

Mr. MURKOWSKI. I wish my friend a good day and thank him.

#### MEXICO'S DEBT

Mr. MURKOWSKI. Mr. President, let me speak very briefly about another amendment that I was prepared to offer. But, again, because of the circumstances on the floor, it is not going to be presented. It is an issue that is ongoing. I would like to speak briefly on the merits of the issue, although, as I have said, the amendment will not be offered.

This was to be a very simple and very straightforward amendment. It would require the Government of Mexico to provide our Government with information relative to the names of the individuals or institutions that are redeeming Mexico's debt when the redemptions are made with the funds provided by the United States Government. As my friend in the chair, the Presiding Officer, will recall, this package is almost \$52 billion.

It is the contention of the Senator from Alaska that is a bailout that has been crafted by the United States through the Treasury Department. It is my understanding that Mexico has already used some \$13 billion to pay off the debt, of which \$5 billion initially has come from the United States. Another \$15 billion of American taxpayer money is at risk. That is money that came from the Exchange Stabilization Fund that was set up when we went off the gold standard.

We are all aware of the fact that the administration came to the Hill to seek support for the Mexico bailout. But they could not get our support and decided that they would find another avenue to bail out Mexico. And they came up with the \$20 billion that is in the Exchange Stabilization Fund, the International Monetary Fund, the Bank for International Settlements, and others and the commitment now is some \$52 billion.

It is rather interesting to reflect on that because the Senator from New York and I had a colloquy some time ago. And both our recollections are that the current debt of Mexico, as communicated by the assistant to the President of Mexico at a meeting we had, was in the area of \$70 billion. The current debt is debt payable in a year. This debt is to meet an obligation issued by the Mexican Government in the form of bonds. These are bearer bonds. That means we do not know who holds them. It is like a check payable to cash.

The question my amendment attempts to address is who is being bailed out? Is it the Mexican people? Is it Mexican financial institutions? We have not been able to get a definitive answer from the Department of the Treasury. It is my opinion that the ordinary citizens of Mexico are not being bailed out. In fact, the ordinary citizen of Mexico is currently facing interest rates that are clearly out of reach, in

some instances 75 and 100 percent. Mortgage rates are absolutely unrealistic. The reality of lost jobs, higher taxes, higher inflation, and when we look at the obligation of who pays this back, we find it is the citizens of Mexico. It is the economy of Mexico.

Businesses operating in Mexico are not being bailed out by this commitment, which is the first advance of some \$52 billion. Mexico has already used \$13 billion to pay off the debt which comes from the United States; hence, the United States taxpayer.

Companies that have put brick and mortar in the ground for new plants and employ Mexican citizens are not the beneficiaries of this money. In fact, they are suffering from the havoc caused by the interest rate explosion. They cannot borrow for inventory. They cannot borrow for expansion. American mutual fund investors—let me repeat that—American mutual fund investors whose funds invest on the Mexican Bolsa are not being bailed out. In fact, these equity investors have seen the value of their holdings drop more than 50 percent, and in some cases the loss of these stocks are even larger. So the questions are, Well, where is this money going? Who is it going to benefit?

Mr. President, you know who is being bailed out. So do I. The owners of the so-called tesobono debt. Most people do not even know what a tesobono is. In fact, this debt really did not exist a year ago. It is the Mexican debt which, when it comes due, is paid in pesos.

It is rather interesting how the financial intrigue of this adjustment occurs. However, the important thing to recognize is the amount of pesos that the debt-ridden holder receives at maturity is linked to the peso-dollar exchange rate. Mexico, unfortunately, made a decision to issue this type of debt early last year because it was finding it more and more difficult to attract more investors to finance its debt.

That sounds rather curious, does it not, that they have to have foreign investors to finance their debt? Yet that is the reality that Mexico faced. Canada has to have foreign investors to finance its debt. I noted the other day a figure which indicated that 29.6 percent of the Canadian budget was to pay interest on the debt. That is almost a third. When you get into that area, the ball game is almost over. It is almost over.

Now, the foreigners, of course, in order to invest, when they see a situation that is less than stable, demand higher interest rates, and they demanded as much as 20 percent from Mexico. Not only that, but that demanded that the debt be linked to the peso-dollar exchange rate.

These are very shrewd investors, Mr. President. They know that money goes to the highest return and the least risk. And they must have foreseen that the peso could be devalued, and they wanted to ensure that they would suffer no currency risk.

That is exactly what happened, Mr. President. The peso went from 3.5 to the dollar to 6.5 in barely 2 months, and now that this debt is due these investors are completely insulated from the financial crisis that is affecting all other sectors of the investment community and the working community in Mexico.

One asks the question why? It is because the United States Government has decided to give Mexico these billions of dollars to pay off these investors. Now, who are these investors? As I said, they are sophisticated investors. They are the investors who went out there and took a risk because the attractiveness of 20 percent interest suggested that risk was worth taking. These are not the ordinary Mexican people.

This was done because the United States Government has decided to give billions of dollars to Mexico to pay off these investors. If we had not come to the rescue, then these investors would have had to suffer the financial consequences that everyone else in Mexico must face. Why should these investors be bailed out? We do not bail out the investors who put money in Orange County bonds. Why are these investors in Mexico so very special?

One of the reasons, obviously, we do not know who they are. That makes them special. We know who the investors are who bought Orange County bonds. Who bought these tesobonos? We do not know. They could be American investors, Japanese or German investors, they could very well be some of the billionaires who live in Mexico City and are friends of the controlling PRI party.

What we do know is that whoever owns this debt is really cashing in, and they are shipping their money where? They are shipping it out of Mexico. In fact, so many tesobono owners were immediately converting their proceeds into dollars that the peso began to crash above seven to the dollar, and then the Mexican Government decided to stop paying off tesobono debt in pesos and immediately paid the debt in dollars. Where did the money come from? It came from the United States. Whose dollars are they using? They are using U.S. taxpayer dollars. We are bailing them out. Why? We are being told it is to stabilize the monetary and currency system.

That is what we are told. If you buy some shares on the New York or American Stock Exchange and lose money, we do not bail you out.

But if we had not bailed out the bond holders and the Mexican Government, what would they have done? They would have done as everybody else who runs in to credit problem. They sit down and work a deal out. You know you cannot get 100 percent back on the investment. You might get 40 percent. But that is the way the process works

in the ordinary debtor/creditor situation. Then we would know who the holders of the tesobono debt are. They would have to come forth, submit their bearer bonds through investment brokers, commercial, international banks. We would know who they are and they would sit down and work out a deal. That is what should have been done.

I believe it is important that the American taxpayers know who the recipients of this debt are. Some have said, what difference does it make who they are? I think it is important when American taxpayer money is used to provide a guarantee on a foreign government debt to a very select group of holders of debt. Not only are they going to get their principal back; they are going to get the interest back—20 percent.

You and I, where do we go to get 20 percent? I do not know. Maybe you get in line down there and buy some tesobonos. But we ought to know who the beneficiaries are because we know that it is not the Mexican economy that is the beneficiary. This is not going to do a thing for the Mexican economy. Those holders of that debt are moving that money out of Mexico. Yet, the Mexican economy, the Mexican citizens are expected to pay it back. In the conditions that exist in Mexico that is unlikely to occur.

Now, many of my colleagues make the point that we cannot indicate that we are supporting a process and then not follow it through. The problem with this sales package, Mr. President, is we did not understand it in the first place. We were told continually we were going to stabilize the Mexican economy. What we are doing is paying off the debt of sophisticated investors who bought those tesobonos who are standing in line to get United States dollars and will bail out and they are not going to put that money back in Mexico.

There are assumptions that a large portion of this debt is held by Americans, yet the Treasury Department claims that these bearer instruments are of a nature where they do not know who owns the debt.

I do not know who controls the debt. But what if we found out that \$5 billion of the debt was owned by the Bank of Libya or maybe the debt was owned by an investment house operating as a front for the Government of Iraq or Iran. Would not the taxpayer be curious? Do we not have an obligation as we sign off on this money as a Congress to know who those recipients are? Is it too much to demand that when American taxpayer dollars are used by the Government of Mexico to pay off an investor or speculator the identity of that investor or speculator be known? Because again, we are being told that this has to happen to solidify the economy of Mexico. It is going to solidify the holders of those bearer notes.

What my amendment seeks to accomplish is to try to identify who those holders are. Mr. President, re-

ality dictates that if my amendment passes and Mexico does provide the information we are seeking, we will probably never know who really holds that debt. It will probably be reported in the name of the Bank of Panama, the Bank of the Bahamas, a couple of major brokerage house firms, but I think it important that this body focus on this principle: that it was an unnecessary and unwise action taken by this administration at the expense of the U.S. taxpayer to favor the holders of an extraordinary type of foreign debt that was issued out there to make them whole when we do not do it to any other investor when their investments turn bad. But we made an exception for these investors.

The New York Times reported last Sunday:

Most of those investors, a mix of rich Americans and other foreigners, have swept up their hefty profits and immediately transferred their money out of the country of Mexico.

Now, if that is true, Mr. President, we have not done Mexico a favor. We have put a burden on the taxpayer and the Mexican economy because they are the ones we expect to pay that back.

So that is the extent of my statement and my concern, Mr. President. And I urge my colleagues who have anguished over whether or not the Congress should take a position on this matter to recognize that we have an obligation to the U.S. taxpayer to make an accounting of the worthiness of a \$20 billion commitment, and that is not what we have done.

I would feel entirely different in this matter if I felt this was an investment in the Mexican economy which would benefit the Mexican taxpayer.

It is like, if you borrow money, Mr. President—and I know you are a businessman—and you could use that money to make more money, that is a good thing. You are employing more people; you are building up inventory. But if you borrow money and you have to mortgage your income to pay it back, I may be doing you a grave disfavor.

That is the principle that I think is applicable in this particular case of bailing out this select group of investors, whom we have no knowledge of at the expense of the Mexican taxpayer.

Mr. President, I have concluded my statement. I intend to pursue this matter at a later date when the opportunity arises with an appropriate vehicle.

In the meantime, I ask my colleagues to consider the merits of my statement this morning relative to identifying who the beneficiaries are of our \$20 billion commitment. This is just a part of the current Mexican debt, which will in this year require some \$70 billion in order to meet the obligations of the Mexican government.

I thank the Chair and I wish the Presiding Officer a good day.

I yield the floor.

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

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

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

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

#### STRIKER REPLACEMENT

Mr. FAIRCLOTH. Mr. President, on March 23, I introduced S. 603—a bill to nullify Executive Order 12954 which prohibits Federal contracts with any company that hires permanent replacements for striking workers. This is the companion bill to H.R. 1176 introduced by Chairman GOODLING of the Committee on Economic and Educational Opportunities. Yesterday, Mr. GOODLING's committee held a hearing on H.R. 1176, at which testimony was given concerning the fundamental flaws of this Executive order. Many of the same issues were addressed in this Chamber when the distinguished Senator from Kansas, Chairman KASSEBAUM, ably led an effort to limit funding for the implementation of the Executive order.

We lost that fight, but the opponents of this Presidential power grab will not rest until the Executive order is overturned and balance is restored to this Nation's labor policies.

Today, I would like to speak briefly about just a few of the more recent and compelling criticisms of the Executive order.

I share the opinion of those who conclude that the order is invalid because it exceeds the President's constitutional and statutory authority. The Justice Department's legal memorandum in justification of the order cites a statute which was enacted in 1949 to implement the recommendations of the Hoover Commission.

The Justice Department takes the position that this statute authorizes the President to adopt any regulation which promotes economy and efficiency in Government procurement. However, there is no Supreme Court decision that supports the Justice Department's interpretation of this statute as conferring such sweeping Presidential authority.

Moreover, the Congressional Research Service recently concluded that Executive Order 12954 "may not survive even the most restrained judicial scrutiny."

We must be clear about the legal foundation which restricts the President's authority to issue an Executive order regarding a central tenet of national labor policy.

The National Labor Relations Act itself authorizes the hiring of replacement workers—and by so doing, limits Presidential authority to regulate the relationship between management and striking employees. The President has