

## THE MEXICAN FINANCIAL CRISIS

Mr. BENNETT. Mr. President, today the President of the United States announced his intention to use his executive authority to intervene in the matters relating to the Mexican financial crisis.

Like other Members of the Senate, I have followed this crisis with great interest over the last few weeks. As a member of the Banking Committee, I participated in this morning's hearings on this issue, which were interrupted by the announcement of the President's action. Perhaps because of my interest in economic matters and my background in business, I have paid close attention to this and found that it has managed to consume some of my time in areas that I might have preferred to spend talking about other things. But it has become a very important part of my life for the last few weeks, and I thought it appropriate that I make a comment at this time.

Mr. President, I have likened the crisis in Mexico to an analogy that I hope will help people understand the position that I have taken. Suppose, Mr. President, that your neighbor suddenly came pounding on your door with the news that his house was on fire. You go out, look at his house and, sure enough, there are flames and smoke coming out of the attic. And your neighbor says, "My house is on fire; the fire is in the attic; my children are down in the basement. If we do not get the fire put out, my children will die. You must help me. Lend me your garden hose." And you say to the neighbor, "Well, there is no question that your house is on fire and you need help, but I do not think the garden hose will reach. I do not think it has enough water pressure to get up to the attic. I think there must be another solution." "No, you do not understand," says the neighbor. "There are combustible materials on the top floor. When the fire gets down through the attic, they will catch fire and my children will die. Let me give you more information." You say, "I do not need any more information about the fire. The information I need has to do with the ability of the garden hose to reach the problem."

That, in my view, has been part of the difficulty with the debate we have had around here about this issue. People keep coming to us and telling us "the Mexican house is on fire." My response is that I know that, I accept that. I do not argue with you, A, that it is on fire and, B, we need to help. My concern is whether or not the proposed solutions will help. And if they will not, I urge us to look someplace else to try to find something that will.

So it is in that spirit that I have been carrying on conversations with people from the Federal Reserve and the United States Treasury and met with officials from Mexico on several occasions to try to be sure that we are coming up with some kind of fire extinguisher that will do the job.

The more I worked on this, the more concerned I became that maybe we would not be able to do that. Today, the President has taken that decision out of our hands—I think very wisely and competently. The President has recognized that further delay, which would be an automatic result of leaving the thing before the Congress, would result in serious and perhaps irreparable harm. The fire had now gotten down from the attic, if you will, into the top floor, and it was necessary for the President to act and act quickly. I had suggested to members of the administration that they start thinking of a solution that did not require congressional action. They were reluctant to do that for reasons that I can fully understand, saying a matter as serious as this is something that should be brought to the Congress, and we should have an opportunity to debate and examine it before it is put into play.

But events overtook that process and the President used the authority that was available to him under the exchange stabilization fund to move ahead. As I say, I urged officials at the Treasury to look at this possibility as much as a week or 10 days ago. As I say, they were reluctant because of their desire for congressional approval. Now they are in a circumstance where, in effect, all Congress can do is disapprove after the fact. I hope we will not do that. I hope we will recognize that the President did about the only thing he could do under the circumstances. I hope the program that he has put in place will work; that we will indeed "see our neighbor's fire extinguished," because this is a matter of great concern to all Americans, with the number of jobs that could be lost, the number of exports that could be affected. All of those statistics are on the public record.

There are a number of things that I think the Mexicans need to do. We have talked about them on this floor from time to time. I believe that this deal, as put in place by the President, is a better deal for the American taxpayer than the one that was first proposed, for several reasons. The first deal called for \$40 billion, all of it charged to the American taxpayer.

This deal calls for, up front, \$20 billion charged to the American taxpayer with the balance, another \$27 billion, spread over a variety of agencies and countries. True, some of that which is spread over these other agencies might end up being American taxpayers' money, but at least, on the front end, the exposure to the American taxpayer is reduced.

Second, this deal produces burdensharing; that is, other countries are now going to be involved, whereas before it was strictly an American deal. Now we have gotten the attention of the other "householders" in the neighborhood, if you will, and they are bringing their "garden hoses" to the fire along with ours. I think that is a

good thing, and that was not present in the first proposal the President made.

Third, this proposal involves the Federal Reserve System. The people at the Federal Reserve will be involved in enforcing the conditions that the Mexicans agree to. I think that is a good thing. It was not present in the previous deal. In the previous deal, any enforcement that took place would be under the direction of the Treasury and whatever allies they could gather from the IMF. I am not one who has a great deal of confidence in the ability of the IMF to solve this kind of a problem. I think it builds the confidence of the financial community to know that the people at the Federal Reserve System, whose principal activity in life is to defend the American economy and the American dollar, will be involved in overseeing the activities of the Mexicans. So inserting the Federal Reserve into the package improves the package for me considerably.

For these reasons then, Mr. President, I offer my congratulations to the President, and to the two leaders, Senator DOLE and Senator DASCHLE, for their willingness to give expressions of approval to the President for this action. He did not need those expressions of approval. Under the law, he could have proceeded without them. But it demonstrates the fact that the Congress is not unmindful of the "fire next door," that the two leaders, in a bipartisan fashion, have stepped forward to indicate their approval. The same thing is true in the House. Speaker GINGRICH and Leader GEPHARDT have both indicated their approval, as well.

So now all we can do is watch and wait. We have no assurance that this package will solve the Mexican problem. But at least there is now someone on the ground with a "fire hose" that presumably will be able to put out the fire. It is a hose that is more suited to the task than the garden hose that was originally asked for, and I add my voice to those that are being raised, saying to the President: You have my best wishes that this will work, and I will do whatever I can to cooperate with you and the administration to see that it does work.

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

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

BALANCED BUDGET AMENDMENT  
TO THE CONSTITUTION

The Senate continued with the consideration of the joint resolution.

Mr. BENNETT. Mr. President, we are in the midst of a debate on the balanced budget amendment. At some point in this debate, I will have a