completes its Contract With America and helps us to economic recovery as every American wants.

WELFARE REFORM

The SPEAKER pro tempore. Under a previous order of the House, the gentlewoman from North Carolina [Mrs. CLAYTON] is recognized for 5 minutes.

Mrs. CLAYTON. Mr. Speaker, I support welfare reform. Reform, however, does not mean change for the sake of change. Reform means change for the sake of improvement. As we move to reform the welfare system, let us make sure that we make a better system, not just a different system. Some of our programs are working and working well. Nutrition programs have proven their worth.

This morning, the House Committee on Agriculture held its first hearing of the 104th Congress. The subject of the hearing was the Food Stamp Program. During the hearing, we heard of instances of fraud and abuse. The information received at the hearing may tempt some to call for the elimination of the Food Stamp Program. Such calls, however, would not take the good that the program does into account. The good far outweighs any problems that the program may experience.

The Food Stamp Program was instituted to confront hunger in America. Over 27 million people in the United States are served by the program—more than half of them, 51 percent—are children. Seven percent are elderly. In the State of North Carolina alone, over 627,000 people receive food stamp benefits—and—over half of that total, 323,552—are children.

In 1993, North Carolina received $512 million in food stamp funding. In my district, 74,370 hungry people benefit. However, with the cuts that have been proposed in nutrition programs, it is estimated that North Carolina will lose nearly 20 percent of its food stamp funding. That loss will mean the loss or reduction in benefits for almost 44,000 North Carolinians. Additionally, it is estimated that should the Food Stamp Program be converted to block grants, approximately 3,122 jobs will be lost in North Carolina alone—this means about $33.9 million in lost wages. This is just in my home State of North Carolina. Mr. Speaker, that is but one legacy of the balanced budget amendment and the contract on America. The people have a right to know. Unless we act to prevent it, there will be drastic cuts in funds for school meals and WIC as well.

This Nation is great, not because of its military might, although it is important to be strong militarily. We are great, not because of our success in diplomacy, although it is important to move effectively in the world arena. What makes us a great nation however, is the compassion we show for those who live in the shadows of life—the young, the old, the poor, and the disabled.

When history and the voters judge us, in the end, we will not be judged by how much we mindlessly cut. We will be judged by how much we truly cared. The school meals program gives to our young people the nutrition they need, the strength that is required, to make it through the school day. Last year we fed free and reduced price breakfast to more than 5 million children nationwide. The money we spent for that program, nationwide, is now threatened.

In North Carolina, 180,000 children were fed breakfast, free or at a reduced price last year. Those children may go hungry at school next year. That could be one of the legacies of the balanced budget amendment and the contract on America. The people have a right to know, and I intend to tell them. Similarly, the National School Lunch Program which served 13½ million children last year, will likely serve far fewer next year.

In North Carolina, money from the national program was spent to serve free or reduced priced lunches to some 379,000 children. The people have a right to know that those funds may be lost. The special supplemental program for women, infants, and children [WIC] is threatened. Important Federal funds were spent last year for 6 million WIC participants. Nearly $74 million of those funds were spent in North Carolina, servicing 169,000 WIC participants from my State.

After school programs, summer programs, violence prevention programs all may be slashed for years to come under the balanced budget amendment mandate and the contract on America. The people have not been told about these cuts, and they have a right to know. We face the creation of thousands, perhaps millions, of new orphans because we are threatening to cut the cord of life from those parents, struggling to make ends meet, and their children, innocent in every respect.

Mr. Speaker, I support welfare reform and I include the remainder of my speech in the RECORD at this point, as follows:

Yes, I support welfare reform. But, in the words of Susan B. Anthony, ''Cautious, careful people, always casting about to preserve social standing, can never bring about reform.'' These are not times to be cautious and careful about government.

Yes, we need a smaller, more effective government. But, we also need a bold and visionary government—a government that changes with the times, but remains fundamentally unchanged—an instrument for the many, not just for the few.

PESO BAILOUT

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Under a previous order of the House, the gentleman from California [Mr. HUNTER] is recognized for 5 minutes.

Mr. HUNTER. Mr. Speaker, I also want to talk about the bailout, the new Clinton unilateral, nonparticipation by the legislative branch bailout. And I was just speaking with my friend the gentlewoman from Ohio, MARCY KAPTUR, who has really been a leader in trade and leader on this issue, about what is happening to our country and what is happening to American workers. And I hope that there is a silver lining to the cloud of this bailout issue which hovers over Americans right now, which the President is attempting to dismiss with this use of the Exchange Stabilization Fund, if he is to bail out Mexico without requiring Congress to vote up or down.

The silver lining that I am looking for is a realization in this body, in the House of Representatives, of the fact that our blind adherence to free trade, that is leveling all borders, all tariffs between us and the rest of the world, regardless of the circumstances, regardless of whether or not they let us into their borders, regardless of the displacement of American workers, relying on the blind adherence on the Republican side and the Democrat side in some cases.

Let us talk a little bit about the peso bailout and some of the conservative Republicans who recently have testified in our forums.

Bill Seidman is a conservative Republican renowned economic leader, former chairman of the FSLIC, a guy who knows bailouts, and he made a couple of good points in his speech to our forum when he said, ''Do not bail out Mexico.''

First, he does believe in the free market and he could not understand why people who believe in a free market and who believed in NAFTA would now believe that somehow the politics and the economics of subsidies to Mexico now make sense.

He pointed out that Mexico has gone through in the last 10 or 20 years a number of devaluations, and they have not had these disastrous apocalyptic effects that all of the deep breathers tell us are going to happen now if we do not bail out Mexico with a $40-billion-plus package. Here is Bill Seidman, a renowned conservative economic expert relied on by this Nation in very difficult times saying we do not have to do it, let the market adjust it. He made a great statement. He said this issue should be resolved between Mexico and her creditors, let us resolve this between creditor and debtor.

□ 1850

Let us stay out of this as the United States of America. In listening to witness after witness on the Democrat side and the Republican side across the political spectrum coming up and testifying against the bailout, it occurred to me that this has revealed another aspect of national policy that should be looked at very closely.

If this is free trade, this is the result of free trade where a tiny nation economically like Mexico, which has approximately the economy the size of New Jersey's, can be in a position to pull the United States down because it

has a downturn. Have our policymakers who have outlined a free-trade policy for the United States supposedly with a deep intellectual base really been right when the effect of their policy is to handcuff the United States to Third World nations in deep water that do not know how to swim? That is what we have done.

If we have lost our independence and if we now are committed to bail out every nation which becomes inextricably linked with our economic well-being through our trade policies, is that smart?

Regardless of whether or not you like the trend lines on the exports and the imports, is it right for us to give up our independence and link ourselves with these nations? Does that mean we are now going to link ourselves with Argentina, we are so linked that we now have to bail them out if they have a problem, or any of the other dozens and dozens of Third World nations which now will call on the United States to help bail them out because we have a substantial trade relationship?

Now, let me just conclude by giving one ''I told you so'' and ''Let's look at this thing in the future,'' to all of my colleagues, my good friends, who supported NAFTA. The claim by the pro-NAFTA advocates on this floor was that Mexican workers were going to achieve a larger standard of living, go above that $1,900 per capita per year income, and they were going to get up there to the point where they were making enough money to buy large amounts of American consumer goods and increase our exports. This devaluation has decreased the capability to buy by about 30 percent. This proves that NAFTA was wrong.

OIL AS COLLATERAL

The SPEAKER pro tempore (Mr. HASTINGS of Washington). Under a previous order of the House, the gentlewoman from Ohio [Ms. KAPTUR] is recognized for 5 minutes.

Ms. KAPTUR. Mr. Speaker, I want to compliment the previous speaker, the gentleman from California [Mr. HUNTER], who has been so much a part of our efforts to really open up international trade and explain the consequences to people in this country and abroad.

I rise tonight with a rather heavy heart because of the action of the Clinton administration. Our Government is not a monarchy. We are a nation of laws and of balance of powers between this legislative branch, which is the first branch that the Constitution mentions, and the action, in my opinion, by the Clinton administration in extending over $47 billion worth of credit from the taxpayers of this country is outside the constitutional boundaries of the executive branch.

Now, Wall Street today and their irresponsible money men are cheering, because they essentially have been bailed out along with their 24 billionaire friends in Mexico with this gift package from the taxpayers of the United States of America with no vote by Members of this Congress. Wall Street investors have every reason to be happy. They got their money back from you, the taxpayers, but the American people should know that they are at risk, because this deal is backed up by worthless paper certificates of oil serving as collateral.

Now, why do I say this? Does not oil have value? Under normal circumstances, it would. But the Mexican Government has long used its oil over and over, the same oil again, as collateral for debts they already owe.

Did you know that Mexico has already pledged its oil in the European bond market, the Euro-bond market, for upwards of $10 billion? The fact is Mexican oil no longer has any value for use as collateral on new debt, because it is pledged to old debt, and Mexico owes anywhere between, on the public debt it owes, between $160 billion and $200 billion.

It would be almost better for Mexico to pledge jumping beans rather than to repledge their oil again.

In the RECORD tonight I have taken out of Moody's Manual a list of where Mexico's monopoly-owned, state-owned oil company, Pemex, has already pledged the assets of their oil company.

Suffice it to say, all the administration accomplished by conditioning new loans, these $47 billion worth of loans from our taxpayers, on Mexican oil was to put our taxpayers at the end of a very long line of creditors to that oil. Even adding up all the assets and production of Pemex, Mexico does not have enough oil revenue to cover the $47.5 billion worth of new loans.

In fact, the Houston Chronicle reports that Mexico will become a net oil importer by the turn of the century, because it is essentially producing half of the oil it produced a decade ago because of problems inside that oil company.

Now, add to that what Mexico's own officials have said. The Mexican Secretary of the Treasury said, ''Our oil resources are not going to be used for guarantees.'' Well, if they are not, what is backing up the risk to the taxpayers of this country?

And Mexico's Energy Minister was quoted recently, and a direct quote again, ''Our oil will not be mortgaged nor will it form any part of any loan guarantee.''

Now, maybe the United States Ambassador to Mexico cannot read Spanish, but it is all there in the Mexican newspapers to be read by anyone.

Basically, my friends, by dodging Congress, our people have been sold a bill of goods that have no value by the administration in collaboration with the Government of Mexico. Now our administration is scrambling to make this back-door deal look as legitimate as possible, but the fact remains the so-called collateral that Mexico is putting up for the $47.5 billion in loans is worthless and, in fact, experts have estimated the entire worth of Pemex at somewhere perhaps, if we are lucky, about $24 billion.

So ask yourself when you read the fine print and they say they are going to book sales of oil on the Federal Reserve of New York's books, who is cooking the books? We are not getting barrels of oil. We are getting pledges of collateral that has already been overpledged.

And if you really want to get cynical, and I will end with this statement, is it not interesting that this is not the first time this has happened? But in fact it happened right after the Presidential election of 1988, during that period when they were trying to prop up the value of the Mexican peso. It happened in 1982, and now they devalued the peso right after the Mexican election in 1994.

Let the record speak for itself.

COST-EFFECTIVENESS IN WELFARE REFORM

The SPEAKER pro tempore. Under the Speaker's announced policy of January 4, 1995, the gentlewoman from California [Ms. WOOLSEY] is recognized for 60 minutes as the designee of the minority leader.

Ms. WOOLSEY. Mr. Speaker, over $5 billion in child support goes uncollected every year. This is a national disgrace that is punishing our children and bankrupting our welfare system.

Tonight I am pleased to be joined by many of my Democratic colleagues to call attention to this tragedy and to call on the 104th Congress to make child support collection a top priority as we work to reform the welfare system. Democrats have long recognized that holding both parents responsible for their children is the most cost-effective way to reduce the welfare rolls.

Why then, we ask, is there no mention of child support in the Republican's welfare reform bill? Why then did it take so much prodding to get the Republican leadership to even schedule a hearing on child support collection? Do they not know that getting family child support is one of the best ways to get them off welfare?

Mr. Speaker, I have known for over 25 years just how important child support is in preventing the need for welfare, because in 1968 I was a single working mother with three small children, ages 1, 3, and 5. Although I had a court order, I never received a penny in child support. In order to provide my children with the health care and child care they needed, I was forced to go on welfare to supplement my wages.

□ 1900

Today, Mr. Speaker, millions of families are forced to go on welfare for the same reason. In fact, 91 percent of first-time welfare recipients cite lack of financial support from a parent as the main reason they are on welfare.