So, we have a lot of need among our seniors, and yet the Federal Reserve can so—it just shows me how far away they are from the public that they could actually come up here and say to our seniors, ''We want to take $150 billion from you, but then out of this pocket we're going to put up $40 billion of your dollars for Mexico.'' It was appalling to me.

Mr. KLINK. If the gentlewoman would yield, it was my understanding today from the people from the Fed and Treasury that this has been going on for at least a year in Mexico, the bad monetary policy. Is that the gentlewoman's understanding?

Ms. KAPTUR. That is correct.

Mr. KLINK. Yet in 1 year Mexico did not make any attempt to go through a devaluation of the peso. I think the gentlewoman in past discussions has made some wonderful points about the timing of this devaluation.

Ms. KAPTUR. Well, you know it is very interesting, and I think those in the know in Mexico were very aware of what was going to happen, and that is why they took their money out of the country, because the elections in August—the elections in Mexico were in August. So they did not want any problems in the market before August, so they propped up the peso through August. Then we were considering GATT, the General Agreement on Tariffs and Trade, here, and they did not want any trouble in America. So we delayed that vote until we got back after elections in December, so they kept delaying it, and delaying it, and delaying it.

Then Mr. Salinas left office. The new President was sworn in. GATT was finished, and that is when they devalued the peso. But by then their friends knew, the 30 ruling families down there; they had already taken their money out of the country. They bought art to insulate themselves against any currency fluctuations, and Members of this House, and I will put on the record the gentleman from Buffalo, NY [Mr. LAFALCE] because he worked so hard to get currency provisions in the original NAFTA. Nobody tried harder than he did. He educated all of us. He tried to help to make that agreement a stronger agreement to avoid this kind of catastrophe and was unable to finally get provisions in the final agreement. In my estimation he has some aspects of heroism in what he tried to do there, but there were plenty of people that cashed in, and now our people are left holding the bag.

Mr. DEFAZIO. And they are saying we could not have possibly anticipated this.

Well, it is strange. It is strange that we stood on this floor 14 months ago, backed by credible economists who said, ''Today, as you vote on the NAFTA agreement the Mexican peso is overvalued by 20 to 25 percent to make them look more attractive as a partner for the United States, to make them look as though their currency is stable. But it's inevitable after the passage of NAFTA they will have to devalue the peso by 20 to 25 percent.''

And now we are told by the Secretary of the Treasury, a former partner in one of the major investment firms in this country, that no one could have anticipated this. Well, the economists we talked to, who gave us a very critical analysis of NAFTA, could certainly anticipate it, did, and we are right on the money. In fact, they were a little bit overly optimistic about Mexico because we are talking the free market says the Mexican peso should actually go down 40 to 50 percent, and whatever happened to free-market forces? Where is the free market when we need it? If the market says the Mexican peso should be worth half as much, should the United States Government intervene to artificially prop it up?

Ms. KAPTUR. Will the gentleman yield on that point because last week I sent the Secretary of the Treasury a letter signed by several of our colleagues, including yourselves, and one of the questions we asked him is: ''Because you are artificially propping up the peso because Mexico owes money, to whom does Mexico owe money specifically?'' In other words, it can't make $26 billion worth of debt payments, $10 billion in this first quarter. Those sound like big numbers. We want to know which banks, which corporations, if it is part of the Eurodollar market, to whom is this money owed? If it is investment banks, speculators in the market, which ones are they? This is not just owed in general. This is owed in specific, and there are huge banking profits this year and last year. They have been doing real, real well. Why do they not have the capacity to eat their own losses? What about these big investment banking houses? The speculators? And I appreciate risk-takers. But that is what risk is. Risk is taking the loss if it does not go your way, and you take the gain if it does go your way.

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So which investment houses? I want to know specifically, before we vote here on this floor, who is this $26 billion owed to? And there is another $89 billion that Mexico owes payments on for their full public debt. To whom is that owed? You are talking about $40 billion, Congressman KLINK. There is the first $18 billion from the currency swap and the line of credit last week. Then there is this $40 billion. Then there is the $89 billion that they still owe. Now, to whom is that owed? And why should our taxpayers be propping up those corporations, those megabanks, those multinationals that moved jobs out of this country. I mean, what is the sense of it? If they are making profits and if they have cash, why don't they pay it off themselves? That is what you do, you write off losses.

Mr. KLINK. If the gentlewoman would yield, we are being told this not propping up the peso but that we are restructuring short-term loans, 30, 60, 90 days, to 5 and 10 years. Why can't that be negotiated with those same people or institutions the gentlewoman is talking about? Why do the American taxpayers have to become a party to this? If we are just taking short-term debt and transferring it over to 5 to 10 years to make it long-term debt, why can't Mexico just renegotiate that with the people to whom it is owed, because certainly renegotiating on longer terms is better than absorbing the loss.

Ms. KAPTUR. I think the gentleman raises a good point. I cannot tell you, with interest rates going up in this country, I have had builders and title people in this country complaining, gosh, there aren't any real inflationary pressures. Why are interest rates going up? I would posit maybe one of the reasons interest rates are going up is because your money is being taken to prop up the bank of another nation.

We thank the Speaker for this time this evening, and I thank Congressman DEFAZIO and Congressman KLINK, Congressman ABERCROMBIE and all those who have joined us this evening.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. EVANS (at the request of Mr. GEPHARDT), for today, on account of a death in the family.

Ms. SLAUGHTER (at the request of Mr. GEPHARDT), for today, on account of illness in the family.

Mr. MCNULTY (at the request of Mr. GEPHARDT), for today, on account of airline cancellation.

Mrs. LINCOLN (at the request of Mr. GEPHARDT), for today, on account of illness.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

(The following Members (at the request of Mr. WATT of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. OWENS, for 5 minutes, today.

Mr. SKAGGS, for 5 minutes, today.

(The following Members (at the request of Mr. THOMAS) to revise and extend their remarks and include extraneous material:)

Mr. MARTINI, for 5 minutes today, and January 18, 19, and 20.

Mr. WELDON of Pennsylvania, for 5 minutes, today.

(The following Member (at her own request) to revise and extend her remarks and include extraneous material:)

Ms. DELAURO, for 5 minutes, today.

(The following Members (at the request of Mr. WATT of North Carolina) to revise and extend their remarks and include extraneous material:)

Mr. MINETA, for 5 minutes, today.