that get so much attention. But there are several reasons why we should not be too quick to congratulate the money manipulators.

First, they merely celebrate the postponement of the day of reckoning of their financial Ponzi scheme. It took $50 billion in United States dollars to save creditors who had unwisely invested in Mexico prior to the crisis of 2 years ago. Much of this $50 billion also included U.S. credit extended through the IMF, the World Bank, and the Bank of International Settlements, much of which is yet to be repaid.

Second, foreign government welfare, and there is no better name for it, takes money out of the productive sectors of the economy—the paychecks of middle-class Americans—to reward economic mismanagement and political corruption. Such welfare exacerbates Mexico's suffering: social disruption, economic stagnation, debt crises, and declines in real incomes.

Third, a new fund set up under the IMF will serve to bail out the next Mexico in trouble. The plan calls for the establishment of a $25 billion credit fund with the United States ponying up $3.5 billion. This fund is in addition to the IMF funds already available for such crises. Mexico has also received help from the Inter-American Development Fund; again, indirectly supported by United States taxpayers. These funds indirectly guarantee the newly-issued Mexican Government bonds and undermine the normal incentive for investors to police governments.

As such, more confidence is now being placed in new Mexican bonds enabling Mexico to refinance its old loans. Of course, it is at slightly lower interest rates, but they are more than doubling the time of repayment. All investments involve some risks. The rewards of such risk-taking are appropriately realized by investors as loans are repaid. American taxpayers should not, however, be forced to subsidize the Wall Street financier any time such entrepreneurial ventures are unprofitable. The true test of the professed confidence in Mexico will come from the level of private investment into the productive sectors of the economy.

Fourth, the Fed is allowed to hold Mexican bonds and use them as collateral for our own Federal Reserve Notes. It does so, even though it will not admit it, and refuses to reveal just how much it holds. It is quite possible that the newly issued Mexican bonds will find their way into the Fed's holdings. How far down the road we have traveled from constitutional money when we are backing the dollar not with gold but with Mexican bonds!

Fifth, a likely motivation for this fanfare regarding the repayment of the loans, and the so-called profits engendered, is to get the United States Congress to go along with using this money to pay our back dues to the United Nations. How about paying our so-called U.N. back dues with our Mexican bond holdings?

The use of the Exchange Stabilization Fund to bail out the peso was illegal and unconstitutional, and yet now we have a precedent not only established but praised for its great success. This precedent encourages political currency manipulation over sound fiscal and monetary policies as well as establishes the United States as lender of last resort for all governments with bad policies.

President Clinton claims that ''We stand at another moment of change and choice—and another time to be farsighted, to bring America 50 more years of security and prosperity.'' He earlier told us the ''era of big government is over,'' but calls for full burden sharing through the IMF in a multilateral way with the Mexico agreement. We need to end this shell game of masking economic mismanagement by circumventing both the Constitution and Congress.

We must stand firm in our opposition to the establishment of new extra-governmental agreements that will reward governments with irresponsible policies which, at the same time, punish their own people and erode U.S. sovereignty. Such policies take us one step further from a constitutional rule of law, and institutionalize the United States as the world's lender of last resort—all at the expense of the American taxpayer.

Political and economic factors can override, only in the short run, the subtle reality that the fiat nature of the dollar guarantees its inherent weakness and steady depreciation. This new easy credit scheme that the Government creates by fiat only expands the World Dollar Base leading to U.S. dollar depreciation and reduced buying power.

In essence, the bailout of Mexico and the financing of the payback with interest, to the sheer delight of the politicians and their Wall Street constituents, were done on the back of the United States dollar and the United States taxpayer. The real consequence, however, will not be felt until dollar confidence is lost which will surely come and be accompanied by rapid inflation and high interest rates.

INVESTMENT COMPETITIVENESS ACT

HON. PHILIP M. CRANE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 12, 1997

Mr. CRANE. Mr. Speaker, today I am introducing the Investment Competitiveness Act along with my colleagues, Ms. DUNN and Mr. MCDERMOTT. In a nutshell, this legislation is designed to encourage additional foreign investment in the United States by eliminating a tax that we impose on foreigners only when they invest in the United States through a U.S. mutual fund. As chairman of the Ways and Means Subcommittee on Trade, I view this tax issue from the trade perspective—we ought not be setting up artificial barriers to trade or investment, particularly when others do not require the same of us. Such a policy is not only contrary to basic free market principles, but leaves us with a tax policy that discourages foreign investment in the United States through mutual funds—meaning the money goes elsewhere. Our ability to encourage foreign investment in U.S. securities will help lower capital costs and interest rates here at home. That means that money will be more easily available for entrepreneurs to create and expand business opportunities, meaning more job creation in the United States.

Under present law, most kinds of interest and short-term capital gains received directly by a foreign investor or received through a foreign mutual fund are not subject to the 30 percent withholding tax on investment income. However, interest and short-term capital gain income, when received through a U.S. mutual fund, are subject to the withholding tax. Without getting into too much detail on the technical aspects of the bill at this time, I would simply say that this legislation would modify the tax treatment of income received by a foreign investor through a U.S. mutual fund so as to make it generally comparable to the tax treatment of the same income when received directly or through a foreign mutual fund.

Mr. Speaker, I believe this legislation makes good sense both from a tax and trade policy perspective, and I urge my colleagues to lend their support.

TRIBUTE TO THE HONORABLE FRANK TEJEDA

HON. FLOYD SPENCE

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, February 12, 1997

Mr. SPENCE. Mr. Speaker: It is with great sadness that I rise today to honor my friend and colleague, Frank Tejeda, who served our Nation in the House of Representatives for the last 4 years of his life. I wholeheartedly support H.R. 499, legislation which designates a U.S. Postal building in San Antonio to be named the ''Frank M. Tejeda Post Office Building''. Though this is a small gesture with which to recognize Frank's life work, this monument will serve as a testimonial to Frank's heroic public service in his hometown of San Antonio and for our Nation at large.

Frank's career as a dedicated public servant is highlighted by his ongoing commitment to our national defense. He joined the Marines when he was only 17 years of age. While serving in Vietnam, he earned the Bronze Star for valor and the Purple Heart for sustaining wounds during an enemy ambush. Frank was also awarded the Commandment's Trophy, the Marine Corps Association Award, and the Silver Star.

After returning from Vietnam, Frank attended Marine Officers Candidate School and attained the highest grades in the history of the school. He continued on to earn his bachelor's degree in government from St. Mary's College. After graduating from college, Frank went on to earn several high academic degrees from our country's most prestigious schools: a juris doctor from the University of California at Berkeley, a masters degree in public administration from Harvard, and a master of laws degree from Yale.

Prior to being elected to Congress, Frank served 16 years in the Texas legislature: 10 years in the Texas House of Representatives and 6 years in the Texas Senate. Throughout this time, Frank championed veterans' issues and especially, veterans' housing and medical care.

Frank was a valued member of the House National Security Committee for the duration of his career in Congress. I and the other members of the committee will miss him and the high ideals that he brought to his work. As a member of the National Security Committee, Frank fought against defense spending cuts and base closures that would have negatively affected the Nation.

Frank Tejeda was an exceptional politician and a patriotic American. I am thankful to have known him and to have worked alongside him. His leadership, intellect, and friendship will be greatly missed by us all.