LET'S GET GOING ON CONGRESSIONAL INVESTIGATIONS

by Phyllis Schlafly June 22, 1995

The power to conduct Congressional investigations is one of the great powers of the majority party in Congress. This power has been extensively used in this century, contributing mightily to the public's right to know the facts behind the headlines (even when the Democrats were the majority party).

The first quarter of the first Republican Congress in 42 years is almost over, and unfortunately none of the investigations we have been so eagerly awaiting are yet under way. Where are the much needed investigations into the promotion of the federal agent in charge of the Waco and Ruby Ridge tragedies? Where is an investigation into the mysteries connected with Vince Foster's death?

Where are the investigations into Whitewatergate and into how, during what Democrats like to call the "decade of greed," Clinton's closest friends were giving each other hundreds of thousands of dollars of bad loans guaranteed by the taxpayers?

Where are the investigations into why the Clinton Administration still keeps secret the executive order under which he gave himself the authority to assign American troops to serve under foreign commanders and under foreign rules of engagement? Where is the investigation into the Administration policies that led to an American pilot being shot down over Bosnia?

The most pressing need is for a thorough Congressional investigation into when the Clinton Administration officials knew that Mexico was heading for financial disaster. The failure of the Republican leadership in Congress to lay all the facts on the table will, regrettably, lead the public to believe that Republicans were co-conspirators in the misrepresentations made during the multi-million dollar public relations campaign to pass NAFTA and GATT/WTO, and in the $49.8 billion bailout that followed.

In mid-1993, the principal argument made in support of the North American Free Trade Agreement was that Mexico would be a tremendous market for U.S. export. That, in tum, was supposed to lead to the creation of hundreds of thousands of American jobs.

The results? In 1992, the U.S. trade surplus with Mexico was $5.38 billion. NAFTA was passed in the fall of 1993. In 1994, trade with Mexico declined to a $1.3 billion trade surplus. An $8 to $10 billion trade deficit with Mexico is predicted for 1995.

The 40 percent devaluation of the peso eliminates any advantage we were supposed to gain from NAFTA. That circumstance was easily predictable, and in fact was predicted by Ross Perot in March 1993, before NAFTA was passed. What about jobs? In January 1995, the Department of Labor reported that 30,000 Americans had petitioned for economic assistance due to NAFTA-relatedjob losses.

We are waiting for the NAFTA advocates to admit, like Robert McNamara, that they were "wrong, terribly wrong." Ifwe had an adequate Congressional investiga tion, we might not have to wait 30 years for that confession. We want to know how much the Clinton Administration and other NAFTA advocates knew about NAFTA being a bad deal before they rammed it through Congress, and who concealed this information from the public.

Mexico was starting to unravel at least by March 1994 when the Clinton Ad ministration lent Mexico $6 billion for quick-fix peso propping up. Behind closed doors during 1994, secret warnings that Mexico was in dire financial straits were given to the Clinton Administration by the International Monetary Fund, the C.I.A., and Secretary of the Treasury Lloyd Bentsen.

The public, however, was told a very different story. The Wall Street Journal reported that, in November 1994, "Mexico was almost universally regarded as a suc cess story with glowing economic and financial prospects." On December 9, 1994, President Clinton praised Mexico as a fine example of economic development.

The American people learned of the crisis only on December 20, 1994 when Mexico devalued the peso. Clinton then called on Congress to rush to the rescue with a $40 billion loan, but Congress refused.

On January 31, 1995, Clinton bypassed Congress altogether and allocated $20 billion to Mexico from a secret U.S. Treasury Department account called the Ex change Stabilization Fund, which had been set up by Congress long ago for the sole purpose of stabilizing the U.S. dollar in an emergency. The constitutionality or even the legality of this U.S. taxpayer bailout has not been tested in court.

There is no indication that this taxpayer bailout will stabilize Mexico or help the Mexican people, whose unemployment has skyrocketed. But it will richly benefit the New York bankers and investment houses that made large risky investments in Mexico.

Just by coincidence, it turns out that Treasury Secretary Rubin (who devised the slick deal to use a secret Treasury fund, without Congressional debate or vote) came to the Clinton Administration from Goldman Sachs, which was the leading underwriter of Mexican stocks and bonds, having marketed more than $5 billion worth of Mexican stocks and bonds. When Rubin worked for Goldman Sachs, the Mexican government and five major Mexican firms were his clients.

The largest contribution to the 1992 Clinton campaign from a single firm came from Goldman Sachs, and one of the firm's lobbyists set up Clinton's legal defense fund to fight Paula Jones's sexual harassment lawsuit.

Yes, we need a Congressional investigation. Right now.