

it's important that we understand what's happened. And the Secretary of Treasury and I and a lot of others spent a lot of time trying to make sure we understood exactly what had happened before we recommended a course of action.

It is clear that this crisis came about because Mexico relied too heavily upon short-term foreign loans to pay for the huge upsurge in its imports from the United States and from other countries. A large amount of those debts came due at a time when, because of the nature of the debts, it caused a serious cash flow problem for Mexico, much like a family that expects to pay for a new home with the proceeds from the sale of its old house only to have the sale fall through.

Now, together with the leadership of both Houses, our administration has forged a plan that makes available United States Government guarantees to secure private sector loans to Mexico. The leadership in Congress from both sides of the aisle and the Chairman of the Federal Reserve Board developed this plan with us. It is something we did together because we knew it was important, important enough to the strategic interest of the United States to do it in lockstep and to urge everyone without regard to party or region of the country or short-term interests to take the long view what is good for America and our working people. We all agree that something had to be done.

Now, these guarantees, it's important to note, are not foreign aid. They are not a gift. They are not a bailout. They are not United States Government loans. They will not affect our current budget situation. Rather they are the equivalent of cosigning a note, a note that Mexico can use to borrow money on its own account. And because the guarantees are clearly not entirely risk-free to the United States, Mexico will make an advanced payment to us, like an insurance premium. No guarantees will be issued until we are satisfied that Mexico can provide the assured means of repayment. As soon as the situation in Mexico is fully stabilized, we expect Mexico to start borrowing once again from the private markets without United States Government guarantees.

The U.S. has extended loans and loan guarantees many, many times before to many different countries. In fact, we've had a loan mechanism in place with Mexico since 1941. And Mexico has always made good on its obligations.

Now, there will be tough conditions here to make sure that any private money loaned to Mexico on the basis of our guarantees is well and wisely used. Our aim in imposing the conditions, I want to make clear, is not to micro-manage Mexico's economy or to infringe in any way on Mexico's sovereignty but simply to act responsibly and effectively so that we can help to get Mexico's economic house back in order.

I know some say we should not get involved. They say America has enough trouble at home to worry about what's going on somewhere else. There are others who may want to get involved in too much detail to go beyond what the present situation demands or what is appropriate. But we must see this for what it is. This is not simply a financial problem for Mexico; this is an American challenge.

Mexico is our third largest trading partner already. The livelihoods of thousands and thousands of our workers depend upon continued strong export growth to Mexico. That's why we must reach out and not retreat.

With the bipartisan leadership of Congress, I am asking the new Congress to cast a vote, therefore, for the loan guarantee program as a vote for America's workers and America's future. It is vital to our interests. It is vital to our ability to shape the kind of world that I think we all know we have to have.

No path to the future—let me say again—in a time when many decisions are beyond the immediate control of any national government, much less that of a developing nation, no path to the future can be free of difficulty. Not every stone in a long road can be seen from the first step. But if we are on the right path, then we must do this. Our interests demand it. Our values support it, and it is good for our future.

Let me say again that the coalition of forces supporting this measure is significant; it may be historic. The new Republican leaders in Congress, the leadership of the Democratic Party in Congress, the Chairman of the Federal Reserve Board, why are they doing this? And I might say, I was immediately impressed by how quickly every person I called about this said, "Clearly, we have to act." They instinctively knew the stakes.

Now in the public debate questions should be properly asked and properly answered. But let us not forget what the issue is. Let us not read too little into this moment or try to load it up with too many conditions unrelated to the