

104TH CONGRESS
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Expressing the sense of the Congress that United States investors, lenders, and corporations should assume the full measure of risk and responsibility for their investments and loans in Mexico since the devaluation of the peso on December 21, 1994, and that loan guarantees that are backed by the full faith and credit of the United States and that could result in any direct or indirect financial obligation on the part of United States taxpayers should not be provided to the Mexican Government.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 24, 1995

Mr. SANDERS (for himself, Mr. DEFAZIO, and Mr. MILLER of California) submitted the following concurrent resolution; which was referred to the Committee on Banking and Financial Services

CONCURRENT RESOLUTION

Expressing the sense of the Congress that United States investors, lenders, and corporations should assume the full measure of risk and responsibility for their investments and loans in Mexico since the devaluation of the peso on December 21, 1994, and that loan guarantees that are backed by the full faith and credit of the United States and that could result in any direct or indirect financial obligation on the part of United States taxpayers should not be provided to the Mexican Government.

Whereas United States investors, lenders, and corporations in the private sector are to assume the risks and responsibilities associated with free market economics and free trade policies without government interference and without foisting those risks and responsibilities on United States taxpayers directly or indirectly;

Whereas many United States investors, lenders, and corporations profited greatly as values in Mexican stocks rose on average 118 percent in dollar terms in 1991 and 49 percent in 1993;

Whereas the stability of the Mexican economy and political system has been shaken since January 1994 by an indigenous peasant rebellion in the Mexican State of Chiapas, 2 high-visibility political assassinations, and a tumultuous election campaign;

Whereas Mexican foreign reserves declined during 1994 from \$30,000,000,000 to \$6,000,000,000;

Whereas the Mexican Government deceived investors, lenders, and corporations by holding the peso steady throughout 1994 despite its growing overvaluation;

Whereas Mexican Government officials, on December 21, 1994, abruptly decided to “free float” the peso, despite giving assurances to the contrary to United States financial leaders less than 1 week earlier, which has resulted in a 35 percent devaluation of the peso relative to the United States dollar during the ensuing month;

Whereas this sudden devaluation of the peso, the latest in a series of frequent devaluations during the past 30 years, represents an immediate and draconian 35 percent decline in the standard of living of the Mexican people, es-

pecially for the 30 percent of Mexican workers who earn \$1,680 a year or less;

Whereas many wealthy Mexicans moved substantial sums of their own money out of Mexican holdings just prior to this most recent devaluation of the peso and continue to do so;

Whereas the devaluation of the peso will greatly encourage multinational corporations to invest and produce more in Mexico because their dollars now will buy substantially more Mexican goods and services than before, including cheap, unprotected Mexican labor, thus causing the loss of additional United States jobs and discouraging new investment and job creation in the United States;

Whereas all Mexican consumers now must also pay dramatically increased prices as much as 30 percent higher for basic foodstuffs such as cooking oil and grains, which is certain to sow the seeds of greater social and political unrest;

Whereas the foreign debt of Mexico currently exceeds \$160,000,000,000;

Whereas nearly \$30,000,000,000 worth of Mexican "tesobonos" or short-term dollar securities become due in 1995;

Whereas the international financial community is not meeting its responsibilities and committing proportionate resources to redress the financial peril precipitated by the most recent and sudden devaluation of the peso;

Whereas the national debt of the United States exceeds \$4,000,000,000,000 and continues to climb steadily every year;

Whereas during the past decade American taxpayers were forced to provide more than \$150,000,000,000 to cover the costs of the bankruptcies of hundreds of savings and loan institutions in the United States that were ruined by reckless investors and irresponsible financial managers who escaped Federal oversight;

Whereas the United States Government continues to spend far more every year beyond the revenues collected;

Whereas many proposals are pending before the Congress to eliminate scores of existing Federal programs and to dramatically reduce funding for many other programs in order to reduce the financial burden on United States taxpayers; and

Whereas the President and the Secretary of the Treasury have already extended a \$9,000,000,000 line of credit to bolster the peso without adequate consultation and debate in the Congress: Now, therefore, be it

1 *Resolved by the House of Representatives (the Senate*
2 *concurring)*, That it is the sense of the Congress that—

3 (1) United States investors, lenders, and cor-
4 porations in the private sector should assume the
5 full measure of risk and responsibility for their in-
6 vestments and loans in Mexico since the devaluation
7 of the peso on December 21, 1994; and

8 (2) loan guarantees that are backed by the full
9 faith and credit of the United States and that could
10 result in any direct or indirect financial obligation
11 on the part of United States taxpayers should not be

1 provided to the Mexican Government in the after-
2 math of the devaluation of the peso on December
3 21, 1994.

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