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