While Mexico's new Zedillo government made the awful call, the Clinton team can't escape blame. At its best the U.S. should be the world's financial fire department dousing crises before they get out of control. This is especially true for Mexico, where turmoil ends up on our front porch. Let's examine Clinton crisis management:

Fire Prevention. It's now clear the peso ran into trouble after the U.S. Federal Reserve abruptly tightened money last year. With the peso pegged to the dollar, Mexico's central bank should have followed suit. But in the middle of an election campaign, it printed pesos instead of mopping them up.

U.S. officials never turned on their Mexican smoke detector. That's the job of Larry Summers, the Treasury international aide who is to humility what Madonna is to chastity. He has more to be humble about now.

Firefighting. The U.S. can't seem to find the hydrant, much less the fire hose. At first, on Dec. 20, Treasury even blessed devaluation; its press release said a cheaper peso ''will support the healthy development of the Mexican economy.''

Two days later amid market chaos the Clinton Treasury was less thrilled, offering a $6 billion credit line to Mexico while asserting that its ''economic fundamentals remain sound.'' Thus reassured, markets again whacked the peso. This earned them a Dec. 27 lecture from Mr. Summers about ''excessive depreciation,'' which didn't work either.

So on Jan. 3 Treasury increased its credit line to $9 billion, only to see markets raise the bar again until Mr. Clinton promised even more money this week. To be fair, Treasury was vacant at the top, awaiting new Secretary Robert Rubin. But that doesn't explain State, where Warren Christopher is rumored to still be in charge.

The same tail-chasing has taken place at the International Monetary Fund, which is supposed to be the lead fireman. On Dec. 22 it too endorsed devaluation—which it called, in IMF-speak, a mere ''exchange rate action.''

But after markets pummeled the peso, IMF boss Michael Camdessus took his turn as King Canute lecturing the financial tides. ''The depreciation of the peso is bigger than justified by economic conditions,'' he said on Jan. 3, only to see the peso take another pasting.

Playing With Matches. While incompetence explains a lot, economic policy may explain more. Clinton firemen didn't anticipate the financial firestorm because they've got nothing against devaluation.

Like Mr. Summers, both IMF first deputy managing director Stanley Fischer and the Fed's Ted Truman favor devaluations to correct current account deficits. While history shows this almost never works, these three amigos were undeterred.

Before Mr. Clinton installed Mr. Fischer at the IMF, he was a professor at MIT calling for a peso devaluation. ''I don't have second thoughts.'' Mr. Fischer told me this week. So why the continuing peso rout? ''It's a puzzle,'' he replies, citing ''the fact that markets did believe there would not be a devaluation'' before it took place. Thus it may take a little longer to restore investor confidence in Mexico, he says.

He's certainly onto something there. As hard-money economists understand, a currency is a contract between the government and its people. When government betrays that contract, trust goes to zero. Especially if a government then compounds the problem by printing more money or imposing wage and price controls. Yet this is the Mexican policy the U.S. Treasury and IMF now endorses as a way out of the mess.

To cover up for these markets, the Clinton team is now seeking a multi-billion dollar loan guarantee for Mexico from Congress. This certainly puts Republicans on the spot, since they won't want to be blamed for further turmoil in Mexico but can expect attacks from their populist right.

If Republicans cooperate, their price in policy, and maybe personnel, deserves to be steep. Hearings would be educational, especially a panel featuring the three amigos of devaluation. Any taxpayer money that goes to Mexico might be deducted from the IMF's next replenishment. Helping a neighbor in need makes sense; subsidizing bad advice is crazy.

That issue will soon be coming before this House and the other body. There are two conditions that are absolutely essential on that loan agreement, if this Representative is to support it.

To the average citizen, $40 billion is a lot of money. And it is also to the average Member of this and the other body. It is essential that American interests also be protected while we are trying to help our friend and neighbor to the south, the Government and people of Mexico.

It is essential that Mexico begin to help us at our border on their side of the border. Every night in the 20-mile sector of San Diego, CA, 2,000 illegal aliens come over the border. Most of them are from Mexico. Some are coming over both the Canadian and the Mexican border and arriving and smuggled in on the east and west coasts, they come from 49 other source countries, in Asia, in Africa, South America, Central America, and North America, and Eastern Europe, among others.

□ 1540

Therefore, the Mexican Government needs to help us at our border, and they should tighten up their border going north as much as they tighten up their border with Guatemala for people going north.

Second, Mr. Speaker, the Mexican Government should agree to what I have described last year, and this year as an agreement on the Criminal Alien Transfer and Border Management Enforcement Act of 1995, where we would help train the Customs officers, the Border Patrol officers, the Border management officers from their country with those in our country, if they agree that the criminal aliens—illegal criminal aliens who are convicted in the State and Federal courts of the United States—would be able to serve out their sentences in the country from which they illegally came.

Mexico provides about 50 percent of the illegal immigrants to this country. However, other countries in Latin America are also substantial in the numbers that are sent to the United States. It is essential that we have that provision, because right now the incarceration of the illegals is costing American citizens, taxpaying American citizens, billions of dollars.

These are underestimates, but the Federal Bureau of Prisons estimates that $1.2 billion a year is being spent to house illegal aliens. The State of California estimates that $350 million a year is being spent to house illegal criminal aliens in our prisons after they have been sentenced by the courts of California. $350 million for California! $1.2 billion nationally!

We need to grapple with that, and we need to have this exchange of prisoners convicted in the United States. I would hope my colleagues would agree, and as I have said, I cannot support the proposed loan agreement unless it takes into account the conditions of this country in this area which have been long overlooked.

Mr. VOLKMER. Mr. Speaker, will the gentleman yield?

Mr. HORN. I am glad to yield to the gentleman from Missouri.

Mr. VOLKMER. Mr. Speaker, I want to commend the gentleman for his statement. I also would like to inquire of the gentleman, there have been published reports, and I can't remember whether it was last night or this morning on one of the television stations, the honorable gentleman from Iowa who is chairman of the Committee on Banking and Financial Services used words, and I'm not going to try and quote his exact words, but words to the effect that if the Democratic Members did not desist from speaking out on the Speaker's book deal, that he would be loathe to bring the bill to the floor, the bailout bill for Mexico to the floor. Is that correct?

Mr. HORN. I have never heard of that until just now.

THE PLANNED MEXICAN BAILOUT INVOLVES BACK ROOM DEALS AND BUSINESS AS USUAL

The SPEAKER pro tempore (Mr. LINDER). Under a previous order of the House, the gentleman from Oregon [Mr. DEFAZIO] is recognized for 5 minutes.

Mr. DEFAZIO. Mr. Speaker, many seem to think that the $40 billion bailout of Mexico has gone from the business page to the obituary page. If only that were true. We need very much to be on our guard and watch out.

As I speak here on the floor, all across this Capitol and around Washington backroom deals are being cut to put American taxpayers on the line to bail out investment houses on Wall Street, banks, and other speculators that were very lucratively involved in the Mexican market. They were getting 20 percent and more interest.

Don't you think maybe if someone is paying you 20 percent interest or 25 or 30 percent interest, there is a little bit of risk that flows with that investment? Wall Street doesn't think so, nor do other speculators. They think the American taxpayers should bail them out.

Of course, they are not going to give us any of the 20 or 25 percent interest that they collected, thank you very much. They want it all.

Whose money is at risk? Whose money is at risk? A very, very senior administration official yesterday, in a closed door meeting of the Democratic

Caucus, laughably tried to tell us that it was middle-income people's money at risk. Their pension funds are invested in Mexico, he said.

Pension funds? Any pension administrator who is investing in junk bonds in Mexico—and that is what these things are, junk bonds that pay 20 to 40 percent interest, from a country that defaulted on all of its loans just 12 years ago, no one thinks they are a good risk. Any pension administrator who has any substantial amount of money down there, there is a cause of action against him by the holders of that pension fund. I don't believe that is true.

If it is true, let's disclose it. We have sent a letter to the Secretary of the Treasury asking ''Whose money is at risk here? Who are we bailing out?'' There has been no response.

I don't know that we will ever know who we are bailing out, because apparently no hearings will ever be held on this bailout legislation. The largest bailout since the savings and loan crisis, and no hearings are to be allowed.

Mr. Speaker, I have heard my Republican colleagues around here chortling a little bit because Bill Clinton is so closely identified with this issue. At least, although I disagree with him, President Clinton has the guts to go out and say he thinks this needs to be done.

However, remember, the Republicans have an absolute stranglehold on both the House and Senate. Any bill that moves through here has to have their permission, has to have their votes. It is not a Democratic Congress or a Democratic Senate, so they do not want to hold hearings.

No, they do not want to hold hearings. They do not want to be identified with it. They do not want people to really know what is going on. They do not want possibly to upset some of those people on Wall Street who so handsomely provided for their elections.

It is business as usual here in Washington, DC, folks, despite all the hoopla about the contract, despite all the hoopla about the new majority, business as usual, back room deals, $40 billion, U.S. taxpayers on the line, and no hearings. That is even worse than the worst abuse I can think of of my own party in the last Congress.

Now we have even drug in the book deal. Today or yesterday the chairman of the House Committee on Banking and Financial Services, the gentleman from Iowa [Mr. LEACH], sent a note to White House Chief of Staff Leon Panetta tying Republican support of the Mexican $40 billion bailout to the need to get guarantees, guarantees, of kinder treatment by Democrats of House Speaker NEWT GINGRICH of Georgia, so there you have it, folks. If you think this isn't business as usual, in fact it is even worse than business as usual, a $40 billion bailout, for whom, putting the American taxpayers on the line, and the Republican-controlled Congress is going to refuse to hold a single hearing on this, and will try and jam this thing through in the dark of the night some night next week or the week after.

THE SECOND REVOLUTION RETURNS AMERICA TO ITS BASIC VALUES

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida [Mr. SCARBOROUGH] is recognized for 5 minutes.

Mr. SCARBOROUGH. Mr. Speaker, I am excited to be a part of what I believe is the second American Revolution, because this year I truly believe that the American hour is upon us. It is time for this country and this Congress to decide once and for all which direction we are going to turn.

Are we going to continue down the same failed path of LBJ and FDR, where we turn to bigger and bigger government to answer every question? Or are we instead going to turn back to those simple, basic values that our Founding Fathers laid at the foundation of this great country, values like family and faith and hard work and personal responsibility?

Thomas Jefferson wrote that the government that governs least governs best. James Madison said:

> ''We have staked the entire future of the American civilization not upon the power of government, but upon the capacity of each of us to govern ourselves, control ourselves, and sustain ourselves according to the Ten Commandments of God.''

But Washington has ignored these values for too long. Because of it, we find ourselves $4 trillion in debt in a country were we have, as the Speaker has pointed out, 12-year-olds that are having babies and 15-year-olds that are shooting each other and 18-year-olds that are graduating from high schools with diplomas they cannot even read.

So what is the answer? The answer, Mr. Speaker, lies in many of the proposals that the Republican Party has set forth in the Contract With America, but beyond that, we have to go back to the original Contract With America, the Constitution of the United States, and read the amendments, read the 10th amendment in particular, which states that all powers not specifically given to the Federal Government are reserved to the States and to the individuals.

If we start doing that, then we can return back to what our Founding Fathers intended this country to be, and that is a nation of communities, a nation of communities where families and individuals decide what is best for them, instead of turning to Washington for every single answer, and instead of having Washington dictate what doctor they are going to choose and how they are going to teach their children and how they are going to protect their family.

That is what this unfunded mandate debate is all about. It is about restoring power to States and families and individuals to once again take control of their lives and take control of their families and take control of their business and take control of their communities, without interference from Washington.

□ 1550

We are not trying to jam anything through that every single State and family and individual has not begged for for years, and, that is, to once and for all take the chains off of them and get the Federal Government out of the way.

But when we talk about unfunded mandates, and the fantastic bill that has been put forward that is going to be voted on next week, and when we talk about balancing the budget and finally making the Federal Government do what middle-class families have had to do forever, we are told that we are going to somehow going to make my 91-year-old grandmother go without, or somehow we are going to harm my 7-year-old boy and his education.

We do not need a Department of Education bureaucracy in Washington, DC to teach my child how to read and write and get along in this world. And yet we continue turning back to Washington for bigger and bigger government. That is why I am excited to be part of a reform movement, excited to have signed the Contract With America, excited to be on board with the unfunded mandate bill that should pass, and excited to be supporting the balanced budget amendment with a three-fifths tax limitation.

Let me tell you something. You are going to be hearing a lot of talk about this next week. You can call it what you want, but in the end, that three-fifths requirement is the taxpayers' protection plan, and that is why I am excited about supporting it. That is why I am excited about supporting this unfunded mandate bill. That is why I have not wasted time listening to these charges about GOPAC or hearing these claims about Nazi historians, or hearing this talk about the book deal.

Let me tell you something. It is a sad day when the party of F.D.R. and Harry Truman can bring forth no other proposals other than attacking Members personally.

Mr. Speaker, I ask that we all get together as a country and support the unfunded mandate bill and support the taxpayer protection plan.

ELECTION OF REPUBLICAN MEMBERS TO COMMITTEE ON STANDARDS OF OFFICIAL CONDUCT

Mr. HASTERT. Mr. Speaker, by direction of the Republican Conference, I offer a privileged resolution (H. Res. 41) and ask for its immediate consideration.

The Clerk read the resolution, as follows: