virtually all of its $30 billion in foreign reserves. Now, the peso is supported by $30 billion of ''loans,'' mostly from unwilling U.S. taxpayers. And still the global markets are rapidly devaluing the peso as they have done for the past 20 years. U.S. net export losses to Mexico will reach about −$16 in 1995.

Manzella falsely claims that those of us who understand the lunacy of Nafta do not mention U.S. exports to Mexico. In fact, we tediously detail those exports. Most are component parts contracted out for further manufacture in Mexico and re-exported back into the U.S. According to the Government of Mexico, these parts now account for 81% of Mexico's global imports, up from 72% last year, and perhaps 90% of US-made exports to Mexico, up from 75% last year.

Since contracting out work to Mexico is even cheaper now with the peso at market rates, it is not surprising that exports of components to Mexico have continued to rise in 1995. The small fraction of exports of capital goods to Mexico have fallen by −32% as construction of anything other than export platforms has all but collapsed. The almost insignificant export of global consumer goods to Mexico has plunged by −41.5%—far more for any goods made in the U.S.

Exports are usually considered to ''create'' jobs because making additional goods in the U.S. to sell as exports—a car or a computer—requires hiring additional U.S. labor. However, most U.S. exports of components to Mexico do not represent new production but merely the contracting out of work previously done in New York, Pennsylvania or elsewhere in the U.S. It is therefore quite likely that even so-called U.S. ''exports'' to Mexico displace far more U.S. jobs than they create.

Manzella claims that the contracting out of component parts to Mexico is a clever government strategy to counter ''fierce competition from Asia and Europe.'' Yet, even with the dollar far weaker in Asia and Europe than ever before in history, U.S. trade losses have skyrocketed faster and higher than ever before. Net export losses for U.S. manufacturing alone soared from −$66 billion in 1992 to a record −$159 billion in 1994, and perhaps −$200 billion in 1995.

In the first eight months of 1995, Mexico has a trade surplus of $10 billion with the U.S. but a trade deficit of −$5.5 billion with Asia, Europe and the rest of the world.

Clearly, increased production by multinational corporations in Mexico is not displacing production and jobs in Asia and Europe but in Mexico and in the U.S.

Manzella's belief that declining net exports under Nafta have created U.S. jobs is based not only on his ignorance of the nature of U.S. exports to Mexico, but also on his strange view that imports do not displace jobs. (Although he discredits his own strange view by noting that ''. . . more U.S. jobs and production stay at home'' when imports have some U.S.-made content.)

When producers in the U.S. lose sales to imports they are forced to produce less and to eliminate jobs. It is unfortunate that Manzella, as many politicians, has not yet learned this basic fact of business life. But it should not confuse any serious analysis of recent U.S./Mexico trade.

The most recent Department of Commerce calculus is that $1 billion of production supports 16,000 jobs. This would suggest that the U.S. net export loss of about −$16 billion to Mexican production in 1995 would displace over 250,000 jobs. But since most of the $40 billion in U.S. exports to Mexico is not new production but merely contracting out work that was previously done in communities across the U.S., this figure is certainly far too low.

Perhaps even more important is the depressing effect that Nafta has added to the declining purchasing power of U.S. wages. Throughout the economy, workers and their firms have taken further cuts in real pay and benefits to keep their jobs from being contracted out or to lower prices to meet the cycle of reduced demand.

Manzella repeats as fact the claim of embarrassed politicians that Nafta had nothing to do with Mexico's current account and peso crisis last December. Manzella seems to think it was just coincidence that Mexico's external balance became wildly unbalanced immediately after Congress passed fast-track authority for Nafta. Does he believe that after a generation of net capital flight it was coincidence that over $60 billion of hot portfolio ''investment'' poured into Mexico? Was Mexico's flood of imported component parts just coincidence?

In fact, there is no question but that Nafta created the enormous and unsustainable short-term imbalances in Mexico. For the longer term, Nafta's guarantees to foreign investors are devastating local Mexican producers that must now compete against Walmart, Microsoft and Sony's facilities in Mexico but without their access to global capital. This will continue to undermine employment and earnings in Mexico—and therefore consumer demand—for many years to come.

It is a cruel, political joke to suggest that Nafta is protecting U.S. exports contracting out jobs to Mexico. Furthermore, even the net export U.S. trade deficit with Mexico is already far worse than the previous record—$7.7 billion deficit following Mexico's 1982 crisis. The deficit will be twice as severe for the full year.

Finally, Mr. Manzella cites the gain of large numbers of U.S. jobs during business cycles since 1982 to argue that merchandise trade losses do not cause job loss. He seems unaware that while the U.S. population has grown by 30 million since 1982, and 26 million net new jobs have been created, all of these new jobs have been in the non-traded service sector.

Since 1982, the U.S. has accumulated manufacturing trade losses of $1.3 trillion. Far from creating manufacturing jobs to accommodate our growing population and economy, we have 1,300,000 fewer manufacturing jobs today than in 1982.

Contrary to 18th century theory and modern political rhetoric, U.S. trade with Mexico and other low cost export platforms is destroying millions of high wage, highly productive jobs and replacing them with low wage, low productivity service jobs. It is sharply undermining growth and prosperity for all to provide leverage for a very few to capture increasing shares of a slowing global economy.

Manzella and anyone else who considers Nafta a success, for Mexico or for the U.S., should reconsider their priorities. We can do much better. America should lead the international community in an urgent new effort to address today's new, post-Cold War, information-age realities and to provide growth and prosperity for ourselves and the world.●

ADDITIONAL COSPONSORS

S. 44

At the request of Mr. REID, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 44, a bill to amend title 4 of the United States Code to limit State taxation of certain pension income.

S. 978

At the request of Mrs. HUTCHISON, the names of the Senator from Montana [Mr. BAUCUS], the Senator from Alabama [Mr. SHELBY], the Senator from Iowa [Mr. GRASSLEY], the Senator from South Carolina [Mr. HOLLINGS], the Senator from Louisiana [Mr. BREAUX], the Senator from Nevada [Mr. REID], and the Senator from Mississippi [Mr. COCHRAN], were added as cosponsors of S. 978, a bill to facilitate contributions to charitable organizations by codifying certain exemptions from the Federal securities laws, to clarify the inapplicability of antitrust laws to charitable gift annuities, and for other purposes.

S. 1220

At the request of Mr. HARKIN, his name was added as a cosponsor of S. 1220, a bill to provide that Members of Congress shall not be paid during Federal Government shutdowns.

S. 1414

At the request of Mrs. HUTCHISON, the names of the Senator from South Dakota [Mr. PRESSLER], the Senator from Virginia [Mr. WARNER], and the Senator from Pennsylvania [Mr. SANTORUM] were added as cosponsors of S. 1414, a bill to ensure that payments during fiscal year 1996 of compensation for veterans with service-connected disabilities, of dependency and indemnity compensation for survivors of such veterans, and of other veterans benefits are made regardless of Government financial shortfalls.

SENATE RESOLUTION 195—TO HONOR FREDERICK C. BRANCH

Mr. SANTORUM (for himself and Mr. SPECTER) submitted the following resolution; which was referred to the Committee on the Judiciary.

S. RES. 195

Whereas November 10, 1995, marks the 220th anniversary of the founding of the United States Marine Corps;

Whereas November 10, 1995, marks the 50th anniversary of Second Lieutenant Frederick C. Branch becoming the first African American commissioned officer in the United States Marine Corps;

Whereas Second Lieutenant Branch's commissioning has encouraged African Americans and other minorities to become commissioned officers in the United States Marine Corps; and

Whereas Second Lieutenant Branch has dutifully served his country: Now, therefore, be it

Resolved, That the Senate honors Frederick C. Branch on the 50th anniversary of his becoming the first African American commissioned officer in the United States Marine Corps.

Mr. SANTORUM. Mr. President, today I rise with my colleague Senator SPECTER to submit a resolution which pays tribute to Frederick C. Branch, the Marine Corps' first African-American commissioned officer. The fiftieth anniversary of this historic event will be honored tomorrow night in Philadelphia, Pennsylvania. This man's dedication and perseverance paved the way for the some 1,200 African-American Marine Officers serving their country today, 50 years later. I would like to enter into the RECORD a recent article published in The Navy Times which recently celebrated his remarkable career. This article details his determination in becoming a young officer.

Fifty years later, Lt. Branch returns to Quantico, Va.—The Marine Corps first black lieutenant was greeted at Officer Candidate School by the school's first black commander, 50 years after his commissioning.

Frederick C. Branch, one of the original Montford Point Marines and now a retired science teacher, visited the school where his wife Peggy pinned him with the gold bars of a second lieutenant on Nov. 10, 1945.

Back then, the South was segregated and blacks drank from separate water fountains. ''Whenever we left the base, we ran directly into those segregation laws,'' said Branch, his face framed by peppered hair and moustache and his walk helped slightly by a cane.

During one rail trip, he recalled, he (then a corporal) and 200 other noncommissioned officers were returning to the United States from the South Pacific, where they were stationed in 1944. Stopping at a restaurant, he and two other blacks were not served and were referred to another eatery—literally on the other side of the railroad tracks, he said.

Branch was drafted into the Corps in 1943, and was the first black to graduate from officer training in 1945. Six others preceded him but all were dropped because of injuries or academics, even though all six were college graduates.

It remains a sore spot but nevertheless it did not dissuade him from applying. However, ''I did not encounter any flack during training at all,'' he said.

Branch was a reserve officer but served on active duty and was a battery commander with an anti-aircraft unit at Camp Pendleton. He then took what he learned as a Marine into the schoolhouse in 35 years as an educator.

The Branches' return to Quantico a half-century later saw to a slightly different Corps. The basics of screening and training potential leaders remained the same, although more specialized, he said. And Marine leaders reflect the Nation's ethnic and racial diversity, like Officer Candidate School commanding officer, Col. Al Davis.

''Now officers are integrated,'' Frederick Branch said. ''Here, the commander of OCS is black, and his staff is black and white.''

Officer training actually was conducted a short distance away on the Quantico Marine Base, but Branch wanted to visit with school officials and learn a little about today's screening and training of Marine leaders. During a short morning tour, Branch and his wife watched officer candidates training in the ropes and obstacle courses before giving lunch a try at the OCS chow hall.

Branch said he would like to see black representation among officers increase further. But he took note of the advancements in the last few decades that brought a black three-star general and first black aviator, a black two-star general and three brigadier generals, two of whom are on active duty.

''The black officers now have advanced all the way up to three stars, and there is still room for improvement,'' he said.

Frederick Branch rose to the rank of Captain and proudly fought with his fellow soldiers in Korea before leaving the service in 1972.

AMENDMENTS SUBMITTED

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1996 JOINT RESOLUTION

DASCHLE AMENDMENT NO. 3055

Mr. DASCHLE proposed an amendment to the joint resolution (H.J. Res. 122) making further continuing appropriations for the fiscal year 1996, and for other purposes; as follows:

Strike all after the first word and insert the following:

Section 106(C) of Public Law 104–31 is amended by striking ''November 13, 1995'' and inserting ''December 22, 1995''.

HOLLINGS (AND OTHERS) AMENDMENT NO. 3056

Mr. HOLLINGS (for himself, Mr. DORGAN, and Mr. REID) proposed an amendment to the joint resolution (H.J. Res. 122), supra; as follows:

Add at the end of the joint resolution, the following last section:

SEC. . Notwithstanding any other provision of this joint resolution, the seven-year balanced budget passed by the Congress to the President shall not include the use of Social Security Trust Funds to reflect a balanced budget.

DASCHLE AMENDMENT NO. 3057

Mr. DASCHLE proposed an amendment to the joint resolution (H.J. Res. 122), supra; as follows:

Strike all after the first word and insert the following:

Section 106(C) of Public Law 104–31 is amended by striking ''November 13, 1995'' and inserting ''December 22, 1995''.

Sec. 2. (a) The President and the Congress shall enact legislation in the 104th Congress to achieve a unified balanced budget not later than the fiscal year 2002.

(b) The unified balanced budget in subsection (a) must assure that: (1) Medicare and Medicaid are not cut to pay for tax breaks; and (2) any possible tax cuts shall go only to American families making less than $100,000.

ADDITIONAL STATEMENTS

UNITED STATES-JAPAN INSURANCE AGREEMENT

• Mr. BOND. Mr. President, as Chairman of the Subcommittee on International Finance, it is my responsibility to monitor our trade agreements relating to financial services. It is a responsibility we take seriously.

Earlier this year, the subcommittee held a hearing on the WTO negotiations regarding financial services. We heard testimony from both administration and industry representatives. Based on those hearings and close monitoring of the talks, we took a strong position in opposition to the proposal that was put forward. The administration, correctly, took the same position.

In recent weeks, the subcommittee staff has been monitoring the implementation of other agreements including the United States-Japan insurance agreement which is formally known as ''Measures by the Government of Japan and the Government of the United States Regarding Insurance.'' Based on those initial reviews, we have some significant concern regarding implementation of the accord.

Ambassador Mickey Kantor has often emphasized the importance of ensuring faithful implementation of our trade agreements. Great effort is invested in reaching agreements—once the investment is made, vigilance is needed to ensure that they bear fruit in terms of new opportunities for our businesses, U.S. exports, and jobs.

Senators will remember the considerable efforts expended recently by the USTR to conclude accords under the United States-Japan Framework Agreement. More than a year has passed since the first agreements were reached; I believe it is now an appropriate time to conduct an assessment of those initial agreements and what, if anything, they have accomplished.

One of the first agreements reached was the one covering insurance. Japan has the largest life insurance market in the world, and the second largest nonlife market, after the United States. Despite the enormity of this market, all foreign insurers hold less than a 3-percent market share, a far lower share than every other advanced industrialized country. Japan is currently deregulating its insurance market following the Diet's passage of a new insurance business law in July of this year. If pursued in accordance with the bilateral insurance agreement, we can expect deregulation to provide significant new benefits for Japanese consumers and businesses, as well as new opportunities for competitive foreign insurers.

However, developments occurring in Japan today indicate that new threats may be confronting United States insurance interests. These threats can be prevented if the United States-Japan Insurance Agreement is faithfully implemented.

Specific provisions of the insurance agreement were designed to ensure that the interests of foreign insurers were not undermined by the deregulation process. In a letter from Ambassador Kantor to the U.S. insurance industry of October 11, 1994, detailed definitions of the key terms of the agreement were outlined, together with