So the Sanders amendment is about democratization of this process.

Mr. PAUL. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise to support this amendment. I would have to say this amendment is a very modest approach to a serious problem. I see no reason for the Exchange Stabilization Fund to exist. There is no constitutional authority for it. There is no economic benefit for it. It is detrimental to the people.

The reason why we have to support this amendment is it is a modest, just a small step in the direction of openness in government, a little bit of accountability, a little bit of oversight.

The idea that we can create a fund in 1934 and have essentially no oversight for all these years, I just wonder how many billions, probably hundreds of billions, of dollars that have come and gone in and out and all the mischief it has caused. It was originally set up to stabilize the dollar. And what does it do, as the gentleman from Alabama mentioned earlier, stabilizes the yen.

Where did the money come from? It came from confiscation, not through taxation, but confiscating gold from the American people, revaluing the gold, taking the net profits, putting it into the Exchange Stabilization Fund, as well as the initial financing of the IMF.

They tried to reassure us and say, well, this is not an injury to our appropriations process. We do not appropriate money. We do not lose money. Well, that is precisely the problem. We are supposed to have responsibility. It is not the kind of amendment I want.

We should be talking about this in terms of a free society. Certainly, if we had a sound currency, under a sound currency we do not have all this kind of mischief going on. And certainly, if we had a lot of respect for the Constitution and actually knew something about the Doctrine of Enumerated Powers, we would say, where do we get this authority to prop up other countries and other currencies at the expense of the American taxpayers?

This amendment, if we want to give a lot of foreign aid away, this does not preclude it, it just slows us up a little bit and makes us think about it.

Yes, we can get into the currency markets to the tune of billions of dollars. They say, well, there is only 38; they might not be able to do any mischief. But my strong suspicion is that the line of credit to the Federal Reserve is endless in the time of crisis.

This is why we need more openness. Because, ultimately, this is a threat to the dollar. The dollar, when it is devalued, it hurts the American taxpayer. It is a hidden tax. When we devalue the dollar, we are spending money indirectly. We take away wealth and purchasing power from the American people. And it is a sinister tax. It is the most sinister of all taxes.

That is why the Exchange Stabilization Fund should either be abolished or put on the appropriations process. If we cannot do that or will not do that, we have to at least pass this amendment. Pass this amendment and say, yes.

If we are going to give away $250 million per country for propping up a foreign currency or foreign country or propping up some banks that made loans overseas or propping up our competitors to our own industries, we have to at least know about it.

I do not think this is much of an amendment. The fact that the President threatens to veto this bill just because we are acting responsibly, this is just a small step in the right direction. I see no reason why we cannot pass this amendment.

We talk a lot about supporting the currency. On a day-to-day basis, $1.6 trillion are transferred over the wire service. There is not one reputable economist in this country that I know of that really defends currency intervention as being productive and being able to change the course of events. Because although $38 billion is a lot of money and intervention does cause sudden shocks, causes some bond traders, currency traders to lose money quickly, it has no long-term effect.

□ 1815

So the original purpose under fixed exchange rate no longer exists. There is no need to prop up a dollar under floating currencies. This is used precisely to bail out special privileged people who have made loans overseas, special corporations around the country, special countries that are our competitors, and it is a way of getting around the Congress, it is a way of devaluing the dollar, putting more pressure on the dollar and hurting the American people.

If for no other reason, if my colleagues disagree with all the economic arguments, there should be nobody that should disagree with the fact that we have a responsibility for open government. That is what this issue is all about, and that is what this amendment makes an attempt to do is try to at least get it back to where we will be responsible for our acts.

Mr. STENHOLM. Mr. Chairman, I move to strike the requisite number of words.

Mr. Chairman, I rise in strong opposition to this amendment and would like to try to get the debate back on the facts.

Let us remember for a moment that the original ESF statute deliberately provided the executive branch with the flexibility needed to respond expeditiously and effectively when justified by important national economic interests. That was done in 1934 for a very real purpose; it is just as valid today.

Two nights ago we in this body in 40 minutes time deliberated a bill that was critical to making a multi-million-dollar sale of benefit to American agriculture, wheat-producer-specific, yesterday. Forty minutes we debated it. Thank goodness we did. We expeditiously handled it. That is something that is getting overlooked now.

Many times, as we have heard the explanation of the international currency market, we do not have the time to respond. We can talk about our philosophical differences, which we are doing today, and I respect those. But since the law's enactment in 1934, this flexibility given to the President has served the United States well by enabling it to respond to emergencies.

Consistent with this original purpose there is no need to amend the statute because the nature of financial crisis sometimes requires urgent action to stabilize markets and protect the United States economy. It is almost always necessary to act more quickly than is permitted by a deliberative procedure of this legislative branch.

Now the slush fund language a moment ago, I wish we would not use terms like that unless colleagues are willing to say that the detailed monthly reports on ESF transactions which are submitted to our Committee on Banking and Financial Services monthly and the President's submission of an annual report to the Congress constitutes a slush fund. Do not use that kind of language unless searching for sound bites for 20-second commercials. It is not a slush fund. The appropriate committees are responsible for that. Mr. Chairman, I am not on the Committee on Banking and Financial Services, but I trust those on both sides who are.

U.S. pledges of second line of financial support during the Asian financial crisis have been an integral part of the international response to the region's financial instability. It mobilized billions of dollars in multilateral support, spreading the burden among many nations, not just us. Japan has committed well over twice what we have committed, for example, as the use of this ESF funding.

As in all such emergencies, the U.S. must be ready to act quickly and nimbly to protect our interests.

We have talked about Mexico for a moment. Let us talk again about Mexico. The use of the ESF during the Mexican financial crisis served critical U.S. national interests by containing a rapidly escalating financial meltdown that directly threatened the U.S. economy and the stability of international financial systems. The use of the ESF was not only instrumental in the ending of the crisis, but it resulted in a profit of $580 million for U.S. taxpayers.

Now U.S. agriculture has benefited from the recovery in Mexico, and I am here speaking primarily on behalf of U.S. agriculture, but it affects all of our national interest. In the wake of the recent peso devaluation and its aftermath, U.S. agricultural exports dropped by only 11 percent, and they surged back with a 34 percent gain. And we have heard all the anti-NAFTA et cetera, et cetera, but from the standpoint of the facts, from fiscal