents the beginning of a consolidation which will lead to restored growth.''

Wall street investment houses, while still more cautious, have also seen an upturn in sentiment. For example, last week Merrill Lynch increased its Mexico weighting on its global equity portfolio from 17 to 22 percent.

If these are in fact early signs that financial market sentiment is turning, an important factor has been the much greater transparency now maintained by Mexican economic and financial institutions, and the central bank in particular.

Of particular importance was one of the conditions of our agreements with Mexico, the weekly publication of the central bank's balance sheet. The Bank of Mexico transmitted the first of these publications last week.

Now, not only us, but all market participants can monitor Mexico's progress in rebuilding international reserves and maintaining tight control over the money supply.

Reserves are low—the Bank of Mexico announced $7.854 billion as of March 17. But with this new transparency, nobody in the market has to guess how low, and that has provided some reassurance.

One can find many pessimistic things to say about Mexico right now—the shattered confidence of foreign investors, the sharp recession ahead, and the political uncertainties. In particular, concerns are focused on: the fragility of the banking sector and whether or not the program the Mexicans have put in place can work without the need to print money to bail out the banks.

The banks have a serious problem of high levels of loan delinquencies and an increasing level of bad loans which may result in the need for recapitalization for many banks;

Mexico recognizes this is a crucial problem and is implementing measures to shore up the banking system. Also, the World Bank and the IDB will make over $2 billion in resources available to assist banks suffering from liquidity shortages and to restructure problem banks.

The point is that we are beginning to see or hear some very positive indications that this proposal that enjoyed such broad support only a few weeks ago is beginning to produce some results.

Now I think all of us know here that when we use our remarks here on the floor of the Congress, we can have a profound effect on markets. Certainly, my colleague and my friend from New York knows, in his new capacity as chairman of the Senate Banking Committee, that it is not just another Member talking, it is the chairman of the Banking Committee. He knows full well the significance of his role, and he cares about the issue, obviously, very deeply and dearly.

But at the very hour that we are trying here to build some confidence, because as Chairman Greenspan pointed out and Jack Kemp, to his credit, testified about how important it was to be involved here—he has a disagreement over what we ought to be doing but, nonetheless, he feels very strongly we ought to be weighing in here—that the word ''confidence'' is critical.

If there is an erosion in confidence, if those who make the decisions and make the investments and sit around that table believe that we do not have confidence here that this plan that we have worked out with so many others is about the best we can do and has a chance of succeeding, if that confidence erodes within Mexico and the global markets, you have a self-fulfilling prophecy and you will get exactly the predictable result.

So here, within 60 days or so of having made a decision to go forward with the kind of bilateral support that is critical at moments like this, if we undermine and erode that, if this amendment is adopted—and there will be a vote on it—if this amendment is adopted, then you will see, I believe, the kind of reactions that will not serve anyone's interests well.

So I urge my colleagues to reject the amendment. I say that with all due respect to the author of the amendment. He and I have talked about this. We have been in forums elsewhere on it.

He is not incorrect to say this is risky. Of course, it has some risk involved in it. There is no question about that. But the risk of doing nothing at all, Mr. President, of allowing the situation to deteriorate further, certainly, in my view, is a far riskier path to follow.

The President of the United States did what a leader is supposed to do in these matters. He does not have the luxury of just making speeches or offering amendments on the subject. Ultimately, his decisions on these matters are critical. It took strength and independence, but also the support of the majority leader of this body and the Speaker of the other body to stand with him and say, ''You are doing the right thing. Mr. President, you are doing the right thing.'' And, as result, him taking that action. And now 60 days later, to come in and have this body undo all of that before it has even had a chance to prove whether or not it is going to work—and, in fact, signs are that it is beginning to produce the results—I think is the wrong step for us to be taking.

But, obviously, each and every one of us here will have to make up their mind as they come to vote on this matter shortly and decide whether or not to limit the amount of exposure here to the $5 billion, which will obviously cause people to draw the conclusion we are pulling out of this. I cannot imagine how other markets and other places are going to react if that result occurs. But, if it does, then I think very clearly—very, very clearly—it is this moment on this amendment that will bear a sizable degree of the responsibility for that result, in my opinion.

We all have to make decisions around here. Some of them are tough. This is not an easy one because, obviously, the potential for exposure is there. No question about it. But if this goes south on us, I think we should also be aware of what the implications may be.

My colleagues should also be aware that what may happen is not limited, of course, to Mexico. It limits the President's flexibility to help any country without congressional approval. We have seen Argentina recently going through a very difficult situation. I think they are doing pretty well now and coming out of it. But they will tell you, as the Foreign Minister did to those who met with him a week or so ago, that their economic problems were directly related to the situation in Mexico. And if we move away here, we could be looking at a situation elsewhere in this hemisphere that I think we could come to regret.

So, again, I appreciate the good debating points and scoring particular marks here and there. But this is one that, as the Senator from Maryland has pointed out, has monumental and profound significance. If this amendment is adopted, as I suspect it is apt to be, again, given the mood here, if it is, I think clearly those who have offered it and those who support it will have to answer ultimately if, in fact, the markets react as I think they are apt to.

That should have had a question mark at the end of it, Mr. President. I apologize to the Chair and my colleagues for that.

I thank the Senator from Maryland and I thank my colleague from New York.

Mr. President, I yield the floor.

Mr. D'AMATO addressed the Chair.

The PRESIDING OFFICER. The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, I in no way dispute the fact that there were negotiations held by the administration, I think in good faith, with the leadership of the Congress and indeed with the Congress. The fact is, they could not build a consensus. The fact is that the congressional leaders, notwithstanding their readiness to help—and, indeed, on January 11, I did indicate that we must help Mexico stabilize the peso, the peso, to renegotiate their debt.

And I say to renegotiate their debt. I have never believed that we were going to pay off everybody dollar for dollar, speculators, investors, without knowing who they were, just to turn it over to them and say, ''Here, come on in to renegotiate this debt.''

A guy has a bond that is coming due, and we come in and give him everything, dollar for dollar? That is not renegotiating a debt. Is that the way we manage the money of the people?

I daresay, the impressive list of names who said yes, we have to help, all of them that were read—impressive. Is that what they would have done if they were representing their interests, their economic interests? Is that how they would renegotiate a debt? I do not think so.

My colleague, Senator FAIRCLOTH, has pointed out to me that not one of them would sign a note. Would they sign a note under these terms? I do not think so.

It is wonderful to say we want to help our neighbors. And, yes, I did send this—and I support it—January 11. And I said, because it is a long-term investment in growth that will improve the quality of life of all Mexicans and, by extension, the quality of life here in America, this Senator went into this with an open view, as did Senator DOLE.

Let us talk about what Senator DOLE did a month ago, because he was concerned. He was concerned in terms of how his initial readiness to come to the support of his country, in doing what was right, and his President—and it is our President.

In a letter dated March 10, he said: ''My good-faith effort in January''—and I am reading parts of it; I will put the whole letter in the RECORD.

> My good-faith effort in January to cooperate with the administration in no way should be interpreted as any protection from legitimate and responsible congressional oversight. Congress and its committees have every right, and the constitutional duty, to examine it thoroughly.

He said very specifically on January 31:

In an effort to avoid the complete financial collapse, I participated with other leaders in a statement supporting the President's use of ESF. However, this expression was not intended and should not be construed, to convey my blanket support for the underlying policies of the administration or for the economic and legal agreements that the administration will enter into. To the contrary, I reserve these judgments, and I have since cautioned the administration to be careful in its use of ESF. I have expressed deep reservations about the shortcomings of the agreement.

That was March 10.

This is from February 24. I will read into the RECORD what Senator DOLE said from part of the Congressional RECORD:

The primary focus of the stabilization plan is not aimed at reversing the fundamental mistakes of devaluation—not now and not over time. The measures described in the agreement to firm up the price of the peso seems almost an afterthought.

He is being critical of what the administration was now telling him.

It is one thing to say we want to strengthen the peso, give them an opportunity, give them a term to convert their short-term debt, to restructure.

And then to hear they are just paying off this debt. They are paying this off.

They do not address the problems of extinguishing—

This is DOLE—

The excess pesos that have been coming off the Mexican printing presses even as recently as last week.

The heart of the problem is the Mexican Government was printing up pesos. Sure, you are going to devalue it. Those printing presses are continuing today. Who is benefiting? The Mexican people are not benefiting. I would not brag that we have increased the consumption tax on working people, poor people in Mexico, by 50 percent and increased the energy tax on the Mexican people. They hold us responsible.

I want to know how that helps us. Let us not take the fact that the congressional leaders were willing to undertake and say, yes, Mr. President, go forward. Now 60 days have followed and what have we found out? We know that $5 billion has been spent. We were told initially that this plan would not necessitate our putting out any money. And indeed, Alan Greenspan said, "If you have to draw down our money, the plan is not working." I am suggesting to you now that the plan is not working. They are drawing down on U.S. money.

Let us look at what this bill does. This bill does not say you cannot help anybody else to stabilize their dollar. I think, by the way, that goes beyond what was intended. I am not going to debate that. It says you can only do it to the extent of $5 billion. I hope that, later on, we will reexamine that, because I think $5 billion gives far too much authority to the administration, to the President, utilizing it as he has as a foreign aid package or as a loan package in contravention of the law.

Again, we have an obligation. Let me say, whether or not the leaders have agreed and said, "Yes, we support you," they do not bind us. Congress has to vote, with all due respect. Senator DOLE is a colleague and a friend whose opinion I value. But he went on the record and said, listen, you are not doing what you told us. You are not doing it. You are not extinguishing those pesos. The printing presses are still rolling on.

Let us not abdicate our responsibility. In the next several weeks, another 30 days, there will be x number of dollars committed—another $3, $4, $5 billion—and we have reason to believe it is in that nature and it is going to be invested. I have to tell you that I did not put my vote into a blind trust based upon good will. And when we examine the good will, we find absent the facts that would have any prudent person making this kind of investment.

I daresay it is pretty good for some people as respected economists, former officials, to say they would advise that the United States do this. But it is not their money. It is easy to be frivolous with other people's moneys—taxpayers' moneys. That is what is taking place here.

So, the fact of the matter is, I could not care a whit if, at some point in time, the leaders of the Congress said, "We will let the President handle this; he will sink or swim on it." I think it is more important, and I think the Constitution of the United States is important, I think the delegation of our authority—everybody here knows what is happening. Do we want to delegate our authority? Are we saying that, for all times, whoever is the President, he or she does not have to come to the Congress with this kind of appropriation that will mean $20 billion? In a rescission bill, we are looking to cut $13 or $14 billion. Here is $20-plus billion with no congressional approval. Oh, yes, the leaders came together and said, "We think it is a good idea, and, by the way, we do not want our people to have to vote on it, so you go ahead and do it."

Does that absolve us of our responsibilities? Is this weighty? Sure. I know I am going to be savaged and pilloried. The investment houses are going to be up there beating me up, saying, "It is the Senator's fault." I did not create the corruption in Mexico or the devaluation in Mexico. I did not make the megabillionaires down there. I did not create that aristocracy that has robbed from the people for years and years. I did not create the myth that Salinas was a tremendous leader. We were told that for years by administration after administration. They said he is terrific. What terrific? His brother is involved in a killing. His Deputy Attorney General is running away with $24 million in the bank. Drugs are coming in here at unprecedented rates. Sixty percent of the narcotraffic is coming in from Mexico. The son of the former Agriculture Minister, a billionaire, is dealing in drugs.

What is going on? They say, if it collapses, they will blame you. It has collapsed. It has collapsed. When you talk about a rescue of the market that goes up 10 percent—10 percent from what? From the bottom, from the floor? It should go up. The dummies up north are sending the money in. Do we know who we are helping to restructure the debt? No. What kind of restructuring is this? Did you take Senator DOLE as saying we want to help and we understand the importance of Mexico strategically as an ally in our political hemisphere with the borders we share and the commonality of interest, our desire for freedom, and you do whatever you want? Oh, no, nobody assigned that. Senator DOLE or Congressman GINGRICH did not assign that.

Ultimately, we have a responsibility, whether we like it or not. We better well vote on this, one way or the other. If you say that you are happy with the administration, with what they are doing in committee and you want to delegate your authority, then, by gosh, vote against this. If you say, I do not want to be responsible because they will blame me for the collapse, that is up to you. The fact of the matter is they have collapsed.

The people of Mexico are angry at the United States and at their corrupt government. If Zedillo is as good as people say, let us work with him. Let us not give a blank check, as we have and as we are. Those conditions do not meet what is merely necessary. Can you imagine we take pride in the fact that Mexico, as a result of the loan we made to them, increased their tax by 50 percent on consumption? They increased their prices for energy to the poor. They brought in wage and price controls in certain sectors. Terrific. That we should be happy for? The people already have taken billions of dollars, in terms of those notes, the tesobonos, and European notes; they have come in and gotten all of the taxpayers' money, plus 20 percent—in some cases, 25 percent—and we do not even know who they are. How did that benefit the Mexican people? I want to know. How did that benefit the workers when these foreign speculators came in, took their money, and left? How did that keep Mexico and its economy from collapsing? There is some report that says the congressional leadership breathed a sigh of relief.

Is that why we are sent here? Is that why we were sent here? To duck our responsibilities? When we know darn well that the carrying out of this loan promise, as it is being done, violates the law, that it is being done in circumvention of what we, the Congress of the United States—not the leaders of the Congress, plus the administration plus the President, but the Congress of the United States has the responsibility as it relates to the authorization and appropriation of money.

From the Constitution, article I, section 9: ''No money shall be drawn from the Treasury but in consequence of appropriations made by law.''

I yield the floor.

Mr. SARBANES. Mr. President, first of all, I think it is very important to set the record straight in view of the comments by my colleague from New York that any action was taken in violation of law or in contravention of law. He may differ with a policy. That is what serving here is all about. But to charge people with illegalities is a different matter.

The Department of Justice, the Assistant Attorney General, issued an opinion that found the use of the Exchange Stabilization Fund to provide loans and credits to Mexico was legal, and that opinion supported an opinion of the general counsel of the Department of the Treasury which reached the same conclusion.

In a memorandum from the Assistant Attorney General to the general counsel of the Treasury Department, a cover memorandum to his opinion, he said:

> Prior to the execution of the agreements—these are the agreements with Mexico—we orally advised your office that in our view the President and the Secretary could use the ESF in the manner contemplated by the President when he proposed a support package. We also provided comments on drafts of a legal opinion prepared by your office for the Secretary regarding such use of the ESF. This memorandum confirms the oral advice we provided to your office. It also confirms that we have reviewed the final version of your legal opinion and that we concur in your conclusion that the President and the Secretary have the authority to use the ESF in connection with the support package.

Now, if the Senator from New York wants to attack the policy, that is one matter. But he ought not to accuse people of contravening the law unless he can lay out a case to support that. There are two strong legal opinions here, one by the general counsel of the Treasury Department and one by the Assistant Attorney General, that support the authority of the President and the Secretary to use the ESF in connection with this support package.

I want to be very clear about that. There was a saying in World War II, ''Loose lips sink ships.'' I do not see why people who are trying to do the best they can to deal with a problem and to establish a policy ought to come under attack as having contravened the law when, obviously, they had strong legal opinions both from the Department of Justice and from the general counsel of the Treasury Department that the action they proposed to take was within the authority of the President and of the Secretary of the Treasury and when, in fact, the congressional leadership agreed, as well.

In fact, they said in the statement of January 31 by the President and Speaker GINGRICH and Majority Leader DOLE and leaders GEPHARDT and DASCHLE, ''We further agree that under title 31 of the United States Code, section 5302, the President has full authority to provide this assistance.'' That is, assistance that was going to be provided under the Exchange Stabilization Fund.

So let Members quarrel if we choose to do so about the policy, but let Members not levy charges of illegal action when clearly there was none.

Let me make one final point about the policy. When the Congress indicated difficulty in arriving at support for the $40 billion loan guarantee, which was the initial proposal—the use of the Exchange Stabilization Fund was going to be half of that amount—but when they had difficulty, the leadership then indicated to the President, ''We think you should use the Exchange Stabilization Fund.''

Now, that is what happened. They went ahead with that package about 6 or 7 weeks ago. That was the plan that was put into affect in order to try to address the crisis in the Mexican economy.

Now, if people had said, ''Do not use the Exchange Stabilization Fund,'' I assume the administration would have pursued its efforts to try to gain congressional approval, which it may or may not have gained. In that debate, many of the points that are being raised here on the floor would have been relevant to reaching a judgment.

The use of the fund was a judgment the President made. The congressional leadership supported him. There was general acquiescence by the Congress. Here we are, 7 weeks later, after this plan has been put into effect, after this package has been devised, after the agreements have been reached with the Mexicans, after we have tried to get a package working, and now we are going to pull the rug out from under this package.

Now, make no mistake about it, that is in effect what is being done here. People need to clearly understand that that is the case. The fact is that we had executive-legislative cooperation to try to find a common approach to resolve this problem. It was achieved. Now we have some Members coming and seeking to undo it.

The fact is we have a program that is under way. This, in effect, would negate that program. Be very clear about that. It would negate the program. It does not have an alternative connected with it. It is not as though someone was saying, ''Well, look, I am not so sure about your program, and I have a better program. Here is my program, and it is part of this amendment. It is part of this amendment that I have before you now, right here.'' That is not the case. There is not an alternative program connected with this. This is a negation of the existing program, with all the consequences that will flow from that. And there are severe and serious consequences.

So, if the bottom line of the supporters of this program is not that Mexico can simply collapse—if that is the bottom line, I understand this amendment. Because this amendment would negate the existing program designed to avoid that collapse. It does not substitute a different program to avoid the collapse. So, if your bottom line is: Fine, it ought to collapse, then that is consistent with the amendment that is before us. That is the degree and the extent of the serious ramifications and consequences of the proposal that is before this body.

Several Senators addressed the Chair.

The PRESIDING OFFICER (Mr. GREGG). The Senator from New York is recognized.

Mr. D'AMATO. Mr. President, first of all, I do not recall having used the word ''illegality.'' I used the word ''circumvention.'' I certainly think that is appropriate, and I certainly think that is exactly what has taken place. I have used language in terms of the abdication of our responsibility, and I believe that to be the case.

The fact of the matter is we are talking about spending $20 billion plus. The fact of the matter is this is foreign aid, and it is a loan, and there is a real question as to whether or not those loans can be repaid. If careful reading of those memoranda of law that have been submitted justify and give to the administration its ability to go forward and is the basis, it really talks about that on page 6. It says:

> Although loans and credit are clearly permitted under ESF, their purpose must be to maintain orderly exchange arrangements and a stable system of exchange rates and not to serve as foreign aid.

We may begin splitting hairs, but let me tell you something. When you are paying off the obligations of banks, when you are paying off the obligations of a government, you are going far beyond just maintaining exchange stabilization rates.

If anybody wants to say they know we are going to get paid back, that is wrong. Indeed, that is why they set up the collateral system. Indeed, when one begins to examine and look at the nature of that collateral system, there is no lien on that oil. And if there is a default, those revenues that are in the bank at the time can be utilized, but let me suggest they are not going to be nearly sufficient to cover the kinds of defaults as we get deeper and deeper into this with loan repayments not scheduled in some areas for 7 years out.

Look, it may very well be there is no better option. I doubt that. When the question is raised, ''Do you have a plan?'' we put forth an idea. The administration rejected it. We had hearings. We had hearings where Mr. Perl testified, where Bill Seidman testified. We said we will get involved in some workout. You just do not pay people dollar for dollar. You come in, here they are.

Let me read what Tom Friedman, New York Times, March 8, 1995, wrote. It is very, very interesting:

Mexican malfunction. Mexico City. So far all that has happened is that the foreign bondholders are cashing in their bonds.

That is what they are doing. They cashed them in. And where do you think the money came from to guarantee the repayment, to get them the repayment? Plus they got all their interest. Nothing renegotiated; nobody said to them, ''Listen, we will roll this over for 10 years.'' That is how you do it. You want to say I am micromanaging? We brought this to the attention of the administration, the Banking Committee, and asked them why, long before this. It is not just 7 weeks have gone by and there is a wonderful plan. It is 7 weeks and $5 billion of American taxpayers' dollars.

Now Congress has an obligation to look and see what is taking place down there—everybody. You are happy with what is going on? Then go ahead and vote no. If you believe that we are engaged in a plan that will achieve economic stability for Mexico, that is being administered correctly, that will bring about the desired results for the United States as well, then fine.

I have not seen it. I know the printing presses are still turning out pesos. I know the political stability necessary to carry out that kind of plan never can work.

Do you think people are really going to continue to sit back and allow interest rates at 80 percent? Cannot pay their mortgages? Banks being run out of capital? Do you think this is going to work?

What kind of idea is this? And the printing presses turn it out. The pesos are still coming off the mill. But we are not supposed to raise anything because, you see, then you will be accused of being the person who blew up the economy of Mexico.

I did not do it. This Congress did not do it. The American people did not do it. And by sending $20 billion plus down there we are not going to rescue them, save them.

It was like the fable about the king who had no clothes, no suit. It took a kid saying, ''You have no suit.'' Everybody was around saying, ''Hurray, hurray.'' They were all afraid to say the king had no suit.

We are all afraid to say this program is not working. You have not demonstrated it and we have an obligation to see it, to know how these dollars are being spent. We do. We have an obligation to see whether or not this plan is going to work. I have not seen that proof to date.

I do not insert myself in here lightly. I waited and I waited. I wanted to offer legislation prior.

I have not seen anything, but I have learned things that are very distressing. I learned that the so-called underlying collateral may not be there in sufficiency to see to it that we can assure this revenue stream. I have seen that the people of Mexico have said, ''Over our dead body are you going to take our oil.'' I have seen the public relations and the polls, as it relates to the people of Mexico, blaming us for their catastrophe.

Look, this is a tough problem, but I do not think we are going about it the right way and I do not think we have the right to delegate our authority. That is what we have done. We put our votes, as it relates to appropriations, in a blind trust and have given it to the administration. If we want to do that, let us vote to do it. That is really what it comes down to.

I am not accusing people of illegality in the sense that we normally use that word. But I am saying it is an abrogation of our authority, and I am saying we have an obligation to either vote for or against the methodology in which we are proceeding in Mexico.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, there are a couple of points I would like to make, if I could, about this.

First of all, I urge my colleagues—I know it is something we do not do with great regularity around here—but I urge you to read the amendment. It is only a page and a half long, but I think it is important that Members read every word of it. The word ''Mexico'' does not appear in this amendment anyplace. So it is not just about Mexico. If this amendment is adopted, as I suspect it is apt to be, it will be effective to any country, any place. So when you are talking about a crisis in NATO or Israel or some other place—understand here what we are doing with this. By adopting this amendment here we are saying Mexico, if it were included here—you would say because you were unhappy about this plan, this would prohibit, through a program that has been in existence since 1934, the Exchange Rate Stabilization Program, for the President to respond and react.

I hope my colleagues, as they assess this amendment, would appreciate and understand the implications of this. Talking about $5 billion in Mexico is one thing. Talking about larger economies where the implications can be far more significant is another matter indeed.

President Clinton did not invent the Exchange Rate Stabilization Program at all. This has been around, as I said, for a long time. It has been used. It is designed to be used for these kinds of situations to provide some stability because it is in our interests to do so.

This is not a Christmastime, some gift we are giving away here. This is directly in our interests. Those Members of this body who represent States along the border areas are the ones who will feel it first and the hardest.

So when you send a message out here that we are walking away from this, after we encourage the IMF, the Inter-American Development Bank, and a variety of other organizations to step forward, here is our commitment on the table, what we will do, would you please join us in this effort? They say, fine, we will agree. And then 6 weeks later we say, sorry, we are going the other way.

I mean that is wonderful leadership. That is wonderful leadership, global leadership in the wake of the end of the cold war, where we run around here and our agreements only last about 60 days.

So, Mr. President, I urge my colleagues to appreciate what this amendment does. It goes far beyond Mexico. It goes to the very ability of any administration to respond to a crisis that could have significant implications on our own economy in this country.

Again, I think the points——

Mr. SARBANES. Will the Senator yield on that point?

Mr. DODD. I will be glad to yield.

Mr. SARBANES. What is an administration to do? They come to the Congress with a package. Then the leadership said we are having some difficulty with that package, why do you not use the stabilization fund?

They get legal opinions saying they have the authority to use the stabilization fund. They get strong support from the leadership and a general acquiescence from the Congress. Let us be honest about it, that is what it amounted to. Most Members of the Congress said, ''If the President wants to take the risk and the burden, you know, let it fall on his shoulders and in that way we will deal with the Mexican problem but I will not be directly implicated, as it were.'' So they move ahead with it and there is a rescue package in place.

Now people come along with an amendment which will destroy that rescue package. Make no bones about it, that is exactly what it will do. They do not have an alternative rescue package. They are negating the existing one, unconnected to a replacement package. So, in effect the consequences of a collapse run directly with this amendment, in my judgment.

This is serious business we are talking about here. This is not simply making sort of political points. This is not simply doing oversight, where you put them on the griddle but, you know, the policy continues. This is ending the package and taking the consequences. Is that not correct?

Is that correct?

Mr. DODD. The Senator from Maryland is absolutely correct. It deserves being reiterated. Just consider, and for most people it is not difficult to connect all the dots. Everyone agrees we should do something. The administration was told by the leadership you cannot get something through Congress. They come up and say, ''Why don't you use the ESF fund?'' The leadership says, ''That is a great idea. We support you. We back you. Go out and get other people to support it around the globe.''

So we have an international response. It is not just the United States stepping forward. The President says, ''Thank you. All right. I will try that.

I will assume all the responsibility.'' No one has cast a vote on this because they were told by the new leadership that you cannot get the votes up here. ''We cannot produce the votes for you. We agree with you. We cannot produce the votes. You take a dive into the pool.''

Now, 6 weeks later, to turn around and say, sorry, we want to absolutely destroy the very idea at the very hour, I reiterate, when there are clear indications that it is beginning to work. If the economic indicators and market responses are accurate in the last 6 days, this is beginning to produce the desired results that we all sought. And right at the very moment that we are getting those kinds of results, we walk in and say, ''Sorry. We do not like it anymore up here.'' What kind of leadership is that?

What kind of leadership is that to devastate, not just here, I tell you, but as pointed out by knowledgeable people, capital is cautious. It is very, very cautious. When the markets see and investors see a schizophrenic Congress, when it comes down to making decisions about whether or not it is going to stick up and stay with something they recommend, that capital does not just depart the target country that is the subject of this debate; it gets skittish all over the world.

There is enough ample evidence to support exactly that. We have seen just in the last few weeks reactions in Argentina, Chile, Brazil, Hong Kong, in Singapore, and South Africa—all of which have reacted to the Mexican situation. That is now beginning to stabilize because it is beginning to work.

The adoption of this amendment—and my view is that it will be adopted because it is the popular thing to do, I suppose, to go along. If that is the case, then the implications in these other markets, I think, will be felt. Who gets hurt by this? Certainly, these countries do. But do you know who gets hurt most of all? We do. It is a self-inflicted wound on American business, on jobs in this country, if this is adopted.

So, Mr. President, I again respect people disagreeing with various aspects of proposals. We had a good hearing a few weeks ago. The Senator from Maryland is absolutely correct. We had excellent testimony from Jack Kemp, who came. He would have preferred that the exchange of funds be used to buy pesos. But he prefaced his remarks by saying you have to stay involved here. This is the right course to be followed. He disagrees with the specifics of a program.

We heard from Alan Greenspan. Every responsible individual who has looked at this issue, regardless of ideology or politics, has said this is the right course to be following. It is in our interest to be following it, and particularly when this institution's knees buckled 60 days ago, and we said we cannot face up to this issue. But leadership said to go ahead and do it; we back you.

Then, once they go off a course recommended by the leadership, and then to turn around and say we are now going to pull the rug out from underneath you, that is the height of irresponsibility. The implications of it which we will have to bear are those who vote for this support it, when you get the kind of market reaction we may have seen already just as a result of the debate that goes on. There is a place for raising these issues and discussing them, and trying to look at it differently. I do not think this is the proper way to be going about it.

Mr. KENNEDY. Mr. President, will the Senator yield for a question?

Mr. DODD. I am glad to yield to my colleague.

Mr. KENNEDY. I think many of us believe that the issue which was going to be before the Senate was the rescission issue. I know Senator DASCHLE had an amendment which many of us were interested in that involved children, involved education, involved whether we are going to see continued reduction in children's programs and support for education, funds that may very well be used in terms of reducing taxes. The real debate and discussion on the whole question of the Nation's priorities was going to take place.

I am just wondering about this measure here. What exactly does this measure have to do with the broader issue of rescissions and the issue that I thought we were debating and which been scheduled by the leaders and which many of us thought we were going to have an opportunity to exchange views on here this afternoon?

Mr. DODD. Mr. President, I say to my colleague, this has absolutely nothing to do with it. The Senator from Massachusetts is absolutely correct. The Senator from Oregon is with us, the chairman of the Appropriations Committee. The matter before the body was the rescissions package. Frankly, like probably most of my colleagues, I was prepared to come over and give a speech on the rescissions package. I have the speech. I will be delighted to give it at some point.

This matter came up. Frankly, I say to my colleague from Massachusetts, were this an amendment not necessarily of great import, I would say we move on. But I have to say to my colleague from Massachusetts, now that the matter has been raised, it is significant. This is not an insignificant amendment.

So I regret that we are in the middle of it. The Senator from New York is exercising his right as a Member of this body, of course, to raise an amendment. That is his right, and I certainly would fight to protect his right to do it. He is doing exactly what he has a right to do. I do not disagree with him exercising that right. I have done it myself on other matters in the past. But the fact of the matter is the Senator from Massachusetts is correct. This has nothing to do with the rescission package.

Mr. KENNEDY. Mr. President, the reason I raise this is because there has been a good deal of at least talk about how we are going to finish this particular measure, and what period of time, and that we hope we will have a good debate and discuss some of these matters, but that we are not going to have prolonged debate and discussion on some of these measures.

Here we are now, well into the afternoon. The schedule is complicated by Members having at least made appointments in other parts of the country, and the rest. But I am just wondering, on a measure of this importance—I see a member of the Foreign Relations Committee, the Senator from Connecticut, as well as the Senator from Maryland. This was a measure which was reported out of the Foreign Relations Committee.

Mr. DODD. I say to my colleague from Massachusetts that this is a matter which has obviously foreign policy implications. But the jurisdiction of this particular approach comes out of the Banking Committee.

Mr. KENNEDY. Both Members are on the Banking Committee.

Mr. SARBANES. Will the Senator yield for a moment?

Mr. D'AMATO. Senator DODD had the floor.

Mr. DODD. I am glad to yield to my colleague from Maryland.

Mr. SARBANES. This amendment is not related——

Mr. D'AMATO. Is that for a question, Mr. President? If it is not, I will object.

The PRESIDING OFFICER. Does the Senator from Connecticut yield for a question?

Mr. DODD. I yield for a question, certainly.

Mr. SARBANES. This matter that has been offered by the Senator from New York is not relative to the rescission bill; is that correct?

Mr. DODD. The Senator from Maryland is absolutely correct. It has no relationship whatsoever to the rescission.

Mr. SARBANES. Is it not true that the Senator has the right to offer the amendment, since under the rules of the Senate, you may offer an amendment to a measure that is not relevant to the measure? Generally, there is a certain amount of self-restraint practiced around here, so that you do not completely exercise your rights to the fullest. But the Senator has the right to offer it, if he chooses to do so, even though it is not relevant to the measure; is that correct?

Mr. DODD. The Senator from Maryland is absolutely correct. The Senator from New York has the right. As I said a moment ago, I would certainly defend very strongly his right to offer this amendment. I disagree totally, completely with the substance of it. But normally——

Mr. SARBANES. One could also raise a question whether even if you have the right, you ought to exercise it. You do not always exercise every right to the fullest, and there should be some restraint.

Is it not the case that this amendment, in effect, raises the whole basic question about responding to the Mexican economic crisis, and that a proposal of this sort, if it is to be considered, ought to have extensive consideration? This is not a minor matter that should simply be dealt with in an hour or two in this Chamber. This is a major proposition that ought to be carefully examined. Does the Senator agree with that?

Mr. DODD. I completely agree with my colleague from Maryland. You would have thought—and again, the Senator from Maryland and I are in the minority. The amendment is being offered by the chairman of the committee of jurisdiction. The chairman of the committee of jurisdiction certainly has it within his power to set a markup. It would be one thing—if you are the minority, you do not always have the rights, but when you are the chairman of the committee and in the majority, certainly setting a markup, scheduling a debate, proceeding through the normal course in which we do business around here would be an appropriate way at least to proceed.

I still have a strong disagreement, but to have the majority, the chairman of the very committee with jurisdiction bring an amendment to the floor without even going through his own committee is, I point out to my colleague from Maryland, a little out of the ordinary.

Mr. SARBANES. Will the Senator yield for a further question?

Mr. DODD. I will be delighted to yield.

Mr. SARBANES. Is it not reasonable to assume that if we had followed the normal process and come through the committee and a measure of this sort had been brought to the floor, the debate and the examination of that measure might well take days? That would then be a major item on the calendar of the Senate, would it not, since this is a major issue? It is not as though it is the kind of proposition that the Senate would dispose of, if it was dealing with this freestanding, in an hour or two. The Senate, in effect, would recognize it as the major item to be considered in the particular week in which it was going to be brought up, would it not?

Mr. DODD. I say to my colleague from Maryland, not only is he correct in that, but there is ample evidence to support it. The Speaker of the other body, when asked whether or not he could bring the matter up, 60 days ago said it would take at least 2 weeks, 2 weeks to even raise the issue and discuss it with the Members of that body, to determine whether or not they could bring it forward.

So the Senator from Maryland is absolutely correct. This would be a significant, lengthy debate in this body that would probably go on for a number of days, not a couple of hours, on a floor amendment offered to a rescission package.

Mrs. BOXER. Will the Senator yield to me for a question?

Mr. DODD. I will be glad to yield to my colleague from California.

Mrs. BOXER. I wish to thank the Senator for coming over. We served together in the Banking Committee. I do have a question. And, of course, to my chairman, who has long been concerned about this issue, I want to say that I share a lot of his concerns.

I think the question is, Is this the appropriate way to handle this matter? I say to my colleague and friend from Connecticut, a long time ago I used to be a stockbroker, and the one thing that just set the markets off was indecision, change, of course, instability, and the need that America stick with its decisions. I just feel that doing this in this fashion without, as the Senator from Maryland has stated, ample debate and bipartisan discussion, could set the markets off, the markets all over the world. And it is something that I fear, frankly.

I share my chairman's problems with this whole issue. I think that he is right to raise them, but I am very concerned that if we do this today, the message will go out that America's word is no good, that there is a division here, and I am concerned about the financial and economic impact all over in the world markets.

I ask my colleague if he shares that concern.

Mr. DODD. I say to my colleague from California, the point she raises is an important one. When we had the hearing a few weeks ago—and a good hearing, I would point out—on this issue with the testimony of a former colleague, Jack Kemp; the Chairman of the Federal Reserve Board, Alan Greenspan; former Chairman of the Federal Reserve, Paul Volcker; along with Bob Rubin, the Secretary of the Treasury, and others, I asked the question about what was the most significant, important element in all of this, regardless of the particular plans.

And the word they all agreed on was ''confidence,'' the point having been raised by others who understand economic issues that there is nothing more cautious than capital, and when there is a lack of confidence, that capital lacks confidence. Whether it is domestic capital in Mexico or foreign capital that Mexico is trying to attract or investors are trying to bring in, if there is a lack of confidence in those who should be acting with responsibility in a leadership capacity to try to avoid the kind of crisis that could be devastating for us, then it seems to me you are going to have the predictable results.

Paul Volcker may have said it best in response to a question of my colleague from California.

> Surely this committee is justified in carefully reviewing the approaches taken in this crisis and achieving full understanding of the precipitating events and the responses to them.

I do not have any disagreement with my colleague from New York raising those issues.

> What would be inappropriate, as I see it, would be to either attempt micromanagement of the use of the ESF or to so constrict its future use as to render it ineffective in the face of future crises which, if history tells me anything, are sure to reoccur.

I point out to my colleague from California that the amendment offered by the distinguished Senator from New York does not mention Mexico. It applies to all situations globally. And so here we are saying, regardless of the crisis, wherever it may occur, that the President cannot react with the stabilization fund that has existed for 60 years, since 1934, that every President has used. So even if you agree with the point of our colleague from New York on Mexico, which I hope a majority does not, but if you did, the adoption of this amendment applies to everybody on the globe.

Mrs. BOXER. Will my friend yield then for a further question? In other words, what the Senator from Connecticut is saying is that the amendment deals with each and every country in the world?

Mr. DODD. There is no country specific in here. In fact, the amendment specifically says, I say to my colleague, that:

> . . . the Secretary may not take any action under this subsection with respect to a single foreign government (including agencies or other entities of that government) or with respect to the currency of any single foreign country that would result in expenditures and obligations including contingent obligations [of] $5 billion.

It is global in effect.

Mrs. BOXER. So, as I understand it, if a crisis were to develop, let us just say in Israel, as an example, or Ireland——

Mr. D'AMATO. Italy.

Mr. DODD. Italy.

Mrs. BOXER. We will take Italy as an example.

Mr. D'AMATO. Greece.

Mrs. BOXER. I think this is an important point. We are legislators here. We ought to know what we are doing. If a crisis were to develop in a country, and the world leaders got together and said we must act quickly—and let us say it was when Congress was not in session, and these things do occur; I have seen wars break out when Congress is away—then our President would really be there in form only, because in reality he could not act along with other world leaders if there was such a monetary crisis. Is that correct?

Mr. DODD. As I read the amendment, that is the case, because it is not country specific. It does not address Mexico. It says a single foreign country. That is pretty broad, to put it mildly.

Mrs. BOXER. I thank my colleague.

Mr. HATFIELD. Will the Senator yield for a question?

Mr. DODD. I will be happy to yield to my colleague.

Mr. HATFIELD. My question is to the Senator from Connecticut as to this colloquy that is being engaged. Could I get some idea about how much longer the Senator will hold the floor? I ask the question in order to move this bill. I would like to be able to ask for unanimous consent, and receive unanimous consent when I do have that chance, to temporarily set this amendment aside, that other amendments may be taken up.

I only want to put that in the total context. The Senator from Connecticut was here a few years ago when I chaired this committee and we had a humongous continuing resolution. We started at 10 a.m. one day, and I stood here until 2:30 the next afternoon, but we finished it. And I have now the backing of the Republican leader that we are going to stay here today and tomorrow, for however long, to finish this bill.

We have been over 3 hours on this issue, and I think we have had aired an awful lot of the parts of this very complex issue. I would like to be able to temporarily lay it aside in order to get Senator MURRAY of Washington State into the next amendment in preparation for an amendment of the minority leader, Mr. DASCHLE, that deals with more precisely the details of this particular bill.

So I am asking for this kind of cooperation. By the same token, I must add, I think if I get that opportunity for unanimous consent, I will ask for 3 minutes on Senator D'AMATO's behalf to respond to these most recent comments made by the Senator from Connecticut and others on that side, and then get this set aside, if the Senator will yield for that purpose.

Mr. DODD. Let me say to my colleague from Oregon, the chairman of the Appropriations Committee, I hold him in tremendously high regard. I have enjoyed immensely my association with him.

I did not initiate this debate. I say to my distinguished colleague from Oregon, I was prepared to come over and address with a floor speech the rescission package.

I have been put in this situation because our good friend from New York has raised this amendment on the Senator from Oregon's bill. It is not an insignificant matter. I wish it were. I would have no difficulty whatsoever.

But I, as a Senator, have a responsibility on something that I think has tremendous implications if left in the present status and adopted, as I am fearful it is apt to be, in terms of what happens after that.

Now the rescission package is important. It is critically important. If we adopt this amendment, and the implications occur, it dwarfs the implications of the rescission package.

Mr. HATFIELD. I understand the Senator's position. I am not suggesting we dispose of this amendment at this moment.

If we could set it aside temporarily, it means it comes back at a certain time, too, for final disposition. I am not suggesting to the Senator that we have final disposition at this moment.

Give us a breather, is what I am asking, so that we can take up these other amendments. Because we are going to be here. We have probably 30, 40 amendments. Again, I cannot be more forceful than to say we are going to stay here. And when it comes to be 1 a.m. tomorrow morning, everybody is going to be wondering why we are here.

I am just saying that, this morning I made the comment and I am making it again at 2:20, no one has to question at 1:30 tomorrow morning, if we are here: Why are we here? We are here because we have been stalled on this particular amendment at this time.

We have had time agreements on every other amendment we have had on this floor. We are going to be paying the price at 1:30 tomorrow morning. I merely want to make that clear.

I am not asking the Senator to just to set this aside to dispose of it, but to set it aside temporarily. Maybe at 2 a.m. tomorrow morning we will dispose of it faster, if we are here.

But I do say that we have to get on with the business. I am trying to now chair a conference committee with the House on the first appropriations bill. We are trying to manipulate our chairmen, who are meeting with their chairmen, back here on the floor to take care of these particular amendments. It is no easy task. But, nevertheless, we have to have the cooperation of all the Members of the body to dispose of the business.

Mr. SIMON. Will my colleague from Connecticut yield?

Mr. DODD. Yes.

Mr. SIMON. I thank the Senator for yielding.

In response to my friend from Oregon, before I would agree to unanimous consent to set it aside, I would like to speak for 10 minutes.

I would also suggest to my friend from Connecticut not to set it aside until we get word from the President. I think just setting this aside leaves it in limbo and is going to cause great problems in Mexico right now. I think we ought to get word from the President of the United States that if this in here, this is going to be vetoed. So that we can assure the markets in around the world that we are not about to destabilize the situation in Mexico through irresponsible action on the floor of the United States Senate.

Mr. SARBANES. Will the Senator yield?

Mr. DODD. I am glad to yield to the Senator.

Mr. SARBANES. I think there is a great deal of force in what the chairman of the committee has just stated, and I obviously recognize that.

I think it is very important to underscore a point made by my colleague from Connecticut. We did not bring this amendment here. I mean, this amendment has enormous consequences associated with it, as my good friend from Illinois has pointed out. It was not placed before the body by those of us who have been speaking now for——

Mr. HATFIELD. Three hours and 15 minutes.

Mr. SARBANES. No, no, no.

Mr. HATFIELD. Since this amendment came to the floor.

Mr. SARBANES. Yes. But we have been speaking for about an hour. We are very much on the down side of that time with respect to addressing this amendment.

Mr. HATFIELD. Will the Senator agree to a time agreement?

Mr. SARBANES. That is the point I wanted develop further, because the Senator is asking to set it aside. It seems clear to me, as I said earlier, this is the kind of proposal which, if it were here on its own as a bill reported from the committee, would be debated for a number of days, because its consequences are that momentous.

The Senator from Connecticut is absolutely right when he said the bill, the rescission bill, is important, but its importance is dwarfed by the potential consequences of this measure.

I think that needs to be understood. One way to make it understandable, of course, is, when we come to grips with a measure, to have the kind of debate that is required with an issue of this importance. Now that can happen now or it can happen later.

I understand the concerns of the chairman of the committee, but I do not think there should be any laboring under some misapprehension that by setting it down the road you are somehow going to change the dynamic of the concern about the consequence of the amendment if it came at that time.

Mr. HATFIELD. Will the Senator yield?

Mr. SARBANES. And the 1 o'clock in the morning can be 1 o'clock, it can be 3 o'clock and so forth. This is a tremendously consequential amendment that is before us.

Mr. HATFIELD. Will the Senator yield a moment?

Mr. SARBANES. Yes.

Mr. HATFIELD. I understand the Senator's position. Perhaps we could work out a matter whereby we set it aside and then let this minifilibuster, if that is what I hear being stated, continue on. I will remain and let it happen, say, from 12:01 a.m. tonight until 5:30 a.m., or whatever hour tomorrow afternoon, and then we will come back and have a vote.

Why keep everybody here on the floor of the Senate throughout the night while a few engage in a minifilibuster? That is all I am asking, to be considerate of our colleagues, and then move this bill on through.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Mr. DODD. Let me say to my colleague from Oregon, it is not lack of consideration on the part of the Senator from Maryland and myself. It a because of an amendment that has nothing do with the substance of the legislation brought to the floor by our wonderful colleague from Oregon.

Mr. HATFIELD. If the Senator will yield, I have the assurance from the author of the amendment to temporarily lay it aside.

So one can say, sure, it takes a joining of two groups or two adversaries to an issue to make a filibuster. He is willing to stop this matter and get on with the other business of this bill, and to return to it at whatever hour is necessary to return to it.

I am only getting a resistance to cooperating with getting this bill underway and getting to other amendments before us from the speakers at the moment.

Mr. SARBANES. If the Senator would yield.

The PRESIDING OFFICER. Is the Senator yielding for a question?

Mr. DODD. Yes.

Mr. SARBANES. Yes, for a question. I listened carefully to the chairman of the Appropriations Committee. As I listened to him, my concern increased, it did not decrease, I have to say to my good friend from Oregon. If, in effect, what you are saying to me is, by setting it aside, we will then structure this thing so we will go back to it at 1 o'clock in the morning, or whatever time when we will not discombobulate all of our colleagues and inconvenience them. And then those who are supposedly engaged in a minifilibuster, which I would not view it as such—we did not offer this amendment. I think it is irresponsible that this amendment is before us. It is not related to this bill.

Mr. HATFIELD. But, Senator, you have now joined the issue, so you are a part of this problem we face.

Mr. SARBANES. That is right, we have joined the issue. But the irresponsibility of this situation rests upon the offerer of the amendment, not by those that are responding to the amendment. And I am not going to have that responsibility shifted in the course of this discussion.

Mr. HATFIELD. It is not to shift that responsibility. Will you agree to some kind of a time to set this matter aside when we have one side, the author, willing to do so?

Mr. SARBANES. Why does the author not withdraw the amendment? Why does the author not withdraw the amendment and the consideration of the rescission bill can proceed?

Mr. HATFIELD. Because the author has a right to bring this up, as other amendments have been brought up that may not be relevant.

Mr. SARBANES. Let him withdraw it. He can offer it later, if he chooses to do so.

The PRESIDING OFFICER. The Senator from Connecticut has the floor.

Does the Senator wish to yield for a question? He may ask unanimous consent to do that. But at the time, however, he has not yielded the floor.

Mr. DODD. Mr. President, I will underscore the point made by our colleague from Maryland. This is a situation that the chairman finds himself in, and it is not one created at all. This is significant. I know that every chairman who brings every bill to the floor thinks that the matter they are handling is the single most important issue facing mankind. I have certainly been in that situation in a subcommittee capacity.

With all due respect, I must say that this amendment before us now is of far greater importance, in many ways, than the rescission package, as important as that is. To relegate this debate to some wee hours of the morning when we may bring it up again—I appreciate the dynamic in order to try to move the process.

There is a simple way in which this can be addressed. Withdraw this amendment and schedule time for this to be raised on the floor as a freestanding proposition. We can allocate a day or so to fully explore whether or not this body wants to undercut and absolutely destroy an economic proposal and package that has enjoyed wide-based support—which can do significant economic damage to our country and to others. I do not think that is insignificant. That is the way to handle this, not to insist that those of us who have been put in a position of defending a proposal we think makes sense for our country and this hemisphere all of a sudden relegate our debate time to the wee hours of the day to satisfy amendments to a rescission bill that is of marginal importance by comparison.

I hope that our colleague will say, look, I will withdraw that amendment now. The yeas and nays have not been asked for. It does not take unanimous consent. I could have asked for the yeas and nays earlier. We can get back to the rescission bill and the chairman will not have the problem.

I am not going to give up the floor on this particular amendment with the idea that some time at 2, 3, or 4 o'clock in the morning we are going to have a debate around here on a critical matter that could face this country. I did not put you in this situation. That can be easily resolved by the author of the amendment withdrawing it and scheduling it for another time. That is the only way I see of resolving this.

Mr. HATFIELD. If the Senator will yield, we are going to be finalizing this bill at, perhaps, the wee hours of the morning. I am not relegating this amendment to any particular time. I am saying we are going to finish this bill if it takes all night.

All I am asking now is to temporarily lay it aside, and at any time after the next amendment is adopted, this is still the pending business, so it would return. We will have to get unanimous consent to set it aside again. So the Senator is not losing any kind of advantage or parliamentary position by yielding for this purpose and to temporarily lay it aside.

Mr. DODD. I would be happy to yield to my colleague, if he wants to raise the question with the author of the amendment. I would like to know publicly whether or not my colleague from New York is willing to withdraw the amendment at this point.

Mr. HATFIELD. I have found that under circumstances of this kind, if we can shift gears, shift the subject for a little while, an hour or two, that sometimes we cool down, in a way, in our devotion to the issue and we are more amenable to making some kind of an arrangement.

I am asking for a timeout to try to talk to the parties and see if we can reach some kind of a solution. As long as we keep this rhetoric from both sides going, we dig ourselves into a deeper pit. I do not want to start saying at 3 o'clock in the morning we have finally exhausted ourselves and we are now going to sit down and talk about it. I would rather see us talk about how to resolve it now and set it aside in order to do that, so we can get the parties together. That is all I am asking.

Mr. DODD. I thank my colleague. I say again, and it deserves repeating, that we are only in this situation because our colleague from New York raised this matter on a bill that has nothing to do with Mexico. The amendment has nothing to do with the rescission package. We can resolve it by withdrawing the amendment and then moving on to a lengthy discussion on the rescission package, given all of the amendments that are pending.

The rhetoric has not been terribly heated. We disagree about this, but this has not been an acrimonious debate. There is a legitimate difference of opinion as to whether or not we ought to go forward with the economic stabilization approach that was broadly supported, ironically, by everybody around here. This was not done in the dark of night. This is a proposal that enjoyed the endorsement of the majority leader of the Senate and the Speaker of the House, who urged the President to step forward and do it. Now we are turning around and watching an effort to undo it 60 days later. So it is not insignificant. I make that point as forcefully as I possibly can.

I do not desire to filibuster on this issue, but rather to have an important debate and discussion because of the implications of it. So it is not my desire here to take up time unnecessarily, but so that our colleagues fully understand the implications that if the D'Amato amendment is supported here and becomes the law—in fact, just the mere adoption of it, I think, will probably produce the kind of predictable results that I think it is important we have that full debate and discussion on. Maybe I am in a minority on that particular point of view. I feel very strongly that any savings we may get out of the rescission package could be absolutely wiped out, in effect, by the actions we take on this amendment. So in terms of the implications of the American taxpayer, this single debate, as short as this amendment is—a page and a half—it can have very profound implications on this.

I am happy to possibly impose a quorum call here so we can have a minidiscussion, as my colleague has suggested, on the matter. But I must tell him in advance that I think postponing and delaying this for another 2, 3, 4, 5 hours—I am worried about what that itself does in terms of how markets are apt to react. I have such respect for my colleague from Oregon that I am more than willing to listen to his advice and thoughts on the matter.

Unless others want to talk on the amendment, I am prepared to suggest the absence of a quorum. I see people standing, so I do not want to do that at this juncture. But I will when the remarks are completed on this matter and we can have an opportunity to talk about it.

Mr. D'AMATO. Mr. President, I am going to keep my remarks, as I have indicated to the chairman, to a minimum. I am compelled to respond.

No. 1, the question in terms of relevance. I think it is absolutely, totally relevant. Here we are talking about—as the Senator from Massachusetts raised—the issue of cutting programs for women, children, and others. And I am saying, what about the American taxpayers? What about the hard-working middle class? We are sending money to programs of dubious value, reclaiming tesobonos for speculators, for people who made investments, which does not seem to me to be the right way to go.

As it relates to the question of $5 billion, I deliberately kept it that high. Let me tell you, in the history of this fund, never once has it gone over $550 million for any other country other than Mexico. Not Israel. Not Italy. Not Ireland. Let us bring in Greece and every ethnic community there is, including Russia. Not once. Mexico, one time, $1 billion. Only Mexico. So we went to $5 billion. Now if we want to make it Mexico specifically, I have no problem with doing that. The principle is whether or not this is a delegation of our constitutional authority. That is what we are down to.

I am more than willing to put the matter over. But in terms of relevance, I think it is very relevant. Here we are cutting 12, 14, 17 billion dollars' worth of programs, and some of them arguably are good programs. Yet, we are shipping off at the same time, watching it take place—by the way, in several weeks, maybe another $5, $6, $7, $8 billion will go down to Mexico. So I am saying, hey, fellows, let us look at this. Members of the Congress, let us look at this and see whether we want to continue the delegation of our authority in this matter.

I yield the floor.

Mr. SIMON. Mr. President, I rise in strong opposition to this amendment. We are dealing with economic dynamite here. And the very discussion has to be disquieting to a lot of people in the financial markets around the world. Senator BOXER made a very good point just a few minutes ago when she asked about the stability of the United States. People wonder, can we stay the course on things?

It is no accident that just a few days ago, we saw the worst trade figures we have had for a long, long time. And those trade figures were caused, to a great extent, by the peso crisis in Mexico.

Mexico has been a country where we have sold more goods than we have imported. The future of Mexico is tied in with the jobs.

Senator D'AMATO talks about working men and women in the United States. We want to protect those jobs and help Mexico protects those jobs.

I will add a couple of other points, Mr. President. It is easy in this kind of climate to find scapegoats, when people are having a tough time making a living. What has happened in our society is happening in every society: As the demand for unskilled labor is going down, the demand for skilled labor goes up.

As that happens and people lose their jobs, they look around: Whom can we blame? Part of it is translated, I regret to say, in terms of race in our society. There are people down on affirmative action, saying, "We are losing our jobs because of African-Americans," or because of others. Mexico becomes an easy scapegoat for a lot of people who do not understand the realities.

The drop in the dollar that we experienced here a few weeks ago, to the extent that Mexico was involved, is because of our debt and our deficit. Ordinarily, a $20 billion loan guarantee would not mean anything for a country with a $6 trillion economy. Mexico is not the primary problem.

I will underscore a point that Senator DODD made. This does not refer to Mexico. It says, "We can't make loan guarantees except as authorized by an act of Congress." Say on November 1 of this year, we recess until January. Say on November 10, there is a crisis in the British pound sterling. The United States is frozen. The most powerful economic Nation in the world, which will have so much at stake, could not do a thing. That just does not make sense.

Finally, I say to my colleagues, this is not the kind of an issue where we ought to be pandering to public opinion. There are issues in which all Members in politics pander to public opinion, but with this one we are dealing with something that really goes to the heart of the economic survival of this country and other countries.

I urge my colleagues to look back to something that happened some years ago—Senator BYRD was here; I do not think Senator HATFIELD was—when General Marshall, in a Harvard commencement, announced the Marshall plan. Harry Truman was President of the United States. The first Gallup Poll that was taken after that showed 14 percent of the American public supported the Marshall plan. It was extremely unpopular.

We look back on it now and boast about how we saved Western Europe from communism with the Marshall plan. It is something we can be proud of. But it took the U.S. Senators, who had the courage to do what was not temporarily popular, to do that.

Particularly because Harry Truman at that point was dealing with a Republican Congress, it took Senator Arthur Vandenberg from Michigan to stand up and say this issue is more important than temporary public opinion or the Republican Party or winning a Presidential race.

Arthur Vandenburg did the right thing. The country moved ahead. It is one of the great acts of our country in the history of our country.

On an issue that is this volatile, we had better do the right thing and not ask ourselves what will the polls say back home. This is an amendment that ought to be resoundingly defeated.

Mr. HATFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HATFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

UNANIMOUS-CONSENT AGREEMENT

Mr. HATFIELD. Mr. President, I am going to propound a unanimous-consent agreement. I believe that both sides will indicate support.

I now ask unanimous consent to temporarily lay aside the D'Amato amendment for the consideration of an amended amendment by Senator GORTON and Senator MURRAY, raising an amendment to that; that there be an hour equally divided; and then we return back to the status where we are now, with the D'Amato amendment the pending business.

This would incorporate an amendment by Senator BURNS to the Gorton amendment, which is about a 90-second action; there would then be the hour divided equally between Senator MURRAY to offer an amendment, and Senator GORTON; then return again to the status where we are now. And, in the meantime, maybe we can find some way to resolve the current status.

Mrs. MURRAY. Mr. President, reserving the right to object, it is my understanding that the unanimous consent will include language that says there will be no second-degrees to the Murray amendment?