

**FOREIGN OPERATIONS, EXPORT FINANCING, AND
RELATED PROGRAMS APPROPRIATIONS FOR
FISCAL YEAR 2000**

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS

UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

ON

H.R. 2606, 3196, 3422/S. 1234

AN ACT MAKING APPROPRIATIONS FOR FOREIGN OPERATIONS, EXPORT
FINANCING, AND RELATED PROGRAMS FOR THE FISCAL YEAR END-
ING SEPTEMBER 30, 2000, AND FOR OTHER PURPOSES

**Agency for International Development
Department of Justice
Department of State
Department of the Treasury
Nondepartmental Witnesses**

Printed for the use of the Committee on Appropriations



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**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS
FOR FISCAL YEAR 2000**

TUESDAY, MARCH 9, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:13 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Bennett, Campbell, and Leahy.

DEPARTMENT OF STATE

OFFICE OF SOUTH ASIAN AFFAIRS

STATEMENTS OF:

**HON. KARL F. INDERFURTH, ASSISTANT SECRETARY FOR SOUTH
ASIAN AFFAIRS**

**HON. JULIA TAFT, ASSISTANT SECRETARY FOR POPULATION, REF-
UGEES, AND MIGRATION**

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. Today's hearing will come to order.

This is the first in a series of what I would characterize as some of the world's more, if not most, intractable problems. Over the next few months, I intend for the subcommittee to hold hearings on the linkages between U.S. assistance programs and our policies toward Afghanistan, North Korea, Iraq, the Palestinians, Russia, Indonesia, and Brazil. In each country we either indirectly or directly provide some type of aid. The funding ranges from support for programs for refugees, such as the border efforts along Afghanistan, to development and multilateral bank programs in Indonesia, Brazil, and Russia.

While it is easy to provide anecdotal evidence that U.S. aid relieves human suffering and reduces poverty, at a time of rapidly diminishing levels of foreign aid resources, the unfortunate reality that Senator Leahy and I oppose, but must live with, is the whole question of whether our aid is serving our interests, where and when it matters most. Just a few of the kinds of questions I hope to examine over the coming months include:

Has our expenditure of over \$75 million for oil for North Korea reduced the threat of military conflict or the menace of their nuclear program?

Is the congressional initiative to fund the opposition efforts to liberate Iraq achieving any results?

Has our support of the IMF and World Bank programs promoted a stable, free market democracy or has it fed corruption in Russia?

But today the questions will focus on Afghanistan.

Several explosive issues fuse together in Afghanistan: narcotics trafficking, terrorism, regional military tensions, ethnic hostilities, refugee pressures, and internal civil and human rights abuses. Central to the solution of each of these problems and the promotion of our interests is the establishment of a viable, stable representative government, something that Afghan people have not enjoyed for decades. While there is a school of thought that argues the Taliban has delivered peaceful relief from years of Soviet occupation and mujahedin factional fighting, conditions are neither prosperous nor improved for most Afghans today.

Kandahar is a long, long distance from Kentucky, and no doubt many will ask why we should bother with a hearing, aid, or any measure of policy interest. The answer is simple:

Afghanistan is the second largest producer of opium for heroin which makes its way onto U.S. streets; 220 people, including 12 Americans, died in savage bomb blasts that the administration blames on the Osama bin Laden organization, afforded honorary guest protection by the Taliban.

Continued armed clashes between Iran's military and the Taliban risk a wider war, drawing in Pakistan, Russia, and Uzbekistan.

Pakistan has provided safe haven to over 800,000 refugees, straining Islamabad's limited economic resources and political stability, facts which ripple through the nuclear dynamic with India.

And finally, central to today's hearings, we all have mothers. Many have wives and sisters, and in their names in our common interests, we must address the Taliban's harsh, systematic denial to girls and women of health care, education, employment, and the most basic of rights.

The status and treatment of women by the Taliban is not simply a matter of our cultural insensitivities as some would argue.

In fact, lives are at stake. Women are beaten for appearing in public without a male relative or failing to wear the suffocating veils of the burqua. I was stunned to read that wearing white socks with the burqua risks a public beating because they are viewed as inappropriate and sexually provocative.

And it is not just lives at stake. An entire generation of children is at risk. Until 1996, 70 percent of Afghanistan's teachers were women. Most are now banned from the profession and public schools remain closed, depriving all school age children of an education, girls and boys alike.

Afghanistan is being dragged back into the dark ages, a time when women were chattel, literacy was a luxury, and sorcery substituted for sound medicine and health care. Children died of colds and measles then as they do now in Kabul. Far too many women died in childbirth, victims of ignorance, as they do now in Kandahar.

The Taliban's war against the remnants of the mujahedin, combined with international isolation, compound the economic suf-

fering. Yet, as depressing as conditions are, I do not think the situation is hopeless. In fact, I think there is a unique convergence of international interests which could compel strong action to produce a settlement of the internal conflict and an agenda to protect the rights and interests of all Afghans.

Ironically after fighting a proxy war for a decade, the United States and Russia now share an interest in containing the influence of the Taliban's virulent form of Islamic fundamentalism. The Russians have obvious concerns about the Taliban's capacity to destabilize Central Asian states on their border. Russian support for the mujahedin, our former clients and the Taliban's only opposition, may also stem from an interest in limiting the development of alternative and competitive pipelines through Afghanistan.

I understand we have engaged in a United Nations effort designed to produce a settlement which involves six key regional nations plus the United States and Russia. Given our interests, I hope this process can be energized and bring about a final solution.

I also hope to hear today views on the wisdom of expanding our support for both border and cross-border initiatives which serve the interests of women and children.

PREPARED STATEMENT

Afghanistan fuses multiple threats to American interests. It is precisely the type challenge I think we are likely to face as we turn the corner on this century. How we learn to deal with this lethal mix of religion, drugs, terrorism, repression, and crime today may very well define our security, if not our survival in the future.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

Today's hearing is the first in a series on what I would characterize as some of the world's more—if not most—intractable problems. Over the next few months, I intend for the Subcommittee to hold hearings on the linkages between U.S. assistance programs and our policies toward Afghanistan, North Korea, Iraq, the Palestinians, Russia, Indonesia, and Brazil. In each country we either indirectly or directly provide some type of aid. The funding ranges from support for programs for refugees, such as the border efforts along Afghanistan, to development and multilateral bank programs in Indonesia, Brazil and Russia.

While it is easy to provide anecdotal evidence that U.S. aid relieves human suffering and reduces poverty, at a time of rapidly diminishing levels of foreign aid resources—the fortunate reality that Senator Leahy and I oppose but must live with—the issue we must address is whether our aid is serving our interests where and when it matters most. Just a few of the type of questions I hope to examine over the coming months include:

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Today, the questions focus on Afghanistan.

Several explosive issues fuse together in Afghanistan—narcotics trafficking, terrorism, regional military tensions, refugee pressures, and internal civil and human rights abuses. Central to the solution of each of these problems and the promotion of our interests is the establishment of a viable, stable representative government, something the Afghan people have not enjoyed for decades. While there is a school of thought that argues the Taliban has delivered peaceful relief from years of Soviet occupation and mujahedin factional fighting, conditions are neither prosperous nor improved for most Afghans today.

Kandahar is a long, long way from Kentucky, and, no doubt many will ask why we should bother with a hearing, aid or any measure of policy interest. The answer is simple:

- Afghanistan is the second largest producer of opium for heroin which makes its way onto our streets;
- 220 people, including 12 Americans, died in savage bomb blasts that the Administration blames on the Osama bin Laden organization afforded “honorary guest” protection by the Taliban;
- Continued armed clashes between Iran’s military and the Taliban risk a wider war drawing in Pakistan, Russia, and Uzbekistan;
- Pakistan continues to provide safe haven to over 800,000 refugees straining Islamabad’s limited economic resources and political stability—facts which ripple through the India relationship; and, finally,
- Central to today’s hearing, we all have mothers, many have wives and sisters, and in their names, in our common interests, we must address the Taliban’s harsh, systematic denial to girls and women of health care, education, employment and the most basic of rights.

The status and treatment of women by the Taliban is not simply a matter of our cultural insensitivity, as some would argue.

Lives are at stake—women are beaten for appearing in public without a male relative or failing to wear the suffocating veils of the burqua. I was stunned to read that wearing white socks with the burqua risks a public beating because they are viewed as inappropriate and sexually provocative.

And, it is not just lives at stake—an entire generation of children is at risk. Until 1996, 70 percent of Afghanistan’s teachers were women. Most are now banned from the profession and public schools remain closed depriving all school age children of an education—girls and boys alike.

Afghanistan is being dragged back into the dark ages—a time when women were chattel, literacy was a luxury, and sorcery substituted for sound medicine and health care. Children died of colds and measles then, as they do now, in Kabul. Far too many women died in childbirth, victims of ignorance—as they do now in Kandahar.

The Taliban’s war against the remnants of the mujahedin and international isolation, no doubt compound this economic suffering. Yet, as depressing as conditions are, I do not think the situation is hopeless. In fact, I think there is a unique convergence of international interests which could compel strong action to produce a settlement of the internal conflict and an agenda to protect the rights and interests of all Afghan citizens.

Ironically, after fighting a proxy war for a decade, the U.S. and Russia now share an interest in containing the influence of the Taliban’s virulent form of Islamic fundamentalism. The Russians have obvious concerns about the Taliban’s capacity to destabilize Central Asian states on their border. Russian support for the mujahedin, our former clients and the Taliban’s only opposition, may also stem from an interest in limiting the development of alternative and competitive pipelines through Afghanistan.

I understand we have been engaged in a United Nations effort designed to produce a settlement which involves six key regional nations, plus the U.S. and Russia. Given our clear interests, I hope this process can be energized and bring about a final solution.

I also hope to hear today, views on the wisdom of expanding our support for both border and cross border initiatives which serve the interests of women and children.

Afghanistan fuses multiple threats to American interests—it is precisely the type of challenge I think we are likely to face as we turn the corner on this century. How we learn to deal with this lethal mix of religion, drugs, terrorism, repression and crime today, may very well define our security, if not our survival in the future.

OPENING STATEMENT OF SENATOR PATRICK LEAHY

Senator MCCONNELL. I would like now to turn to my colleague, the ranking member of the subcommittee, Senator Leahy, for his opening statement and then we will proceed with our witnesses.

Senator LEAHY. Thank you, Mr. Chairman. I want to commend you for having this hearing.

It is hard to describe in words what we have heard about this part of the world. We call it tragic, horrifying, outrageous, sad. No

words are enough. We do know it has received too little attention for too long.

The witnesses we have here are as knowledgeable as any we could have come before us, and I want to thank them for keeping us informed. Some of the information we have received has been from people who have risked their own safety to document the plight of the Afghan people.

Ambassador Inderfurth is one of the finest professional diplomats I have ever had the pleasure to know. I can think of no one more qualified to represent our interests in Afghanistan.

It was not very long ago that U.S. policy toward Afghanistan was the subject of considerable tension in the Congress and the press. It also soaked up huge amounts of American aid to the mujahedin and the millions of refugees in Pakistan.

But, you know, besides the fact that they were anti-Soviet, we did not have much understanding of the people we were supporting. The Russians were their enemies. That made them our friends. And when the Russians left, we abandoned the Afghan people to the chaos and brutality of a country that turned on itself.

Assistant Secretary Taft, who is extraordinarily knowledgeable in this area, knows what happened then.

The Taliban, notorious for their flagrant violations of human rights and their especially brutal repression of women and girls, now occupy some 85 percent of the country. And Afghan refugees, some 2.4 million of them, remain the largest refugee population receiving U.N. assistance. I believe I am right in that number, am I not, Ms. Taft?

Ms. TAFT. Yes.

Senator LEAHY. As the chairman has said, the horrendous injustices being perpetrated against Afghan women, all in the name of Islam, is reminiscent of the dark ages. Physicians for Human Rights and others have documented the drastic decline in women's health and education. It is a travesty that should be condemned by the entire world. There should be no question that the United States will never recognize a regime that systematically subjects half its population to such barbarous mistreatment.

Even though the Soviet army is gone, the fields and hillsides and roads, even some of the urban areas, are death traps. Some 7 million land mines litter the country, tens of thousands of amputees, mostly civilians, who have virtually no access to rehabilitation. I show a photograph periodically on the Senate floor of an Afghan boy missing both legs. That tells the story better than words of why the use of land mines should be a war crime.

Besides the humanitarian crisis, the Taliban have shown no regard for the security concerns of their neighbors or the rest of the international community. Again, as the chairman pointed out, Osama bin Laden is an example of that.

If that is not enough, Afghanistan and Burma share the dubious distinction of being the world's largest producers of opium poppy. What heroin has to do with Islamic fundamentalism is one of the mysteries that apparently only the Taliban can answer.

I recognize the restraints they put on our humanitarian efforts. It would be easy to walk away. But we share a lot of the responsi-

bility for what has happened in Afghanistan and we should not walk away.

So, I hope, Ambassador Inderfurth, you will give us an idea of how much popular support the Taliban has, and whether they face any serious internal threat. Is there any hope for a sustained political dialog that could lead to a broad-based government?

Do they care about world opinion? Two of our allies, Saudi Arabia and Pakistan, support them. Are we encouraging them to cut that aid off?

Is there more we could do for women and the children there?

PREPARED STATEMENT

I want to know whether will we will say publicly that the U.S. Government will not support normal relations with the Taliban or a seat at the U.N. until they stop supporting terrorism and uphold internationally recognized human rights?

Mr. Chairman, I do want to hear the witnesses. I thank you again for holding this hearing.

Senator MCCONNELL. Thank you, Senator Leahy.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK LEAHY

Mr. Chairman, I want to commend you for holding this hearing on Afghanistan. It is hard to find words to adequately describe what has happened there—tragic, horrifying, outrageous.

Whichever you choose, it has received far too little attention for far too long. These witnesses are as knowledgeable as any, and I want to thank them for keeping us informed—at times risking their own safety to document the plight of the Afghan people.

Ambassador Inderfurth is one of the finest professional diplomats I have ever had the pleasure to know. I can think of no one more qualified to represent our interests in Afghanistan.

It was not very long ago that U.S. policy towards Afghanistan was a subject of considerable attention in the Congress and the press. It also soaked up huge amounts of American aid, to the mujahideen and the millions of refugees in Pakistan.

But besides the fact that they were anti-Soviet, we had little understanding of the people we were supporting. The Russians were their enemies, and that made them our friends. And when the Russians left, we abandoned the Afghan people to the chaos and brutality of a country that turned on itself.

The Taliban, notorious for their flagrant violations of human rights and their especially brutal repression of women and girls, now occupy some 85 percent of the country. Afghan refugees—2.4 million of them, remain the largest refugee population receiving U.N. assistance.

The horrendous injustices being perpetrated against Afghan women, all in the name of Islam, is reminiscent of the Dark Ages. Physicians for Human Rights and others have documented the drastic decline in women's health and education. It is a travesty that should be condemned by the entire world. There should be no question that the United States will never recognize a regime that systematically subjects half of its population to such barbarous mistreatment.

The Soviet army is gone but the fields and hillsides and roads, even urban areas, are death traps. There are some 7 million landmines littering the country and tens of thousands of amputees—mostly civilians, who have virtually no access to rehabilitation. This photograph of an Afghan boy, missing both legs, tells the story. It says, better than words, why the use of landmines should be a war crime.

Besides the humanitarian crisis, the Taliban have shown no regard for the security concerns of their neighbors or the rest of the international community. They have given safe haven to Osama bin Laden, whose support for international terrorism is well known. Although the press reported last week that he and the Taliban had a falling out, there is no indication that they will respond to our repeated requests to expel him so he can be brought to justice.

If that were not enough, Afghanistan and Burma share the dubious distinction of being the world's largest producers of opium poppy. What heroin has to do with Islamic fundamentalism is one of those mysteries that only the Taliban can answer.

I recognize the constraints that the Taliban have put on our humanitarian efforts and those of the international relief agencies. It would be easy to do nothing but lament what has happened. But the United States shares responsibility for the chaos and suffering that has engulfed Afghanistan, and we should do what we can to help the Afghan people. We need to know where we can go from here.

I hope Ambassador Inderfurth will give us an idea of how much popular support the Taliban has, and whether at this point they face any serious internal threat. Is there any hope for a sustained political dialogue that could lead to a broad-based government, or some other weakening of the Taliban's control?

Do the Taliban care about world opinion? Two U.S. allies—Saudi Arabia and Pakistan, support the Taliban. What are we doing to encourage them to cut off their support? Is there nothing more that they can do to pressure the Taliban to change their most objectionable policies?

Isn't there more we can do to help alleviate the plight of Afghan women and children? I hope our witnesses can give us some concrete advice on ways we could help.

Have we said publicly that the U.S. Government will not support normal relations with the Taliban or a seat at the U.N., until they stop supporting terrorism and uphold internationally recognized human rights?

These are a few of my questions. I hope, Mr. Chairman, that this hearing will point to steps this subcommittee can take to help the people of Afghanistan.

PREPARED STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator LEAHY. Mr. Chairman, I would also ask that a statement by Senator Feinstein be put in the record at this point.

Senator MCCONNELL. Yes; without objection, we will put Senator Feinstein's statement in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR DIANNE FEINSTEIN

Mr. Chairman, thank you for calling this important hearing, and for allowing me to make a statement on the situation in Afghanistan, about which I have been very concerned for some time now.

Just about one year ago I held a public meeting with representatives from the administration and leading non-governmental organizations to discuss one aspect of this situation—the Taliban's treatment of women and girls—a situation which I think we would all agree is deplorable, and one which I find to be particularly troubling.

The information reported at that meeting was devastating:

- Every day the women of Afghanistan are excluded from the international community's prevailing vision of human rights, and continue to lack basic legal rights, access to education, and access to economic opportunity.
- There are more than 50,000 war widows in Kabul alone, many dependent on international humanitarian assistance for their very survival.
- It is estimated that close to 500,000 to 800,000 war widows have been forced out of their jobs and have no opportunity to earn money for food, clothing, or shelter for either themselves or their children.
- In Kabul's stark ruins hordes of children—as many as 12,000 according to one estimate—paw each day through the shattered bricks and masonry in search of scrap metal that can be sold. And their mothers, many who previously worked in professional jobs, have been reduced to begging in order to feed their families.
- According to Theresa Loar, the State Department's Senior Coordinator for Women's Issues, in the 1970s and 1980s a growing number of Afghan women worked outside the home: There were female lawyers, judges, doctors, and teachers. This trend was reversed in 1992 and now, under the Taliban, "women and girls became, and remain today, virtually invisible."
- The ban on women in the workplace has also compounded the already precarious food situation. With the war having killed more than 9 million head of cattle and sheep and destroyed much of Afghanistan's croplands, irrigation systems, and roads, the average Afghan has a caloric intake equal to less than a pound of bread a day.

—Education is a major concern, with edicts which prevent girls from attending school and receiving an education. A small, low-profile, “home school” movement has had some fitful success, but these home schools are no substitute for access to a real education.

—Many Non-Governmental Organizations have been doing work which is nothing short of heroic to provide medical and humanitarian assistance under the most adverse of circumstances. But they are faced with numerous constraints, from laws and practices which prevent the distribution of assistance or services directly to the women in need to physical danger which has, on numerous occasions, prevented them from working in Afghanistan.

The women of Afghanistan, who have seen their families destroyed by war, are now having their economic life and their fundamental human rights stripped away. And, as witnessed by a ground breaking report by Physicians for Human Rights, the situation in Afghanistan has not improved at all in the past year. The report found, that:

—A woman died of appendicitis after being turned away from two hospitals;

—Women with diabetes are being denied insulin at clinics simply because they are women and, under Taliban edict, male doctors cannot treat them; and,

—Women are dying in childbirth because male doctors are prohibited from performing deliveries, and female doctors are prohibited from working.

As the State Department’s 1998 Human Rights report states: “The treatment of women and girls continued to deteriorate. There was widespread discrimination against women and girls, especially in areas under Taliban control. The Taliban imposed strict dress codes and prohibited women from working outside the home except in limited circumstances in the health care field. Girls generally were prohibited from attending school, particularly in Kabul and other urban areas.”

This hearing gives the Committee an opportunity to learn what the Administration has done over this past year to implement the “Afghan Women’s Initiative” which I called for in a resolution adopted by the Senate last year. That resolution called on the United States to play a larger role in leading international efforts to provide assistance to Afghan women in Afghanistan and in refugee camps, with an emphasis on capacity-building, training programs, legal assistance, support for microenterprise projects, and refugee reintegration and protection.

This hearing can also probe the Administration’s thoughts and plans for the general scope and direction of U.S. policy towards Afghanistan. Looking beyond the question of the Taliban’s treatment of women, the situation in Afghanistan is one of concern for the United States on so many levels, and for so many reasons.

The conditions of near-anarchy that have resulted from the civil war have created in Afghanistan an environment well-suited for the training of terrorists and the production and shipment of drugs. It is no coincidence that Osama Bin Laden had chosen Afghanistan as a base of operations, or that the past few years have seen Afghanistan rise to become the producer of one-third of the world’s opium and heroin.

Lastly, the ongoing crisis in Afghanistan has created a strategic imbalance in the region, threatening stability in Russia, the Gulf, the newly-emerging states of Central Asia, and South Asia itself. Afghanistan, long smoldering with its internal civil war, is a regional tinderbox which threatens to ignite at any moment.

The only long-term solution to the plight of the Afghan people is to help bring an end to the conflict that has created the Taliban, and to begin the long process of rebuilding a stable and prosperous Afghanistan. The sort of long-term economic redevelopment that will be necessary to repair Afghanistan’s battered infrastructure will not be possible unless both men and women are able to take up gainful employment and have equal access to educational opportunities.

SUMMARY STATEMENT OF HON. KARL INDERFURTH

Senator MCCONNELL. Our first panel will include Assistant Secretary Inderfurth who will provide an assessment of the political and security situation, followed by Assistant Secretary Taft who will report on refugee matters and how our humanitarian assistance may be serving our interests in the region.

I would like for you both, if you have formal statements, to put them in the record, and please summarize them for our benefit. Then we will be glad to ask whatever questions we may have. Who would like to lead off? Secretary Inderfurth.

Mr. Inderfurth. Mr. Chairman, thank you very much. Senator Leahy, members of the committee, along with my colleague, Assistant Secretary Taft, I would like to thank you for this opportunity to testify.

I should add that I fully agree that Afghanistan falls into the category that you mentioned as one of the world's most intractable problems and, I might add, tragic. I hope that this hearing will make it clear why we in the United States should care and indeed why our interests are engaged.

Mr. Chairman, I do have a longer statement which I would like to ask be submitted for the record, and I will try now to have a briefer presentation.

Mr. Chairman, members of the committee, 10 years ago last month, I was an eyewitness to history. I stood at the bridge over the Amu Darya River in Uzbekistan and watched the last Soviet troops depart Afghanistan. After an estimated 2 million dead with their country in ruins, the valiant Afghan people were victorious over a superpower. I hoped this meant the end of 10 years of conflict and that peace at last was returning to Afghanistan.

Unfortunately, this was not to be the case. The fighting continues today and it shows no signs of abating. The Taliban occupy 85 percent of the country but do not exercise effective political control, particularly in the north. Elements of the Northern Alliance continue to resist and have actually improved their position in recent months. We believe there is no military solution to this conflict. Yet, the Taliban has demonstrated no willingness to work for a political settlement, largely because they believe they can win militarily. We and others in the international community are working hard to change that view.

Mr. Chairman, Afghanistan is geographically remote from us, but the effects of 20 years of conflict are not. Key U.S. interests are endangered. Anyone familiar with the events of last August and the destruction of U.S. embassies in Nairobi and Dar es Salaam knows the effect the Afghan conflict has had upon us.

Afghanistan has become a breeding ground for international terrorism. In the fight against the Soviets, the Afghan resistance did not resort to international terrorism, but today Osama bin Laden and others have taken advantage of the war and its dislocations to use Afghan soil for training, basing, and safe haven. Terrorists with links to Afghanistan, both veterans of the fighting and those who have received training or shelter there, have committed terrorist acts in the region, including Kashmir, and beyond in Europe, Africa, and even in the United States.

We have urged all of the Afghan factions to stop sheltering terrorists and their training facilities and to expel terrorists from parts of the country under their control. We have stressed to the Taliban and those with influence over them the need to expel Osama bin Laden to a location where he can be brought to justice. We have told them that he is plotting acts of terrorism against us and that because the Taliban have provided him safe haven, we will hold them responsible for his actions.

Despite hollow protestations that Osama bin Laden is missing, there is no evidence he has left Afghanistan. Our experts and other informed observers believe he remains in Taliban-controlled terri-

tory. The Taliban are playing a risky and unwise game in attempting to convince us otherwise.

Mr. Chairman, narcotics production and trafficking is another byproduct of the continued conflict, as you referred to in your statement. Afghanistan is now the world's second largest producer of opium and a major center for producing opiates. Narcotics produced in Afghanistan supply 3 million addicts in Pakistan and tens of thousands in Europe. Increasingly, heroin from Afghan-grown poppies is found in the United States. Almost all the opium produced in Afghanistan comes from Taliban areas, but virtually every faction has been involved at every level with and benefited financially from relationships with drug producers and traffickers. Nobody has clean hands on this.

We and others have called on the Taliban and other factions to destroy opium crops and processing capability and urged cooperation with the U.N. Drug Control Program. Despite these calls, opium production increased 7 percent last year.

Mr. Chairman, let me now turn to the human rights situation in Afghanistan. It is abysmal. Our most recent human rights report documents violations by all sides. Taliban forces killed thousands in Mazar-i-Sharif last year, reportedly based in part on ethnicity. This is part of a cycle arising from the massacre of Taliban prisoners by northern forces in 1997.

The Taliban attempts to impose an extreme interpretation of Islam practiced nowhere else in the world on all individuals, men and women, under their control. We have received reports of religious persecution at the hands of the Taliban in prohibiting Shia prayer practices and converting Shia mosques to Sunni. They have also banned many traditional elements of Afghan culture, including music and kite flying. But few practices have aroused more worldwide condemnation than Taliban treatment of women and girls.

Women and girls historically have been at a tremendous disadvantage in Afghan society. Only a small but growing number of Afghan women, almost entirely in urban areas, worked outside the home in nontraditional roles as lawyers, judges, doctors, and government officials. The status of women and girls in Afghanistan deteriorated rapidly with the resumption of fighting between the resistance factions in 1992. The trend significantly intensified with the Taliban takeover of Kabul in 1996 and the imposition of harsh social strictures. We have received recent reports that Taliban sympathizers in Pakistan, both Pakistani and Afghan, have attempted to apply similar restrictions both upon female inhabitants of refugee camps and upon Pakistani women too.

When the Taliban took control of Kabul, they immediately forbade women to work outside the home, but gradually allowed exceptions for some female doctors and nurses. In urban areas, women are often barred from going outside the home unless accompanied by a male relative. The impact of Taliban restrictions on women is most acutely felt in cities such as Herat and Kabul, where there are numbers of educated and professional women who previously enjoyed far greater latitude. War widows—an estimated 30,000 are in Kabul alone—have been especially hard hit. Many of them are the sole providers for their families and have been reduced to begging to feed their children. There are credible reports

that some women, now forcibly housebound, have attempted suicide by swallowing household cleaner rather than continuing to live under these conditions of isolation.

Mr. Chairman, we have heard much about the burqa, and you spoke about that in your opening statement as well. Let me state what I know for the record. Others will expand on this I am sure during today's testimony. Women are enjoined from appearing in public, particularly in cities, unless wearing a traditional long robe called a burqa covering them from head to toe. Women have been beaten by the Taliban religious police on the street for failure to completely cover themselves in a burqa. Although some Afghan women wore the burqa before the Taliban took control, it was not an enforced dress code. Today it is.

Mr. Chairman, the Taliban has also restricted education for girls, particularly in Kabul. Kabul's private home-based schools, which had quietly continued to operate, were ordered closed last year, though we understand some were allowed to reopen since. Although the Taliban claims that it is not against female education and has requested resources for Afghanistan's minimum educational infrastructure, these claims ring hollow. The militia has taken little real action to provide for female education.

Women's and girls' access to medical services and hospitals has been drastically reduced. Although they reportedly are allowed to receive emergency care in all Kabul hospitals and non-emergency care in a few, women have died because male doctors were not allowed to treat them. The lack of ready access to medical facilities that do exist is further impacted by shortages of medicine and equipment. We commend Physicians for Human Rights for bringing this horrible situation to the attention of the world in its survey and report of women's health and human rights under the Taliban in Kabul.

Mr. Chairman, the United States condemns Taliban policies publicly. Secretary of State Albright, during her visit to the Nasir Bagh refugee camps in Pakistan, described the Taliban's treatment of women as despicable.

At the Human Rights Day celebration last December, the First Lady recognized two Afghan women in the audience for their invaluable work on behalf of women and girls and also said—and I quote—"We cannot allow these terrible crimes against women and girls—and, truly, against all humanity—to continue with impunity. We must all make it unmistakably clear this terrible suffering inflicted on the women and girls of Afghanistan is not cultural, it is criminal. And we must do everything we can in our power to stop it."

The President has pledged continued assistance to the women suffering under the Taliban regime.

In international fora, we also speak out. We drafted the country resolutions on Afghanistan for this year and last year's annual meeting of the U.N. Commission on the Status of Women. Along with other U.S. officials, I have personally raised this issue in meetings with senior Taliban and Pakistani officials.

I note the campaign instituted by the Feminist Majority and other human rights and women's organizations designed to raise

our consciousness and to help Afghan women and girls. The State Department looks forward to working with them in this endeavor.

My colleague, Assistant Secretary Taft, will inform you in this hearing regarding what we are doing on the ground in Afghanistan, Pakistan, and Iran to help all Afghans, but specifically Afghan women and girls, despite difficulty caused by the continuing conflict, security problems, and pressure from the Afghan factions, including the Taliban. The United States, as the largest individual contributor to Afghan relief, has a record that I believe we can all be proud of.

Mr. Chairman, my written testimony goes into a fairly lengthy section on regional stability and the search for peace. Let me mention that that effort is ongoing, that currently the U.N. Secretary-General's Special Envoy, Ambassador Lakhdar Brahimi, is in the region, and that he is pursuing the so-called Six plus Two process that you mentioned in your opening statement. We also see some contacts taking place between the parties themselves, including the Taliban and some of the forces represented by Commander Masood. A meeting is scheduled to take place in Ashgabat on March 10th.

Finally, as I think you know, later today, snow willing, I am prepared to depart for Moscow where I am to have consultations with the Russians on Afghanistan, and they continue to be very much involved and concerned about the events there.

Rather than going into these issues at this time, let me simply restate for the record U.S. policy with respect to the ongoing conflict in Afghanistan and then be prepared to answer questions, including those posed by Senator Leahy in his remarks.

Mr. Chairman, the United States supports no individual Afghan faction, but maintains contacts with all to further progress toward a peaceful settlement. We recognize none of the contending factions as the Government of Afghanistan and have no plans to do so. We would be prepared to recognize a Government of Afghanistan that was broad-based, multi-ethnic, and representative and respected international norms of behavior on issues of concern to the world community, including terrorism, narcotics, and human rights, particularly the rights of women and girls and minorities.

PREPARED STATEMENT

Thus, we continue to be actively engaged on several fronts in the U.N., in Washington, in the region, and elsewhere. Our efforts, unfortunately, have not yet met with success. The fighting continues, the Afghan people suffer, the effects of the conflict spill over into neighboring lands and beyond. But as I have said before, without our direct involvement, this conflict will likely only continue to fester, causing even greater damage to our own interests and to those of the Afghan people.

Thank you very much.
[The statement follows:]

PREPARED STATEMENT OF HON. KARL F. Inderfurth

AFGHANISTAN TODAY: THE U.S. RESPONSE

Ten years ago last month, I was an eyewitness to history. I stood at the bridge over the Amu Darya River in Uzbekistan and watched the last Soviet troops depart Afghanistan. After an estimated 2 million dead, with their country in ruins, the val-

iant Afghan people were victorious over a superpower. I hoped this meant the end of 10 years of conflict and that peace at last was returning to Afghanistan.

Unfortunately this was not to be the case. The fighting continues today. Worse, Afghans are fighting Afghans in an increasingly ethnic war unprecedented in Afghan history. Thus internecine conflict continues to the detriment of the Afghan people, the region, and the world.

War shows no signs of abating. The Taliban occupy 85 percent of the country but do not exercise effective control, particularly in the North. Elements of the Northern Alliance continue to resist and have actually improved their position in recent months. We believe there is no military solution to this conflict, yet the Taliban has demonstrated no willingness to work for a political settlement, largely because they still believe they can win militarily. We and others in the international community are working to change this view.

Terrorism

Afghanistan is geographically remote from us, but the effects of 20 years of conflict are not. Key U.S. interests are endangered. Anyone familiar with the events of last August and the destruction of U.S. Embassies in Nairobi and Dar Es Salaam knows the effect the Afghan conflict has had upon us.

Afghanistan has become a breeding ground for international terrorism. In the fight against the Soviets, the Afghan resistance did not resort to international terrorism, but today Osama bin Laden and others have taken advantage of the war and its dislocations to use Afghan soil for training, basing, and safehaven. Terrorists with links to Afghanistan, both veterans of the fighting and those who have received training or shelter there, have committed terrorist acts in the region, including Kashmir, and beyond—in Europe, Africa, and even in the United States.

We have urged all of the Afghan factions to stop sheltering terrorists and their training facilities and to expel terrorists from parts of the country under their control. We have stressed to the Taliban—and those with influence over them—the need to expel Osama bin Laden to a location where he can be brought to justice. We have told them he is still plotting acts of terrorism against us and that because the Taliban have provided him safehaven, we will hold them responsible for his actions.

Despite hollow protestations that Osama bin Laden is “missing,” there is no evidence he has left Afghanistan. Our experts and other informed observers believe he remains in Taliban-controlled territory. The Taliban are playing a risky and unwise game in attempting to convince us otherwise.

Narcotics

Narcotics production and trafficking is another byproduct of the continued conflict. Afghanistan is now the world's second largest producer of opium and a major center for processing opiates. Narcotics produced in Afghanistan supply three million addicts in Pakistan and tens of thousands in Europe. Increasingly, heroin from Afghan-grown poppies is found in the U.S. Almost all the opium produced in Afghanistan comes from Taliban areas, but virtually every faction has been involved at every level with and benefited financially from relationships with drug producers and traffickers. Nobody has clean hands on this.

We and others have called on the Taliban and other factions to destroy opium crops and processing capability and urged cooperation with the U.N. Drug Control Program. Despite these calls, opium production increased 7 percent last year.

Human rights

The human rights situation is abysmal. Our most recent human rights report documents violations by all sides. Taliban forces killed thousands in Mazar-i-Sharif last year, reportedly based in part on ethnicity. This is part of a cycle arising from the massacre of Taliban prisoners by northern forces in 1997.

The Taliban attempts to impose an extreme interpretation of Islam practiced nowhere else in the world on all individuals—men and women—under their control. We have received reports of religious persecution at the hands of the Taliban in prohibiting Shia prayer practices and converting Shia mosques to Sunni. They also have banned many traditional elements of Afghan culture, including music and kite-flying. But few practices have aroused more worldwide condemnation than Taliban treatment of women and girls.

Taliban treatment of women and girls

Women and girls historically have been at a tremendous disadvantage in Afghan society. Only a small but growing number of Afghan women, almost entirely in urban areas, worked outside the home in nontraditional roles, as lawyers, judges, doctors and government officials. The status of women and girls in Afghanistan de-

teriorated rapidly with the resumption of fighting between the resistance factions in 1992. The trend significantly intensified with the Taliban takeover of Kabul in 1996 and the imposition of harsh social strictures. We have received recent reports that Taliban sympathizers in Pakistan, both Pakistani and Afghan, have attempted to apply similar restrictions both upon female inhabitants of refugee camps and upon Pakistani women too.

When the Taliban took control of Kabul they immediately forbade women to work outside the home, but gradually allowed exceptions for some female doctors and nurses. In urban areas, women are often barred from going outside the home unless accompanied by a male relative. The impact of Taliban restrictions on women is most acutely felt in cities such as Herat and Kabul, where there are numbers of educated and professional women who previously enjoyed far greater latitude. War widows—an estimated 30,000 are in Kabul alone—have been especially hard hit. Many of them are the sole providers for their families and have been reduced to begging to feed their children. There are credible reports that some women, now forcibly housebound, have attempted suicide by swallowing household cleaner, rather than continuing to live under these conditions of isolation.

We have heard much about the “burqa.” Let me state what I know for the record. Women are enjoined from appearing in public, particularly in cities, unless wearing a traditional long robe called the “burqa” covering them from head to toe. A small mesh covered opening about five inches square provides the only means to see. Women have been beaten by the Taliban “religious police” on the street for failure to completely cover themselves in a burqa. Although many Afghan women wore the burqa before the Taliban took control, it was not an enforced dress code. Many women in Kabul typically appeared in public wearing scarves that just covered the head. In rural areas, women do chores, tend animals, gather water and fire wood and, when working in the fields, do not wear burqas and enjoy a greater degree of mobility than female city-dwellers.

The Taliban also restricted education for girls, particularly in Kabul. Kabul’s private home-based schools, which had quietly continued to operate, were ordered closed last year, though we understand some were allowed to reopen since. Although the Taliban claims that it is not against female education and has requested resources for Afghanistan’s minimal educational infrastructure, these claims ring hollow. The militia has taken little real action to provide for female education.

Women’s and girls’ access to medical services and hospitals has been drastically reduced. Although they reportedly are allowed to receive emergency care in all Kabul hospitals and non-emergency care in a few, women have died because male doctors were not allowed to treat them. The lack of ready access to medical facilities that do exist is further impacted by shortages of medicine and equipment. I commend Physicians for Human Rights for bringing this horrible situation to the attention of the world in its survey and report of women’s health and human rights under the Taliban in Kabul.

The United States condemns Taliban policies publicly. Secretary of State Albright, during her visit to the Nasir Bagh refugee camps in Pakistan described the Taliban’s treatment of women as “despicable.” She said “We are opposed to their (the Taliban’s) approach to human rights, to their despicable treatment of women and children, and their lack of respect for human dignity, in a way more reminiscent of the past than the future.” At the Human Rights Day celebration last December, the First Lady recognized two Afghan women in the audience for their invaluable work on behalf of women and girls and also said “We cannot allow these terrible crimes against women and girls—and, truly, against all of humanity—to continue with impunity. We must all make it unmistakably clear this terrible suffering inflicted on the women and girls of Afghanistan is not cultural, it is criminal. And we must do everything we can in our power to stop it.” The President also pledged continued assistance to the women suffering under the Taliban regime.

In international fora, we also speak out. We drafted the country resolutions on Afghanistan for this year and last year’s annual meeting of the UN’s Commission on the Status of Women (CSW). Along with other U.S. officials, I have personally raised the issue in meetings with senior Taliban and Pakistani officials.

I note the campaign instituted by the Feminist Majority and other human rights and women’s organizations designed to raise our consciousness and to help Afghan women and girls. The State Department looks forward to working with them in this endeavor.

My colleague, Assistant Secretary of State for Population, Refugee and Migration Affairs Julia Taft, will inform you later in this hearing regarding what we are doing on the ground in Afghanistan, Pakistan and Iran to help all Afghans, but specifically Afghan women and girls, despite difficulty caused by the continuing conflict, security problems, and pressure from the Afghan factions, including the Taliban.

The United States, as the largest individual contributor to Afghan relief, has a record that we all can be proud of.

Regional stability and the search for peace

I want to move to a broader area of concern—regional stability. The ongoing conflict has affected the entire region and beyond, spilling over into neighboring countries. I have spoken of drugs and terrorism. Let me also mention the refugees, arms-trafficking, ethnic and religious conflict, and the obstacle the ongoing fighting poses for those who want to see Afghanistan regain its traditional role as an important trade route between Central and South Asia.

Events in Afghanistan rightfully have alarmed its neighbors. Terrorists trained in Afghanistan operate in neighboring states. The conflict itself threatens to spread. Last year, we saw a danger of a wider war when, following the killing of Iranian officials in Mazar-i-Sharif by Taliban forces retaking the city, Iran increased troop deployments on its border with Pakistan and Afghanistan and held largescale maneuvers. Fortunately, the U.N. was able to defuse this crisis, but as long as the fighting goes on, there is a danger it will draw in neighboring countries.

We all agree the war has gone on far too long. The question arises what we are doing to bring it to a close, both bilaterally and through the U.N.-led peace effort.

We strongly support the U.N.'s efforts, particularly the work of the Secretary General's special envoy Ambassador Lakhdar Brahimi. We participate enthusiastically in Ambassador Brahimi's group of Six-plus-Two—composed of Afghanistan's six neighbors (Pakistan, Iran, Turkmenistan, Uzbekistan, Tajikistan, and China), Russia and the United States. I have participated in Six plus Two meetings in New York. The group represents an effort to have influential countries press the Afghan factions toward a ceasefire and a negotiated settlement. The Six-plus-two includes the key external players and it also provides a means by which, under the aegis of the U.N., we work constructively to bring peace to the region.

The Six plus Two developed a series of Points of Common Understanding at its September 21 meeting in which Secretary of State Albright represented the United States. These points were communicated to the various factions. The call for a ceasefire and a settlement was unfortunately not taken up by the Afghan parties, particularly by the Taliban, which at that time had made several major military advances against its opponents and believed that it would inevitably be victorious.

Circumstances today are different. We believe resistance to the Taliban is growing. There is organized opposition to them in the newly-occupied areas in the North and in the Hazarajat, and even in Pashtun-inhabited areas there have been violent cultural clashes and protests against conscription. Masood's forces also remain in the field. It should be clearer to all there is no military solution in sight. The U.N. now hopes to move the factions, including the Taliban, further along the road toward peace. Ambassador Brahimi is in the region now, meeting with all the factions and Afghanistan's neighbors in an effort to advance the process, particularly by narrowing differences between Pakistan and Iran, the principal supporters of the Taliban and the Northern Alliance respectively. The U.N. efforts, coupled with those of the Government of Turkmenistan, have had some initial success. Representatives of the Taliban and the Northern Alliance are due to meet in Ashgabat, the capital of Turkmenistan, tomorrow, March 10, in direct negotiations. Ambassador Brahimi sounded a note of caution saying, "I won't say this is the last chance, but I would appeal to them—referring to the warring parties—not to disappoint the Afghan people once again." He urged the parties, on behalf of U.N. Secretary General Kofi Annan, to go to the talks with "a spirit of compromise and understanding, patience and a constructive approach." We agree with these sentiments.

The Six-plus-Two also has endorsed a proposal by Uzbekistan to host a meeting of deputy foreign ministers in Tashkent that would engage the Afghan parties in a concerted effort to end the fighting. Work is ongoing in New York on a political declaration but more groundwork will be needed to ensure a successful meeting. In particular, all Six-plus-Two members must accept that the ongoing conflict is in no one's interest and act accordingly. It is a fact that some Six-plus-Two members rendered or facilitated assistance to their favored Afghan clients, providing arms, munitions, economic help, and military advisers.

On the bilateral level we maintain contact with the Afghan factions and other key interested countries in an effort to promote peace. This evening I plan to leave Washington for our regular consultations with Russia on South Asian issues in which Afghanistan will play a prominent part.

We also are in contact with neutral Afghans currently attempting to organize a dialogue aimed at convoking a grand national assembly—*loya jirga*—designed to bring a peaceful end to the war. I met in Peshawar on February 2 with several distinguished Afghan moderates including former president Mojaddedi, Pir Gailani,

and Hamid Karzai. We have supported this effort publicly and privately to get Afghans involved directly in the search for peace. We have also been in direct contact with His Majesty Zahir Shah, the former king of Afghanistan, who retains the admiration and good wishes of many inside and outside his country. I met with him in Rome on November 16.

We admire those Afghans who are striving to bind their nation's wounds. Moderate Afghans have often been under threat from extremists for their efforts and these threats are indeed real. We condemn the despicable murder in Peshawar, Pakistan earlier this year of the wife, son, and bodyguard of prominent neutral and war hero Abdul Haq. We extend to him and to his family our deepest sympathies. This was a cowardly act of terrorism of the worst sort.

U.S. policy

Let me conclude by summarizing U.S. policy with respect to the ongoing conflict in Afghanistan. The United States supports no individual Afghan faction but maintains contacts with all to further progress toward a peaceful settlement. We recognize none of the contending factions as the Government of Afghanistan and have no plans to do so. We would be prepared to recognize a Government of Afghanistan that was broad-based, multiethnic, and representative and respected international norms of behavior on issues of concern to the world community including terrorism, narcotics, and human rights, particularly the rights of women and girls and minorities. We believe that only such a government could bring peace to Afghanistan and gain the acceptance of other nations and represent Afghanistan effectively in international organizations. But while we are neutral regarding the factions, we are emphatically not neutral regarding their behavior and criticize or encourage them as we see fit. Unfortunately there has been little of an encouraging note in recent years.

Thus we continue to be actively engaged in this effort on several fronts, in the U.N., in Washington, in the region, and elsewhere. Our efforts have not yet met with success. The fighting continues, the Afghan people suffer, the effects of the conflict spill over into neighboring lands and beyond. But as I have said before, without our direct involvement, this conflict will likely only continue to fester causing even greater damage to our own interests and to those of the Afghan people.

SUMMARY STATEMENT OF HON. JULIA TAFT

Senator MCCONNELL. We have a vote at 2:45, which is the only vote we will have today because of the snow. I think what I will do is call a brief recess, let Senator Leahy and myself go over and catch this vote right at the beginning, and then we will be back and we will be able to finish the rest of the hearing.

[A brief recess was taken.]

Senator MCCONNELL. Secretary Taft, why do you not pick right up there, and we will pose our questions after you finish. We will make your entire statement a part of the record.

Ms. TAFT. Thank you very much, sir. I am really very pleased to be here not only to represent the humanitarian face of the foreign policy, but also to speak to what we consider one of the most horrific situations in terms of human rights and refugee crises in the world.

One of my first visits as Assistant Secretary for Population, Refugees, and Migration was to go to Pakistan and Afghanistan, and to look firsthand at what is one of the largest, longest-standing and most complex humanitarian concerns in the world. It has remained a central preoccupation of our Bureau and we have had to make a number of shifts both in resources and in program concepts to adapt to the new challenges of humanitarian assistance requirements created by the Taliban.

Let me just speak for a minute. My colleague, Assistant Secretary Inderfurth, went into very good detail about the situation, but I wanted to add a brief description of what happened 20 years ago. I think he started 10 years ago.

Some 20 years ago, when the Soviet troops invaded Afghanistan, the flow that was precipitated mostly to Iran and to Pakistan, was 6 million refugees, and now the count is down to about 2.4 million refugees, 1.2 million in Pakistan and the remaining in Iran.

When we think about the 4 million people who went back to Afghanistan, they went back beginning in 1989 and are still trickling back in today. But 4 million people have gone back to what they thought was going to be freedom and a new life, and you have described quite well what they have found.

During this period of time, Pakistan has remained a very generous country of first asylum. Over the course of 20 years, they have hosted a total of over 3 million people. Now it is 1.2 million. They are getting very tired, and you will see reports that various officials in the northwest frontier province are saying they want to put everybody back into refugee camps. Well, they cannot even find these people. Many of them have already integrated into the local economy. They have established their lives. They have really fit into Pakistan fairly well, even though they are Afghans. But this is because many of them not only have been there for 20 years, but also they are in Pashtun origin and could fit into the economy fairly well of the northwest frontier province.

There are, however, new refugees coming out of Afghanistan, and Pakistan has not allowed them to be registered. We are looking very closely and working with the UNHCR to make sure these people are identified and provided services because we believe there is a protection mandate that is critical here and much more needs to be done.

In the mid-1990's when repatriation appeared to be a durable solution, the UNHCR and all of the implementing partners really started focusing on Afghanistan. That was where people were going to be going back to. That was where there should be projects for schools and hospitals, et cetera. The programs for first asylum in Pakistan shrunk considerably. While the focus was on Afghanistan, donations to UNHCR programs in Pakistan declined because there was no longer much of a first asylum requirement.

We have now soberly realized collectively that repatriation is not as viable as it should be in Afghanistan, and in fact the people who are still in Pakistan probably are not going to go back to Afghanistan anytime soon. So, we are in a position now of having to try to reestablish some school programs, reestablish health services for women and girls in particular. We think those programs in Pakistan may be the best chance for these girls to get education in their lifetime. So, we are starting these over again. This has just been within the past year, and we have put in substantial funding for those. I can go into detail later if you are interested in exactly what we are doing, but we are putting in about \$3.3 million for women and girls' programs, primarily in Pakistan.

We are also, however, still supporting the UNHCR generally at 25 percent for their appeals, and we are supporting their requests for support for people who do want to go back into Afghanistan. It is a choice of the refugees themselves whether they choose to return, and for those who self-select to return, we are offering assistance through the UNHCR for initial cash and food.

For resettlement outside of Pakistan and Afghanistan, we do have a program of resettlement that we are restarting. Again, this is connected to our own refugee resettlement program in the United States. Out of the total of 78,000 refugees that we will bring to the United States this year, we expect maybe 500 will come from Afghan refugees who are in Pakistan. We have a particular focus for those people we would resettle in the States: Those who are Afghan, educated women, or women particularly vulnerable with children who have virtually no hope of making a satisfactory adjustment in Pakistan or in Afghanistan.

Now, we have identified more than 700 candidates. The Immigration and Naturalization Service is helping us. However, the INS must schedule a circuit ride, so we will be hoping to get some of these people approved for admission within the next month or so.

I would also like to say that Iran has also been a generous host to Afghan refugees. They have absorbed about 3 million during this 20-year period. They are now down to 1.4 million. Unlike the approach that was taken initially in Pakistan, most of the refugees that went to Iran were just allowed to go into the economy, so there have never been any big camps or any big programs for those in Iran. Only about 25,000 have been in camps.

Recently, however, the Iranian economy has really taken a slump, and Iran's welcome for the refugees seems to have diminished. We have reports that there have been some involuntary repatriations of Afghan refugees along the border. We have been unable to substantiate those because the UNHCR is unable to go into Afghanistan for security reasons. So, we do not know exactly what this refoolment problem might be.

We are considering—but we have no recommendation to either to make our fellow colleagues in the State Department or in fact to Congress, but we are considering perhaps some augmented NGO programs in Iran which would supplement what the UNHCR is doing because of the conditions becoming apparently more severe. There will be an NGO meeting in April in Iran to look at requirements for human services for these refugees. If we get some ideas about particular approaches that we could support, we stand ready to assist.

With regard to the focus of our assistance in Afghanistan, ever since the refugees started repatriating, we have funded about 25 percent of the UNHCR programs. But in addition to that, we have supported the ICRC, and, in fact, the International Committee for the Red Cross programs is the only program that has stayed in Afghanistan all these years. They did not even leave last summer with all of the security problems and the change of circumstances. So, we continue to fund them fulsomely, and we are funding NGO programs for pharmaceuticals, for health care, for some school programs, and some refugee repatriation programs that are in rural areas.

I have seen these programs. At least I saw them last year. Even though the expatriate staff is no longer in Afghanistan, these programs are still going on to a modest degree. We are hoping at some point soon we will be able to infuse more resources and actually get some expatriate oversight of these programs soon.

That leads me to the biggest issue that we have outside of the human rights concerns with Taliban, and that is the security of relief workers. The biggest problem that we have is trying to secure agreements with the Taliban to allow U.N. staff and NGO's the kind of access they need and the personal security they need to return permanently. Negotiations have been ongoing for at least a year, not just on security, but a year ago there were major criticisms of the Taliban with regard to the access by women and girls to various services. Negotiations were conducted at that time between the U.N. and the Taliban to ensure that all of the programs would provide gender equity.

As soon as those negotiations were started, there became real security concerns, and unfortunately the U.N. had to withdraw.

We are just getting reports now that the U.N. has completed its security assessment. It is reporting to New York on its recommendations about the return of U.N. workers and NGO's to Afghanistan. We have not had a full briefing on this, so I am not able to give you the details. We are concerned about workers going back, but expect the U.N. to have made an appropriate assessment.

If the workers are able to go back and the U.N. is able to improve its presence, we think that donors will be more forthcoming in terms of their new assistance inside of Afghanistan, and we are hoping that that will at least provide appropriate monitors, witnesses, a presence, a western presence to try to make sure that the vulnerable people of that society are getting the assistance that we expect.

It is a grim picture, but what I have tried to convey is it is a fairly realistic one. We are going to again focus our attention on Pakistan where we can reach the refugee girls and women and do what we can to improve the services inside of Afghanistan when the security is more appropriate.

With those comments, let me just summarize by saying that the U.S. Government's total contributions range upwards of \$30 million, if you consider all the food that is going into the various assistance programs. We expect from the Bureau of Population, Refugee, and Migration Assistance Act we are going to be funding probably close to \$20 million this year on these programs for refugees as well as people inside of Afghanistan.

PREPARED STATEMENT

With that, let me just thank you for your attention on this subject. We are really grateful for the assistance the NGO's have given, Physicians for Human Rights and others who have called into international attention concerns about the plight of the people of Afghanistan. We stand ready to work with you and any other way we can to make sure that we can reach those who deserve our assistance. Thank you.

[The statement follows:]

PREPARED STATEMENT OF JULIA V. TAFT

I am pleased to be able to speak today on the humanitarian situation in Afghanistan. One of my first field visits as Assistant Secretary for PRM was to Pakistan and Afghanistan to look into what is one of the largest, longest-standing, and most complex humanitarian situations in the world. It has remained a central concern

of our Bureau as we have had to shift resources and programs to adapt to the new challenges to humanitarian assistance created by the Taliban in Afghanistan.

Twenty years ago, Soviet troops invaded Afghanistan, precipitating the flow of more than six million refugees to Pakistan and Iran. The official count today is 2.4 million and over 4 million refugees have gone back to Afghanistan since the withdrawal of the Soviets in 1989. Those remaining in exile have been in place long enough that the third generation is being born. At the same time, ongoing warfare and Taliban repression continue to generate new refugees. Within Afghanistan, one million or more Afghans are displaced from their homes. Nearly all Afghans are impoverished by the devastation of war. Recent severe earthquakes only seem to compound Afghanistan's misery.

A/S Inderfurth has outlined for you what the USG is doing to promote a political solution to the situation in Afghanistan. I will focus on humanitarian concerns. While the humanitarian situation ultimately can only be effectively addressed with a political solution, there are things that we can and are doing to try to ameliorate the current situation of vulnerable people—particularly refugees in Pakistan and Iran. Unfortunately, what we can accomplish for vulnerable populations in Afghanistan is severely limited by the security situation and by Taliban policies.

I will start with the refugees.

REFUGEES IN PAKISTAN

Pakistan has been a very generous country of first asylum. Over the course of 20 years, they have hosted some three million refugees, 1.2 million of whom remain in Pakistan at this time.

The largest group of Afghans in Pakistan—probably a significant majority—have been in Pakistan so long and are so well-established that they are not likely to return. They are preponderantly Pashtun who have integrated into the economy. The bulk of the remainder live in refugee camps close to the border and would likely return. Also mostly Pashtun, they are being held back by economic or other practical considerations, like schools and health care, rather than fear of persecution. Their needs are likely for targeted repatriation and reintegration assistance.

There are also refugees in Pakistan who are sometimes referred to as the Afghan elite, or intelligentsia. Located mostly in Peshawar, they are relatively affluent but could not return to a Taliban Afghanistan. These may be candidates for resettlement in third countries and we are particularly looking at female heads of household who are experiencing difficulty in remaining in Pakistan and now would be particularly vulnerable if they return to Afghanistan.

And, there are the new arrivals, who fled from the Taliban after its recent victories. These refugees only began arriving in Pakistan (and Iran) in late 1998. While Pakistan does not register refugees, it does grant *prima facie* status to all Afghans. We believe there are real needs for relief and protection for these new arrivals and have been working with UNHCR to address these needs—especially to ensure that protection is adequate.

When, in the mid-1990s, repatriation appeared to be the durable solution after the retreat of the Soviets, UNHCR and its implementing partners began to scale back care and maintenance programs dramatically, leaving in place modest efforts on behalf of the most vulnerable. Facing many new complex humanitarian emergencies around the world, donors were happy to re-direct their resources to more needy populations. However, repatriation has slowed. New refugees are arriving. And the Taliban's policies and actions—particularly as regards women, girls, and minorities—have horrified the world.

In response, we have reversed our phase-out strategy and last year funded a number of new or renewed NGO assistance projects in Pakistan. In infusing new funding, we have focused our efforts on women in recognition of the central importance of women's well-being to the well-being of their children and entire families. Health and education for women and girls are the prime project areas. This may be one of the few opportunities that the international community has to address educational needs of Afghan women and girls in the near future.

We are also continuing our financial support to UNHCR's repatriation program. While some have suggested that no refugees, particularly women, should return to Afghanistan while the Taliban is in control there, ultimately this is a decision that the refugees themselves must make. Our assistance through UNHCR would provide initial cash and food for those refugees who self-select to return.

REFUGEES IN IRAN

Like Pakistan, Iran has been a rather generous host to as many as three million Afghan refugees, of whom 1.4 million reside there today. Only a handful of refugees

(about 25,000) were held in camps, with most allowed to integrate into the economy—at least until 1992, after which time new refugees have been less able to obtain the required residency documents. With the Iranian economy in a slump, Iran's welcome for Afghan refugees has diminished. Since December Iran has reportedly returned 15,000 or more Afghans to Afghanistan. It is not entirely clear who is being expelled or under what circumstances, but it may be a mixture of economic migrants and refugees, and a mixture of voluntary and forced repatriation. Although there are no reports of Taliban mistreatment of returnees, because of security concerns, UNHCR does not have an expatriate presence in Afghanistan to protect returnees.

Most assistance in Iran is provided by the government. UNHCR has provided some reimbursement for health services and complementary aid in the camps. UNHCR began to reorient care and maintenance efforts toward self-reliance in 1997. A European coalition of NGOs—the International Consortium for Refugees in Iran (ICRI)—plans a symposium in April in Iran to engender additional knowledge of refugee needs, particularly in education. We will watch the outcome of this conference closely for new information about refugees in Iran. Before seeking to address any unmet needs of Afghan refugees in Iran other than through UNHCR, we would certainly want to consult with Congress.

HUMANITARIAN SITUATION IN AFGHANISTAN

Let me turn to the humanitarian situation inside Afghanistan.

There hardly appears to be a corner of Afghanistan not touched and impoverished by decades of conflict. There are other countries where the USG is working to provide humanitarian assistance that have been similarly devastated. Liberia and Cambodia come immediately to mind. But there are few where the authorities systematically present so many challenges to the provision of humanitarian assistance.

Most attention on the Taliban's human rights record has been focussed on their mistreatment of women. Indeed, the Taliban violate the human rights of almost all Afghans in ways ranging from restrictions on political and religious freedoms to the horrific murder of thousands of people in Mazar-i-Sharif last summer.

The Taliban maintain that the measures they have taken concerning women are for women's own protection. Regardless of what their intent is, the effect of their policies is to strip women of their human rights, and to seriously damage the physical well-being of women by denying them healthcare and employment. In our view, the greatest problems facing Afghan women are poverty, lack of education, and lack of health care. The actions of the Taliban which most trouble us are:

- the denial of employment outside the home to women, which by denying women a livelihood is directly life-threatening, especially to Afghanistan's thousands of war-widows;
- the denial of education to girls;
- and a combination of restrictions on movement, employment of women health workers, and treatment of women by male doctors, which together limit women's access to health care.

The USG is committed to provision of humanitarian assistance in Afghanistan, notwithstanding our strong disagreements with the Taliban on human rights, narcotics, and terrorism issues. This is consistent with the overall USG policy of trying to address humanitarian needs of vulnerable populations, even in countries with which we have strong political disagreements. The international community unanimously concluded at the Tokyo meeting of the Afghan Support Group in December to push for secure access by the U.N. and NGOs throughout Afghanistan and to fund humanitarian programs on a basis of gender equality. And foreign ministers of those parties engaged in trying to resolve the political situation in Afghanistan—the "6+2"—have called for resumption of humanitarian assistance as soon as possible. The international and non-governmental organizations with whom we are working are all desperately anxious to be able to work freely to meet the needs of vulnerable Afghans, especially women and girls.

But, as you well know, there are major constraints to international humanitarian action in Afghanistan.

First, security. The ongoing conflict continues to inflict damage, impede reconstruction, and impair the security of both Afghans and aid workers. Moreover, there are still questions about the Taliban's commitment to ensuring security. Last August, most expatriate humanitarian workers were withdrawn from Afghanistan following the murder and kidnapping of some humanitarian staff. The U.N. and the Taliban subsequently concluded an MOU on the security protocol for return. We firmly support the U.N. position that expatriate staff not return until credible guarantees are in place. We and other donors have urged NGOs not to return expat staff

until U.N. expat staff return. Some have nonetheless returned and we know that there are differing views on this issue.

However, particularly given the need to improve the security situation of humanitarian workers worldwide, we have believed that the NGO community should maintain solidarity with the U.N. on the security issue. We have given our concerns about the current security situation to the U.N., and drawn their attention in particular to the threat posed by Osama Bin Laden. The U.N. is currently intensively reviewing the security situation.

Second, Taliban policies and reprehensible human rights record. The USG has been unstinting in both our condemnation of Taliban human rights violations—particularly against women and girls—and in our efforts to promote a united donor front that will enable us to engage the Taliban on changing its repressive policies. We have publicly condemned the Taliban’s human rights violations in multiple fora—for example the U.N. Commission on the Status of Women, the U.N. Security Council, and the Afghan Support Group. But beyond the human rights issue, the Taliban’s position on women constrains the delivery of humanitarian assistance, because it challenges the basic humanitarian principle that such assistance must be available equally to beneficiaries, without regard to gender, race, or other characteristics.

The international community has remained firm in the conviction that the most effective levers to ensure appropriate assistance to Afghanistan is through a Principled Common Program—under the direction of UNOCHA—the U.N. Coordinator for Afghanistan. “Principled” refers to the goal of having all assistance programs conform to standards that require gender equity in access to project benefits, that require non-discrimination against minorities (e.g., Shia, non-Pashtuns), that include reference to the cross-cutting goal of drug control, and that avoid giving undue power to the Taliban authorities while focusing on local capacity building. “Common” refers to donor agreement to abide by the same basic principles and to the idea of integrated, mutually reinforcing project development.

For the moment, there is agreement among all major donors on several operating principles:

- donors should seek to fund what is in the UNOCHA appeal and not use scarce funds on activities that are outside of the appeal;
- no U.N. expatriates should return to Afghanistan until the Taliban has implemented the terms of the security MOU and given credible assurances on security;
- NGOs should be encouraged to follow the U.N. in keeping expatriates out of Afghanistan;
- humanitarian agencies should not submit to the mahram edict (that is the Taliban policy that requires Muslim women—even non-Afghans—to be accompanied in public by a close male relative) ;
- projects that do not protect the human rights of women, girls, and minorities should not be funded;
- urgent humanitarian assistance should not be subject to conditionality but development assistance or other new assistance could be subjected to conditionality on human rights principles and drug control;

I would not be honest if I did not say that it is difficult to maintain consensus on all such issues as time goes on, especially given the tensions created by the keen desire to resume full international humanitarian assistance inside Afghanistan. As an illustration of the difficulty, take the issue of assistance in Kabul. Some donors will not fund any programs in Kabul, believing that Taliban restrictions there make it impossible to provide assistance on a principled basis. Other donors take a project-by-project approach, funding programs. The U.N., for its part, has decided to provide only “life-saving” assistance in Kabul.

About ten days ago, I chaired a monthly coordination meeting that we have with the NGO sector of the international humanitarian assistance community and with USAID. U.S.-based NGOs represented there could not agree on whether urgent aid should be limited to “lifesaving”. Or even on the definition. All more or less agreed that education was not strictly lifesaving; but we would all be loath to not provide education to women and girls where possible.

At that same meeting, some NGO representatives argued that it would be wrong to provide assistance to those refugees repatriating because that could be construed as promoting—or even forcing—return to an Afghanistan that does not respect the rights of all of its citizens. Others—equally passionately—argued that it would be wrong to deny help to those who want to go home of their own free will. In fact, as a practical matter, unless we are prepared to use some kind of force, the USG may neither tell a refugee when to return home nor prevent him or her from doing so.

USG ASSISTANCE

As I conclude my remarks today, I would like to outline for you what my Bureau and its partner USG agencies are doing in terms of funding. I believe that you all have received as background for this hearing a detailed accounting of PRM assistance for Afghan refugees and conflict victims over the last five years. Our assistance for Afghan refugees has been ongoing now for 19 years.

In the last fiscal year—fiscal year 1998—PRM provided some \$8.3 million in earmarked contributions through international and non-governmental organizations. Of that amount, over \$3.3 million was for projects that specifically targeted programs for Afghan women and girls, including \$1.5 million for education and health in Pakistan. An additional \$14.8 million was contributed to the general regional appeals for UNHCR and ICRC—a significant proportion of the latter was for programs for Afghans in Afghanistan.

Also in fiscal year 1998:

- USAID's Office of U.S. Foreign Disaster Assistance provided nearly \$7 million for earthquake relief and for internally displaced and other vulnerable persons inside Afghanistan.
- The U.S. pledge of food commodities was 100,000 tons of wheat to Afghanistan for delivery via the U.N. World Food Program.
- Important complementary assistance for demining (\$2 million), counternarcotics (\$1.54 million) and U.N. coordination (\$500,000) came from several State Department accounts.

For this current fiscal year, we anticipate that PRM funding will be at least at the level of last year, though, as I have indicated, we do not know at this point just what kind of assistance will be able to be implemented inside Afghanistan. Other assistance already decided for this year includes:

- \$2 million in demining assistance from the NADR program,
 - 100,000 MT of wheat from the USDA Section 416 (b) program,
 - \$500,000 for UNOCHA coordination from the IO Bureau, and
 - \$25,000 to date from USAID/OFDA for earthquake relief.
- In addition, our Bureau of Democracy, Human Rights, and Labor has committed to contributing \$200,000 in fiscal year 1999 Human Rights and Democracy Funds to the U.N. Consolidated Appeal for Afghanistan. The funds would be targeted to women's democracy/human rights advocacy-building programs within the Appeal. The South Asia bureau has agreed to commit \$200,000 from its fiscal year 1999 ESF regional democracy funds for the same type of programs in the Appeal specifically targeting Afghan women.

While third-country resettlement may not be the appropriate durable solution for Afghan refugees in general, there are certain refugees who are at risk because of the Taliban takeover and who cannot integrate locally in Pakistan. Of particular concern are educated urban women, as well as widows and single heads of household. We expect to resettle several hundred such refugees in the United States. To ensure that these cases are adjudicated promptly, we have authorized the hiring of an experienced case worker in Islamabad to supplement the efforts of the NGO and INS processing personnel that visit Pakistan periodically on circuit rides.

EXPECTATIONS FOR 1999

Unfortunately, there seems little prospect that the Taliban will make major changes soon in their human rights policies. So we expect the present situation of chronic conflict and repressive rule by a presumptive authority that falls short of being a government to continue. Meeting basic human needs of many Afghans is likely to continue to depend on international assistance. At the same time, the environment for delivering that assistance is likely to remain difficult and dangerous. Even if the situation improves to the point where international aid workers can return to Afghanistan, every day is likely to bring a struggle with Taliban interference and restrictions, and poverty and lack of infrastructure.

This is a grim picture, but, we believe, a realistic one. Against this backdrop, let me say once again that the USG is committed to provision of humanitarian assistance, even under difficult circumstances, that responds to the needs of Afghan refugees, conflict victims, and vulnerable—especially the women and girls.

I would be happy to respond to additional questions that you may have.

STRIKE AGAINST OSAMA BIN LADEN

Senator McCONNELL. Thank you, Ms. Taft.

Mr. Inderfurth, could you outline for me what you think the benefits were of the strike against Osama bin Laden?

Mr. Inderfurth. The strike on August 20th against his training facilities in Afghanistan we think sent a very powerful message to him and to his supporters and to those around the world that were watching that the United States would, indeed, respond to attacks on U.S. interests wherever they may occur. We think that there has been a practical effect, which is a disruption of his activities. He has clearly been since that time much more on the move and on guard with respect to his activities.

We have not been successful in accomplishing our objective of seeing him expelled from Afghanistan and brought to justice. We are continuing to make that effort, not only by those of us working in the diplomatic field—and I had meetings in Islamabad on February 3rd with Taliban officials to underscore the points that I made in my testimony and we are discussing here—but also others within the U.S. Government that are working on this problem quite literally around the clock.

There is no question that there was disruption. There is no question that they got a very powerful message, but there is also no question that bin Laden remains a threat. And as we have said to the Taliban and to others, we reserve the right to act again either preemptively or in retaliation for terrorist activities undertaken or planned by bin Laden.

Senator McConnell. So, no progress on the effort to locate and extradite him?

Mr. Inderfurth. Mr. Chairman, in terms of the location of bin Laden, we do believe that he remains in Afghanistan itself despite some earlier reports that he may have left or that he had left Taliban-controlled territory. I would rather have a closed discussion with you about his location and what we actually know about that.

His expulsion. We have seen no effort by the Taliban to expel, but again we believe that certain steps have been taken that have disrupted his activities that have made it more difficult for him to communicate, that he seems to be moving around a great deal. But we still believe that he has the capability to harm U.S. interests and we are going to pursue that.

Senator McConnell. How do you see the Russian-Iranian relationship in the context of the Afghan problem?

Mr. Inderfurth. Both the Russians and the Iranians have supported the Northern Alliance, the principal opposition to the Taliban. They have supplied certain materiel over the years to the Northern Alliance. I think a map has been attached to my testimony of the 15 percent or so that remains in Northern Alliance hands of Afghanistan. This is principally Commander Masood in the Panshir Valley.

It is our view, as I stated in my testimony, that there can be no military solution to what is taking place in Afghanistan. Despite the fact the Taliban has increased its hold over the country geographically, we do not believe that they will be able to subjugate the country and to exert total control, that there will continue to be resistance in part because other countries with an interest there

continue to supply those forces opposed to the Taliban. So, both the Russians and the Iranians remain involved in that fashion.

They also remain involved diplomatically. They are part of the so-called Six plus Two process, and we believe that they both would be willing, based on our contacts with them, to work constructively if the Taliban were willing to sit down at the table with the other factions and to start working toward a peaceful resolution to establish a broad-based government.

Senator MCCONNELL. How have somewhat similar views of this problem affected our relationship with Iran?

Mr. Inderfurth. I cannot speak beyond the Six plus Two process. I have taken part in those meetings in New York. Secretary Albright was there last September where she took part at a ministerial of the Six plus Two. The Iranians have, as I said, been engaged in that. We have had exchanges across the table. They have been constructive in their comments. I believe that, for reasons that Assistant Secretary Taft has pointed out, they want to see this conflict come to an end. They have refugees. They have had dislocations. They are very concerned about the narcotics spillover. Iran has taken very tough measures to deal with narcotics and trafficking, but they have the Hazara Shia minority in Afghanistan that they intend to look after their interests and not to see the Taliban repress them.

So, there is their religious, their cultural, their historical connotations here as well as humanitarian. The Iranians I think are willing to work for a positive solution there, but in the meantime, until the Taliban indicates its willingness to come to the table, Iran will continue to take those actions to support the opposition forces it deems necessary.

Senator MCCONNELL. And now the relationship between Pakistan and the Taliban, particularly in view of the fact that the Pakistanis now have 3 million drug addicts. Describe for me again this relationship and also the apparent lack of concern or maybe there is concern that I do not sense here of the Pakistanis with regard to the drug problem that they now have.

Mr. Inderfurth. Pakistan has been over time the principal supporter of the Taliban. As Senator Leahy pointed out, Pakistan and Saudi Arabia have been the two principal backers of the Taliban. The only other country to officially recognize the Taliban is the UAE. That is the sum total of diplomatic recognition of the Taliban.

Pakistan is the country most affected by the Afghan conflict and has been going back to the Soviet era. As Assistant Secretary Taft pointed out, the refugee problem is well known and Pakistan has responded in a very compassionate fashion over the years to that, and that problem continues.

They have become increasingly affected by the narcotics trafficking that takes place and the number of addicts that we now see in Pakistan. Indeed, Pakistan is taking some important steps with respect to cooperation with the U.S. on narcotics. This year we were able to fully certify cooperation with Pakistan on our counter-narcotics efforts. They received full certification in this last presidential finding.

But the drug situation in Afghanistan continues to get worse. Despite protestations by the Taliban that they are taking steps to eliminate this and that this is un-Islamic, we have seen little evidence of that.

And Pakistan is having that spillover effect of the narcotics as well as terrorism. There is no question that some of the terrorists that are being trained in Afghanistan are affecting the internal situation in Pakistan itself, which leads us to the view that Pakistan is beginning to understand that what is taking place in Afghanistan under the Taliban is adversely affecting the national interests of Pakistan and that its support for the Taliban must reflect that.

We are encouraging Pakistan to use its influence—and it has more than any other country—to move the Taliban toward the negotiating table. We are encouraging Pakistan to use its influence on terrorist issues, not just bin Laden, but the camps that are there that would remain even after he left.

There is no question that internally this is a subject of debate within the Pakistani Government. We believe Prime Minister Sharif is trying to move in a direction that would bring a negotiated settlement, not a military solution, to Afghanistan, but it has not taken place yet and we will continue trying to encourage them to take those steps.

Senator MCCONNELL. Senator Leahy.

Senator LEAHY. Mr. Chairman, I remember all the money we sent over to Afghanistan for Stinger missiles and other military equipment. Now we worry they are being sold and the terrorists may use them against us or our allies.

We supported the anti-Soviet forces there. You know, if you are anti-Soviet, therefore you must be good no matter what you do. And now we find ourselves and the Russians worrying about how you stop the spread of the Taliban's form of fanatical fundamentalism.

Is Russia in a position where they can really work consistently on this? I am not thinking of just the pressures within their own government. Do they feel that there is enough of a sense of self-preservation to work with us?

Mr. INDERFURTH. Well, again, we believe that the Russians do want to see a peaceful settlement to the conflict in Afghanistan and they are willing to work with us toward that end. They are already feeling the effects of the drug trade coming through the Central Asian republics. They are feeling the effects of terrorism activities, the recent bombings that took place in Uzbekistan with President Karimov. Some of the suspects that have been picked up as a result of that are suspected to have been trained in Afghanistan. So, the Russians see the spillover effects and they want to see a solution. Therefore, we have tried to have consultations with them at least twice a year to see where they are on this.

But as I pointed out, they will continue to provide support to the anti-Taliban factions until there is a recognition by the Taliban that they must come to the table and that they cannot have a military solution.

The Russian interests in Afghanistan go back all the way to the previous century and the great game and the rest. We believe they are playing a new game which is a more constructive game. They

are not trying to extend empire. They do have economic interests because of oil that could flow through Afghanistan, pipelines, natural gas, but we believe basically the Russians and we have a similar view that there should be a political settlement and that they are working toward that end.

Senator LEAHY. Pakistan and Saudi Arabia recognize the Taliban. They give support to them. Suppose they withdrew their recognition and that support. Would that have a major effect on the Taliban?

Mr. INDERFURTH. It would have a major effect but not a determining effect. We believe that the Taliban can continue this war absent external support.

The fact is that the Saudis have been pulling back their support of late. They have downgraded diplomatic recognition because the Saudi interest in bin Laden, as you know, is very strong. They want to see bin Laden brought to justice. So, because the Taliban have not taken the steps that the Saudis would like to see, they have downgraded their diplomatic representation, and they have taken other steps in terms of any assistance that could be provided.

Pakistan, we also believe, has taken certain steps with respect to its assistance, although it has not cut it off, nor has it taken any diplomatic steps to de-recognize. We believe we may hit that point that the Pakistanis need to take more dramatic actions if we do not have the kind of response from the Taliban.

Senator LEAHY. You, I am sure, have seen the recommendations of Physicians for Human Rights. They say if Pakistan closed its border to the transport of fuel and weapons and withdrew its military and intelligence presence from Afghanistan, that it would have an effect. I would assume a significant effect on Afghanistan. But they are not quite to that point yet.

Mr. INDERFURTH. They are not at that point. Closing the border would be almost impossible. It is a very porous and long border. But we believe that Pakistan can do more than it is currently doing, and we are urging them to do it.

Senator LEAHY. So, the flip side to that, Ms. Taft, you have reports of what happens to Afghan refugees in Pakistan. I have heard some disturbing reports about new arrivals. What concerns do you have? I am thinking especially of the UNHCR program there.

Ms. TAFT. Well, I think that what we are really concerned about is who is registering these people who are coming across and where are they going and who is protecting them in new locations. This phenomenon has only been going on for a short time. The UNHCR is present but it is really the Government of Pakistan's responsibility to ensure that refugees in the camps or wherever they go are protected. That gets into the issue of how much is Pakistan willing to draw the line with the presence of Taliban activists that might even be in those camps.

It is an issue we have raised bilaterally with the Pakistan authorities. It is an issue that we are working with the UNHCR on, but I think that the bottom line is that these camps are not as safe as they ought to be and we have to turn to the Pakistan authorities to take care of them.

Now, when we have raised this issue, particularly in those in the northwest frontier province, the problem of Taliban people coming in and trying to be rabble-rousers has been fairly well constrained by the people who are already living there, the Afghan refugees living there. But I think it is something about which we have to be very vigilant.

In other places we have been responsive to the UNHCR if they have asked for extra money for guard services or civil protection or whatever. We do not have a specific proposal from them but we would certainly be responsive to that.

Senator LEAHY. You also refer in your testimony to the memorandum of understanding between the U.N. and the Taliban about the protection of U.N. humanitarian workers if they return to Afghanistan.

Ms. TAFT. That is not the UNHCR. That is the U.N. Office—
Senator LEAHY. No. I understand.

My understanding is that the MOU has been sharply criticized because it fails to guarantee access to Afghan women and girls to health care and education. Should the U.N. even go forward under that MOU, or should they wait until it could be renegotiated? I realize that there are tradeoffs either way, but I wonder what we accomplish if we go in and women and girls are still precluded from health care.

I was reading this report, for example, and I have seen other reports of journalists. When I say this report, for the record that is the “Taliban’s War on Women,” a report by Physicians for Human Rights.

This goes beyond the dark ages. This goes to activity that almost predetermines that half the population are going to be ill, maltreated, and without any hope whatsoever.

Ms. TAFT. Let me answer this in two or three different ways.

The first one, back to your irony about Russia. I do think it is important for us to remember that the time that Afghanistan was about as liberal as it has been in a long time was when the Russians were there. The Russians said, wait a minute. Why are you all wearing these burqas? Why are you not getting education? They opened up the universities. They opened up the schools to the women, and during the Russian period, there was much more openness for women. Is that not an irony.

Now, where we are right now is there are two features. One is this MOU, this memorandum of understanding, really dates back to almost a year ago when we were trying to have influence with the Taliban on the nature of the programs and saying that for life assistance programs, the U.N. would be present but they needed to have access to women and girls, as well as men equitably. And the other aspect of it was that for development programs, there had to be real equity in everything.

Well, we are not even in the development program stage now because it is still a crisis and everything is still an emergency.

This MOU got put aside last summer when two U.N. aid workers were killed and overall security concerns after the bombings in east Africa resulted in all the expats except ICRC evacuating from Afghanistan. The programs that were being funded are still operational by and large but they are being operated by local employ-

ees. So, for instance, the bread kitchens for the widows, the 30,000 widows, inside of Afghanistan are still going forward, and some of the programs that we have had for health care with some medicines through Save the Children and some of the assistance through CARE is still going on but not with expatriate presence.

The problem is we cannot really monitor these programs, and we cannot really ensure that they are meeting the requirements of access by the women. Until we can get the U.N. in and they can negotiate a security agreement, we are kind of on hold. And today, as I was coming into this meeting, I understand that the U.N. is now briefing our people in New York about their intent to send teams back into Afghanistan. Once the U.N. is there, I think we will be able to go back to the question of access, equity, and witnessing.

Senator LEAHY. If your staff could keep mine posted on that please.

Ms. TAFT. Yes, sir.

Senator LEAHY. Thank you, Mr. Chairman.

Senator MCCONNELL. OK. I want to thank you both for joining us today. We appreciate it.

NONDEPARTMENTAL WITNESSES

STATEMENTS OF:

HOLLY BURKHALTER, ADVOCACY DIRECTOR, PHYSICIANS FOR HUMAN RIGHTS

ZOHRA RASEKH, CONSULTANT, PHYSICIANS FOR HUMAN RIGHTS

Senator McCONNELL. The next panel will be Holly Burkhalter and Zohra Rasekh.

This hearing has occurred in large measure because of a column brought to my attention on the courageous work done by Ms. Rasekh and the Physicians for Human Rights organization to gather data on the health and human rights of women in Afghanistan. This book, which Senator Leahy made reference to, *The Taliban's War on Women: A Health and Human Rights Crisis in Afghanistan*, is in many respects the work of Ms. Rasekh. We would like to ask her to come on up. We understand that she has just returned from the region and that she has updated research begun last summer. We are particularly looking forward to hearing from her.

PREPARED STATEMENT OF MAVIS LENO, NATIONAL BOARD MEMBER,
FEMINIST MAJORITY FOUNDATION

Let me also mention that it had been our plan to have Mavis Leno on the panel as well. All the shuttles out of New York have been canceled, so she will not be able to be with us. We will submit her testimony for the record.

[The statement follows:]

PREPARED STATEMENT OF MAVIS LENO

I am Mavis Leno, a writer, a resident of Los Angeles, California, and a member of the National Board of the Feminist Majority, which was founded in 1987 to advocate for equality for women. I chair the Feminist Majority's Campaign to Stop Gender Apartheid in Afghanistan. I would like to thank Senator McConnell and the members of the Subcommittee for convening this hearing on the plight of women and girls in Afghanistan.

A militia group, the Taliban, now controls much of Afghanistan. Under the Taliban's rule, women and girls have been stripped of their basic human rights and women have been held under virtual "house arrest." The Taliban has:

- banned women from employment;
- banned women from attending universities;
- banned girls from going to school, and even home schools are prohibited;
- prohibited women from leaving their homes unless accompanied by a husband, father, brother, or son;
- required women who do leave their homes to be covered from head to toe in a "burqa," with only a mesh opening to see through;
- required that the windows of homes with women be painted over so the women inside cannot be seen;
- banned women from being treated by male doctors (the few female doctors who are permitted to work are often harassed); and
- even banned women from wearing white socks and shoes that make noise when they walk.

Women have been beaten, shot at, tortured, and even killed for violating these draconian decrees—for merely trying to go to work, leaving their homes alone, or violating the Taliban's extreme dress orders. Countless Afghan women and girls are forced to beg for food because they have no male relatives to support them, and they are not allowed to support themselves. A recent State Department report on human rights in Afghanistan cites the rape, disappearance, kidnapping, and forced marriage of many young women. Physicians for Human Rights has amply documented the physical and psychological toll which the Taliban's brutal regime has taken on women and girls in Afghanistan. Increasing numbers of Afghan women, unable to bear the psychological and physical torture of their status, are committing suicide.

We have heard from multiple sources that girls at the state orphanage in Kabul have not been allowed to leave the building to go outside since September of 1996—although the boys go outside every day to attend school and to play. As of last month, we have been told the girls remain confined to the third floor of the orphanage. These girls have been traumatized not only by the loss of their parents, but also by their cruel imprisonment.

The abuses of women and girls in Afghanistan have been justified in the name of religion and culture. Even if this hideous treatment of women and girls were because of religious and cultural preferences, the international community concerned with human rights should not accept this excuse. However, the Taliban's decrees are foreign to the religion, the culture, and the people of Afghanistan. Since the 1950s, women and girls in Kabul and in many other parts of the country attended co-educational schools. Before the Taliban gained dominance in Afghanistan, women were a crucial part of the workforce. In Kabul, for example:

- 70 percent of teachers were women;
- 40 percent of doctors were women;
- over half the university students were women;
- schools at all levels were co-educational;
- Afghan women held jobs as lawyers, judges, engineers, and nurses; and
- Afghan women were not required to cover themselves with the burqa.

The Feminist Majority has spearheaded a campaign by American women's organizations to restore women's rights in Afghanistan. To date, over 130 women's rights and human rights organizations have agreed to co-sponsor our national Campaign to Stop Gender Apartheid in Afghanistan and have taken actions to urge President Clinton, Secretary of State Albright, and United Nations Secretary-General Annan not to recognize the Taliban as the official government of Afghanistan and to do everything in their power to restore the human rights of Afghan women. Some of the supporters of our campaign include American Nurses Association, American Medical Women's Association, the YWCA of the USA, Planned Parenthood Federation of America, the National Organization for Women, General Federation of Women's Clubs, National Council of Women's Organizations, Coalition of Labor Union Women, and the Centre for Development and Population Activities. The Feminist Majority also has generated tens of thousands of petitions from individual women and men. State Department officials have said that, in response to our campaign, they receive letters daily from people asking them to help the women in Afghanistan. The Feminist Majority led demonstrations at the Afghanistan and Pakistan embassies in Washington, D.C. in July 1997 to protest the abhorrent treatment of women and girls in Afghanistan. Shortly after our demonstration, the State Department closed the Afghanistan embassy in Washington.

Feminist Majority President Eleanor Smeal joined European Parliament Humanitarian Affairs Commissioner Emma Bonino and women's rights leaders from throughout Europe in Brussels last year to announce a worldwide campaign to help publicize the plight of women and girls in Afghanistan.

In all our work on this issue in the United States, the public's reaction is clear. American people are shocked by the terrifying abuses suffered by women and girls in Afghanistan and want the human rights of women and girls restored immediately.

For example, just this past week, "Dear Abby" published a letter from me about the situation for Afghan women and girls. The letter appeared in newspapers across the country, along with our toll-free number to join our Campaign to Stop Gender Apartheid. We have been overwhelmed by the public's response—thousands and thousands of calls have come into our Campaign—women and men outraged by the Taliban's oppression of women and girls and anxiously wanting to know what they can do to help.

Our Campaign is growing daily. On March 29, some of the most prominent women in the entertainment and media industries will converge in Los Angeles for a major public event to raise greater awareness about gender apartheid and what the United States can do to secure the restoration of women's human rights. I am

submitting a copy of the list of participants with my testimony—you can see that many highly visible women in television and film will be participating. Interest in the event and the issue among the media is intense and increasing daily.

We have remained in constant communication with the State Department in order to further United States policies to restore human rights to women in Afghanistan. We have met with high-level State Department officials, including Theresa Loar, Senior Coordinator for International Women's Issues, Karl Inderfurth, Assistant Secretary of State for South Asian Affairs, and Julia Taft, Assistant Secretary of State for Population, Refugees, and Migration. In particular, we have worked closely with the office of the Senior Coordinator for International Women's Issues, and wish to express our sincere appreciation for the commitment of Ms. Loar and her office on this crucial issue of women's rights and human rights.

We commend the Clinton Administration's decision to refuse to grant official recognition of the Taliban and to only recognize a multi-ethnic, broad-based government in Afghanistan which restores the human rights of women and girls. We salute Secretary of State Madeleine Albright for traveling to refugee camps in Pakistan and speaking to Afghan women. Secretary of State Albright's outrage and her denunciation of the Taliban's treatment of women and girls as "despicable" was heartening to women in the United States and worldwide. We also applaud First Lady Hillary Clinton's strong condemnation of the Taliban's policies against women and girls. Moreover, we are pleased with the strong resolutions passed by both the U.S. House of Representatives and U.S. Senate condemning the violations of human rights of women and girls in Afghanistan.

But we urge the Clinton Administration and Congress to do more. The United States bears some responsibility for the conditions of women in Afghanistan. For years, our country provided weapons and other military resources to Mujahideen groups to fight the Soviets. The Taliban (a name which means religious students) is one of the various Pakistan-based Mujahideen militia groups.

The United States also has the ability to bring about change in Afghanistan. Two of the United States' international allies, Pakistan and Saudi Arabia, have recognized the Taliban and have provided substantial support to this regime. Saudi Arabia has long received military equipment and assistance from the United States government. Pakistan receives assistance from the United States as well. Pakistan and Saudi Arabia are the major sources of support and arms for the Taliban. Saudi Arabia is a major source of funding for the Taliban. The United States government must urge Pakistan and Saudi Arabia to cease arming and funding the Taliban.

The United States also should lift the quotas on the number of Afghan refugees. The quota currently is extremely low—in 1998 only some 3,200 for the entire region of the Near East and South Asia. The number of Afghan refugees accepted in the United States since the Taliban takeover is abysmally small. No Afghan refugees were accepted in 1996 or 1997, and only 88 in 1998. We urge dramatically increasing the number of refugee women and girls from Afghanistan as well as the granting of asylum to more Afghan women and girls. Historically, the United States has been a refuge for people fleeing economic hardship and political turmoil. The situation of women and girls in Afghanistan could not be more dire; their persecution could not be more clear.

Among the letters that we have received since launching our campaign is one from a 22-year old Afghan woman. After the Taliban killed her father and forbid the education of women, this young woman, along with her sister and mother, escaped from Afghanistan to Pakistan. In her letter, she tells us that even in Pakistan, Afghan girls are not allowed to attend college. She writes, "I am 22-years-old and like all Afghan women I am a victim of war and prejudice. Both my sister and I want to finish school. I hope to become a lawyer and my sister wishes to become a doctor . . . I am afraid of what will happen to us. We do not have a future. I know I have very bad destiny. I cannot go to school. I do not have a job. I cannot take care of my old mother. I cannot take it any more. Why God made me a woman? Why should I suffer all the time? I feel hopeless and I would like to come out of this country."

We must admit more Afghan women and girls to the United States now, especially widows and educated women and girls who are being singled out for more harsh treatment.

Another concern continues to be the planned building of a multi-billion dollar gas and oil pipeline from energy-rich Turkmenistan, through Afghanistan to Pakistan. California-based UNOCAL, a U.S. energy company, was the leading partner in a consortium to build the pipeline that includes UNOCAL (46.5 percent stake), Turkmenistan (7 percent), and Russia's giant RAO Gazprom (10 percent), Japan's Itochu Corp. and Inpex (6.5 percent each), South Korea's Hyundai Engineering and Construction Company LTD (5 percent), and Pakistan's Crescent group (3.5 per-

cent). UNOCAL, who had first welcomed the Taliban takeover, then said it would remain neutral in Afghan internal affairs. Last fall, amidst protest from women's rights advocates such as the Feminist Majority Foundation, UNOCAL said it was pulling out of the pipeline project. Other reports have said Unocal may again consider renewing its involvement in the pipeline. According to the Washington Post, the Taliban stands to gain up to \$100 million dollars a year in royalties alone from the pipeline contract.

We ask the United States government to not support Unocal or any other company in business endeavors that ultimately will shore up the Taliban. We demand that U.S. corporations not be allowed to operate in Afghanistan until the human rights of women and girls are restored.

Despite their claims to have a religious mandate, the Taliban, since they took control of the country, has made Afghanistan the number one exporter of heroin in the world. In October, 1997, the World Herald of Omaha, Nebraska reported that Afghanistan accounts for one half of the raw materials used to produce heroin worldwide, and that the Taliban has and continues to allow "an explosion in planting, harvesting and production of opium in Afghanistan." Afghanistan's largest export is opium, and, according to the State Department, 90-95 percent of the land where opium is cultivated is controlled by the Taliban.

We understand that the United States also contributes to bilateral and multilateral programs to counter opium production by creating economic and agricultural alternatives for Afghan people. Obviously, these programs are not working and we are concerned that they may in fact be providing additional revenue for the Taliban's rule. Most of these programs are carried out in Taliban-controlled areas. We believe the Taliban is gaining substantial revenues by considerably taxing these drug exports. Again, we ask that the United States not contribute to any programs that in any way support the maintenance of this repressive and barbaric regime.

Over the past two decades, the United States government and United States non-governmental organizations have participated and played a leadership role in United Nations human rights and women's rights conferences. We all took pride when the platform of the Fourth World Conference on Women in Beijing in 1995 reaffirmed that human rights are women's rights and that violence against women is a violation of human rights. Yet what good are these lofty declarations if we do not free the women of Afghanistan.

Our Campaign is creating hope among the women in Afghanistan as the word spreads about the American public's demands that the fundamental rights of women and girls be restored. An aid worker just back from Afghanistan spoke to women there about our Campaign. Many already knew of the Campaign; some cried as they heard more about our activities. I have received letters from women in Afghanistan who heard my interview on a Voice of America radio broadcast into the country last year. We are told that our Campaign has given them hope that the world has not forgotten the women of Afghanistan.

We must end this abhorrent gender apartheid. We cannot stand by while over half of a country's population of people—all its women and girls—are being denied their basic human rights. Women cannot be safe anywhere in the world if any ruling body or government can carry out gender apartheid policies with impunity. The United States is a powerful player in the South and Central Asia, as well as in the Middle East and must do everything in its power to restore women's rights in Afghanistan.

[CLERK'S NOTE.—The following letter was received from UNOCAL in rebuttal to the preceding statement from the Feminist Majority Foundation.]

UNOCAL CORPORATION,
1401 NEW YORK AVENUE, N.W.,
Washington, DC, March 18, 1999.

Hon. MITCH MCCONNELL,
Chairman, Subcommittee on Foreign Operations, Senate Appropriations Committee,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: At the March 9, 1999, hearing regarding U.S. Policy Toward Afghanistan, your Subcommittee received testimony for the record from Ms. Mavis Leno of the Feminist Majority. She inaccurately and incorrectly described Unocal's participation in a project in Afghanistan. We ask that this letter be included in the formal hearing record to provide the Committee with a factually correct and accurate statement of our activities.

As background, in October of 1995, Unocal entered into an agreement with the Government of Turkmenistan to link Turkmenistan's vast natural gas reserves with

the growing Pakistan markets and was guaranteed 25 tcf of gas from the Dauletabad Field, one of the world's largest natural gas fields. In October 1997, the CentGas consortium was formed to develop the pipeline project to build a 790-mile pipeline to link Turkmenistan's gas reserves to Pakistan, with a possible extension of the link to the New Delhi area in India. At the time of its formation, the consortium included Unocal, 46.5 percent; Delta Oil Company (Saudi Arabia), 15 percent; the Government of Turkmenistan, 7 percent; Indonesia Petroleum, Ltd. (Japan), 6.5 percent; Itochu Oil Exploration Co., LTD (Japan), 6.5 percent; Hyundai Engineering & Construction Co., Ltd. (Korea), 5 percent; and the Crescent Group (Pakistan), 3.5 percent. Although RAG Gazprom (Russia) indicated an interest in joining the consortium, it has not done so.

Unocal suspended its activities on the proposed project in August 1998 and formally withdrew from CentGas in December 1998. Although a substantial amount of work was performed to determine the feasibility of this project by the consortium (i.e., scope out the construction, assess the market for natural gas supply and demand in Pakistan and India), the project remains a mere proposal.

For the record, Unocal never had a commercial agreement with any Afghanistan faction, nor did we invest capital in the proposed pipeline project. In fact, in light of obvious issues of political instability in Afghanistan, we stated repeatedly that we would not participate in the construction of a pipeline until a government, recognized by the U.S. and UN, was in place (see Unocal testimony before the Near Eastern & South Asia Subcommittee, Senate Foreign Relations Committee, October 22, 1997; Unocal testimony before the House Subcommittee on Asia and the Pacific, House Committee on International Relations, February 12, 1998). In addition, we made it clear that if the project were to go forward, we would ensure that women have equal opportunities for employment and that all of our employees were treated with respect. Contrary to Ms. Leno's statement, Unocal maintained absolute political neutrality throughout and neither "welcomed" the Taliban nor favored any faction. However, efforts were made to keep all factions informed of the project. We kept the U.S. Government and regional governments informed as well.

When Unocal decided to terminate its involvement in CentGas, we did so strictly for commercial reasons. Unocal did not pull out of the proposed project because of external pressure brought by the Feminist Majority or any other organization.

Although we are no longer a member of the consortium, I am proud to report to the Committee that, during our consideration of this project, Unocal provided much needed humanitarian assistance to the people of Afghanistan through our support of CARE and the Institute of Afghan Studies of the University of Nebraska. Their carefully designed projects provided basic skills training and education for men and women, as well as community-managed home schools, school supplies and teacher training for both boys and girls. Through the Red Cross and the United Nations, Unocal also contributed relief assistance to the victims of the 1998 earthquakes that devastated northern Afghanistan.

I hope this letter will serve to correct the record. If you or your staff have any questions or need additional information, please do not hesitate to contact me.

Sincerely,

J. WILLIAM ICHORD,
Vice President, Washington Office.

Senator MCCONNELL. We are disappointed she could not be here because she has been a persuasive advocate in the national campaign to focus on attention on the Taliban's war against women, but her testimony will certainly add to the discussion.

Senator LEAHY. Mr. Chairman, could I just make a comment?

Senator MCCONNELL. Yes.

Senator LEAHY. I, unfortunately, as oft happens, have to leave at this point. I just want to note for the record that normally I just slip out of here, but I have so much respect for the two witnesses who are about to testify. I wanted them to understand why I was leaving. I think the book is superb. I think your work is. You might feel a little bit like Sisyphus pushing the rock. Do not stop because it is your kind of concern, expertise, and conscience that makes sure the rest of us keep going. Thank you.

Senator MCCONNELL. Thank you, Senator Leahy.

SUMMARY STATEMENT OF ZOHRA RASEKH

It is my understanding from staff that only Ms. Rasekh will be speaking. So, we will be happy to hear from you at this point and then we will pose questions to both of you.

Ms. RASEKH. Mr. Chairman, ladies and gentlemen, I am very grateful for having this opportunity to present some of my findings on the status of health and human rights of women in Afghanistan under the Taliban regime.

During my 3-month stay in Afghanistan and in Pakistan back in January of 1998 and also last week, which I spent about 2 weeks in Pakistan refugee camps, I interviewed many women. Last year I interviewed over 200 women from all walks of life and all ages, and it is very important to mention that 98 percent of all of these women that I interviewed disagreed with the Taliban policies on women and girls and also other policies.

Some women preferred the bombing and shelling of the city rather than living under the Taliban regime. A former teacher who was forced to go door to door and beg for food and money for her children told me: "A rocket attack may kill the entire family at once, but this is a slow death which is more painful."

For 3 months during this mission, day after day, I did not hear a woman happy. I did not hear a woman laughing. All I heard was the desperate voices lamenting and pleading for help. Those voices have not left me since my return from Afghanistan last year and also the visit that I made last week.

As a health and human rights advocate, I believe further delay in stopping the Taliban violations of human rights against women and children of Afghanistan, and not to mention men, would lead to the death of the entire population. In addition, such abuses would spread in other parts of the world as it already has spread in Pakistan among refugees and also Pakistani citizens.

Without further delay, let me turn to some slides that I prepared to show you which I photographed during my visit in Afghanistan and in Pakistan both from my trip last week and from last year. It is worthwhile to mention that taking these photographs was not something easy. I took the photographs with a great risk and also in a clandestine manner. So, I hope the selection that I have made would be representing some of the suffering and problems of the women both in Afghanistan and in Pakistan refugee camps and cities. Thank you.

Senator MCCONNELL. So, did you have an especially small camera or something like that?

Ms. RASEKH. Actually, no. I had a bigger camera with a bigger lens, and that made my work difficult. Some of these photos that you will see taken outside have been taken in a situation where I have to look around and see nobody was watching, but mostly the inside photos were taken with consent of the people that I took their photographs, literally taking a life-threatening risk.

Ms. BURKHALTER. She asked us to buy her a little, tiny spy camera, but we have not yet come up with the money to buy one that size. [Laughter.]

Senator MCCONNELL. Now, the location of this was where?

Ms. RASEKH. The City of Kabul and also Pakistan, both Peshawar and Islamabad cities.

As it has been mentioned over and over, the extreme poverty has forced families to beg, especially women and widows who have no other way of supporting themselves because their jobs have been taken away from them. Even in the case of families who have male relatives, the job market for men is also down, and there are no jobs basically for 90 percent of the population in Kabul city. So, people basically beg in order to survive.

This is a group of women sitting in front of one of the NGO's at the time I was in Kabul. This is May of 1998. The international non-governmental organizations were still in Kabul and you would see women covered in burqa outside, hoping that somebody will take notice of them and list their name for assistance.

This is a former teacher who is now out begging. She has six children, a widow, and is forced to beg on the streets of Kabul.

Abuse of women, including physically challenged women, is common. This is a widow, a mother of six children again, living in a refugee camp in Pakistan. As you can see, she has lost her left leg in a rocket attack in Kabul. Her husband died also in a rocket attack. And she was beaten twice in Kabul as she was trying to get inside a public building through a men-only designated entrance. Because of her disability, she was not able to go all the way to the back of the building to enter the building, and she was caught. She was beaten severely, and in addition she was put in jail for 2 days. This woman was severely depressed and suicidal.

The woman in black cover is a physician. She was also beaten because she went to her office and visited her patients after Taliban forbade women from working, and especially medical workers were under a lot of pressure for not being able to treat their patients. As you know, female doctors are very limited and they are not allowed to work in a lot of hospitals and their own clinics.

And male doctors are not allowed to treat women without a male relative. A lot of the widows who have no male relative are in this catch 22 situation that they cannot see a doctor. Even those who have a male relative have to get their treatment through the male relative. The doctor will talk to the husband or father or brother and treat them through communicating through the male relative which ends up with a lot of misdiagnoses of women who have severe problems.

Land mine education, among other types of education for women and girls, is forbidden. Past age 8, women are not allowed to go to school and land mine education is included in that.

This young woman, 11-year-old, had just stepped over a land mine a week before I took this photo and she had lost her leg.

I apologize for this bad slide. This is a man crying who lost his wife. His wife was shot and killed in Kabul because she was teaching young girls at home. She was among several other women who had home-based education for young girls. She was threatened several times. She did not listen and one day Taliban barged into her home and shot her in front of her husband and in front of 40 young women who were her students and also her 1-and-a-half-year-old child who you see in this picture. She was crying nonstop and asking for her mother as I took this photo.

The situation of new arrival refugees in Pakistan is horrendous. One of the camps that I visited in Peshawar had thousands of new refugees who were not assisted at all. They were waiting for months and especially women who had no male relatives, who had no way of going out to get food for their children.

This young woman with her three children came from the City of Mazar-i-Sharif right after the massacre. She has made her own tent from plastic sheets and she lives under that tent. I got inside the tent. It was so hot. This was just last week. The weather is getting warmer and hotter in the next several months, and in the summertime it is intolerable for the children to live in this condition. But they do not receive any type of assistance whatsoever.

The situation of clinics for women is so bad, although there are a few clinics and hospitals open for women in the City of Kabul. At the time I was in Kabul last year, I had the opportunity to go to a few clinics for women, and I had this shot. This is an operating room, and you can see the condition. The tank is the only running water in this room, extremely poor, no hygiene, and no proper equipment whatsoever in this room for women. If you can compare the condition of clinics between male and female hospitals and clinics, there is a huge difference.

This is again another shot of an operating room for women.

Abuse of Afghan refugees in Pakistan is extreme. Taliban have influence in some refugee camps in Pakistan. However, the Pakistani authorities, the police, are abusing Afghan refugees, especially men and young women.

This young lady at age 10—2 years ago—was shot in her eye by a Pakistani neighbor. Nobody investigated. Nobody did anything. She lost her vision. Cases like this happen a lot in Pakistan.

PREPARED STATEMENTS

This is a little girl in Kabul wearing her mother's burqa practicing for her years to come to wear that head-to-toe cover. I happened to pass by this area and saw her, and I thought that was really cute. I took that shot as I was driving away.

That is the end of the slides. Thank you.

[The statements follow:]

PREPARED STATEMENT OF ZOHRA RASELKH AND HOLLY BURKHALTER

Thank you for holding this important hearing on women in Afghanistan, Chairman McConnell, and for inviting Physicians for Human Rights to testify. It is an honor. We wish to present this joint written statement for the hearing record, and will highlight various aspects of it in our oral testimony before the Subcommittee.

As you know, Mr. Chairman, Physicians for Human Rights conducted a major study of the health and human rights implications of the Taliban's severe discrimination against women in Afghanistan. Ms. Zohra Rasekh a public health specialist, administered an in-depth, face-to-face health survey to 160 Afghan women from all ethnic groups and walks of life. Half of them were in Kabul, the other half had newly arrived in Pakistan. Her findings and the follow-up interviews she conducted last week with newly arrived Afghan refugee women in Pakistan make it clear that the Taliban's extraordinary repression of women and girls, which has no precedent in Afghan history or anywhere else in the world, has had life-threatening consequences for them.

The story of the Taliban's destruction of women's health and human rights in Kabul began with its takeover of the city in September of 1996. The regime's first official act was to make it mandatory for all women to wear a shroud-like garment called a burqa (which covers every inch of their skin and includes thick mesh cloth

over the eyes), to prohibit women from working, girls under eight years old from going to school, or females from moving about without an immediate male family member as an escort.

But nowhere was the Taliban's gross discrimination against women more apparent than in the regulations it promulgated and enforced on access to health care. In January 1997, Taliban officials announced that hospitals would be segregated by gender; in September of that year, the Ministry of Public Health ordered all hospitals in Kabul to suspend medical services for women. Female medical workers were banned from working in the city's 22 hospitals, and the temporary Rabia Balkhi structure (a 35-bed facility with no clean water, electricity, surgical equipment, X-ray machines, suction, or oxygen) was designated the sole "hospital" for women. Women were permitted to use a squalid maternity hospital which lacked all medical amenities, and, following an international outcry over its segregation of hospitals, the Taliban opened a few beds in several of the men-only facilities in the city.

The Taliban's prohibition on women working means that women doctors and nurses have been summarily fired, but male doctors and clinicians have been prohibited from providing appropriate care to women. Thus women may not even venture forth to seek medical attention unless they are shrouded in a burqa and accompanied by a close male relative. Even if they can find a male physician who will agree to see them, he in most cases may not examine the woman or even speak to her directly about her health problem. Her male chaperone will describe the woman's illness, and the physician will likely proscribe medication.

The health consequences of such policies are dramatic. An alarming 71 percent of participants reported a decline in their health over the past two years. A majority of respondents (77 percent) reported poor access to health care services and an additional 20 percent reported that they have no access at all. Some 53 percent of the women described occasions in which they were seriously ill and unable to seek medical care. An Afghan physician described declining nutrition in children, an increasing rate of tuberculosis, and a high prevalence of other infectious diseases among women.

Ms. Rasekh interviewed a dentist and asked how he would examine a patient. At first, he denied that he would provide service at all to a woman. But once he thought it safe to admit it, the dentist indicated that he would post a lookout outside his office before lifting the burqa from a woman's face so he could examine her teeth. When asked what would happen if he was caught by the Taliban religious police, the dentist said that both he and his patient would be beaten and jailed, and his office would be closed.

Ms. Rasekh's interviews with newly arrived refugees in Pakistan last week indicate that the perilous situation for women with regard to access to health care has actually worsened over the past year. As you know, the Taliban is very hostile to humanitarian nongovernmental organizations and last July issued an edict that all foreign workers must be housed at the bombed-out Polytechnic campus on the outskirts of Kabul, which lacked electricity and running water. Almost every international humanitarian organization left Afghanistan when the Taliban made it clear that those which didn't relocate to the Polytechnic would be expelled. Following the U.S. bombing of Bin Laden's terrorist camps in Afghanistan last August, the U.N. and most remaining humanitarian ngo's departed the country. Their departure meant the end of the maternal and child health clinics they had run which had been open to women and their children, which were the only facilities available to them.

Ms. Rasekh conducted a number of interviews with women whose girl children had died when they were turned away from "men-only" hospitals. She also met a woman who did not take her twenty-year old daughter to seek medical care because the women did not own the required burqa, had no male relatives to accompany them, and were terrified to venture out onto the streets in search of help for fear that they would be beaten by the religious police. The girl, who had suffered from abdominal pain for many days, died.

It is not the case that every woman who shows an inch of skin is beaten every time she leaves her home. But such beatings are so frequent that few women wish to test their luck. Ms. Rasekh herself, who, traveling last year in Kabul as a foreigner, did not wear a burqa but did wear a head scarf and clothing that covered her completely, narrowly escaped a beating by a Taliban militant brandishing a whip because she had pushed her sleeve up a few inches, and he saw her exposed wrist. Women are whipped and beaten for other infractions, as well. Ms. Rasekh took testimony from one woman who was beaten badly because she had purchased ice cream from a street vendor and was eating it in public; the vendor was beaten and jailed for selling ice cream to an unchaperoned woman. Children are not per-

mitted to play with toys outdoors, and kite-flying, once a very popular childhood pursuit, has been banned.

Interviews conducted by Ms. Rasekh last week in Pakistan indicate that the Taliban's severe dress code restrictions on women have actually worsened. The religious policemen and militants who patrol the city searching for women to beat bring with them little boys or old men. If they see a woman whose trouser legs or skirt is too wide, the boy will lie on the ground and report if he can see the woman's limbs under the garment. The woman then faces a beating or arrest if the folds of her clothing expose her limbs, even if the fabric reaches the ground.¹

The Taliban's restrictions on women's education have made women and girls uniquely vulnerable to the scourge of landmines, which litter Kabul and the rest of Afghanistan. (Our 1998 survey showed that a shocking 16 percent of those interviewed had had an immediate relative killed by a landmine.) The Taliban places restrictions on the participation on girls and women in landmines awareness and education classes. Save the Children, for example, formerly conducted mine awareness classes in Kabul that were attended by some 400 boys and girls every month. The Taliban prohibited girls from attending with boys, indicating that the humanitarian organization could provide education to them once they had been injured and arrived at the hospital. Save the Children closed its program altogether. The United Nations has reported that landmine casualties among women and girls have risen.

Not surprisingly, participants in the PHR survey reported extraordinarily high levels of mental stress and depression. 81 percent reported a decline in their mental condition; 42 percent met the diagnostic criteria for Post-Traumatic Stress Disorder (42 percent) and major depression (97 percent) and also demonstrated significant symptoms of anxiety (86 percent). 21 percent of the participants indicated that they had suicidal thoughts "extremely often," or "quite often."

These shocking mental health statistics are explained by women's depression and anxiety over their enforced segregation, their denial of the right to work, and their inability to receive medical care. Women interviewed by PHR noted that they were profoundly depressed by the prohibition on their girls' attending school, which ended their hopes that their children might have a better life. And the high anxiety the women expressed was based upon their realistic fears that they might be subjected to human rights abuses by the Taliban authorities, usually for dress code violations or for walking without a male chaperone. An extraordinary 68 percent of survey respondents reported that they or a family member had been detained in Kabul by Taliban religious police or security forces. 54 percent of those detentions resulted in beatings, and 21 percent in torture.

Ms. Rasekh obtained extremely distressing testimony last week from the husband of a woman who defied the Taliban's orders and continued to teach girls and young women in her home. The Taliban ordered her several times to close the school, and she refused. Then approximately a year ago, seven or eight armed men entered their home, beat the woman and her husband and again ordered her to close the school. The woman teacher stood up to the Taliban, denounced them, and insisted that she would continue to teach. The armed men struck her with a rifle butt then, in front of her terrified students, husband, and baby daughter, killed her with shots through the head and stomach.

The Taliban's practice of summoning Kabul residents to witness the carrying out of Sha'ria (Islamic law) punishments handed down by its Kangaroo courts, including beheadings, floggings, amputation of limbs, stoning, collapsing walls, and hangings, further traumatize the population, including children. Women interviewed by PHR's Zohra Rasekh told her they have difficulty forgetting past trauma (including terrible suffering during the Soviet occupation, injuries from mortars, rockets, and landmines during years of civil war in the mid-1990's, and the insecurity of theft, murder and rape during the breakdown of civil authority during the period 1992-1996).

One of PHR's troubling findings was the impoverishment suffered by families (particularly those headed by widows, who are said to number between 30,000 and 60,000 in Kabul alone) as a result of the Taliban's prohibition on women working. Women who once held good jobs as teachers, doctors, or nurses are now on the street begging so as to feed the children. And the extensive humanitarian assistance provided to Afghanistan apparently fails to reach many of those who are most in need. Only 6 percent of the 160 women PHR interviewed had received any foreign

¹Dress code restrictions are imposed on men, too, and the penalties are very abusive for infractions. Men must wear their beard a certain length, and within the last several months the Taliban has begun enforcing the requirement that men's trousers be short and expose the ankles. Leather jackets are now banned, and if men wear them the garment will be confiscated and the wearer will be beaten and/or arrested.

aid at all. The Taliban's prohibition on women entering humanitarian groups' offices and distribution sites are part of the reason why.

Since Physicians for Human Rights published its report in August 1998, Afghanistan's agony has worsened. By the end of the summer, the Taliban had triumphed over its military rivals, and consolidated control over the remaining one third of the country. News reports filtering out from the cities of Mazar-i-Sharif and Bamiyan indicated that victorious Taliban fighters committed large scale atrocities against the civilian population in those cities, who are largely of a different ethnicity than the Taliban.

Los Angeles Times reporter Dexter Filkins received eyewitness reports from refugees indicating that the Taliban killed thousands of unarmed ethnic minority people. Rupert Colville, spokesman for the Office of the U.N. High Commissioner for refugees in Islamabad, stated that as many as 6,000 Hazaras in the city of Mazar-i-Sharif may have been killed by Taliban soldiers. Colville stated: "What the refugees are saying is extremely consistent, and in our view it is very credible. On the first day [of the Taliban's entry into Mazar-i-Sharif] there was a kind of frenzied killing spree of everybody and anybody who was on the street, including animals." Human Rights Watch researchers who interviewed refugees newly arrived from the area also obtained extensive testimony as to the killing of unarmed men, women, and children of Hazara ethnicity. She also received significant testimony that the Taliban routinely raped minority women.

Afghan Refugee Women in Pakistan.—In addition to sharing our concerns about the suffering of women under the Taliban, PHR wishes to take this opportunity to share with the Subcommittee our concerns about the condition of Afghan refugees in Pakistan. As you know, Pakistan is home to the largest refugee population in the world, and many Afghan refugees have been in Pakistan for twenty years. The UNHCR, operating through the Pakistani Commission for Afghan Refugees (CAR) provides some services to the refugees (notably health, education, and water) and numerous humanitarian groups operate in the camps. The UNHCR is not set up to provide extensive assistance to new arrivals.

When Ms. Rasekh visited Peshawar camp last Spring, she found that many new arrivals from Afghanistan had received no services whatsoever. They had no idea what services were available to them, or where to get them. And both long-term refugees and newcomers are preyed upon by the Pakistani police (including the CAR's own police force), and required to bribe local CAR officials to get on aid distribution lists.

Human Rights Watch's Women's Rights Project identified exactly the same problems during that organization's investigation of the Afghan refugee situation last July, and Ms. Rasekh found that the situation remained unchanged when she visited refugee camps in Pakistan last week. Specifically, Akora camp, which is extremely overcrowded, holding some 4,000 families, had hundreds of new arrivals coming every day who were provided with nothing and were in extremely poor condition. According to newly arrived refugee women she talked with, the camp did not even have latrines. If newly arrived refugees get anything at all—and most don't—it is limited to a piece of plastic sheet to sleep under and a day or week's rations of flour and oil.

Moreover, UNHCR assistance that is provided only in refugee villages (not to the refugees who go to the cities) and is limited to a handful of under-supplied health clinics and overcrowded schools. In Akora camp, for example, the single school facility was bursting at the seams with approximately one hundred children—a very small proportion of the thousands of eligible children in the camp. And the Basic Health Units within Akora and other camps are extremely limited, with health providers largely limiting their treatment to prescribing medications or procedures elsewhere that the refugees cannot afford to pay for. Almost all of the women Ms. Rasekh interviewed recently complained of gynecological problems and indicated that there was nothing for them in the UNHCR basic health units.

The UNHCR is well aware of the unmet need among new arrivals and reports that it is undertaking some new ways getting emergency aid to them by having humanitarian groups take the assistance directly to the arrivals, as opposed to setting up structures that might be exploited by longer-term refugees.² But it is important to note that UNHCR's programs in Afghanistan are severely under funded. The donor community apparently believes that it is safe for Afghans to return home (and hundreds of thousands have done so over the past several years) but new refugees are nonetheless arriving every day, particularly women and their dependent chil-

²UNHCR indicates that one of the largest difficulties in meeting the needs of newly arriving refugees is that if the agency sets up reception centers or other form of targeted assistance, they are inundated by waves of long-term refugees, posing as new arrivals.

dren and ethnic minorities who are fleeing the Taliban. Appropriate new structures cannot be put in place to address their needs, or to service the long-term refugees either, unless the effort is funded. UNHCR reports that last year, it received less than 50 percent of its funding needs for Afghan refugees. This year, they have received nothing so far in response to their annual appeal and are funding their activities from reserves.

Physicians for Human Rights, Human Rights Watch, and others have raised with the UNHCR our concerns that women are not safe within the camps. They have received extensive testimony of abuses such as rape, theft, or threats by the Pakistani police themselves. PHR has received reports by that the Taliban, which easily moves back and forth across the border, also threatens and abuses both men and women, particularly those known to be critical or active on human rights or women's education. UNHCR is well aware of the problem, but has indicated that little protection can be counted on for the refugees from the local police and that the answer to the problem is to resettle those at risk in a third country. UNHCR has in the course of the past year addressed 51 such security cases, relocating a total of 297 people. However, this "at risk" program is limited and it is extremely slow. For example, we are aware of several women who have received threats from the Taliban who were to have been interviewed by a representative from the U.S. Immigration Service in February. The U.S. representative postponed the visit until an undetermined time next month. UNHCR officials concern to PHR's representative that they are expected to provide protection and relocation, but that third countries are not moving swiftly to interview and accept those at risk. UNHCR has also indicated that there are not enough slots within country quotas to accept all those who are at risk.

Not only is this "at risk" program inadequate, it is not a substitute for there being genuine security for the refugees, both within and outside the camps. Clearly, UNHCR has not been successful in appealing to the authorities for appropriate and professional policing and investigation of abuses by the police and prosecution of those responsible. The United States and other donor governments should engage directly with the Government of Pakistan, and firmly protest its authorities' exploitation and abuse of vulnerable Afghan refugees. They should demand that the Government of Pakistan conduct a thorough investigation of the conduct of its police forces towards the refugee community, and take immediate steps to replace local commanders with professionals. They should also address the substantial increase of politically and religiously motivated terror campaigns aimed at the Taliban's political opponents. While Ms. Rasekh was in Pakistan, she learned of the shooting death of an Afghan refugee whose son is in the U.S. and has been associated with anti-Taliban political activities here.

The UNHCR, for its part, could help the process by setting up ombudsman's offices within the refugee camps where victims can safely go to report abuses. The UNHCR can then, with the support of influential governments such as the U.S., take these cases directly to the authorities for investigation, removal of the offending local police, or other action to bring abuses to an end.

Recommendations for U.S. Policy.—Mr. Chairman, the Taliban's human rights record, its imposition of its own interpretation of Islam which has no precedent within Afghanistan or anywhere else in the world, its harboring of the terrorist Bin Laden, its refusal to negotiate with other groups, and its heavy involvement in narcotics production and trafficking have left it with few friends around the world. The U.S., after appearing to welcome the Taliban after it took over Kabul in 1996, appears to have changed course and has for the past several years been a severe critic of the regime. First Lady Hillary Clinton highlighted the plight of Afghan women during a December 10 speech at the White House and last week at a United Nations conference on women. State Department officials regularly raise the issue.

There is more the U.S. and other governments could do, however. The Taliban is eager for international recognition, a return of United Nations programs and personnel to Afghanistan, and western aid and investment. But U.S. should not miss an opportunity to let it be known that no such recognition will be possible so long as the Taliban continues its policy of gross abuses of human rights and gender discrimination. The U.S. government should also make it plain that it does not support private investment or international bank loans to Afghanistan under the Taliban, even if the Taliban eventually satisfies the U.S. demand to turn over Bin Laden.³ The U.S. should urge its allies to adopt a similar approach.

³The U.S. has made it clear that there will be no resumption in relations with Afghanistan so long as the Taliban harbors Bin Laden. The Taliban recently reported that Bin Laden has left the country. No one takes the claim seriously; international reporters in the region report that he has been seen recently in Taliban-controlled areas of Afghanistan.

The U.S. and other governments can also take an important step that they have not taken thus far: they can publicly call upon the Government of Pakistan to end its support for the Taliban, to close the border to transport in fuel and arms, and to withdraw its significant military and intelligence presence in Afghanistan. As you know, the Taliban movement was created, schooled, and nourished in Pakistan, and the regime receives significant Pakistani aid. Such assistance, it has been reported, was crucial during the Taliban's takeover of the northern cities of Mazar-i-Sharif and Bamyan City last year. Saudi Arabia reportedly aided the Taliban as well, although the Saudis downgraded their relationship with the Taliban recently over the issue of Bin Laden. Other countries, such as Iran and Russia, should be pressed to end assistance to other factions.

We also urge the U.S. to press for a thorough-going U.N. investigation of the Taliban's abuses against women and against ethnic minorities. The butchery of ethnic minorities in Mazar-i-Sharif last fall was so extensive that the U.N. is obliged to take the question of whether the Taliban was engaged in an effort to exterminate a people on the basis of their ethnicity—in other words, committing genocide.

Finally, we strongly recommend that the United States and other donors conduct a thorough investigation of humanitarian needs of Afghan refugees in Pakistan. Donors should immediately provide UNHCR with its requested budget, and push the international agency to dramatically increase emergency assistance to new arrivals, as well as health care, education, and income-generating activities for women.

Thank you for your attention.

PREPARED STATEMENT OF NANCY A. AOSSEY, PRESIDENT AND CEO, INTERNATIONAL MEDICAL CORPS

On behalf of International Medical Corps (IMC),¹ I would like to thank you for the opportunity to submit our comments regarding the issue of humanitarian assistance in Afghanistan. As one of the first American NGOs to establish and operate humanitarian programs inside Afghanistan, IMC has a long history of working within the cultural and political constraints that exist there.

Over an 11-year period, during and after the Soviet occupation of Afghanistan, IMC trained and graduated over 600 Afghan health workers from mid-level training programs held in Peshawar, Quetta, Jalalabad, and Kabul. With support from the U.S. Agency for International Development (USAID), the World Health Organization (WHO), and UNICEF, IMC built and staffed eight hospitals and 51 health centers dispersed throughout 80 percent of Afghanistan's provinces. With its specialized logistics capability, IMC supported all of these facilities with health worker supervision, drugs, equipment, and supplies. Each IMC medic treated at least 4,000 patients each year.

In 1994, following an agreement with the Afghan Ministry of Public Health, all activities were transferred to a training hospital IMC constructed north of Kabul. Here, with support from the European Community Humanitarian Office (ECHO) and from the U.N. High Commissioner for Refugees (UNHCR), medical activities and training continued under the guidance of IMC's Afghan management, logistics, and medical teams. IMC's training hospital, which had graduated 50 women health professionals in the previous month, was lost to the frontlines of the warring factions following the take over of Kabul in September, 1995. At this time, IMC suspended operations and evacuated the facility.

Despite these setbacks, however, IMC remains one of the few relief organizations working in Afghanistan to have achieved its goal of technical self-sufficiency: in 1994, its entire operation was transitioned over to core local management and technical staff. Following the takeover of the country by the Taliban and the suspension of IMC activities at the time, these staff have gone on to fill senior management positions with indigenous NGOs in Pakistan. Furthermore, the respect with which they are held as leaders in the medical community has led to significant support from international donors for these organizations' cross-border activities in Afghani-

¹ International Medical Corps (IMC) is a U.S. nonprofit organization dedicated to saving lives and relieving suffering through health care training and medical relief programs. Established in 1984 by volunteer United States doctors and nurses, IMC is a private, voluntary, nonpolitical, nonsectarian organization. Its mission is to improve the quality of life through health interventions and related activities that build local capacity in areas worldwide where few organizations dare to serve. By offering training and health care to local populations and medical assistance to people at highest risk, and with the flexibility to respond rapidly to emergency situations, IMC rehabilitates devastated health care systems and helps bring them back to self-reliance. IMC draws its material and financial support from concerned individuals, community groups, private foundations and corporations,—government agencies, and international organizations.

stan as well as in the refugee camps in the North West Frontier Province of Pakistan.

Despite the current political environment in Afghanistan and the constraints that they impose upon health care delivery, the primary health activities of just one of these indigenous organizations reached more than 200,000 patients in 31 districts with a total population of approximately 2.3 million in 1998; 80 percent of the patients were women and children and the bulk of the activities were the delivery of maternal, child, and reproductive health services.

For this reason, IMC believes any strategy for humanitarian assistance to the vulnerable populations of Afghanistan, particularly its women and children, should include major elements which focus on the actual and potential capacity of the Afghans to address their own problems themselves.

Unfortunately, the level of repression of women has reached new heights in Kabul under the rule of the Taliban militia authorities. Although IMC notes that this repression is a phenomenon of Afghan tribal culture that existed long before, it has severely worsened since the Taliban. Because cultural prejudices contribute to this repression, it is important that all opportunities which exist for enlightenment through education be seized if the phenomenon is not to exist long after the Taliban. The increased number of refugees in flight from the Taliban in Pakistan today provides an opportunity for assistance programs to support a wide array of training and educational inputs. In addition, in those numerous communities inside Afghanistan that only pay lip service to the edicts of whatever central authority, there remain numerous opportunities for the support of cross-border health initiatives. The high level of activities of at least one indigenous NGO activities bears out that, in spite of the proscriptions issued by the central Taliban militia authorities that prevent access to health care services, a considerable number of women and children can and do have access to community health care services with the knowledge and acquiescence of local authorities.

Afghanistan continues to have one of the highest mortality rates for children under five-years-old in the world, a life expectancy of only 45 years, and a literacy rate of only 32 percent. Despite a number of recent studies, it is difficult to imagine the depth of the misery or the magnitude of the tragic plight which faces Afghan women and children today. This, and the vulnerability of the general population to hunger, weather, sickness and death provide a moral imperative for the continuation of assistance to Afghanistan. The political complexities of that country today must not be allowed to run the risk of becoming entwined with its social and cultural realities: meeting the moral imperative calls for the delivery of "smart aid", that is an aid strategy that does not serve to strengthen the central Taliban militia authorities, but a strategy which also does not penalize the poor.

BACKWARDNESS IS STUNNING

Senator MCCONNELL. The level of backwardness is just stunning. Surely this is not even a tolerable situation for most of the men. How long can a regime like this survive? There must surely be some popular negative reaction to such deplorable conditions. Do you have a view on that?

Ms. RASEKH. Exactly men and women are equally abused. Unfortunately, we did not have enough time to also investigate the condition of men, but as I had a chance to talk to a few men, they are also very depressed. They are both directly and indirectly abused, directly because they get severe beatings, jailed, extortion for ethnicity reasons, for other reasons, and also for infraction of dress code and a variety of other reasons, but also indirectly by seeing their women being abused, being beaten in public, and not able to go out in public, and in the case of that young man having his wife shot in front of him and he has no way of defending.

Inside Afghanistan, people cannot do anything. They are against armed men, in this case Taliban. They are voiceless. Outside in Pakistan or other neighboring countries, people have no voice because they are pressured by either the Pakistani authorities or—in other countries I have no information. I do not know, but in the case of Pakistan, because Pakistan supports Taliban, there is a

great connection between the Pakistani intelligence and the Taliban. So, people are very much afraid of saying anything in that area as well. So, basically they are left without any voice.

Ms. BURKHALTER. Can I just add one comment to Zohra's remarks about security in Pakistan? I really just wanted to sit by her side and add a few words.

The UNHCR has an at-risk program for resettling people who have been threatened in the Pakistani refugee camps, but it is not a very big one. They have only resettled 51 cases involving about 300 people. We are aware of cases of people who have been actually threatened by the Taliban who are going to the UNHCR to try to get settlement, and it is just not cranked up to meet the need at all.

And the Taliban's execution of its relatives of its critics that it can get its hands on in those Pakistani camps are going up. There was a man killed while Zohra was there last week whose son is a political critic of the Taliban here in the United States and his father was killed, shot dead. These kinds of cases are going up and the UNHCR wants to provide protection. It is their mandate to do so, but they really do not have the resources to do it.

I think that one of the resources that they need are for governments such as our own to engage with the Pakistanis directly on these security questions. The Pakistani police are themselves corrupt and abusive and they are not in any way controlling the Taliban's access to its perceived critics in those camps. The people are scared to death.

Senator MCCONNELL. We are going to end this century in about 9 months. What percentage of the population by the end of the year do you estimate will have no education at all? Do you have an estimate of how many of the population will have no education at all?

Ms. RASEKH. I do not have any estimate since there are no numbers. I would say the way things are going, the majority of Afghan people both inside Afghanistan and outside have not gone beyond elementary education. In refugee camps for Afghan families who leave Afghanistan in the hope that they can get some education for their children, they can only go up to sixth grade, both girls and boys, because there is no funding. Therefore, there is no program for kids to go beyond elementary years.

Inside Afghanistan under the control of Taliban, of course girls are not allowed to go to school, and boys' education has been affected as well since about 70 percent of the teachers were women. Because of the lack of teachers in schools, boys are also not getting proper education. So, therefore, the majority of Afghans by the end of this century will be illiterate if the situation continues to stay the way it is today.

Senator MCCONNELL. The United States always wants to do something about every problem, and we would certainly like to have an impact on this one. I gather from what you said, Ms. Burkhalter, the most important thing we could do is pressure the Pakistanis. Is that right?

Ms. BURKHALTER. I think so. I actually thought that Secretary Inderfurth's testimony certainly went further than the last time I heard him testify about 6 months ago. I think that the United States needs to be more direct about the need for the Pakistanis

to withdraw their intelligence and military personnel. Zohra knows exactly where the Pakistani intelligence headquarters are in Kabul. It is widely known and it is not a secret.

What is more, there were important reports—we do not investigate such matters ourselves, but we read news reports that Pakistani soldiers or militia and others were actually assisting the Taliban in its takeover of the north last fall. That is a matter for real concern since the takeover of Mazar, Bamian City and other northern cities was characterized by such gross bloodletting of minority people and a lot of rape of minority women before they were killed or in the context of the mass killing of upwards of 8,000 people in 2 days. The actual involvement of Pakistan in the Taliban's conquest of some of those cities really should be a matter of high concern.

Again, we do not report on such military developments ourselves, but we read news reports of same. Why they do not speak more plainly about the need for Pakistan to withdraw its military personnel—and I understand about the porous border and the difficulty of stopping the flow of the private commercial transport in arms and fuel. We are well aware that it is a big arms bazaar in that area. Nonetheless, Pakistan could at least announce a policy that it was prohibiting the flow of arms and it could investigate its own military and security personnel who are involved in arms trafficking with the Taliban. I see none of that and I do not hear the administration calling for it either.

Senator MCCONNELL. If the Pakistanis and the Saudis were to change policy, how much of an impact would that have?

Ms. RASEKH. Well, that will slow down Taliban from advancing because basically they receive their military, diplomatic, and financial support from both countries, especially Pakistan, and without that, they are not going to last long. So, that will bring them to their senses to sit down in a peace talk with their opposition and solve this problem.

Senator MCCONNELL. The obvious conclusion to reach I guess in answering questions about Pakistanis and the Saudis is that they fear this brand of fundamentalism. Is that essentially what you think drives their policy of support for this regime, that they feel they may be next?

Ms. BURKHALTER. I am not sure that I would characterize it quite like that. As I understand it, Pakistani support for the Taliban is as much unofficial as it is official. It is official, but the Pakistanis have their own strong, as you know, political, religious trends in Pakistan that are strong supporters of the Taliban, and it is a vulnerable government. It is not a strong government. The support for the Taliban comes from a whole variety of elements of Pakistani society. Some people think that the Taliban has more influence in Pakistan than vice versa. I do not happen to subscribe to that.

But it is I think too much to say that Pakistan can simply turn off the Taliban. I do not believe that is the case. Not now. It might have been 2 years ago.

But I do think that there is no evidence that the Pakistanis are taking action against either official or unofficial support. There is

the transport mafia. There is Islamic fundamentalist political parties within Pakistan, the Pakistani—

Senator MCCONNELL. That is an extraordinarily dismal assessment you just gave. Our ability to impact the policy of the Pakistan Government, if it is that sympathetic across the board within their society, is very limited. Right?

Ms. BURKHALTER. I do not know about that. It may be limited because we do not have a big aid relationship with Pakistan now for obvious reasons, because of the nuclear testing.

Senator MCCONNELL. Right.

Ms. BURKHALTER. But I would not say U.S. influence with Pakistan is extraordinarily limited. I think that the Pakistanis should be called upon to do what they can do. They will not be able to stop everything because there is this significant, sort of privatized foreign policy that characterizes Pakistan.

Senator MCCONNELL. Yes, but you were just saying there are all elements of Pakistani society who basically support the—

Ms. BURKHALTER. No, no. I misspoke. I did not mean all elements of Pakistani support the Taliban. I meant that some important elements, including Islamic fundamentalists, Pakistani political parties, politicians, some of the religious establishment, the transport mafia, drug traffickers within Pakistan—there is a wide network both private and official that support the Taliban. But as Mr. Inderfurth suggested Pakistan—

Senator MCCONNELL. Would those elements like to see Pakistan establish a system like Afghanistan?

Ms. BURKHALTER. Some within Pakistan, indeed. There are very close ties between—

Senator MCCONNELL. Then maybe my original question is the point. My question was, is this policy driven by a fear that they may be next?

Ms. RASEKH. If I may, the religious groups may want the same form of government in Pakistan. However, other groups such as business people who are involved with drug trafficking and other business in Afghanistan, oil, their interest is purely financial. The Government of Pakistan has more than just the one or two issues involved in Afghanistan. Their involvement in Afghanistan goes way beyond the Soviet invasion and even before that. So, there is a lot of interest that one can talk about about the involvement of Pakistan.

There is no time to go over it here, but Pakistani involvement in Afghanistan has been going on for many, many years. They were supporting mainly a Pashtun group before Taliban, another group, the Hikmetiar group who nonstop targeted Kabul before Taliban and rocketed the city and killed thousands of people. Since he did not succeed at the time, then Taliban was created for the purpose of supporting another Pashtun group over other minorities. It is a complex issue of Pakistan involvement.

Senator MCCONNELL. This level of backwardness is stunning, just stunning in 1999 with the proliferation of information, democracies springing up all over the world, much of it assisted by the United States.

I guess as someone heavily involved in developing our assistance program every year, I come back to the question of what can we

do. Now, I heard you say influence the Pakistani Government as much as we can to change its policy and influence the Saudi Government as much as we can to change its policy. In terms of assistance, what more can we do? And can it be channeled in such a way that is actually beneficial, or is anything we do likely to be kind of co-opted by the regime and diverted in some other direction? How do we help more than we are?

Ms. BURKHALTER. Just a word about aid to Afghanistan itself. There were significant aid programs and they do continue at a reduced level, as Ms. Taft mentioned. One of the most troubling findings that Zohra came back with to us was that only 6 percent of her very large random sample of women that she interviewed, either new arrivals who had just come out of Afghanistan and were in Pakistan or women in Kabul themselves, only 6 percent of some 200 women had ever had a drop of assistance. That was most frequently the subsidized bread. But we cannot generalize from that that only 6 percent of the entire population was getting aid, but it is a troubling statistic that so few of the women she interviewed, selected randomly in both countries, had had any contact whatsoever with humanitarian assistance, considering how large those programs are.

Part of the reason why was that the Taliban does not permit women themselves to go get that aid. Women, to get assistance, have to get on the rolls which are maintained by Taliban officials in local neighborhoods. If they do not get themselves on those rolls or they cannot pay a bribe or what have you, they are not going to get the aid.

So, even when the U.N. goes back in, they need to do a dramatically better job of monitoring the provision of its program and insisting on some direct access to women either by using women staff or by setting up facilities that only women can use. I hate to concede a discriminatory, segregated situation, but those women had nothing. They are not going to make it. The aid programs are not working within Afghanistan even when they were at their height before the Taliban kicked all the aid workers out.

So, it is a very tall order. We do not really know how the West can sort of overwhelm the Taliban's gender restrictions. The U.N.'s memorandum of understanding was the wrong way to go about it, I might add, and Mr. Leahy had that exactly correct.

But I think right now the best way to reach Afghan women are those in Pakistan and lots more has to be done. They are geared down, as Julia Taft mentioned, and the United States and other donors need to get into a framework that these people cannot go back. And there are new arrivals coming every day, and they need to put in secondary education, much more assistance for newcomers, many more health clinics. NGO's and the UNHCR and others that are maintaining health clinics could start by hiring Afghan women doctors and nurses. They are there. They need the money. They need the work.

Senator MCCONNELL. So, if I am hearing you correctly, the answer is do a dramatically better job of taking care of the Afghans who are in Pakistan and that there is probably no effective way at the moment to avoid thievery and other problems in getting assistance directly into Afghanistan. In other words, take care of the Af-

ghan population that is outside of Afghanistan as best we can in the hopes that some day they will go back and they will be educated and reasonably healthy? Is that what I am hearing?

Ms. BURKHALTER. I would not write off humanitarian assistance to Afghanistan, particularly once the U.N. gets its act together in terms of security. I do think the U.N. needs to do a better job and can. We urge the U.N. to itself carry out monitoring of who is getting the aid and engage the Taliban on that, on questions of aid access alone in ways that they have not done. Some of the NGO's do a pretty good job, but the U.N. I think has done a poor job in that regard. When they go back in, that would be a way to start. They cannot overwhelm the Taliban but they can do better than they have done.

Senator MCCONNELL. We are going to have to wrap up. Ms. Rasekh, any final thoughts?

Ms. RASEKH. I wanted to mention about the aid to refugees, especially in Pakistan. If that is somehow arranged to go directly from UNHCR to the refugees rather than going through the Pakistani Government, through the Pakistani Commission for Afghan Refugees, that would be much better than going through that system because a lot of money is lost. There is corruption within the Pakistani Commission for Afghan Refugees, and a large portion of the aid has disappeared before it reaches the real needy people. I got a lot of complaints from refugees who had been in the camps and never received any kind of assistance, and they knew how the assistance was divided among the employees and workers who work for the commission. If there is any way that UNHCR can avoid going through the Pakistani Commission for Afghan Refugees and directly assist the refugees, that would be much better.

Also, an emphasis on the education and access to health care for refugees, there is very limited or almost nothing, as I mentioned before, beyond elementary school education and very basic health care for women, especially women who need reproductive health assistance. There is nothing there. There is a huge need for some new clinics in the refugee camp areas and also in the cities where most educated, intellectual people live in the cities, and they have no way of getting any kind of assistance because they are not considered refugees. Historically Afghan refugees in Pakistan have not been registered as refugees and they never receive any kind of assistance unless they live in the refugee camps or villages, which they will receive some type of medical and education services which is also very limited.

Also, vulnerable women and women at risk who have been threatened by Taliban have a limitation in getting outside or getting resettled in third countries. UNHCR had a concern that there is not enough quota or enough spots for these women to get out of Pakistan and go to a third country. An increase in that would help a lot of these families who are at risk.

SUBCOMMITTEE RECESS

Senator MCCONNELL. Well, I want to thank you again for your courage and for all the efforts you are making to enlighten the rest of the world about this dreadful regime, and I thank you both for being here today.

The subcommittee will stand in recess until 10:30 a.m., on Thursday March 25, when we will hear testimony from Mark Richard, Deputy Assistant Attorney General of the Criminal Division, Department of Justice and Martin S. Indyk, Assistant Secretary of State for Near Eastern Affairs, Department of State; and other nondepartmental witnesses.

[Whereupon, at 4:06 p.m., Tuesday, March 9, the subcommittee was recessed, to reconvene at 10:30 a.m., Thursday, March 25.]

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 2000**

THURSDAY, MARCH 25, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.
Present: Senators McConnell, Specter, Stevens, and Lautenberg.

DEPARTMENT OF JUSTICE

STATEMENT OF HON. MARK M. RICHARD, DEPUTY ASSISTANT ATTORNEY GENERAL OF THE CRIMINAL DIVISION

DEPARTMENT OF STATE

STATEMENT OF HON. MARTIN S. INDYK, ASSISTANT SECRETARY OF STATE FOR NEAR EASTERN AFFAIRS

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. This hearing today is being held at the request of Senator Arlen Specter. As the subcommittee proceeds with consideration of the administration's substantial request to meet commitments made at the Wye Plantation, congressional emphasis must be on how the assistance advances America's and our regional partners' interests in security and stability. Today we will focus on the Palestinian piece of the package.

The Oslo Accords and subsequent agreements negotiated by the administration spell out specific obligations undertaken by the Palestinian Authority. In reviewing the \$400 million request for the Palestinians, we must consider whether they have met these key obligations, including developing and sharing a plan to collect illegal weapons, reducing the size of security forces, and cooperating with Israeli and U.S. authorities on cases involving terrorism, especially when Americans are the victims.

As I indicated, my colleague Senator Specter will be presiding over this hearing. I thank him for suggesting that we do this, and I now turn the chair over to Senator Specter.

OPENING STATEMENT OF SENATOR ARLEN SPECTER

Senator SPECTER. Thank you very much, Senator McConnell, for convening this hearing in your capacity as chairman of the Foreign Operations Subcommittee of Appropriations.

The issues outlined by Chairman McConnell are matters of great importance as they relate to the appropriations bill which will be coming out of this subcommittee. During my service on the subcommittee since I was elected to the Senate, I found the work enormously important. It is a very small share of the total Federal budget but a very, very important part, and the aspect of how responses are made to the issue of terrorism is one of enormous importance as we evaluate the allocations to the Palestinian Authority in the upcoming fiscal year.

This issue came into sharp focus for me in December when I accompanied President Clinton on his trip to Israel, and at that time a number of parents of victims of terrorist attacks, and terrorist murders asked that something be done in a very concrete way, and my response was that we would try to schedule a hearing on the subject and bring together people from the administration who are key participants.

We have a very distinguished panel here with the Honorable Martin Indyk, Assistant Secretary of State for Near Eastern Affairs, who has been an ambassador to Israel, has a very distinguished record, and knows this subject and many others related to it, and Deputy Assistant Attorney General Mark Richard, a man whom I have known for decades, who started his career in 1967 and is a real career professional, something that is unusual in Washington, D.C. Mark Richard brings a lot of information. I have worked with him since my days as district attorney in the City of Philadelphia.

And we have relatives of victims, and then we have the chief representative of the Palestinian Authority to the United States with us today, a man whom I have known over the years and met with as recently as Tuesday of this week; when Chairman Arafat was in town, we had a meeting. And also the head of the legal assistance between Israel and the Palestinian Authority from the Israeli Ministry of Justice. So we have people who are in a position to know this subject and move ahead to try to resolve it.

It is a matter of tremendous importance. Since the signing of the Oslo Accords, 12 American citizens have been killed in terrorist attacks. There is some dispute as to the number, depending on how you count an American citizen, but I think the accurate number is 12.

There have been efforts to investigate the matter. There is a real question as to whether the administration is doing what should be done. We note that rewards of up to \$5 million have been offered for information or other assistance to lead to the arrest or conviction in many, many other terrorist attacks, but according to the information provided to me, that is not present with the issues of the murder of U.S. citizens.

There have been requests to the Palestinian Authority for the transfer to Israel of seven individuals who were suspected of murdering American citizens. There are specific factual matters which

have to be determined to activate that, and they have not been turned over, and we are going to be asking very pointed questions on that subject.

There is a question as to whether there has been adequate Israeli cooperation. I wrote on the subject back last May and received a response in July from the Acting Assistant Attorney General Sutin, complaining that the Israelis had delayed in complying with the October 1996 Department of Justice request for information. So there are many open questions.

We are joined by our distinguished colleague, Senator Lautenberg, who has been a member of this subcommittee almost as long as I have. He was elected in 1982 and has been a very active participant on this subject and many subjects related to this matter. He has taken a leave from his duties as ranking member of the Budget Committee, which has its bill on the Floor today, to emphasize the importance of this for this hearing. Senator Lautenberg.

PREPARED STATEMENTS OF SENATOR LEAHY AND SENATOR BOND

At this point in the record, I would like to include a prepared statement from Senator Leahy and Senator Bond.

[The statements follow:]

PREPARED STATEMENT OF SENATOR PATRICK LEAHY

Mr. Chairman, I welcome this hearing and am grateful to Senator Specter for taking the initiative.

We are here to listen to testimony on a tragic and difficult matter. I am as outraged as anyone about the terrorist attacks that have killed and injured Americans in Israel. We are all concerned about our ability to protect Americans abroad and to bring the perpetrators to justice. It should not matter whether a person is Israeli, Palestinian, or American—if there is credible evidence that a crime has been committed, justice should be served.

There is confusion about the facts in these cases and what efforts the Palestinian Authority, Israel and the United States have made to investigate and prosecute the people responsible for these crimes.

Rumor, speculation and longstanding mistrust between Israelis and Palestinians have only added to the confusion. Press reports contain widely varying accounts of the number of suspected Palestinian terrorists, including those implicated in the killings of Americans, who have been sentenced, released or who remain at large.

Both sides accuse the other of failing to live up to their obligations under the Wye Memorandum.

I have asked the State Department and the Justice Department for their views. It is my understanding that investigations of the terrorist attacks are ongoing, but that to date the administration does not believe there is enough evidence to issue indictments. I hope that this hearing will provide the answers that we and the victims' families are seeking.

I look forward to learning what the administration is doing to pursue these cases, what the evidence is, and what cooperation they are receiving.

It is somewhat ironic that the organizations most vocal about the need to extradite Palestinians suspected of killing Americans have not also raised their voices to protest the decision by the Israeli Supreme Court to deny extradition requests for Samuel Sheinbein, a fugitive who has flagrantly sought to avoid justice in this country.

This hearing is not only about American victims of the longstanding conflict between Israel and the Palestinian Authority. Suicide bombings and other attacks have claimed the lives of many innocent Israelis. Palestinians have died needlessly in indiscriminate killings. The violence continues and it claims lives on all sides.

Mr. Chairman, this hearing goes to the heart of the Oslo Accords and the Wye Memorandum, and whether the officials who signed those agreements are making good faith efforts to fulfill their security obligations and cooperate in the interest of ending the senseless bloodshed that has done nothing but prolong the suffering of innocent people.

PREPARED STATEMENT OF SENATOR CHRISTOPHER S. BOND

Ladies and gentlemen, thank you for coming before us to discuss the current situation facing all parties involved in the painful and painfully slow search for a lasting and fruitful peace in the Middle East.

This nation is blessed in that we have determined amongst ourselves that we can live together—and live together with our neighbors, in a state of peace. We come from varied backgrounds, some came here voluntarily, some not. Some came in search of a haven from oppression, some came in search of opportunity and prosperity. We are a nation of very different peoples forged in a crucible of democracy based on the tenet that each one of us is entitled to live peacefully alongside our neighbor. It has not been easy. It has required an intensive and long learning process and we have experienced severe pain, sometimes self-inflicted, to arrive at our own peace. I raise this because I am afraid that until children are taught that they can coexist, the cycle will not be broken for the reasons we are discussing today. I am afraid that inciting the children to sacrifice themselves to kill other innocents through terrorist attacks on buses and in coffee houses and restaurants, and on busy streets, does nothing to further the cause of peace. I am afraid that turning a blind eye to inciteful rhetoric, empty promises, and cow towing to threats of violence unless one group or another gets their way, is no way for this nation to conduct a successful foreign policy. It distresses me when individuals are praised and worshiped for killing innocents. It distresses me greatly, when national leaders speak of driving people into the sea, of forcing people to “drink from the waters of the Dead Sea.”

I look forward to your comments and the lively discussion I anticipate during this hearing.

OPENING STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Thanks very much, Senator Specter, for scheduling this hearing on two important subjects, the Wye aid package and terrorist attacks on U.S. citizens in Israel.

I must say that few here have taken the active interest that Senator Specter has in these matters, Senator Specter has traveled to what I would consider some risky places to see if he could bring people to the table, bring heads of government to the table to engage in sensible dialog to achieve peaceful resolution of the dispute. I am sure, though those efforts do not turn out the kinds of effects we would like to see immediately, it does have an impact, and we thank you, Senator Specter, for your hard work.

I am delighted to see Ambassador Martin Indyk. He served with distinction as our Ambassador to Israel before assuming his present important post as Assistant Secretary for Near Eastern Affairs. And Mr. Richard, we do not know each other directly, but I know of your reputation. We are pleased to have you here.

Mr. RICHARD. Thank you.

Senator LAUTENBERG. I hope that we will hear how we can best support the peace process. In my view, one step we have got to take is the United States must fulfill President Clinton's commitment at Wye River to additional aid to support redeployment of Israeli forces, and to improve conditions in the West Bank and Gaza.

I visited there a few months ago, and I am persuaded that unless we start to see some improvement in the living standard of the inhabitants of Gaza and the West Bank, that you can never really rely on stability to take over. You cannot have that kind of disparity between one community and another and expect the people to sit back and settle for the deplorable conditions. So I support fully what we are committed to do.

Our emergency supplemental which we now have in front of us includes \$100 million also in aid to Jordan, to demonstrate our support during the transition following the passing of a great and dear friend of peace, King Hussein.

I am disappointed, however, that we have not included the Wye aid package for Israel and the Palestinians in this supplemental bill. I do not know what kind of recourse we have there. But we will watch with interest and try to seize any opportunity that we can to make sure that we fulfill a commitment that we have to both parties, even as we hope that both parties will fulfill their commitment to the agreement.

In my view we should implement fully the Wye River memorandum as soon as that process is back on track. Meanwhile, we must not let violence divert us from the road to peace. We must continue to pursue justice against those who have committed terrorist acts, particularly those who have injured or killed American citizens. The Palestinian Authority must fully investigate any leads in these cases and arrest and prosecute every individual responsible for terrorism, and we must stand with the American victims and the families in their quest for some measure of justice.

I want to welcome a friend and constituent, Steve Flatow. Steve is going to be testifying today. Since a suicide bomber took the life of Steve's daughter Alisa in 1995—it was a day also that I arrived in Israel on a trip and placed a call to the Flatow family; Steve was already on his way to Israel; he had been notified—we have worked together to try to undermine the sources of support for terrorism.

I have great respect for the efforts of Steve Flatow to try to deter that pain and that anguish from any other family. His daughter was in Israel as an innocent traveler. She wasn't in uniform. She was a student, she wasn't pursuing a course in conflict. It was a disastrous attack that was leveled against her and her friends.

Well, on the basis of legislation that I introduced, Mr. Flatow won a \$247 million judgment against Iran as a state sponsor of the terrorist act which killed his daughter. I was in the courtroom when the decisions were handed down, first to judge that terrorists were Iran state-supported and, second, when the damage award was made. I continue to work with Steve Flatow to help him collect on his judgment against Iran. I only wish the administration would be helping us more rather than obstructing this effort.

I also want to welcome Vicki Eisenfeld. Her son Matt was killed at the same time as Sara Duker, from another constituent family from New Jersey, in another terrorist attack. I look forward to working with Mrs. Eisenfeld to identify and hold responsible those who financed, planned, and carried out these heinous crimes.

I look forward to hearing from all of our witnesses, Mr. Chairman, this morning to see how we can sustain and revitalize the peace process and how we can work together to combat the scourge of terrorism in the Middle East and all around the world. I thank you very much for holding this hearing.

SUMMARY STATEMENT OF MARK M. RICHARD

Senator SPECTER. Thank you very much, Senator Lautenberg. We have listed Deputy Assistant Attorney General Richard No. 1 and Secretary Indyk as No. 2, so we will proceed in that order.

Welcome, Mr. Richard. I know that you have served in the Justice Department since 1979, a trial attorney in the Fraud Section, chief of the Major Violations Unit, director of the Attorney General's White Collar Crime Committee.

I thank you for joining us, and the floor is yours. We would like to limit the opening statements, if we might, to 5 minutes, leaving the maximum amount of time for dialogue, questions and answers. All statements will be made a part of the record in their entirety.

Mr. RICHARD. Thank you, Mr. Chairman. Let me begin by apologizing for the lateness of the delivery of my statement. We will endeavor to be more timely in the future. I do want to apologize.

INVESTIGATION OF TERRORIST ATTACKS

I will summarize just key portions of the statement. The Department of Justice, and more particularly the FBI, initiates an inquiry into each and every terrorist attack that causes the death of a U.S. citizen abroad. The terrorist attacks that killed American citizens in Israel, the West Bank, and Gaza over the last several years are no exception.

Moreover, U.S. nationals who suffer injuries but who survive terrorist attacks, such as Diane Campesano, these incidents are also investigated by the FBI.

With regard to the particular facts of the cases here, I would say that the attacks that killed David Boim and Yaron Ungar were drive-by shootings. Sara Duker, Matthew Eisenfeld, Ira Weinstein, Alisa Flatow, Joanne Davenny, Leah Stern and Yael Botwin were killed in suicide bombing attacks that occurred in public places. Nachon Wachsmann, a dual United States-Israeli citizen and an Israeli soldier, was kidnapped and held for ransom before being killed by his captors during an Israeli rescue attempt.

In each of these cases responsibility was claimed either by HAMAS or the Palestinian Islamic Jihad. The State of Israel or the Palestinian Authority have already arrested and convicted many of the surviving terrorists they claim were involved in these attacks, and those persons are now serving sentences in Israeli and Palestinian prisons.

INFORMATION SOURCES

As much of the information that we have regarding these incidents is derived from Israeli and Palestinian authorities, it would be inappropriate to go into, in great detail, the information that we have available regarding these incidents. Moreover, public revelation at this point of such information could very well prejudice our ongoing inquiries.

Let me describe, though, briefly our efforts to secure cooperation from both the Israelis and Palestinian authorities. These efforts involve both formal diplomatic correspondence and more informal exchanges of information.

In each of the eight attacks I have listed, the FBI deployed investigators to the region after the incident. Thereafter, the FBI, through the Department of Justice, submitted through diplomatic channels two formal requests in which we sought from Israel such things as investigative and forensic reports, witness statements, and confessions.

Although Israel's response to these requests are not as timely or forthcoming as we had hoped—our first request was denied in part because of Israeli concerns that disclosure of some information could compromise their national security—we have nevertheless been able to obtain material information and additional assistance through more direct in-person meetings with our Israeli counterparts.

In March 1998 I led a Department of Justice and FBI delegation to Israel, where we were able to secure significant commitments from the Israelis to provide us with all of their law enforcement materials pertinent to these cases, subject to national security considerations. During this visit we also received assurances from Chairman Arafat that the Palestinian Authority would similarly cooperate in our efforts to bring killers of American citizens to justice.

JOINT INVESTIGATIONS

I would note that both with respect to the Israelis and the Palestinians that their commitment does not necessarily include a willingness to allow American investigators to conduct on-the-ground investigations about these incidents. They are willing to give the FBI access to nonclassified information generated by their law enforcement and intelligence apparatus, but at present they are not prepared to allow joint United States-Israeli or United States-Palestinian investigations.

Senator SPECTER. Who was that?

Mr. RICHARD. Both the Palestinians and the Israelis. They do not conduct joint investigations. I would add, though, I am not sure that if the tables were reversed that we would allow independent foreign investigators to conduct inquiries in our territory under similar circumstances.

Documentary evidence provided by the Israelis and the Palestinians has enhanced our understanding of these incidents. In October 1998 another Department of Justice team, consisting of two prosecutors and several FBI agents, traveled to Jerusalem, remaining there for a 2-week period to engage in face-to-face meetings and interviews with Israeli police officers and prosecutors who handle these cases, from the crime scene through the investigation and prosecution. These meetings were very fruitful.

Since October the FBI has been in periodic contact with the Israeli Ministry of Justice, and they will be returning to the region in the near future.

PREPARED STATEMENT

Let me just add in closing that these extraterritorial investigations are complex, but they are nevertheless guided by the same standards that apply to prosecutions of Federal crimes in the United States, and that is only when we have sufficient admissible evidence available for use at trial that can obtain and support a conviction will we seek an indictment. Until that point is reached in these cases, there is no basis for us seeking transfer of suspects being held in either Israeli or Palestinian custody.

Mr. Chairman, that completes my summary of the statement. I will be glad to answer any questions you may have.

Senator SPECTER. Thank you very much, Mr. Richard.

[The statement follows:]

PREPARED STATEMENT OF MARK M. RICHARD

Mr. Chairman and Members of the Subcommittee, I am pleased to be here today to discuss the Department of Justice's current investigations into terrorist attacks that killed American citizens in Israel, the West Bank, and Gaza.

The Department, and more particularly the Federal Bureau of Investigation, initiates an inquiry into each and every terrorist attack that causes the death of a U.S. citizen abroad. The terrorist attacks that killed American citizens in Israel, the West Bank, and Gaza over the last several years are no exception. Among the incidents that the FBI is currently investigating are the terrorist attacks that killed:

- Nachon Wachsmann (October 9, 1994),
- Alisa Flatow (April 9, 1995),
- Joanne Davenny (August 21, 1995),
- Sara Duker, Matthew Eisenfeld and Ira Weinstein (February 25, 1996),
- David Boim (May 13, 1996),
- Yaron Ungar (June 9, 1996),
- Leah Stern (July 30, 1997), and
- Yael Botwin (September 4, 1997).

I should note that this list does not include U.S. nationals who suffered injuries but who survived terrorist attacks, although the FBI investigates those cases as well.

With regard to the particular facts of these eight cases, two of them—the attacks that killed David Boim and Yaron Ungar—were drive-by shootings. Sara Duker, Matthew Eisenfeld, Ira Weinstein, Alisa Flatow, Joanne Davenny, Leah Stern and Yael Botwin were killed in suicide bombing attacks that occurred in public places. Nachon Wachsmann, a dual U.S.-Israeli citizen and Israeli soldier, was kidnaped and held for ransom before being killed by his captors during an Israeli rescue attempt.

In each of these cases, responsibility was claimed either by HAMAS or the Palestinian Islamic Jihad (PIJ). The State of Israel or the Palestinian Authority has arrested and convicted many of the surviving terrorists they claim were involved in these attacks, and those persons are now serving sentences in Israeli and Palestinian prisons.

The Department's investigation into these attacks is multi-faceted, and involves both formal, diplomatic correspondence and more informal exchanges of information between Israeli and American law enforcement. In each of the eight attacks I have listed, the FBI deployed investigators to the region after the incident. Thereafter, the FBI, through the Department of Justice, submitted through diplomatic channels two formal requests—known as "Judicial Assistance Requests" or "Letters of Request"—in which we sought from Israel such things as investigative and forensic reports, witness statements and confessions. Although Israel's response to these requests was not as timely or forthcoming as we had hoped—our first request was denied in part because of Israeli concerns that disclosure of some information could compromise their national security—we have been able to obtain material information and additional assistance through more direct, in-person meetings with our Israeli counterparts.

In March 1998, I led a Department of Justice and FBI delegation to Israel, where we were able to secure a commitment from the Israelis to provide us with all of their law enforcement materials pertinent to these cases, subject to national security considerations. During this visit, we also received assurances from Chairman Arafat that the Palestinian Authority would similarly cooperate in our efforts to bring killers of American citizens to justice.

With regard to the Israelis, I should note that their commitment does not include a willingness to allow American investigators to join the Israeli police in developing evidence immediately after the occurrence of an incident. They are willing to give the FBI access to non-classified information generated by their law enforcement and intelligence apparatus, but at present they are not prepared to allow joint U.S.-Israeli investigations into terrorist attacks that occur in the region. To place this position in context, I should note that, in the majority of terrorist attacks of this sort, the Israeli victims outnumber the Americans. In the blast that killed Americans SaraDuker, Matthew Eisenfeld and Ira Weinstein, for example, 22 Israelis died. In this light, it is understandable that the Israeli government would be in-

clined to pursue these investigations, at least initially, without our assistance or direct participation.

Documentary evidence provided by the Israelis and the Palestinians as a result of the March visit has enhanced our understanding of these incidents and has provided us with the means of following up with requests for additional information. In October, 1998, a Department of Justice team consisting of two prosecutors and several FBI agents traveled to Jerusalem over a two-week period to engage in face-to-face meetings with the Israeli police officers and prosecutors who handled these cases, from the crime scene through the investigation and prosecution. In our view, these meetings were fruitful; in addition to receiving thousands of pages of additional investigative material and interviewing several Israeli police officers, the Department established a channel of communication that we believe will facilitate not only these cases but future investigations as well. Since October, the FBI has been in periodic contact with the Israeli Ministry of Justice personnel, and they will be returning to the region in the near future. Our current efforts place priority on those terrorists who remain at large or who have yet to be brought to trial.

In pursuing these extraterritorial investigations, the Department is guided by the same standards that apply to prosecutions of federal crimes in the United States: only when sufficient admissible evidence is developed and available for use at trial, such that we could obtain a conviction in a U.S. court, do we seek an indictment. Until that point is reached in these cases, there is not a basis for our seeking the transfer of suspects being held in Israeli or Palestinian custody.

The extraterritorial nature of these investigations adds a complicating—though not insurmountable—factor to the Department's pursuit of them. In addition to the fact that the evidentiary material is largely in Hebrew and must be run through an extensive translation process, it is collected in accordance with a legal system and evidentiary standards that are different from our own. Moreover, in putting together an American prosecution, the Department must go beyond the evidence itself and determine how that evidence could be presented in a form that would be admissible in a U.S. proceeding and how it would be received in the context of a jury trial. Thus, in each of these cases, our prosecutors must determine whether additional investigative steps are necessary to meet evidentiary or procedural standards that may be different from or even more onerous than what is required in Israel. This determination must necessarily start with the translated Israeli evidence we are still in the process of receiving as a result of the March and October, 1998 visits.

These factors should not be read to imply that American criminal laws cannot reach terrorists who harm U.S. interests abroad. In fact, recent experience shows that the contrary is true. In June, 1998, for example, the FBI arrested Mohammed Rashed, who had been indicted by the United States in 1987 for the 1982 bombing of a Pan Am flight originating in Tokyo. He is currently awaiting trial in Washington. In addition to this case, over the last decade the Department has successfully prosecuted several cases in which defendants had to be arrested abroad and brought back to stand trial in the United States for acts of international terrorism committed overseas. In many of these cases, the Department pursued the investigations through evidence provided by other countries.

The Department remains committed to the pursuit of these terrorism investigations, and we will continue our efforts to bring the investigations to a successful conclusion.

Mr. Chairman, this concludes my statement. I would be happy to answer questions from you and the members of the Subcommittee. I should stress that, as these cases remain under active criminal investigation, we would prefer to limit discussion of their particular details.

SUMMARY STATEMENT OF MARTIN S. INDYK

Senator SPECTER. We now turn to Mr. Martin Indyk, Assistant Secretary of State for Near Eastern Affairs. He served as U.S. Ambassador to Israel from 1995 to 1997 and prior to that was Special Assistant to the President and Senior Director for Near East and South Asian Affairs at the National Security Council. Welcome, Mr. Indyk, and the floor is yours.

Mr. INDYK. Thank you very much, Senator Specter. I am very grateful for this opportunity to address the Senate Appropriations Subcommittee on Foreign Operations, and in particular to address you, sir, and Senator Lautenberg, whom I also know. I have had

the pleasure of working with both of you to advance our interests, particularly those facing the Middle East.

I do not know of two other Members of Congress or the Senate who have been more actively engaged from the time that I have been in the administration. We gratefully appreciate your involvement, your active interest in this, and we appreciate the opportunity to work with you, not only here, but of course out there in Israel, Gaza, and the West Bank on your many visits there. We appreciate that highly.

If you will allow me, Senator Specter, I did want to just make a few remarks about our request for the Wye supplemental package, which I understand is—

Senator SPECTER. Mr. Secretary, that is fine.

Mr. INDYK. That is one of the issues. I have got much longer remarks that I appreciate your putting on the record. I will summarize those.

Senator SPECTER. Without objection those will be made a part of the record.

Mr. INDYK. Thank you very much. Mr. Chairman, in this part of the world it is impossible to separate our political and our economic interests. Economic progress in the Middle East serves America's political interests and political progress serves our economic interests.

The linkages between economics and our political goals are nowhere clearer than in our efforts to achieve a secure, stable, and lasting peace in the Middle East. We have over the years made a major contribution to Israel's economic well-being. With a GNP approaching \$100 billion and a standard of living equal to much of Western Europe, Israel is now able to stand on its own feet economically. This has enabled the Congress to begin the phaseout of economic assistance to Israel.

On the other side, however, Israel's Arab partners in the peace process face daunting economic challenges, first and foremost high unemployment rates, which are undercutting support for the peace process. Unemployment in the West Bank and Gaza and Jordan is in the 20- to 30-percent range. Per capita incomes are one-tenth of Israel, and with populations that expected a dividend in return for the risks their leaders took for peace, continued economic stagnation is damaging to the peace process and to our other interests in the region.

So economic progress in the West Bank and Gaza and Jordan is essential to our political objectives of advancing the peace process, and that is why the Wye supplemental is so important, as Senator Lautenberg pointed out, in helping to provide the critical economic underpinnings for this phase of the peace process and for the final stages of talks to come.

The signing of the Wye River memorandum was an important milestone for the Middle East peace process. That memorandum establishes a parallel process for the implementation of all outstanding obligations of both sides, the Palestinians and the Israelis, under the Interim Agreement.

Jordan, too, played an important role at Wye, and we depend on it to play a key role in the peace process as it evolves. In this transition period following the death of King Hussein, we need to send

a strong signal of support for King Abdullah as he continues in the footsteps of his father.

Both the Government of Israel and the Palestinian Authority requested U.S. financial support to help them implement the Wye Memorandum and to provide a tangible demonstration of U.S. support as they approach the final-stage talks.

Our pledge to work with Congress to secure \$400 million in supplemental assistance for the Palestinians has already enabled us to mobilize increased assistance to the tune of about \$3 billion in commitments made at the international donors conference the President hosted last fall. The Palestinians need to know that as they fulfill their Wye obligations, their economic circumstances will improve.

On the Israeli side, the implementation of Wye will involve security-related costs that the President has promised to help defray. At the same time as Israel makes peace with the Palestinians, it is also facing wider security challenges which it is seeking our assistance to pay for, and as part of our long-standing commitment to Israel's security, the President believes it is important to provide additional funding to help Israel meet these wider security challenges.

I will not go through the details of the Wye package. It is in my formal presentation. I will just summarize it by saying that we are seeking \$1.2 billion in foreign military financing (FMF) for Israel, \$400 million in economic support funds (ESF) for the Palestinians, and \$300 million for Jordan, broken down as \$100 million in ESF and \$200 million in FMF.

In the case of Jordan, the Senate has already taken action, which we appreciate very much, in approving the first \$100 million tranche of this amount last Tuesday. It is important that we move forward quickly to demonstrate our support for Jordan's King Abdullah, and this will help significantly.

It will also help in the effort that the President has undertaken to mobilize the Gulf States, the Europeans, our other G-7 allies, the Israelis, the IMF and the World Bank to support the various components of a broad package for Jordan of debt relief, debt re-scheduling, additional aid, and an effort to expand the market for Jordanian goods and labor, both in the Gulf and in the West Bank and in Israel.

The supplemental is a key element in our approach. We need to deliver the full \$300 million that the President has requested to maintain our leadership in this effort, to ensure a stable transition, and to provide the leverage to bring other partners on board in this effort to help provide Jordan with the means to ensure that it can grow its economy in this difficult period.

In regard to Israel, in recent months we have met on a number of occasions with Israeli officials from the Ministry of Finance and Defense to define together the allocation of the \$1.2 billion that we are seeking in supplementary security-related assistance.

We have worked with the Israelis to prioritize their requirements, focusing heavily on U.S.-sourced FMF that would be provided to the Ministry of Defense. We are moving close to agreement with the Israelis on this full package. We have agreed to finance certain expenses relating to relocation of Israeli Army bases from

the West Bank to Israel proper. These would be priority items for fiscal year 1999 funding. We are looking into the possibility of the Army Corps of Engineers serving as project manager for this effort.

We also believe we should support other counterterrorism requirements that the Israelis have, including explosives detection and identification equipment and field vehicles.

Finally, we are looking at meeting a portion of Israel's strategic military requirements. These include items such as theater missile defense, a subject which I know is close to the heart of many in the Senate; and related R&D costs that could help Israel address the emerging Iranian missile threat; Longbow helicopter upgrades; electronic warfare aerial platforms, and other communications and munitions requirements.

Our discussions with the Israelis are progressing well, and we expect to finalize the complete package in the coming weeks.

As for the Palestinians, they have pressing needs associated with Wye implementation, as Senator Lautenberg has mentioned. Their standard of living has fallen by some 40 percent since the signing of the Oslo Accords. Instead of enjoying the tangible benefits of peace, the Palestinian economy suffered a severe downturn.

We are seeking in fiscal year 1999 a total of \$200 million in supplemental resources for specific developmental projects, \$100 million of that used for projects directly related to Wye implementation, such as security equipment to facilitate movement of Palestinian workers and goods through processing points, cold storage equipment at the Gaza airport, and resources for enhanced people-to-people programs.

An additional \$100 million will be programmed for urgent Palestinian needs, focusing on activities such as community development, rule of law, maternal child health care, a scholarship program for higher education in key sectors, and the urgent task of preparing the Palestinians to take advantage of the potential for tourism in the year of the millennium.

In the out years, in 2000, 2001, the proposal would include \$100 million each for projects with longer lead times that involve key infrastructure projects in the West Bank, things like the West Bank industrial estate.

It is our view that it is important to secure congressional support now for the full Palestinian funding package. Programmatically we need the certainty of the out year funding to enable us to begin to identify funding intermediaries and structures for projects in areas such as community development.

It is important to emphasize that all these funds would be directly administered by USAID for specific projects for the benefit of the Palestinian people. No funds go to the Palestinian Authority itself.

Disbursement of both the Israeli and Palestinian components of this package would only occur in the context of Wye implementation. We are pressing both sides to fully meet their Wye obligations. The key Israeli commitment is to a sequence of redeployments in the West Bank. The key Palestinian commitment involves sustained and intensive security cooperation to fight terrorism and its infrastructure.

In the Wye Memorandum, the Palestinians committed themselves to a more rigorous and systematic set of security obligations than they have done in any previous agreement with the Israelis. It includes systematic unilateral efforts to prevent terror, according to a detailed security work plan; intensive cooperation with Israel's security services; bilateral cooperation with us; and a trilateral security structure with both Israel and the United States.

Since the signing of the Wye Memorandum, the Palestinians have taken some important steps to combat terrorism and terrorist organizations. They have arrested scores of HAMAS members, interrogated terrorism suspects, and acted on that information. Recently Palestinian security force operations prevented what would have been very serious terrorist acts in Israel. Mr. Netanyahu recently telephoned Chairman Arafat to acknowledge these particular operations. Israeli Defense Minister Arens has also spoken publicly in positive terms about what the Palestinians have been doing to combat terror.

Mr. Chairman, I think I have been reading the Jerusalem Post for the last 6 years every day, as you probably have. I have not seen a headline like this one that appeared yesterday which says "Netanyahu lauds the Palestinian Authority for preventing bombing."

More can and must be done because it is essential to peace that the Palestinians make a 100-percent effort to fight terrorism, both unilaterally and in cooperation with Israel. But we have seen some important progress, and it is important to bear in mind that this is happening at a time when Israel for various reasons is not going ahead with its obligations under the second phase of the Wye Agreement.

At a time when this committee is understandably focusing on the glass half empty when it comes to the issue of fugitives, suspects who have been involved in the killing of American citizens, I hope you will also bear in mind that the glass is also half full when it comes to Palestinian actions against terrorism.

We will continue to insist that the Palestinian leadership be even more vigilant in stopping these efforts. As in other aspects of the peace process, there must be a partnership on security between the Palestinian Authority and Israel. We are actively involved in fostering this partnership at the request of both sides, and it is now beginning to pay real dividends in terms of improving the security of the Israeli people.

This underscores the important role the United States has to play in Wye implementation. What is needed now is increased bilateral assistance, in the first instance for Jordan, but also for Israel and the Palestinians as the Wye Memorandum is implemented.

Mr. Chairman, we are at a key juncture in the Middle East. The Wye Agreement, with all its unmet promise, awaits full implementation. The final stage of talks are on the horizon. Israel is in the throes of intense internal debate about the trade-offs associated with peace as it approaches elections in May. Jordan is in a period of transition. The Palestinians, as they look to difficult future negotiations, are desperately seeking ways to deliver a peace dividend to their people for the agreements that have already been struck.

PREPARED STATEMENT

We have a unique opportunity to help Israel and the Palestinians and Jordan make peace. This is a role the administration and Congress have played together since the beginning of the peace process in 1973. In the same vein, I hope Congress and the administration can work together in the coming months as we shape the package that can play a vital role in underpinning Middle East peace. Thank you very much, sir.

Senator SPECTER. Thank you very much, Mr. Secretary.
[The statement follows:]

PREPARED STATEMENT OF MARTIN S. INDYK

I welcome this opportunity to discuss the President's request for the Wye Supplemental package and the question of implementation of the Wye Agreement by both sides.

THE CONFLUENCE OF ECONOMICS AND POLITICS IN THE MIDDLE EAST

Let me begin by making a general observation about the Middle East. In this age, and certainly in this part of the world, it is impossible to separate our political and our economic interests. Economic progress in the Middle East serves America's political interests, and political progress in the Middle East serves our economic interests.

There is no better way, over the long run, to promote stability, good governance, and the rule of law than by broadening economic participation and fostering a rise in the standard of living of the people of the region. And, of course, economic growth in the Near East will also increase trade and investment opportunities for the U.S. private sector, another U.S. goal in the region.

The linkages between economics and our political goals are nowhere clearer than in our efforts to achieve a secure, stable, and lasting peace in the Middle East—one of our primary goals in the Middle East. We have, over the years, made a major contribution to Israel's economic well being. With a GNP approaching \$100 billion and a standard of living equal to much of Western Europe, Israel is now able to stand on its own feet economically, and this has enabled Congress to begin the phase-out of economic assistance to Israel. On the other side, Israel's Arab partners in the peace process face daunting economic challenges—first and foremost, high unemployment rates which are undercutting support for the peace process. Unemployment in the West Bank/Gaza and Jordan is in the 20- to 30-percent range. Per capita incomes are one-tenth of Israel's. And with populations that expected a dividend, in return for the risks their leaders took for peace, continued economic stagnation is damaging to the peace process and to our interests in the region.

So economic progress in the West Bank and Gaza and Jordan is essential to our political objective of advancing the peace process. That is one of the reasons why the Wye Supplemental is so important: it will help provide the critical economic underpinnings for the next stage in the peace process.

THE WYE SUPPLEMENTAL

The signing of the Wye River Memorandum on October 23 was an important milestone for the Middle East peace process. Wye reflects Israeli/Palestinian agreement on the basic trade-off of land for security and establishes a parallel process for the implementation of all outstanding obligations of both sides under the Interim Agreement. The parties agree that effective implementation of the Wye agreement is the essential next step in the peace process.

Jordan, too, played an important role at Wye, and we expect it will continue to play a key role in the peace process. In this transition period following the death of King Hussein, we need to send a strong signal of support for King Abdullah as he continues in the footsteps of his father.

Both the Government of Israel and the Palestinian Authority requested U.S. financial support to help them implement the Wye Memorandum and to provide a tangible demonstration of U.S. support as they approach permanent status talks.

In fact, the prospect of the package has already been valuable in developing support for Wye implementation. Our pledge to work with Congress to secure \$400 million in supplemental assistance for the Palestinians helped mobilize increased assistance from other donors and demonstrate political support for Wye implementa-

tion. Last fall the President hosted a successful international donor's conference that raised over \$3 billion to support Palestinian economic development.

The Palestinians need to know that, as they fulfill their Wye obligations, their economic circumstances will improve. The financial backing of the international community also sends a strong signal of U.S. and international support as the Palestinian Authority undertakes difficult steps to fight terror.

On the Israeli side, the implementation of Wye will involve security-related costs that the President has promised to help defray. At the same time Israel makes peace with the Palestinians, it is also facing wider security challenges for which it is seeking our financial assistance. As part of our long-standing commitment to Israel's security, the President felt it important to provide additional funding.

OVERVIEW OF WYE PACKAGE

The Wye Supplemental request submitted to Congress on February 1 totals \$1.9 billion, divided among the three peace process parties as follows:

- \$1.2 billion in foreign military financing (FMF) for Israel;
- \$400 million in economic support funds (ESF) for the Palestinians;
- \$300 million for Jordan, broken down as
 - \$100 million in economic support funds (ESF); and
 - \$200 million in foreign military financing (FMF).

Just under half, \$900 million of the overall package, would be available in fiscal year 1999 supplemental resources to meet most immediate needs. This amount would be fully offset with budget authority. This breaks down to:

- \$600 million in FMF for Israel;
- \$200 million in ESF for the Palestinians; and
- \$100 million for Jordan—half ESF, half FMF.

Some \$500 million would be made available in fiscal year 2000, with:

- \$300 million in FMF for Israel;
- \$100 million in ESF for the Palestinians, and;
- \$100 million for Jordan—again, half ESF, half FMF.

And the final \$500 million of the package would be available in fiscal year 2001, with:

- another \$300 million in FMF for Israel;
- another \$100 million in ESF for the Palestinians, and;
- \$100 million for Jordan—this time all of it as FMF.

Let me describe the three elements of this package in greater detail, beginning with the Jordanian component.

JORDAN

The President has signaled his intention to move forward immediately on seeking Congressional approval of the Jordanian element of the Wye package. We appreciate the actions by the Senate to approve the first \$100 million tranche of this amount on Tuesday. We are at a key juncture in Jordan's history with the transition to new leadership during a period of ongoing regional tension, especially in Iraq. It is important that we move forward quickly to demonstrate our strong support for Jordan's King Abdullah.

We have already seen the importance of our offer to accelerate \$300 million in supplemental funding—it helped calm markets and demonstrated U.S. leadership, putting us in a better position to get others to do their share.

We are mobilizing the Gulf states, the Europeans, our other G-7 allies, the Israelis, the IMF, and the World Bank to support the various components of a broad package of debt relief, additional aid, and expansion of markets for Jordanian goods and labor.

The Supplemental is a key element in our approach. We need to deliver the full \$300 million to maintain our leadership, to ensure a stable transition, and to provide the leverage to bring other partners on board.

The Jordanian component of the Supplemental includes three elements:

- In fiscal year 1999, a \$100 million supplemental
- with \$50 million in ESF and \$50 million FMF;
- In fiscal year 2000, \$100 million, again, evenly divided between ESF and FMF;
- In fiscal year 2001, \$100 million—all FMF.

The fiscal year 1999 component is extremely important to demonstrate responsiveness to Jordan's needs for economic and military support in this transition period. On the economic side, there is a need for immediate balance-of-payments support linked to economic reforms. Our support would send a very important signal. Militarily, there is an urgent need to demonstrate support for the modernization and readiness of the Jordanian armed forces. We expect \$50 million in fiscal year

1999 resources to begin to redress weaknesses in logistical readiness in three time-sensitive areas: a HAWK air defense support package; refurbishment of Cobra helicopters and vehicles; and Y2K readiness in the Jordanian military.

Let me sketch out in greater detail the FMF and ESF components of this package.

The FMF resources will address the severely degraded conditions of basic military items—air defense, munitions, border security equipment, night vision, communications gear, transportation equipment, helicopters, anti-tank missiles, and basic fixed-wing aircraft. The current Jordanian inventory will be obsolete in 5 years without this infusion, and Jordan can't defend its borders with Syria and Iraq without this equipment.

The package developed by the Department of Defense contains the absolute minimum: spare parts, basic upgrades, and only the most essential equipment required to meet modernization and readiness needs.

The ESF package is also critical.

Jordan's economy has been stagnant in recent years despite its economic reform efforts. There is always a lag between reforms and growth, and Jordan faces a difficult economic environment, surrounded as it is by markets in Iraq, Syria, the Gulf, and Israel that have either been depressed, closed, or difficult to break into.

Reducing unemployment and reviving economic growth are the key challenges facing the new king—and it is essential that he succeed.

Half of the ESF component of the supplemental—\$50 million—would be disbursed in fiscal year 1999 as balance-of-payments support. This would provide a much-needed shot in the arm for Jordan's balance of payments and would be keyed to an IMF reform program focusing on budget discipline and privatization. These two elements together should boost the market's confidence in the direction of the Jordanian economy and in the commitment of the international community to stand by Jordan during this transition period.

We hope to disburse this initial \$50 million before the middle of the year. The remaining \$50 million in ESF would be as an advance appropriation for fiscal year 2000 and would be projectized—divided between water projects and regional development in the economically needy southern region.

Increasing and improving Jordan's water supply is critical both in the near term and in the long term. Water could very well become the make-or-break issue for Middle East peace. Jordan faces a huge \$3 billion investment backlog in the water sector, which has led to over-pumping and damage to the aquifers. And, because of low rainfall, we are seeing the elements of a genuine crisis this year. It is essential that we demonstrate to the Jordanian people that we are working intensively on this problem and creating options for the future. Urban water shortages are already a politically sensitive issue; and there is a direct linkage to the peace process, given the water provisions of the 1994 Israel-Jordan peace treaty.

We also need Congress to signal its strong support for the fiscal year 2000 and fiscal year 2001 components of this package. Politically, given the transition to new leadership, it is essential to deliver on the full \$300 million package to demonstrate a firm U.S. commitment to continuity in our relationship with Jordan.

Economically, announcement of the full package is already helping to bolster economic stability; accelerate rapprochement with Gulf countries; strengthen our hand as we seek greater EU and G-7 support on assistance and debt relief; and urge the Israelis to do more on trade access to Israeli and Palestinian markets.

Programmatically, signaling support for the full \$300 million package lets us work with the Jordanian military to put into place a comprehensive modernization and readiness program with the confidence that it will be financed.

ISRAEL

In recent months, we have met on a number of occasions with Israeli officials from the Ministries of Finance and Defense to define together the allocation of the \$1.2 billion in supplemental security-related assistance.

The Israelis originally cited more than \$3 billion in security requirements in the wake of Wye, broken down into the costs of relocating military facilities, providing security and constructing by-pass roads, meeting strategic military requirements, meeting counterterrorism requirements, and meeting other civilian needs—for example in the water sector.

We worked with the Israelis to prioritize their requirements, focused heavily on U.S.-sourced FMF that would be provided to the Ministry of Defense. We are proposing that half that amount be made available in fiscal year 1999 and the balance divided between fiscal year 2000 and fiscal year 2001.

We are moving closer to agreement with the Israelis on the full package. We have agreed to finance certain expenses relating to relocation of bases from the West

Bank to Israel proper—there is precedent from the Camp David period when we financed relocation of Israeli air bases from Sinai to the Negev. These would be priority items for fiscal year 1999 funding. We are looking into the possibility of the Army Corps of Engineers serving as project manager for this effort. Total costs of the base relocations would come to about \$200 million.

We also believe we should support other counterterrorism needs including explosive detection and identification equipment and field vehicles. These would amount to another \$175 million.

Finally, we are looking at meeting a portion of Israel's strategic military requirements. These could include items such as Theater Missile Defense and related R&D costs that could help Israel address the emerging Iranian missile threat, Longbow helicopter upgrades, electronic warfare aerial platforms, and other communications and munitions requirements. We have not agreed on all these items, which would total about an additional \$800 million. Some of these items have longer lead times and might be more suitable for fiscal year 2000 and fiscal year 2001 financing.

Our discussions with the Israelis are progressing well, and we should be able to finalize a complete package in the coming weeks.

PALESTINIANS

The Palestinians also have pressing needs associated with Wye implementation. Their standard of living has fallen by some 40 percent since the signing of the Oslo accords. Instead of enjoying the tangible benefits of peace, the Palestinian economy has suffered a severe downturn. We need to help them turn this situation around.

Our package can be divided into two components. For fiscal year 1999, we will seek a total of \$200 million in supplemental resources for specific development projects:

- \$100 million would be used for projects that are directly related to Wye implementation. These projects would be for the benefit of the Palestinians but we would be flexible regarding implementation. For example, we would be willing to use some of the funds for security equipment to facilitate movement of Palestinian workers and goods through crossing points. We might also use it for cold storage equipment at the Gaza airport, safe passage infrastructure, and resources for enhanced people-to-people programs.

- An additional \$100 million would be programmed for urgent Palestinian needs focusing on activities such as community development, rule of law, maternal-child healthcare, a scholarship program for higher education in key sectors, and the urgent task of preparing the Palestinians to take advantage of the potential for tourism in the millennium year.

For fiscal year 2000 and fiscal year 2001, our package would include \$100 million each for projects with longer lead times but for which we need to begin planning now. These include a wide range of community development activities, key infrastructure projects, and a West Bank industrial estate, which could catalyze the kind of private sector development in the West Bank that we are already beginning to see at the Gaza Industrial Estate.

It is very important to secure congressional support now for the full Palestinian funding package. Programmatically, we need the certainty of the out-year funding to enable us to begin to identify funding intermediaries and structures for projects in areas such as community development. It is important to emphasize that all these funds would be directly administered by USAID for specific projects for the benefit of the Palestinian people. No funds go to the Palestinian Authority itself.

PALESTINIAN SECURITY PERFORMANCE

Disbursement of both the Israeli and Palestinian components of this package would only occur in the context of Wye implementation.

We are pressing both sides to fully meet their Wye obligations. The key Israeli commitment is to a sequence of redeployments in the West Bank. The key Palestinian commitment involves sustained and intensive security cooperation to fight terrorism and its infrastructure.

When the Wye River Memorandum was signed at the White House on October 23, 1998, President Clinton said the Memorandum was good for Israel's security because it committed the Palestinians to highly specific and comprehensive actions to fight terror. Prime Minister Netanyahu made the case for the Wye Memorandum to his own people in much the same terms.

In the Wye Memorandum, the Palestinians committed themselves to a more rigorous and systematic set of security obligations than they had done in any previous agreement with the Israelis. It included systematic unilateral efforts to prevent terror according to a detailed work plan, intensive cooperation with Israel's security

services, bilateral cooperation with the U.S., and a trilateral security structure with both Israel and the U.S.

Since the signing of the Wye Memorandum, the Palestinians have taken some important steps to combat terrorism and terrorist organizations. They have arrested scores of HAMAS members, interrogated terrorism suspects, and acted on that information. Recently, Palestinian Authority security force operations prevented what would have been very serious terrorist acts in Israel. Prime Minister Netanyahu telephoned Chairman Arafat to acknowledge these particular operations. Defense Minister Arens has also spoken publicly in positive terms about what the Palestinians have been doing to combat terror. The Palestinians are continuing to hold bilateral meetings with us and trilateral meetings with the Israelis and our people to coordinate these anti-terror efforts. They have taken steps to end the "revolving door" for Palestinian prisoners. In response to our efforts and their own obligations, the Palestinians have shared with us their latest security work plan.

More can and must be done because it is essential to peace that the Palestinians make a 100 percent effort to fight terrorism, both unilaterally and in cooperation with Israel. We have seen some important progress. But the enemies of peace are determined and vigilant in their efforts to destroy what has been built. We will continue to insist that the Palestinian leadership be even more vigilant in stopping these efforts. As in other aspects of the peace process, there must be a partnership on security between the Palestinian Authority and Israel. We are actively involved in fostering this partnership at the request of both sides, and it is now beginning to pay real dividends in terms of improving the security of the Israeli people.

CONCLUSION

This underscores the important role the United States has to play in Wye implementation. We have a finite number of economic tools at our disposal as we try to support our objectives in the Middle East. What is needed now is increased bilateral assistance—in the first instance for Jordan, but also for Israel and the Palestinians as the Wye Memorandum is implemented.

We are at a key juncture in the Middle East. The Wye agreement, with all its unmet promise, awaits full implementation. Final status talks are on the horizon. Israel is in the throes of an intense internal debate about the trade-offs associated with peace as it approaches elections in May. Jordan is in a period of transition. The Palestinians, as they look to difficult future negotiations, are desperately trying to deliver a peace dividend from agreements of the past.

And, more broadly, we sense that the strategic window for peacemaking that opened following the Gulf war and the collapse of the Soviet Union is beginning to close. Where once there was hope, there is increasingly disillusion; where once there was a process of confidence building, there is now growing mistrust; where once a regional coalition for peace was emerging, there is now a retreat into a dangerous state of limbo. It is a matter of history that, when there is no progress toward peace, a political vacuum develops, which is rapidly filled by political extremism and violence.

We have a unique opportunity to help Israel, the Palestinians, and Jordan make peace. This is a role the Administration and Congress have played together since the beginning of the peace process in 1973. In the same vein, I hope Congress and the Administration can work together in the coming months as we shape a package that can play a vital role in underpinning Middle East peace.

Thank you.

OFFSETS

Senator SPECTER. Before proceeding to the questioning, we have been joined by the distinguished chairman of the full committee, Senator Stevens. Would you care to make a comment at this point?

Senator STEVENS. Thank you very much. We have several subcommittees meeting this morning. I do appreciate your courtesy in letting me ask a question. I do not understand these offsets. You say that the offsets for the Wye Agreement are there. Explain those offsets to me, will you?

Mr. INDYK. Mr. Chairman, this is something on which, as you know, the Office of Management and Budget is engaged in negotiations with you and others on this committee and in the House. The

offsets are being put together by the Office of Management and Budget, so it is—

Senator STEVENS. I am looking at your statement. On page 2 it says that these amounts will be fully offset with budget authority. This breaks down to \$600 million is the first item in FMF for Israel, but the package itself is \$1.2 billion for Israel. Is that a list of what is in the package or is it a list of the offset?

Mr. INDYK. What is presented here is—what we have laid out is the full request for \$1.2 billion for Israel over 3 years.

Senator STEVENS. That is a breakdown of the request, not of the offset?

Mr. INDYK. That's right, that is a breakdown of the request.

Senator STEVENS. I have been trying to find out what the offsets are, and I would urge you to let us know.

Mr. INDYK. I will be glad to get the OMB to provide that to you, sir.

[The information follows:]

Our request for funding the requirements of the Wye memorandum was presented as a supplemental request for fiscal year 1999 and as an advance appropriation for fiscal year 2000 and fiscal year 2001. The offsets we identified included \$18 million in FMF, as identified in the President's fiscal year 2000 budget request. Remaining offsets we proposed came from outside of the foreign affairs budget.

Senator STEVENS. I am constrained to ask one question. You entered into this agreement in October, and I think it is an important one. It has substantial support. But did anyone tell you that there was a budget ceiling and we did not have the money unless it was offset?

Mr. INDYK. We didn't need to be told, Mr. Chairman. I think we are very much aware of the budget caps and particularly of the caps on foreign assistance. The President was asked by the Prime Minister of Israel and Chairman Arafat to assist in defraying the cost associated with the implementation of Wye and other security-related costs when it comes to Israel's defense. And that is something that the President committed to consult with Congress about trying to achieve, and this is what we are doing here in terms of coming up and proposing this.

However, precisely because of our understanding of the budget ceiling, we have not presented this as an emergency supplemental that would not be offset. On the contrary, we have come up with a full package of offsets.

Senator STEVENS. Well, I would encourage you to find some way to have some consultation with those of us who have the responsibility to live up to the budget agreement, which the President signed into law. I think that is our basic problem.

We had the same problem with the supplemental. We just did not have offsets for the Wye Agreement. If we had realistic offsets, we would have put the whole agreement funding in the supplemental. We were only able to deal with a portion of that agreement, which caused the offset problem.

I think it misleads a lot of people worldwide to enter into agreements that on their face are beyond the limits of the budget agreement that is a matter of law. We live under that law for another 2 years. The chairman of the Budget Committee is right here. He can tell you. He is chairman, he was ranking member, but he can

tell us even more than I about the process of satisfying such agreements that are made without regard to the current year's limitations on expenditures.

It makes some of us appear to be enemies of the process that we very much support. I think I feel more aggravated about that than anything else. But I would urge you to tell them we would like to know. I think in a process like this since there is disagreements between the Senate and the House on one hand, with our CBO process, and the Office of Management and Budget process, on how some of these things are scored. Before we lead people in other countries to believe the money is available, there ought to be an agreement where that money is going to come from otherwise there is going to be a terrible letdown if we are not able to fund the Wye Agreement. Right now, I have got to tell you, I cannot find the money to fund it.

Senator LAUTENBERG. Mr. Chairman, I—

Senator SPECTER. Senator Lautenberg, we have to go ahead with the hearing. Thank you, Mr. Chairman; thank you, Senator Stevens.

Before moving to the questions on terrorism, we are going to have 5-minute rounds. We have a very, very extensive list of witnesses, so we are going to have to proceed. We did not interrupt the Secretary because he did cover some other subjects of very substantial importance, but if we are to conclude this hearing before 1 o'clock, which is the outside time, we are going to have to move in accordance with the time limitations.

Before taking up the question of terrorism, which is a central point of our hearing, you have raised the issue of aid to Israel generally as well as aid to the Palestinians and Jordan generally. The Government of Israel has initiated a program of trying to reduce its request for U.S. economic assistance, and that is obviously a difficult question. The administration, a year after that Israel had made the proposal, is still engaged in discussions with the Government of Israel over the plan. As I understand the figures, I am trying to get this confirmed, the Senate forwarded a budget which has deeper cuts by some \$150 million than the Israeli plan had envisioned.

It would be very helpful to this subcommittee in looking at your budget request for you to conclude your discussions with Israel and to give us your judgment as to those. I do not want to go into the question in any great detail because there are so many more focus questions which we have here today, but if you could give us a response in writing, Mr. Secretary, I would appreciate it.

[The information follows:]

In late January 1998, Israeli Finance Minister Yaacov Ne'eman began discussions with Members of Congress and Administration officials on a proposal that would gradually reduce Israel's annual \$1.2 billion economic assistance to zero, while phasing in a \$600 million increase in military assistance over the same period. We welcomed the Israeli government's initiative and have been working closely with Israel and the Congress to further develop the concept.

We agreed that it was time to adjust the level of assistance, however, negotiations continue on the exact funding levels for each year. The Administration has critical funding requirements for the next two years within limited budgetary resources. We have asked Israel to consider a reduction proposal that would include slightly increased reductions in the next two years, followed by a more gentle glidepath during

the following years. Discussions continue between the Administration and the Government of Israel on this proposal.

The Israeli proposal calls for some increases in FMF to be made in the form of off-shore procurement (OSP), as opposed to direct purchases of U.S.-sourced equipment. We understand there may be Congressional concerns about this aspect of the Israeli proposal, and are carefully studying the implications. We have asked the Israelis for programmatic justifications of additional OSP and are taking those into account while formulating our position.

As Israeli Prime Minister Netanyahu told a joint session of Congress, there is no greater tribute to America's long-standing economic aid than Israel's achievement of economic independence.

Mr. INDYK. Mr. Chairman, if you will just allow me to correct one thing very quickly, it is not \$150 million extra. It is \$30 million extra. Israel suggested that its ESF should be cut by \$120 million. We are suggesting it should be cut by \$150 million.

Senator SPECTER. OK, so the total cut is \$150 million instead of the difference we have used.

ISRAELI AND PALESTINIAN COOPERATION

Mr. Richard, let me move to the question as to the cooperation which we have had from both Israel and the Palestinians. I am informed that the FBI has encountered difficulties in obtaining Palestinian cooperation with their investigation, and I alluded earlier to a letter from Acting Assistant Attorney General Sutin that the Israelis were delaying in complying with the Department of Justice request for documents in October 1996.

I would like for you to supply the subcommittee with details on compliance.

[The information follows:]

ISRAELI AND PALESTINIAN COOPERATION

In October 1996, the Department of Justice, via the Department of State, submitted a Diplomatic Note to Israel requesting judicial assistance relating to those cases in which Americans have been victims of terrorist acts in that region. We requested, among other things, information such as investigative and forensic reports and witness statements pertinent to the ongoing FBI investigations into terrorist acts in that region. The Department made periodic inquiries concerning when a response would be forthcoming to the judicial assistance request. In February 1998, the Department of Justice received a response from the Israeli Administrative Judge advising that, because of national security considerations, the government of Israel would be unable to fully comply with our request.

In March 1998, a delegation led by Deputy Assistant Attorney Mark Richard, consisting of representatives from the Department of Justice, including the prosecutor and FBI agents handling these cases, and the Department of State met with Israeli officials regarding these incidents and sought to obtain information concerning evidence the Israelis had developed. Members of this delegation also visited with officials of the Palestinian Authority for the purpose of eliciting pertinent information they might possess. As a result of these meetings, the Israeli officials produced to the delegation numerous documents that were translated and are being analyzed. Furthermore, the Palestinian Authority produced certain information as well.

In October 1998, an investigative team comprised of the FBI agents and prosecutors returned to Israel to pursue leads on these matters and gather additional information from Israeli investigators. Israeli officials tendered voluminous materials to the FBI on these cases and advised they would address our investigative needs. Since then, the FBI has been in periodic contact with Israeli officials in Israel and Washington, DC, on these cases, and the FBI agents returned to Israel on April 10 to conduct more investigative interviews, including interviews with individuals in Israeli prisons who were responsible for these attacks. This most recent trip also included several meetings with Palestinian security officials, a necessary prerequisite to meeting and interviewing Palestinian witnesses and law enforcement officials and obtaining additional evidence under Palestinian control. We anticipate additional visits to Israel by American investigative personnel in the near future.

Senator SPECTER. My view is that that is absolutely mandatory that we have cooperation from both sides when we make factual requests, and in the context where we are making very large allocations of funding, speaking for myself, I am not going to support the funding for anybody who does not comply with our request for information because that is an indispensable prerequisite for our judging whether we ought to be making those allocations.

We have some 10 Palestinian suspects who have not been extradited, and we are going to have an obvious problem in getting through all that today. What I want to focus on are the suspects related to the victims who are here today. I am going to ask both Mr. Richard and Mr. Indyk to stay with us during the course of this hearing to respond to questions which arise if you possibly can, so that we can boil down and focus on the issues we have.

We are going to need from you, Mr. Richard, details on why extradition has not been requested on others. But let me call your attention to a specific item that the suspect in the murder of American David Boim, Amjad Hinawi, confessed to his role in the killing in open court in the Palestinian Authority.

He sought in a mitigation to say that he drove the car but did not realize his friend on the passenger side would shoot people. The Palestinian Authority sentenced the defendant to 10 years in prison, but there were reports that he has been released.

Where you have the driver of a car, there is as much guilt attached there as there is to the action of shooting, and it may go to the issue of sentencing. A representative of the U.S. Consulate who speaks fluent Arabic was present at the trial and heard the confession. Is not this confession a sufficient basis for an indictment?

INDICTMENTS

I am going to go through the list of 10 with you. We are really going to have to respond in writing to them. But with that kind of evidence in hand, why has there been no indictment?

Mr. RICHARD. Well, as I alluded to in my statement, I mean, we have to judge the desirability of any prosecution by our standards. The question about the voluntariness, the corroboration of that confession—

Senator SPECTER. Voluntariness? It was open court, Mr. Richard.

Mr. RICHARD. The question of the process in which the confession, if you will, was obtained becomes relevant.

Senator SPECTER. It was in open court, Mr. Richard.

Mr. RICHARD. I appreciate that, but, I mean, there is a question of what led up to it, the prior treatment, and the like, which may be relevant. The mere—

Senator SPECTER. Well, what was the prior treatment?

Mr. RICHARD. I am suggesting to you that that becomes relevant to determination of whether it is going to be admissible in the courtroom here, but—

Senator SPECTER. Do you know this case? Are you able to speak factually about this case?

Mr. RICHARD. Well, I mean, I have the facts available, but I will say this much, that we are not really going to be in a position to

lay out in the kind of detail that I suspect you are looking for, you know, the precise information regarding each of these cases.

Senator SPECTER. I am not talking about each of these cases. I am talking about this case. I am making an inquiry as to whether you know the facts sufficient to comment. When you have a confession which is made in open court, I would suggest to you that unless there is some trickery or coercion or deceit which has induced it, this is not a question of coerced confession. It is not a question of Miranda warnings. This is Israel. But when there's a confession in open court, my experience tells me, and I have had a little, that that is admissible.

My red light is on. We are not going to conclude the hearing if even the chairman ignores the red light, so I am not going to do so.

Senator SPECTER. Senator Lautenberg.

Senator LAUTENBERG. I thank the chairman. I have to go back to the budget on the floor, so I will just take these couple minutes. I regret I am not going to be able to be here through the testimony of Mr. Flatow or Mrs. Eisenfeld but I want to ask Ambassador Indyk, do you think that the civil penalties that we were able to have awarded to Mr. Flatow serve as a deterrent to terrorist groups, for state-sponsored terrorism?

Mr. INDYK. I'm sorry, I missed the last part.

Senator LAUTENBERG. Serves as a deterrent, these penalties can serve as a deterrent to state-sponsored terrorism groups.

Mr. INDYK. Well, I think we have to look at the record since the judgment was made. We do not see a direct connection between the judgment and the change in behavior. In this case we are talking about Iran. A judgment that was made against the Government of Iran; it concerns their support for Palestine's Islamic Jihad, which is the organization that was responsible for the very untimely and tragic death of Alisa Flatow. It continues to get support from Iran. We do not see a change in that.

Senator LAUTENBERG. I am going to interrupt you, Mr. Ambassador, because of the time limit. Let me say this. I think that part of the problem is that the impact of the award has not been felt, and as a consequence, I think, it is almost impossible to measure.

I ask the question because it is my belief that it would serve as a deterrent. We are talking about a court award, Mr. Chairman, that was a quarter of a billion dollars. Mr. Anderson has also indicated his intent to file a claim.

I would ask you, please, to review with the administration what it is that they can do to facilitate the Flatow efforts to collect the damages against Iran. These people are not interested in money. I know them very well. They are interested in making sure that other families are protected to the extent that we can protect them.

I want to also ask, Mr. Ambassador: The National Security Council staff, State and Justice Department officials have not followed through on an important issue the President made a commitment on when Steve Flatow met with him in early February. I would therefore put the question to you: Is the administration prepared to release rental income from the Iranian Embassy to help satisfy the judgment that it holds against Iran as the state sponsor of the terrorist act that killed his daughter?

Mr. INDYK. I looked into this question, Senator Lautenberg, and the answer that I have been given is not likely to satisfy you, but it is the only one I can give you, which is that this is the subject of litigation between the U.S. Government and Mr. Flatow, and the problem with—Justice has filed a brief in this case. We would be glad to provide you with the position that the Department of Justice has taken in this regard.

Let me say beyond that that I am therefore prevented from commenting on this particular issue. We have sought to identify assets that could be used for attachment by the Flatows and others in these cases, and we will continue to try to point them in that direction where it does not conflict with our other obligations such as under the Vienna Convention or on diplomatic property.

Senator LAUTENBERG. The biggest problem seems to be access. We have met with several people going from Sandy Berger on. Each one made a commitment, frankly, as I heard it personally, to make records available. The Treasury Department has its interest obviously in terms of the Iranian assets that that they are responsible for protecting.

But I would ask, please, that you see to the extent you can that the Flatows and their representatives and the Eisenfelds have as much access as possible to records we have. That is the only way we are going to be able to see whether or not we can deter these acts before they occur. Thank you.

Mr. INDYK. I will be glad to do that, Senator. I have, of course, not been personally involved with this, but if they would like to meet with me, I will be glad to take this up.

Senator LAUTENBERG. Thanks, Mr. Chairman.

Senator SPECTER. Thank you very much, Senator Lautenberg. In making the request that you remain, Mr. Secretary and Attorney General Richard, I do so because we are going to be getting into some of the specifics. Secretary Indyk did not really get into the details of the terrorist attack matters. This question which Senator Lautenberg has raised, as I understand it, there has been a waiver of that provision of law with respect to the verdict in the Flatow case. I believe that the members of this subcommittee and the full Congress are going to be looking very closely at this question in evaluating the aid, and we raise the question both as to Israeli cooperation as well as Palestinian cooperation.

What I want to do here, I want to hear from the next four witnesses who will be talking as victims, and then I want to come to grips, Mr. Richard, with what has happened to the suspects in these cases. I appreciate the fact that you may not be in a position to comment on all the details now as to why there has not been extradition, but you may be in a position to comment about why there have not been rewards offered as there have been in other cases. Mr. Secretary, I think it would be helpful for you to hear what we are dealing with on the Flatow case and others, so we would ask you to stay.

Mr. INDYK. I am in a very awkward position here, sir, because it was expressly communicated to me that we would give our testimony and then we would be released. I have other scheduled meetings immediately after this.

Senator SPECTER. Well, you are not under subpoena yet.

Mr. INDYK. And so I feel very awkward about it. But I am not going to be able to stay, and I am sorry that—

Senator SPECTER. How long can you stay?

Mr. INDYK. I will just ask my staff to check and I will let you know in a moment. I am told I have to be back in the office at 12:30, so I have to leave here by 12:15.

Senator SPECTER. That would be helpful. I appreciate that. To the extent that you can stay until 12:15, that would be very helpful.

Mr. INDYK. Would you allow me, sir, since I did not make an opening presentation, to make a few comments about this particular issue of the American—

Senator SPECTER. Well, OK. I would like you to be brief. I would like to hear these victims. But go ahead, Mr. Secretary.

Mr. INDYK. First of all, I want to make clear that the issue of bringing to justice terrorist suspects accused of involvement in killing American citizens is a high priority for the administration. It has been a subject on President Clinton's agenda.

In talks with Chairman Arafat for a number of years beginning back in their meeting at Sharm el-Sheikh in 1995, the Secretary of State himself, Dennis Ross, and our Counsel General in Jerusalem, John Herbst have constantly raised this issue with the Palestinians. I would say in terms of my own views on this that Alisa Flatow, Matt Eisenfeld, Sara Duker, Joanne Davenny, and David Boim were all killed on my watch as U.S. Ambassador in Israel. In fact, Alisa was killed on the day that I was entering my credentials. I will not ever forget. And so I personally take it very seriously that we need to find ways to bring these people to justice.

As Attorney General Richard explained to you, we do not have at the moment, I think you are very much aware, any indictments against any of these suspects, so in the meantime our focus is on making sure that they are apprehended.

Now, in this regard, I would just like to point out that there are four categories here. The first are terrorist suspects that are in Israeli custody, and there are a large number of those, over 20. The second category are those who are dead, mainly because they blew themselves up in terrorist acts.

The third category are those that are in custody of the Palestinian Authority. There are, according to our belief, seven in custody. We have physically verified that six are in fact in custody. This has been done in the last month by officials from the Consulate. We are endeavoring to verify the seventh. We have not yet been able to do so.

There are eight fugitives believed to be in the areas under the control of Palestinian Authority. These are not, to the best of our knowledge, people who are walking around free. They are at large and they are being pursued by the Palestinian Authority.

In one particular case that I have been very focused on over the years, Mohammed Dayf, who was responsible, we believe, for the killing of Nachshon Wachsman and has been the subject of the highest level of intervention by the President and other various officials in this administration, there was recently a serious effort to apprehend him which was unfortunately unsuccessful. But we have good reason to believe from our own sources that the Palestinian

Authority did make a serious effort to apprehend him in recent months.

Senator SPECTER. Mr. Richard.

INVESTIGATIVE PRIORITIES

Mr. RICHARD. If I may just make a couple of general remarks, we have focused in terms of our priorities, our investigative priorities, on individuals who remain fugitives or are still awaiting trial. There is a variety of reasons for that, including the fact that to the extent that Israel has already prosecuted individuals, the current extradition treaty would serve as a significant barrier, if you will, to reextradition for the same offense. Moreover, in terms of being able to get them out of custody, Israeli custody, there is no easy mechanism at the present time. Our principal efforts, though, in terms of—

Senator SPECTER. No easy mechanism to get them out of Israeli custody?

Mr. RICHARD. That is correct.

Senator SPECTER. Israelis will not turn them over to the United States?

Mr. RICHARD. The treaty itself, the extradition treaty with Israel, if you have somebody currently convicted of that crime serving time in Israel, and we seek an extradition under the treaty of that individual who is serving time in Israel for that same crime, extradited for the same crime, one, the treaty would not provide for that. It is like a “non bis in idem” clause, which is a double jeopardy issue.

Second, the treaty does not have a mechanism until the sentence is completed for that.

Senator SPECTER. Mr. Richard, may we defer that. We are talking about people in custody in Israeli detention, I would be delighted and interested to hear. There is technically no double jeopardy. You can be prosecuted federally and also in Pennsylvania, as you and I both know. But I am on a different—we are on a different question.

We are on a question of suspects who are being held by the Palestinian Authority, and we have a law which authorizes prosecution in the United States. I would like to get to that point, if I may.

ADDITIONAL COMMITTEE QUESTIONS

Senator SPECTER. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

DEPARTMENT OF STATE

QUESTIONS SUBMITTED BY SENATOR CHRISTOPHER S. BOND

Question. The policy of land for peace has been the framework for all the agreements signed. Hasn't the Israeli government implemented its obligation to withdraw from land under the first phase of Wye as the Palestinians implemented their commitments?

Answer. Both the Wye and Sharm el-Sheikh Memorandums obligate the Israelis and Palestinians to take specific actions by specified dates. In the Sharm el-Sheikh Memorandum the sides established a new timeline and agreed that the Israelis would undertake three specific further redeployments. The first two have been com-

pleted. The remaining one, scheduled for January 20, 2000, is currently under discussion between the two sides.

Question. Should the Israelis be asked to relinquish more land before the Palestinians implement their follow on obligations?

Answer. The Wye and Sharm memoranda impose obligations on both sides. The United States believes both sides should live up to their commitments, and work together to solve problems that come up in the course of implementation.

Question. Has the PA coordinated with the U.S. when releasing prisoners and could you provide any examples?

Answer. We have no information that the PA released any individuals held in connection with the killing of American citizens. We also believe the Palestinians are taking their security responsibilities seriously.

Question. Has the PA outlawed organizations of military, terrorist, or violent character as required by Wye?

Answer. The Wye River Memorandum provided for a U.S.-Palestinian committee to review and evaluate information pertinent to the decisions on prosecutions, punishment, or other legal measures which affect the status of individuals suspected of abetting or perpetrating acts of violence and terror. In the Wye River Memorandum the Palestinian side agreed to inform the U.S. of "actions it has taken to outlaw all organizations (or wings of organizations as appropriate) of a military, terrorist, or violent character and their support structure and to prevent them from operating in areas under its jurisdiction." Among the steps the Palestinians have pointed to is the March 3, 1996 PA decree banning paramilitary organizations. Prime Minister Barak, Foreign Minister Levy, and other Israeli officials have subsequently praised the PA for improvements in its security cooperation with Israel, while stressing to the Palestinians that more can be done in dismantling the terrorist's infrastructure in the West Bank and Gaza. United States representatives have made the same point to PA leaders.

Question. Can you provide even one case of the PA enforcing the anti-incitement decrees, and how do you justify Mr. Arafat's continuing threats of ntifada and having Israelis drink from the Dead Sea?

Answer. The PA clearly must make a much greater effort to enforce its anti-incitement decrees. Incitement is an issue we take extremely seriously. Incitement and inflammatory language is inconsistent with peace and must be eliminated. We have raised this issue, repeatedly, including the related issue of ethnic stereotyping and inciteful material in textbooks, with senior Palestinian representatives. The sides are working bilaterally, and with our support in the trilateral (US/Palestinian/Israel) committee established in the Wye River Memorandum, to address the issue of incitement, inflammatory language, and stereotyping, including anti-Semitism, from education, the media, and public discourse. The PA has begun a five-year program to replace school textbooks and eliminate inciteful material.

Question. Have you seen any current official Israeli maps which include Gaza and the entire region of the West Bank as part of its national borders? Why do we permit the Palestinian Authority to ignore the existence of the Israeli state as depicted on official paraphernalia?

Answer. The United States has not conducted a detailed survey of either Israeli or Palestinian maps. On the general issue of mutual recognition, PLO Chairman Arafat's letter to Norwegian Foreign Minister Holst in September 1994 recognized Israel's right to exist within secure and recognized borders and one of the foundations of the agreed negotiating framework is U.N. Security Council Resolutions 242 and 338 which reaffirm this principle. In December 1998 the Palestinian National Council again endorsed a decision to remove all language that called for the destruction of Israel from the PLO Charter.

Question. What specifically, has the PA done to terminate radio and television programs containing virulent anti-peace process rhetoric?

Answer. The PA must do more in this regard. The PA has made its views and support of the peace process quite clear, in both word and deed. That said, we have raised, and continue to raise, with senior Palestinian officials rhetoric or language that we regard as inflammatory, inciteful, or anti-Semitic. The Palestinian leadership has made clear its views that Israel has the right to exist, and that peace is the only viable option for the Palestinian people.

Question. Does the State Department believe that the planners, instigators, and facilitators of terrorist incidents were less responsible for terrorist incidents than those who carried out terrorist operations?

Answer. The Security Annex to the Israeli-Palestinian Interim Agreement on the West Bank and Gaza Strip provides that both sides will "apprehend, investigate and prosecute perpetrators and all other persons directly or indirectly involved in acts

of terrorism, violence and incitement." The State Department has made implementation of this provision a high priority in its discussions with the parties.

QUESTIONS SUBMITTED BY SENATOR BEN NIGHTHORSE CAMPBELL

Question. American Citizens killed in Terrorist attacks in Israel.—Israel has identified 20 Palestinians who are suspected to have played a role in terrorist attacks on Israel in which 12 American citizens have been killed in the last five years. Under the Anti-Terrorism Act of 1986, the U.S. may prosecute foreign nationals who kill American citizens abroad. However, the administration maintains that there is not yet sufficient evidence to indict these suspects.

(A) What are the administration's current efforts to bring about indictments against these suspects?

(B) How cooperative has the Palestinian Authority been in these efforts?

(C) Have the Palestinians outlawed all organizations of a military, terrorist, or violent charter as required by the Wye Memorandum?

(D) What are the collaborative efforts between the Departments of State and Justice in the effort to indict these Palestinian suspects?

Answer. In March 1998, an interagency delegation composed of representatives from the Department of State and Justice, including the Federal Bureau of Investigation (FBI), and the National Security Council traveled to the region to discuss these cases. In October 1998 Department of Justice representatives visited the region again for in depth discussions and gathered additional information. An FBI team visited this spring and again this summer to follow up on these cases with Israel and the Palestinians. The FBI is planning additional visits in connection with these cases.

During these visits and other discussions the Government of Israel provided information on a number of individuals in connection with various incidents involving U.S. citizens. The PA provided information about its efforts to apprehend and convict terrorists suspected of killing American citizens. The FBI has requested further information from the Israelis and Palestinians.

Our efforts on these cases are ongoing. We will continue to raise these cases on a regular basis with the Government of Israel and the Palestinian Authority.

The Palestinians have shown the willingness and ability to arrest people involved in terrorist incidents. They have arrested some of those suspected of involvement in the killings of Americans.

Question. Fate of Missing Israeli Soldiers.—Assistant Secretary Indyk, on June 11, 1982, Zachary Baumel, an American citizen and sergeant in the Israeli Defense Forces (IDF) and his tank crew were captured by forces linked to the Palestinian Liberation Organization (PLO) following the battle of Sultan Yaqub in northern Lebanon. Sgt. Baumel and his two IDF comrades, Zvi Fedlman and Yehuda Katz were then paraded through the Syrian capital of Damascus and were never seen again.

For over sixteen years, the Syrian government and the leadership of the PLO have failed to cooperate in the effort to determine their fate. For the last five years, no new information concerning these men has been forthcoming. I have recently introduced legislation which requires the State Department to raise this issue with the Syrian government and leaders of the Palestinian Authority and provide the Congress with a report on the information that has been uncovered.

(A) In 1993, Yasser Arafat produced half of Zachary Baumel's dog tag and indicated that additional information concerning his status would be forthcoming. Is this the most recent information that the State Department has received from either the Palestinian Authority or the Syrian government concerning the fate of Sgt. Baumel and his comrades?

(B) Please provide the committee with any information that the State Department has concerning the whereabouts or condition of Sgt. Baumel and his IDF comrades.

(C) What actions has the State Department taken to date to facilitate the recovery of Israeli POW/MIAs?

Answer. The United States remains determined to pursue every concrete lead to ascertain the fate of Israel's MIAs, including Zachary Baumel, a U.S.-Israeli dual citizen. We are in close contact with the Israeli Government and the families of the MIAs to help resolve this important issue. The President and Secretary Albright have raised this issue repeatedly with officials at the highest levels in Syria. We have also discussed it in the past with senior Palestinian officials.

We sympathize with the pain of all the families of the missing soldiers and with their determination to continue the search for their sons. Let me assure you that we will continue our efforts to help them.

NONDEPARTMENTAL WITNESSES

STATEMENT OF STEPHEN FLATOW, FATHER OF ALISA FLATOW, WEST ORANGE, NJ

Senator SPECTER. Let me call the next panel of witnesses. We need a couple of extra chairs. I would like to have Mr. Stephen Flatow, Vicki Eisenfeld, Diana Campuzano, and Mr. Nathan Lewin, if you folks would step forward.

Mr. INDYK. Should we stay here?

Senator SPECTER. I found when we have overlapping issues, one of the best things to do is to listen and comment. It gets to the point a lot faster than coming back.

We welcome you here and we know of the tremendous suffering which has been sustained by the families of these victims, and the business of extraterritorial jurisdiction is something which we have grappled with mightily.

It was only in 1984 the Federal law comprehended reimbursing people who were either kidnap victims or hostage victims, and then in 1985 we had the killings of U.S. citizens in the Rome and Vienna airports, and I introduced legislation in 1986 which was passed, the Terrorist Prosecution Act, making it a violation of U.S. law, and that is what we are on at the present time.

To the extent that your statements are brief, we will have more time to question Mr. Indyk, and we will have enough time to question Mr. Richard.

Mr. Flatow, we welcome you here. We know that your daughter, Alisa, at the age of 20, was a student at Brandeis University, one of seven people killed in an April 9, 1995, bus bombing in Kfar Darom on the Gaza Strip.

Mr. FLATOW. Thank you very much, Mr. Chairman, for the opportunity to be here this morning. I would also like to go on record thanking those Members of Congress on both sides of the aisle who have been so supportive to us in the past 4 years.

Today I prefer not to dwell on the loss of Alisa's life but our response to that loss, and the losses of other American families. Please understand that we have never sought revenge for Alisa's death, we have only been seeking justice over the past 4 years, pursuing her killers and those who sponsored the terrorist attack which took her life.

Mr. Richard referred before to the lack of Palestinian cooperation with the FBI. That did happen again with Alisa's case back in April of 1995 when the FBI was rebuffed. I do not think there is anything wrong with one police force cooperating with another country's police force in the investigation of a homicide, and as far as I know, no public protest was ever lodged by our Government with the Palestinian Authority over this issue.

In 1997 with the encouragement of the President of the United States and the passage of the Antiterrorism and Effective Death

Penalty Act of 1996, our family filed a lawsuit against the Islamic Republic of Iran as a financial backer of the Palestinian Islamic Jihad, and recovered a \$247 million judgment.

Our experts will tell you, Senator, quite clearly that recovery on that judgment will be a deterrent to future terrorist attacks and the funding of such terrorist attacks. It is a well known fact in academic circles and in practical circles in the field, if you will.

However, I do not wish to dwell on that case. I would rather talk today about a confession I have to make, and that is I now understand what the phrase means that ignorance is bliss. Until a few short months ago I thought that the attack which took Alisa's life was a small circle of fanatics. Little did I understand how wide that circle was and how many people were actually involved in the planning and the execution of the attack.

Two years ago I had the opportunity to meet with Dr. Nabil Sha'ath, planning minister of the Palestinian Authority, who expressed his condolences on the loss of Alisa's life and his willingness to cooperate with our family as we proceeded to seek justice.

Unfortunately I tried on several occasions to reach Dr. Sha'ath by fax and by letter as we prepared our lawsuit against the Iranians, but he was—there was no response coming from the Palestinian Authority at that time.

The problem as I see it does not lie with the perpetrators being anonymous. They are not anonymous. The problem, in my opinion, lies with the Palestinian Authority's willingness to turn a blind eye to these killers in their midst.

As our Government moves along, investigating Alisa's death, it seems to be clear that justice will be delayed unless the Palestinian Authority moves now to arrest all of those responsible for Alisa's death.

Unfortunately, our Government is not without fault, either, sir. While the State of Israel has requested transfer of suspects in Alisa's case, the United States has not done so. Justice in the Palestinian Authority, in my opinion, is spotty, if not an outright embarrassment to the concept of justice.

I must also question why the United States is able to extradite killers when the death involves American oil company employees in Pakistan or a shooting outside of CIA headquarters. I also have to question why the Department of State's incident Web site, called the Heroes Home Page, is devoid of any reference to American lives lost in Israel to Palestinian Arab terrorism.

Why does the State Department post rewards when it comes to killings in Africa or in Pakistan all around the world, but not when that killing takes place in Israel? I do not want to believe for a second that our Government's position is that Alisa's life was worth one penny less than any other American's life.

Perhaps the answer lies in the fact that our Government does not want to force the hand of the Palestinian Authority at this time. Maybe our Government does not want to risk a confrontation with the PA over potential refusal to turn over killers for trial here.

I must then ask what kind of partnership is the United States going to have with the Palestinian Authority. Will it be all give by the United States of our money and our diplomatic recognition? What will be the quid pro quo from the PA? Will it continue to har-

bor terrorists? Will it continue to turn a blind eye to this cancer? What kind of authority are we creating when we do not hold the PA to the same standards as we hold the rest of the world when it deals with terrorism?

The price of leadership, Mr. Chairman, and a spot in the family of nations, demands choosing between political expediency and doing that which is morally and legally correct. Perhaps the PA does have the authority and the courage to arrest those responsible for the deaths of Americans. We will never know if we do not ask them to do so.

I know the names of Alisa's killers. I have them here with me today. It hurts me to know that they are in Gaza, walking the streets.

PREPARED STATEMENT

Senator SPECTER. I am sorry to interrupt you, Mr. Flatow. I have just been notified we are going to start three votes at 12 o'clock, which means that I have to leave this podium at 12:05, and that is going to take the better part of an hour when we start them, so we are going to have to move ahead. I am very, very sorry. We will make your full statement a part of the record.

Mr. FLATOW. Thank you, sir.

[The statement follows:]

PREPARED STATEMENT OF STEPHEN M. FLATOW

I thank you for the opportunity to be here this morning. Indeed, I wish to thank publicly those members of the Congress, from both sides of the aisle, who have recognized our family's pain and have become a staunch allies in our fight to bring to justice those responsible for the attack that took my daughter Alisa's life.

Today, I prefer not to dwell on the loss of Alisa's life but to focus on several aspects of the response to my loss and the losses of other American families.

On the day of Alisa's funeral when I was asked if I wanted revenge, I said, "No, I was only interested in justice." In the almost four years since Alisa's death, our family has been involved in what has become a monumental effort to bring Alisa's killers to the bar of justice.

While the person who drove the explosive laden van into the side of the public bus in which my daughter was riding was killed in the explosion, those who masterminded the attack, those who provided the material with which to build the bomb, those who recruited the bomber, and those who provided the financial and moral support for the attack have been beyond my reach.

Immediately after the attack, pursuant to existing U.S. law, the President ordered the Federal Bureau of Investigation to travel to Israel to investigate the attack. Yet, to my chagrin and I am sure is that of the Federal agents charged with the investigation of Alisa's death, the Palestinian Authority refused to cooperate with our government's representatives. No reason has ever been publicly given by the Palestinian Authority for this snub and, to my knowledge, no public protest was ever lodged by the United States with the Palestinian Authority.

In 1997, with the encouragement of the President of the United States, and utilizing provisions of the Anti-terrorism and Effective Death Penalty Act of 1996, our family filed suit against the Islamic Republic of Iran as the financial backer of Palestine Islamic Jihad which carried out the attack. I wish I could sit here and tell you that the case is going well but I cannot.

Although I have obtained a \$247.5 million judgment against the Islamic Republic of Iran, my own government has stymied me in my efforts to seize Iranian assets located in the United States. This is a battle that I will continue to wage.

On a sadder note and what brings me here today is my confession to you that I now truly understand the meaning of the phrase "ignorance is bliss." Little did I understand in 1995 how wide was the circle of Palestinian perpetrators of the attack and how little I actually knew about the attack. That lack of information led me down the path of believing that everyone was doing what they could to see Alisa's killers brought to justice.

Over the past few months I have come to learn that Alisa was not killed by one man acting alone but by a well-organized group. I have recently learned that some of those involved in the attack were arrested and then released by the Palestinian Authority and that others have never been picked up by the PA security service. Thus, not only do they remain unpunished for their role in Alisa's death but they are free to strengthen Palestinian Islamic Jihad and, heaven forbid, conduct other terrorist operations.

Yet, two years ago I met with Dr. Nabil Sha'ath, Minister of Planning in the Palestinian Authority. We had a very cordial meeting and Dr. Sha'ath assured me at the time of the PA's interest in the attack which took my daughter's life and that he was available to assist me when the need arose. Despite Palestinian protests of Iranian support for Palestinian terror groups, on several occasions during the course of my lawsuit against Iran, I reached out to Dr. Sha'ath to take him up on his offer of assistance but no response of any kind was ever received.

The problem as I see it does not lie with the perpetrators being anonymous, they are well known. The problem lies with the Palestinian Authority's willingness to turn a blind eye to these killers in its midst. As our government moves along investigating Alisa's case, it seems clear to me that justice will continue to be delayed unless the Palestinian Authority moves now to arrest all those responsible for Alisa's death.

Our government is not without fault either. While the government of the State of Israel has requested transfer of the suspects in Alisa's case, the United States has not done so. Justice in the Palestinian Authority system is spotty, if not an outright embarrassment to the concept of justice.

I must question why the United States is able to extradite killers when it involves death at CIA headquarters or airplane bombing conspirators but lacks the ability to demand that the PA turn over killers of Americans living free in its jurisdiction.

Why is the Department of State's Internet web site, the Heroes Homepage, devoid of any reference to American lives lost in Israel to Palestinian Arab terrorism?

Why does the State Department post rewards when it comes to terrorist attacks involving American victims around the world except when that American is killed in Israel? I do not want to believe that my government believes my daughter's life was worth anything less than the life of a CIA employee or an employee of an American oil company.

Perhaps the answer to our problem lies in the fact that our government does not want to force the Palestinian Authority's hand on this issue. Maybe our government does not want to risk a confrontation with the PA over a potential refusal to turn over killers for trial here. I must then ask what kind of partnership is the United States going to have with the PA? Will it be all give by the United States of our money and of our diplomatic recognition? What will be the quid pro quo by the PA? Will it continue to harbor terrorists? Will it continue to turn a blind eye to this cancer in its midst? What kind of authority are we creating when we do not hold the Palestinian Authority to the same standards that we hold the rest of the world?

The price of leadership and a spot in the family of nations demands choosing between political expediency and doing that which is right. Perhaps the PA does have the courage to arrest those responsible for the deaths of Americans. But we will never know if we don't ask for the transfer of known killers to the United States.

I know the names of Alisa's killers, I have them here in front of me. It hurts me to know that they are free to walk the streets of Gaza. But it hurts more that our own government may not be mounting a 100 percent effort to bring these killers to justice.

STATEMENT OF NATHAN LEWIN, ATTORNEY, WASHINGTON, DISTRICT OF COLUMBIA

Senator SPECTER. I would like to turn now to Mr. Nathan Lewin, who has a long resume which I am going to avoid. He is here representing the family of David Boim. Mr. Lewin, the floor is yours.

Mr. LEWIN. Thank you, Senator Specter. I have submitted an extended statement for the record. I would just like—I am here today to represent Joyce and Stanley Boim, who are our clients and who are residing in Israel and could not be here to testify in person about the murder of their son and the efforts that they have been making since that time to get the U.S. Government to prosecute the admitted participant in that murder.

David Boim was a 17-year-old American, native born American who was learning at a yeshiva in Israel and was killed in a drive-by shooting in which Mr. Amjad Hinawi was allegedly the driver of the car and the person who did the shooting, who was subsequently released by the Palestinian Authority thereafter, was one of the suicide bombers who blew himself up at the Ben Yehuda mall which resulted in the deaths, I think, of 12 people, and the wounding of 192. I am sorry, deaths of 7, including an American citizen, and the wounding of 192 people.

Mr. Hinawi was prosecuted by the Palestinian Authority in February 1998 and in the course of that proceeding his confession was read in open court, and he acknowledged being in the car. He was convicted by the Palestinian court, but to this day the U.S. Department of Justice has still not indicted him for what is clearly a crime under American law, and this is totally inexplicable, and I submit totally inexcusable.

In my time in the Department of Justice, when I was a prosecutor, I recall civil rights prosecution, for example there was a woman by the name of Viola Liuzzo. I do not know whether you will recall that, Senator Specter. She was a civil rights worker down South who was killed in a drive-by shooting. And the U.S. Department of Justice proceeded to prosecute in that case very vigorously.

Here there is no question that Mr. Hinawi was in the car. He has acknowledged that. He has been convicted by the Palestinian Authority, and to this day the U.S. Department of Justice says we do not have enough evidence on which to indict this man.

Now, I was a prosecutor years ago. I have been a defense counsel since then. If that admission and indeed that conviction in the court of the Palestinian Authority is not sufficient, I do not know what would be sufficient to overturn an indictment. Why it takes three visits by the Department of Justice personnel and the FBI to return an indictment of that case is a total—

Senator SPECTER. Mr. Richard, will you sit down with Mr. Lewin in the course of the next week or two and talk to him about their case?

Mr. RICHARD. I will be glad to.

Mr. LEWIN. We have in my prepared statement also outlined what we think are important civil remedies which we will be pursuing on behalf of Mr. and Mrs. Boim with regard to this murder. They also were enacted by Congress precisely to allow prosecution of all those who participated in these events. That would include, we submit, those who financed terrorism and, indeed, even the Palestinian Authority for its release of personnel.

Are we waiting for Mr. Hinawi, who apparently was released shortly after his arrest for a Muslim holiday? I have no idea whether he is among the six people who Secretary Indyk has said is now in custody. Our reports were that he was marching around free. Are we waiting for him to blow himself up as another suicide bomber and therefore make his case moot?

Mr. INDYK. Amjad Hinawi has been verified as in detention by our people, in PA custody.

Mr. LEWIN. For a long period of time, Senator Specter, it was clear he was not. If he has been taken back into custody recently

I think it has been because there was increased public attention on these cases, and so he has been brought back into custody. Whether he will be released again for some holiday and then find himself as a suicide bomber in some other case, I hope not.

Senator SPECTER. We are going to ask Mr. Richard and Mr. Indyk to pursue these matters. We will not have time, as I have said, for the kind of dialogue that I had hoped for. But when the bells ring for the votes, that is the No. 1 responsibility of a Senator.

Mr. LEWIN. Well, let me just say in conclusion, Joyce and Stanley Boim are not political activists. They are the bereaved parents of a murdered 17-year-old American. They cannot understand why the Attorney General of the United States refuses to enforce laws that were passed by Congress to protect them and their family. This committee should demand that the Attorney General do her duty.

Senator SPECTER. We are doing just that.

Mr. LEWIN. Thank you.

[The statement follows:]

PREPARED STATEMENT OF NATHAN LEWIN

My name is Nathan Lewin. For the past thirty years I have practiced law in Washington, D.C. with the firm of Miller, Cassidy, Larroca & Lewin, which I joined in 1969. My practice involves trial and appellate litigation in federal and state courts throughout the country. I have also had the privilege of arguing 27 cases in the Supreme Court of the United States. Prior to entering private practice, I served in the Kennedy and Johnson administrations as an Assistant to the Solicitor General, Deputy Administrator of the Bureau of Security and Consular Affairs at the Department of State, and then, as a Deputy Assistant Attorney General in the Civil Rights Division of the Department of Justice. I have taught constitutional law and appellate advocacy at Harvard Law School, Georgetown Law School and the University of Chicago Law School. I am presently teaching at Columbia Law School and George Washington University Law School.

I am appearing here today on behalf of my clients, Joyce and Stanley Boim. They are the parents of David Boim, a 17-year-old American citizen who was gunned down by HAMAS terrorists operating out of Palestinian-controlled territories in the West Bank and Gaza in 1996. My testimony today concerns the legal theories that we are pursuing in an effort to hold liable those responsible for David's murder, and the difficulties we have encountered in pursuing those theories.

DAVID BOIM'S MURDER

On May 13, 1996, David Boim, a native-born American citizen who was a student at a yeshiva in Israel, was killed by Palestinian terrorists while he waited at a bus stop near Beit El, Israel. The two attackers, travelling by car, first opened fire on a civilian bus, injuring two passengers. A few hundred yards later, the attackers resumed firing at a group of students waiting at a bus stop. One student, Yair Greenbaum, was wounded in the chest. David Boim was shot in the head and was pronounced dead an hour later. After killing David Boim, the terrorists lost control of their car and fled on foot towards Jalazun, in Palestinian-controlled territory.

Amjad Hinawi, one of the two HAMAS members who had taken part in the shooting attack, was arrested and imprisoned temporarily by the Palestinian Authority police in early 1997. Israel officially requested Hinawi's transfer from the Palestinian Authority on September 22, 1991. Khaklil Tawfiq Al-Sharif, the other participant in the attack and murder of David Boim, was freed and subsequently blew himself up along with two other HAMAS suicide bombers at the Ben Yehuda mall in Jerusalem on September 4, 1997. That attack in a pedestrian mall killed 7 (including a young girl who was an American citizen) and wounded 192, including several young American students, one of whom—Daniel Miller—is also represented by us.

On February 17, 1998, a Palestinian Authority court sentenced Hinawi to ten years in prison at hard labor for David Boim's murder. Later that same month, Hinawi was granted leave from prison for the Muslim holiday of Id Al-Fitr. We do not know whether he has ever returned, although there is some indication that after

there was some public attention focussed on him the Palestinian Authority re-arrested him. The Palestinian Authority has not responded to Israel's request for transfer.

The Boims are seeking justice for the murder of their son on two fronts. First, they are seeking the indictment of David Boim's killer as a prelude to his extradition to the United States to stand trial. The United States Criminal Code expressly provides for the prosecution of terrorists responsible for the murders of American citizens overseas. Thus far, however, the United States Department of Justice has failed to indict David's killer. As I will discuss in more detail, the Justice Department's refusal to do so is unconscionable. The United States should pursue David's killer as it would any murderer in the United States who flees abroad after he kills.

Second, the Boims may pursue civil damages against the individuals and organizations who are responsible for David's death, directly or indirectly. United States law authorizes a private cause of action for damages caused by terrorist attacks overseas. Though it has not been used before in such a situation, I believe that this cause of action can reach the Palestinian Authority and its officials, who aided and abetted and continue to aid and abet David's killer by protecting him from transfer to Israel or extradition to the United States. I believe that this civil remedy may also be used against the individuals or organizations in this country responsible for providing material support to the HAMAS terrorists who killed David. For these actions to be successful, however, we need the cooperation of federal law enforcement authorities, particularly the information concerning terrorist organizations in this country which only they can provide. The United States should support the Boims' efforts to recover statutory damages against organizations that raise funds which are used to kill American citizens abroad.

PROSECUTION OF THE MURDERER HINAWI IN THE UNITED STATES

United States law specifically provides for the prosecution of terrorists who kill American citizens outside the United States. The Antiterrorism Act of 1986, as amended in succeeding years, provides, "whoever kills a national of the United States while such national is outside the United States," if the killing is murder and is "intended to intimidate or coerce a civilian population or to influence policy of a government by intimidation or coercion," shall "be fined under this title, punished by death or imprisonment for any term of years or for life." This provision now appears at sections 2331 and 2332 of Title 18 of the United States Code.

Thus, United States law makes it a criminal offense to kill a national of the United States in a terrorist act anywhere in the world. In passing these provisions, Congress specifically intended to extend the criminal jurisdiction of the United States to those who commit acts of terror against groups that include United States citizens abroad. Congress charged the Attorney General with the responsibility for investigating, pursuing, and prosecuting any individual who kills, attempts to kill, or engages in a conspiracy to kill an American national in a foreign country pursuant to a terrorist conspiracy.

Despite Congress' specific mandate, the Justice Department has shown no willingness to pursue David's killers. In a letter to Joyce Boim dated November 3, 1997, James S. Reynolds, Chief of the Department's Terrorism and Violent Crime Division, stated that the Justice Department did not have "sufficient evidence on which to base an indictment" of Hinawi, and thus was not prepared to make an extradition request. The Justice Department's position was repeated in a letter dated February 20, 1998, from Acting Deputy Attorney General Frances Fragos Townsend. In a third letter dated March 31, 1998, the Acting Assistant Attorney General, John C. Keeney, wrote again that the Justice Department did not have "sufficient admissible evidence" on which to base an indictment of Hinawi. This followed Hinawi's conviction in the court of the Palestinian Authority and the publication of his confession to complicity in the murder.

These statements by the Justice Department ignore known facts. The Israeli Ministry of Justice has determined definitively that Hinawi participated in the terrorist attack on David Boim. This was based in part on a confession of his role in the killing which was introduced at the trial before a court of the Palestinian Authority which found him guilty. A representative of the U.S. Consulate who speaks Arabic, Abdelnor Zaibeck, was present at the trial and heard the confession read at that time. There are countless cases in which federal prosecutors have returned indictments based on a confession of the accused. Why is Hinawi's case different?

Hinawi is not the only terrorist responsible for the killing of American citizens who has gone unpunished. Since the signing of the Oslo Accords, nine Americans have been killed in terrorist attacks, and none of the terrorists responsible faces a

trial in the United States, as Congress contemplated in enacting the Antiterrorism Act of 1986 and amending it thereafter. The Palestinian Authority has shown a singular unwillingness to abide by the Oslo and Hebron Accords, which require that the Palestinian Authority honor Israel's requests for the transfer of these killers. Nor has the United States indicted these killers, as it should do. The Justice Department's refusal appears to be a policy decision not to enforce the law. This policy not only permits murderers of Americans to go free, but emboldens terrorists throughout the world and puts all Americans in danger.

The Justice Department should pursue the murderers of United States citizens killed in terrorist attacks abroad with as much vigor as it does the murderers of United States citizens killed in this country. A great uproar has accompanied the recent refusal of the Israeli Supreme Court to extradite Samuel Sheinbein, accused of murder in Montgomery county, to the United States. Sheinbein was found by the Israeli Supreme Court to be an Israeli citizen at the time he allegedly committed murder. Why is there no equivalent uproar over the failure to bring to justice in the United States the murderer of David Boim, an American citizen who was killed in cold blood in Israel? As the Nation's chief law enforcement agency, the Justice Department has an obligation to press for the indictment and extradition of all murderers who have taken American lives—whether here or abroad—and to prosecute them to the fullest extent that United States law allows.

CIVIL LIABILITY

The Boims want to see David's killer tried and convicted in a United States court for the murder of their son, as the law provides. They will also pursue a civil lawsuit against those who are responsible for David's murder. In addition to criminal penalties, the Antiterrorism Act was amended in 1992 to provide for civil liability against those responsible for terrorist attacks against American citizens anywhere in the world. 18 U.S.C. § 2333 states:

Any national of the United States injured in his or her person, property, or business by reason of an act of international terrorism, or his or her estate, survivors or heirs, may sue therefore in any appropriate district court of the United States and shall recover threefold the damages he or she sustains.

This civil remedy provision ensures that American citizens are able to bring actions for damages if injured in terrorist attacks. Congress added this provision following the hijacking of the Achille Lauro cruise ship and the murder of one of its passengers, Leon Klinghoffer, by PLO terrorists in 1985. Klinghoffer's survivors eventually succeeded in bringing a lawsuit against the PLO in New York, but they encountered significant legal difficulties in establishing jurisdiction over the responsible parties. The civil remedy provision of § 2333 corrects that inadequacy in United States law.

An important and unanswered question is who can be sued under this provision. I believe that § 2333 may be applied against the Palestinian Authority and its officials on the theory that the Palestinian Authority has endorsed, encouraged, and incited acts of terrorism against civilians—including American citizens—who were present in Israel. If, as appears, the Palestinian Authority or its officials provided sanctuary to Hinawi after David Boim's murder, or permitted him to go free from a Palestinian jail, the Palestinian Authority is liable for the murder as an aider and abettor or accessory after the fact. If the Palestinian Authority continues to refuse to transfer known terrorists to Israel, it should be held accountable for civil damages on the basis that it is harboring known fugitives. Indeed, the failure to imprison one murderer of David Boim contributed to the Ben Yehuda mall bombing, in which one American was killed and many were wounded, because that murderer repeated his crime in an even more aggravated manner.

The statutory language also strongly supports the argument that § 2333 may reach those individuals or organizations in this country who provide aid, encouragement and funding to terrorist organizations. The statute incorporates by reference state and federal criminal law. Under 18 U.S.C. §§ 2339A–B, Congress has outlawed the provision of "material support to terrorists" and the provision of "material support or resources to designated foreign terrorist organizations." HAMAS and other Middle Eastern terror groups raise enormous sums of money in the United States through ostensibly "humanitarian" organizations. These organizations are involved in an elaborate conspiracy to provide funds to support terrorist cells in Palestinian-controlled territories and throughout the Middle East. A recent forfeiture action brought by the United States Attorney for the Northern District of Illinois identified over \$1.2 million worth of assets raised in the United States which were intended

to be funneled through bank accounts in Chicago and elsewhere to HAMAS cells in the West Bank and Gaza.

While it has yet to be applied in any case of which I am aware, the civil remedy is an important tool for fighting terrorism overseas by targeting the sources of support for terrorist activities. United States law is clear that the persons who assisted David Boim's killers by providing funding for their operations are as liable as the individual terrorists who pulled the trigger and killed David.

It has been almost three years since David Boim's murder. Despite concerted efforts by the Boims and others to bring his killer to justice, we are no closer to a trial and conviction than on the day David was killed. Congress specifically passed the Antiterrorism Act, as amended, to deter terrorist attacks against American citizens abroad like the attack that killed David Boim. If the Attorney General does not enforce this law, having it on the statute books is worse than having no law at all. The refusal to apply a law that is clear on its face delivers a message that the objective of the law is unimportant—in this instance, that the life of an American living abroad is worthless to the United States Government.

Joyce and Stanley Boim are not political activists. They are the bereaved parents of a murdered 17-year-old American. They cannot understand why the Attorney General of the United States refuses to enforce laws that were passed by Congress to protect them and their family. This Committee should demand that the Attorney General do her duty.

STATEMENT OF VICKI EISENFELD, MOTHER OF MATTHEW EISENFELD, WEST HARTFORD, CT

Senator SPECTER. I would like to now turn to Ms. Vicki Eisenfeld.

Mr. INDYK. Could I just add one more point on this, Mr. Chairman?

Senator SPECTER. We are not going to hear the last two witnesses if you do.

Mr. INDYK. It will take me 30 seconds. I have just been told we have verified Hinawi's detention, not only this year in January but a year ago as well. So, you know, I think that it is important that so far as we can establish that the killer of David Boim is in custody, we have been able to do so.

Mr. LEWIN. Why has he not been indicted, Senator Specter, that is the question?

Senator SPECTER. You are going to have a meeting, Mr. Lewin, with Mr. Richard.

Mr. LEWIN. Fine.

Senator SPECTER. Ms. Vicki Eisenfeld's son Matthew, age 25, was killed in a bus bombing in Jerusalem on February 25, 1996. He was a graduate of Yale University and a rabbinical student at the Jewish Theological Seminary in New York City.

Ms. EISENFELD. Mr. Chairman, I thank you and the members of this committee for inviting me to testify today about my family's personal experience with terrorism. Testifying in front of a Senate Subcommittee on Foreign Operations is not something I would have chosen to have on my list of things to do 3 years and 1 month ago today.

The events of February 25, 1996, changed my life forever. It began with a telephone ringing. Let me take you there for a few moments, and then maybe we can see where we need to go forward together. The phone is ringing. It is 4:30 in the morning. Not unusual in my house. My husband is a doctor. I hardly hear the phone at night anymore. But Len is not on call this night. He answers.

In a brief moment he sounds very strange. His tone invades my sleep. I turn on the lights. He looks awful. He is asking someone,

Will you tell my wife? What? Tell me what? What is going on? The phone is dropped into my hand. A woman tells me she is Catherine O'Reilly, calling from the American Embassy in Israel. She is telling me about a bus bombing that happened a few hours ago in Jerusalem.

My mind races. As fast as I wonder why she is calling me, my heart is reaching for Matthew, for my son, and the sleep falls away completely. I think he must be hurt. I wonder what hospital he is in, and how fast can I get there. But this is not the message Ms. O'Reilly delivers. She keeps talking, and I keep talking.

I do not know where my voice is coming from now. I hear myself, but I seem to be somewhere outside of myself. My voice sounds calm and familiar, but the words I am saying cannot make sense. I am asking her what I am supposed to do. She asks where I want to bury Matt. I say I do not know. I never thought of that before. In Israel? At home? OK, at home. No, Matt hadn't chosen to live in Israel. He just meant to be studying there for a year.

How do I bring him home? Shall I just hop on a plane and come get him? Excuse me, Catherine, can I have your phone number? Can I call you back? Can I verify that I am not having a nightmare, a bad dream, or that I am the victim of a sick joke? I need to verify that this is the worst possible nightmare of reality. Are you real, Catherine? And so simply it began.

Three years have passed now, and with the great love of family and friends, my husband's heart, our daughter's heart, and my heart have begun to heal. We were blessed with the gift of Matthew and the example of his life. We were blessed with knowing he was loved and in love with a wonderful young woman, Sara Duker. Sara died on bus 18 that day also, along with 23 others.

Matt and Sara exemplified the kinds of kids we all hope to raise. They were bright, vibrant, interested, exciting young people. Matt was studying to be a rabbi. He had a love of people that drew him to want to be involved in personal lives and community in a loving, caring way. He had a thirst for learning that encouraged him to reach for understanding from many sources and cultures, and there was Sara. Sara was studying on a graduate level and working at Hebrew University in the field of environmental microbiology.

Separately and together their dreams were to participate actively and consciously in healing the wounds of the world physically and spiritually. Neither of these two young people was naive about the chaos and pain that exist in the world. Neither one was afraid to confront its repair.

There are forces that create havoc, chaos, and evil in this world, and they are very strong. Murderous, terrorist attacks strike at the soul and core of humanity and can erase the sanity that rests there. Those of us with voices must raise them strong, loud, clear, and in unison and say that the loss of a single life to terrorism is not simply another death. It is a strike against hope, against faith, against God, against the shared belief that each of us is a God-given gift to the world, born precious, and deserving of love and respect.

Each of us contains the ability to contribute to the world uniquely. I know this is the legacy that Matt and Sara left all of us. They

are the values we believe in and the ones we raised our children to hold dear.

Terrorism threatens the United States and its citizens at home and abroad. A strong and consistent policy to bring to justice terrorists and their sponsors is the most effective way to deter those who seek to harm Americans. My son and Sara Duker were the victims of terrorism when they were killed in Jerusalem on February 25, 1996. Many of those who were involved in the planning and organization of terrorist attacks such as the one that killed Matt and Sara are still at large.

I stated that my family has been healing. Yet there is no closure. Information exists that claims people involved in terrorist acts against Israel and against American citizens can be found within Yasir Arafat's organization. Some are said to be on his special police force.

We are responsible for defining the laws the United States will uphold, and we are responsible to see that everyone abides by the rule of law. And so I wonder. Why aren't we asking for the extradition of identified murderers?

I am not a lawyer or a diplomat or a politician. I am just a mother. As a mother, it seems to me that when an engineer of terrorism has his foot on the ladder of Arafat's special forces, it is not a long way to the top of the ladder. Acts of terrorism are excruciating for the families who suffer these losses and limit the freedom of all Americans. Terrorists try to force us to their will by threatening all Americans with what happened to Matt and Sara.

Senator SPECTER. Could you summarize the balance? I know this is very difficult for you. We are just about out of time.

Ms. EISENFELD. I would just like to say that while I am Jewish and I support and love Israel, I am an American. I was born here and raised here, as was my son, and I would just like to ask you to help all of the people here in addressing these issues, focusing on and encouraging the Palestinian Authority, particularly since the Wye River agreements, to help us.

I understand that they very recently released information about the Palestinians and the Islamic Republic of Iran funding HAMAS terrorism. Matt and Sara were killed by HAMAS. I would like them to share the information and evidence they have with us and support us in this fight. I would like them to join with us.

PREPARED STATEMENT

Senator SPECTER. Mrs. Eisenfeld, we will do our very best to get to the bottom of it and bring the murderers to justice. We understand what you have gone through, and we thank you for sharing with us today.

[The statement follows:]

PREPARED STATEMENT OF VICKI EISENFELD

Mr. Chairman: I thank you and the members of this committee for inviting me to testify today about my family's personal experience with terrorism.

Testifying in front of a senate subcommittee on foreign operations is not something I would have chosen to have on my "list of things to do" three years and one month ago today. The events of February 25, 1996 changed my life forever. It began with a telephone ringing. Let me take you there for a few moments, and then maybe we can see where we need to go forward together.

The phone is ringing. It's 4:30 in the morning. Not unusual in my house—my husband is a doctor. I hardly hear the phone at night anymore. But Len is not “on call” this night. He answers, and in brief moments his voice sounds strange. His tone invades my sleep. I turn on the lights. His face looks awful. He's asking someone, “will you tell my wife?”

“What? Tell me what? What's going on?”

The phone is dropped into my hand. A woman tells me she is Catherine O'Reilly, calling from the American Embassy in Israel. She's telling me about a bus bombing that happened a few hours ago in Jerusalem. My mind speeds up. As fast as I wonder why she is calling me, my heart is reaching for Matthew, for my son, and the sleep falls away completely. I think he must be hurt. I wonder what hospital he is in and how fast I can get there. But this is not the message Ms. O'Reilly delivers. She keeps talking, and I keep talking. I don't know where my voice is coming from now. I hear myself, but I seem to be somewhere outside of myself. My voice sounds calm and familiar, but the words I'm saying can't possibly make sense. I'm asking her what I'm supposed to do? She asks where I will want to bury Matt. I say I don't know. I never thought of that before. “In Israel? At home? OK, at home. No Matt hadn't chosen to live in Israel, he just meant to be studying there for a year. How do I bring him home? Shall I just hop on a plane and come pick him up?”

“Excuse me Catherine, can I have your phone number? Can I call you back? Can I verify that I'm not having a nightmare, a bad dream or the victim of a sick joke. I need to verify that this is the worst possible nightmare of reality. Are you real Catherine?”

And so simply it began.

Three years have passed now, and with the great love of family and friends, my heart, my husband's heart, and our daughter's heart, have begun to heal. We were blessed with the gift of Matthew and the example of his life. We were blessed with knowing he was loved and in love with a wonderful young woman, Sara Duker. Sara died on Bus 18 that day also, along with 23 others. Matt and Sara exemplified the kinds of kids we all hope to raise. They were bright, vibrant, interested, exciting people. Matt was studying to be a Rabbi. He had a love of people that drew him to want to be involved in personal lives and community in a loving, caring way. He had a thirst for learning that encouraged him to reach for understanding from many sources and cultures. And there was Sara. Sara was studying on a graduate level and working at Hebrew University in the field of environmental microbiology. Separately, and together, their dreams were to participate actively and consciously in healing the wounds of the world physically and spiritually. Neither of these two young people was naive about the chaos and pain that exist in the world. Neither one was afraid to confront its' repair.

There are forces that create havoc, chaos, and evil in this world, and they are very strong. Murderous, terrorist attacks, strike at the soul and core of humanity, and can erase the sanity that rests there. Those of us with voices must raise them strong, loud, clear and in unison, to say that the loss of a single life to terrorism is not simply another death. It is a strike against hope, against faith, against G-d, against the shared belief that each of us is a G-d given gift to the world, born precious and deserving of love and respect. Each of us contains the ability to contribute uniquely to our world. I know that this is the legacy that Matt and Sara left all of us. They are the values we believe in and the ones we raised our children to hold dear.

Terrorism threatens the United States and its citizens at home and abroad. A strong and consistent policy to bring to justice terrorists and their sponsors is the most effective way to deter those who seek to harm Americans. My son and Sara Duker were the victims of terrorism when they were killed in Jerusalem on February 25, 1996. Many of those who were involved in the planning and organization of terrorist acts such as the one that killed Matt and Sara are still at large.

I have stated that my family has been healing. Yet there is no closure. Information exists that claims people involved in terrorist acts against Israel and against American citizens can be found within Yasir Arafat's organization. Some are said to be on his special police force. We are responsible for defining the laws the United States will uphold, and we are responsible to see that everyone abides by the rule of law. And so I wonder. Why aren't we asking for the extradition of identified murderers? I am not a lawyer. I'm just a mother. As a mother it seems to me that when an engineer of terrorism has his foot on the ladder of Arafat's Special forces—it isn't a long way to the top of the ladder. Acts of terrorism are excruciating for the families who suffer these losses, and limit the freedom of all Americans. Terrorists try to force us to their will by threatening all Americans with that happened to Matt and Sara. It can't be permitted to keep happening. Until the United States acts to

bring those involved in terrorism to justice, no American will truly be safe, at home or abroad.

The United States should not, in the name of political expediency, excuse or protect those who commit or sponsor terrorist acts. We must live up to our political pronouncements—everyday and in every circumstance. A government that claims to be friendly but permits or sponsors terrorism is no friend of the United States. We must use our considerable influence, with our friends and against our enemies, to fight terrorism and bring to justice those who use terrorism.

I am Jewish, and I do love and support the land of Israel. But, I am an American. I was born here. I was raised here, and I have always lived here. So had my son. I would venture to guess that many senators' sons and daughters have studied or traveled abroad. All of us, I assume believe that our nation should be responsible to our needs. I know that my son's murder is complicated, and presents difficult problems in territorial issues and in diplomacy. I know that the peace process is critical and is always delicately balanced and precarious. There will never be peaceful coexistence when mothers and fathers see their children slaughtered without hope that the slayers will be brought to justice. When a son or daughter's murder is ignored, the shards it casts burrow insidiously deep into our collective conscience to fester and erupt again in worse ways and compound disappointment and loss.

Matt and Sara were at the very beginning of a trip on the day they were killed. They were on a short break from school and work, and they both wanted to explore the caves of Petra in Jordan. They were unafraid of what lay ahead, only wanting to expand their knowledge and horizons of humanity's history. While they were going in peace, the evil that humans are capable of creating was coming to them with terror and absolute hopelessness in the form of a bomb.

After Matt's death, some of the possessions he carried with him on the bus that day were returned to us. These were his prayer shawl, some notebooks, and his prayer book. They were preserved, though they were filled with soot and reeked of gasoline. His prayer book was undamaged except for one page—and there—on the prayer for peace—was a single drop of blood.

Blood has been spilled too many times since. It must be stopped. I am sure that the members of this committee are aware that my family and the Duker family have brought a suit against the Islamic Republic of Iran for its' support of HAMAS terrorism. Matthew and Sara were killed by a HAMAS bombing. With this in mind, I note that this committee has invited a representative of the Palestinian Authority to testify today. Recently, the PA issued press releases condemning Iranian funding of HAMAS terrorist activities. I intend to ask the PA to share its' evidence of their findings with us on Iranian sponsorship of HAMAS activities in preparation for our trial. I know that in Mr. Steven Flatow's case on behalf of his daughter Alisa, the PA was unwilling to be helpful. In light of the Wye River agreements, I am hopeful that the PA has matured in its' position on these issues and will be more forthcoming. I ask this committee to urge the PA to fully cooperate with my family as we try our case against Iranian state sponsored terrorism. My family and the Duker family are doing all we can to address terrorism. I don't seek quick easy answers. I can be patient if you will help me. Please help all of us.

**STATEMENT OF DIANA CAMPUZANO, SURVIVOR OF ISRAELI BOMBING,
NEW YORK, NEW YORK**

Senator SPECTER. I would like to turn now to Ms. Diana Campuzano who on September 4, 1997, while visiting Israel was in a cafe in downtown Jerusalem when three terrorists' bombs went off, killing 5 and injuring nearly 200 people, including Ms. Campuzano. Thank you for being here.

Ms. CAMPUZANO. Thank you. I am basically here just to tell my side of the story because most people always—most people do not get a chance to hear a story from a victim. About a year and a half ago I went to Israel for a month vacation, and that was it. I was there to study in a yeshiva and just have fun. I went to Ben Yehuda to buy a gift for a girl who was cat sitting in my apartment in New York City, and I sat down in front of the Village Green Cafe.

Why would it be any different? I was there like the entire trip almost every single day prior to that. We actually did see one of

the suicide bombers who walked by us, and he was dressed in drag, and the girl in front of me had mentioned that there was a girl dressed in drag, and I looked and I said, OK, and I turned around and I chose to ignore it.

At 3:09 approximately the bomb went off, and I remember falling to the ground and grabbing my forehead, and I said some things I really cannot say right now, and I couldn't see anything. I did not hear anything because I was in complete shock. I ended up in Hadassah. There were eight of us that were critically injured, and I was the second most critically injured person.

I had a 7-hour surgery to reconstruct my forehead. I had a multiple skull fracture the size of a golf ball. Half of my forehead is fake. I have about six screws in my forehead right now. My nose was completely pushed inside my nose cavity. I did not have a nose at the time. Also other injuries that I have sustained are second degree burns on my arms and my legs and my eyes hemorrhaged, and as a result my right eye—as a result, in my right eye I now have a scar right on the retina, so my vision is now impaired.

Both of my sinuses on the top of my forehead are completely gone. I no longer taste and I no longer smell. The loss in my left ear, the eardrum exploded. When I came back to the United States—I was in Hadassah for about 5½ weeks, of which Netanyahu never came to visit the critically injured people.

When I came to the United States, I stayed to live with my parents, and it was probably the hardest year of my life, and it is still very hard. My nose was left crooked in Israel. The vision, I had no vision in my eye. Eventually it did come back.

Since I have been in the United States I have had three surgeries. I have had to undergo surgery in my eye to remove a cataract and other various things. I had to have my nose broken and reset, and not only that, I have scar tissue in my nasal passages removed because I couldn't breathe, and my last surgery was on my ear to have my eardrum rebuilt.

I have another surgery coming up at the end of May to have my forehead reconstructed, my eyebrow—my orbit reconstructed, have an eyelid tuck, and have the screws taken out of my forehead.

The bottom line here is that, you know—and I do not mean any disrespect to anybody, but—and you should never forget the people who have died in these crises because it is a horrific thing, but people always forget about us who survive. They think, oh, she's alive; she's OK.

Well, I am not OK. I have had my life turned upside down. I have had my self worth taken away. I have—my security has been taken away. I am not working at the moment, so my financial situation has also been disrupted.

It is—somebody told me once, he said, Diana, you died on that day, and you were born again on that day. It is almost as if I am learning to walk all over again. And I get bouts of depression, I throw temper tantrums, and I am—who I was before, I am not that person, and I have to totally relive and relearn who I am.

You know, Americans think, oh, it will never happen to us, it will never happen to us because we are on this side of the water. No. It can happen to anybody. Why would I think that this would happen to me? Why? It would not. I mean, people go to Israel, they

come back, and usually they come back in one piece. I happened to be eating in a cafe in Ben Yehuda where everybody else goes, why would it be any different? But it wasn't.

My parents, yes, they can talk to me, I am alive, but part of me is dead, and my parents have it just as hard because they see me going through this difficult time, and we have had to deal with Israel as well, and that is—I do not even want to go into details with that, that is difficult as it is.

When my father found out, he got a phone call when this whole thing happened, got a collect phone call, and also a call from Israel, and when he found out he—he had no idea there was a bombing in Israel, and he turned on CNN, and when he turned on CNN when they did the headline news, there was a picture of a girl in a dress being carried on a stretcher, and that was me.

My mother found out, she was on vacation with my brother. My father called my mother. He located her. My mother was looking at the USA Today, and what picture did she see? Me. That was me in that picture. I actually have the pictures with me. But that was me.

When my father came to visit me in Israel—Israel brought them over from the United States—my father walked right past me because he had no idea who I was because I had a bandage over my head, I had—I was full of blood, of blood on my face, and I also had—I was swollen, and I was on a respirator. They did not know if I was going to be dumb or retarded or be blind.

But I am not here—I am not a politician, I cannot make argument regarding politics. I am just here to tell you my side of the story and to make you realize that there are people who are alive and who are suffering.

Senator SPECTER. Ms. Campuzano, you have told a very, very compelling story. We thank you very much for coming in.

Ms. CAMPUZANO. Thank you.

STATEMENT OF HASAN ABDEL RAHMAN, CHIEF REPRESENTATIVE OF THE PALESTINIAN LIBERATION ORGANIZATION AND THE PALESTINIAN NATIONAL AUTHORITY TO THE UNITED STATES

Senator SPECTER. We will proceed with all of these matters to the final degree to find out what is happening on all these cases. We will be reviewing them in detail with Mr. Richard and the Department of Justice, and Mr. Indyk, and we will press as hard as we can to see that the perpetrators are brought to justice.

I would like now to call our final panel. We will see how far we can get. Mr. Niddam and Mr. Hasan Abdel Rahman. It is a sticky situation. Mr. Richard, would you please give way to the next panel. The situation on the Senate floor is that the vote has started on the amendment which is actually mine on the National Institutes of Health, and as I say, we have two more back-to-back-to-back.

But let us start with Mr. Hasan Abdel Rahman, and note the compliment which Prime Minister Netanyahu paid to Palestinian Authority and the note in The Washington Post today about the foiled bombing which had targeted Tel Aviv. I extend our thanks to the Palestinian authorities as well. You may proceed.

Mr. RAHMAN. Mr. Chairman, I greatly appreciate the opportunity to appear before this distinguished committee of the U.S. Senate.

The Palestinian people admire the American democracy and its fine institutions and hope to learn from them.

Senator SPECTER. Can I interrupt you, sir. Are you in a position to stay for a while if I go vote and come back? What is your timetable?

Mr. RAHMAN. I can stay here until a little bit before 1 o'clock.

Senator SPECTER. You better proceed because I will not be back by then on the vote.

Mr. RAHMAN. The Palestinian people admire the American democracy and its fine institutions and hope to learn from them as we build our own political and economic systems. Both the Palestinian Authority and its public are very grateful for the leading role of the United States in the march for a just and comprehensive peace in the Middle East.

Allow me, Mr. Chairman, in these opening remarks to make a few important points about our policy toward peace in the Middle East and about our bilateral relations with the United States.

First, our decisions to seek a peaceful settlement with Israel and to reject violence as a means to political ends are final and irreversible. The Oslo Accords created an opportunity for mutual acceptance and coexistence that we intend to exploit until a full and permanent peace prevails between us.

Israelis and Palestinians are fated to be neighbors forever, and we must both prepare our children for a life of peace, acceptance, and mutual respect. We will not go back on this decision.

Second, our fight with terrorism is strategic and unending. We do not fight terrorism merely because it threatens other states, including Israel, but because terrorism threatens our own society and the kind of democratic institutions we intend to build. Our fight with terrorism is not contingent. It is an unending commitment, Mr. Chairman. On this issue our interests with the United States, Israel, and Arab neighbors are identical.

Third, the days when we viewed Israel as our enemy are over. The peace process has opened up common interests that are bigger than the differences. Today there is a new division, Palestinians and Israelis united for peace challenging Palestinian and Israelis who oppose peace. To be sure, we have some serious differences with Israel, and many important issues of contention in our arduous negotiations, but our aim is to resolve these issues through peaceful negotiations, knowing very well that majorities of Israelis and Palestinians will remain solidly behind peace even in the midst of crises.

Fourth, we consider our growing bilateral relations with the United States as a cornerstone of our peace policy. The United States has been an indispensable leader in every successful peace effort between Israel and its neighbors, and has been crucial in implementing the Oslo agreements and securing the Wye River agreement.

The growing coordination and cooperation between us have led to an increasing level of mutual trust that has enabled the Palestinian Authority to take risks for peace even in the face of public skepticism. The stronger this relationship, the higher the prospects for peace.

Fifth, our bilateral relations with the United States are important for our efforts to build the kind of political, educational, economic, and legal systems that our people desire and deserve. The Palestinian people admire the American democracy and the economy of free trade. Certainly we have traditions and social institutions that we value and must take into account in constructing our system, but we have much to learn from the United States.

The educational, economic, and legal cooperation efforts—

PREPARED STATEMENT

Senator SPECTER. Mr. Abdel Rahman, I hate to interrupt you. Your full statement will be made a part of the record. We will be in touch with you further.

[The statement follows:]

PREPARED STATEMENT OF HASAN ABDEL RAHMAN

Mr. Chairman, I greatly appreciate the opportunity to appear before this distinguished committee of the United States Senate. The Palestinian people admire the American democracy and its fine institutions and hope to learn from them as we build our own political and economic systems. Both the Palestinian Authority and its public are very grateful for the leading role of the United States in the march for a just and comprehensive peace in the Middle East.

Allow me, Mr. Chairman, in these opening remarks to make a few important points about our policy toward peace in the Middle East and about our bilateral relations with the United States.

First, our decisions to seek a peaceful settlement with Israel and to reject violence as a means to political ends are final and irreversible. The Oslo Accords created an opportunity for mutual acceptance and coexistence that we intend to exploit until a full and permanent peace prevails between us. Israelis and Palestinians are fated to be neighbors forever, and we must both prepare our children for a life of peace, acceptance and mutual respect. We will not go back on this decision.

Second, our fight with terrorism is strategic and unending. We do not fight terrorism merely because it threatens other states, including Israel, but because terrorism threatens our own society and the kind of democratic institutions we intend to build. Our fight with terrorism is not contingent; it is an unending commitment. On this issue our interests and those of our neighbors are identical.

Third, the peace process has opened up common interests that are bigger than the differences. Today, there is a new division: Palestinians and Israelis united for peace challenging Palestinian and Israeli opponents of peace. To be sure, we have some serious differences with Israel and many important issues of contention in our arduous negotiations. But our aim is to resolve these issues through peaceful negotiations, knowing very well that majorities of Israelis and Palestinians remain solidly behind peace, even in the midst of crises.

Fourth, we consider our growing bilateral relations with the United States as a cornerstone of our peace policy. The United States has been an indispensable leader in every successful peace effort between Israel and its neighbors, and has been crucial in implementing the Oslo agreements and securing the Wye River Memorandum. The growing coordination and cooperation between us have led to an increasing level of mutual trust that has enabled the Palestinian Authority to take risks for peace even in the face of public skepticism. The stronger this relationship, the higher the prospects of peace.

Fifth, our bilateral relations with the United States are important for our efforts to build the kind of political, educational, economic and legal systems that our people desire and deserve. The Palestinian people admire the American democracy and the economy of free trade. Certainly, we have traditions and social institutions that we value and must take into account in constructing our system, but we have much to learn from the United States. The educational, economic and legal cooperation efforts increase the levels of expertise among our people and open our horizons to new, more successful ways. The stronger these efforts of cooperation, the better our chance at building modern accountable institutions. The stronger our democracy and our system of free trade, the better for the cause of a lasting peace.

Sixth, we do not view our relations with the U.S. as being competitive with anyone else. On the contrary, we view them as reinforcing U.S. relations with other

partners in the peace process, since our interests in peace are mutual. In the same way that both U.S.-Egyptian relations and U.S.-Israeli relations were enhanced by their own peace, we believe that Palestinian-U.S.-Israeli relations would be similarly enhanced.

Mr. Chairman, I am not here to score points or to point fingers about the current difficulties in the peace process. The Palestinian Authority is guided by the principles that I have outlined in its determination to see the Oslo Accords and the Wye River agreements implemented, and we believe we have complied with the terms of these agreements under very difficult circumstances.

I would be less than candid if I state to you today that we have so far been fully successful every step of the way in meeting the aspirations of our people and in implementing our agenda. Some of our failures have been honest mistakes of a people building new institutions under difficult circumstances. Some have to do with the absence of special skills and resources. But we ask our friends in Congress not to underestimate our external and internal dilemmas. Yes, we have neither a full democracy nor a fully modern free market economy yet. We recognize the shortcomings of our media and educational materials, among others. But consider this: We have no full control over our lives. Five years after our peace agreements with Israel, our impoverished people are still clustered in small and non-contiguous patches of land, separated by Israeli soldiers, and our access to the outside world remains out of our hands. No free economy can flourish in this environment.

We find ourselves at this delicate stage of the peace process having to address public skepticism, in the absence of a visible economic dividend, while having to fight our big enemy, terrorism. The resources and energies that are necessary for this effort have undermined our ability to spend on other important projects. Because the fight with terrorism is often harsh, our people fear that democracy is undermined. It is in this spirit that we recognize that ultimate progress in such arenas as the media and education must take place not through centralized decrees and police actions, but by engaging the specialists and the public and beginning a constructive dialogue. Because of the tough action we take on terrorism, we must especially be careful in other arenas—lest we lose not only the confidence of our public, but also the opportunity to build the democracy we need.

Mr. Chairman, we do not expect our friends in Congress to refrain from constructive criticism where appropriate; we must improve. We do not ask Congress to choose between us and other friends of the United States, since our interests are mutual. We do ask for fairness, for recognition of the pain of our people, and of the progress that we have made under strenuous circumstances. We have witnessed much criticism from this great institution of the American people, but little encouragement or acknowledgement of our efforts. To this date, even as we have become partners in peace, Congressional legislation treats us as terrorists.

The aspirations of the Palestinian people are modest: an opportunity to determine their own future on their own land. We dream of our children having normal peaceful lives competing with their neighbors not over guns, but over computer skills and productivity. We believe that the United States is indispensable in securing this dream. We hope that the U.S. Senate will be a fair and constructive partner in our peaceful march.

Thank you.

STATEMENT OF JEAN-CLAUDE NIDDAM, DIRECTOR, LEGAL ASSISTANCE DIVISION, ISRAELI MINISTRY OF JUSTICE

Senator SPECTER. Mr. Niddam.

Mr. NIDDAM. Thank you, Mr. Chairman, for providing me the opportunity to testify before the committee today. My name is Jean-Claude Niddam. I am the director of the Legal Assistance Division at the Israeli Ministry of Justice. This division deals with matters of legal assistance between Israel and the Palestinian Authority.

Some of the most important cases the division handles concern Palestinians suspected of terrorist activity. Israel has provided United States authorities with information in relevant cases.

Since the beginning of the Oslo process in 1993, 285 Israeli and foreign innocent bystanders have been killed in terrorist attacks. During this period 1,417 have been injured. At least 12 American citizens were among those killed in terrorist attacks.

Terrorists suspected of killing these American citizens have found shelter in the Palestinian Authority. To date, Israel has officially submitted to the Palestinian Authority 38 requests for the arrest and transfer of suspected terrorists.

To summarize, because I know that the committee is short of time, from the 38 requests submitted to the Palestinian Authority, 18 of the suspects are not under arrest, and this information is updated. One is under arrest but is free to come and go as he wishes. Seven are on an unknown status. Maybe we know what is their exact status. There are 12 under arrest.

Suspects directly responsible for the death of American citizens are among these terrorists. I will focus on eight terrorists who were involved in killing American citizens. The Palestinian Authority has detained three of these terrorists. There are Nabil Shari'hi, Nabil Shari'hi, currently in detention, was involved in an attack that killed Alisa Flatow from New Jersey.

Abdel Magid Dudin, sentenced to 12 years in jail, was involved in an attack that killed Joan Davenny of Connecticut. Amjad Hinawi confessed in a Palestinian court to killing David Boim, an American student. The confession was witnessed by a U.S. Consulate general officer, Mr. Abdel Nour Zaibeck. Mr. Hinawi was sentenced to 10 years in prison. I would submit for the record a copy of the judgment of the report of Mr. Zaibeck.

Another suspect, Ibrahim Ghanimat, was tied to a terror cell responsible for an attack on a young couple, Yaron Unger and his wife Efrat, an American citizen. Both were killed following a shooting attack on their car. Their infant child in the car at the time survived the attack. As far as we know, Mr. Ghanimat spends his nights in prison, but he is free to come and go during the day.

Three additional Palestinian terrorists who killed Americans are free. They are Adnan Al-Ghul, Yusuf Samiri, and Mohammed Def. They were involved in the deaths of Alisa Flatow, among other incidents.

The eighth terrorist, Nafez Sabi'h, was involved in a bombing that killed three Americans. He was serving in the Palestinian police force until last week, even though a formal request to arrest and transfer him was submitted to the Palestinian Authority 2 years ago. According to our information, Mr. Sabi'h may have been arrested in the last few days.

It is important to present to this congressional committee the procedure Israel follows before submitting a request to the Palestinian Authority for the transfer of a suspect. Firstly, we hand over to the Israeli Attorney General's office, Mr. Rubenstein's office, evidence concerning a case. If the Attorney General is convinced that there is sufficient evidence that links the suspect to a crime which warrants his arrest and interrogation, the case is forwarded to an Israeli court of law.

If this court is convinced of the validity of the evidence, our government officially requests that the Palestinian Authority hand over the suspect. We have submitted requests like these for the past 4 years. Not one has been answered.

PREPARED STATEMENT

I would also like to point out that there is very little Palestinian Authority cooperation on legal matters, even in cases involving rape, theft, and other criminal activities committed by Palestinians. The same applies to civil matters.

Senator SPECTER. Mr. Niddam, I must interrupt you. Your full statement will be made a part of the record.

[The statement follows:]

PREPARED STATEMENT OF JEAN-CLAUDE NIDDAM

Thank you Mr. Chairman for providing me the opportunity to testify before the committee today.

My name is Jean-Claude Niddam. I am the director of the Legal Assistance Division at the Israeli Ministry of Justice. This division deals with matters of legal assistance between Israel and the Palestinian Authority.

Some of the most important cases the division handles concern Palestinians suspected of terrorist activity. Israel has provided United States authorities with information in relevant cases.

Since the beginning of the Oslo process in 1993, two hundred and eighty-five Israeli and foreign innocent bystanders have been killed in terrorist attacks. Since the signing of Oslo II in 1995, one hundred and thirty-three Israeli and foreign innocent bystanders have been killed in terrorist attacks. During this period, one thousand four hundred and seventeen have been injured.

Twelve American citizens (Nachshon Wachsmann, Joan Davenny, Leah Stern, Yael Botwin, Yaron Unger, Sara Duker, Matthew Eisenfeld, Ira Weinstein, Alisa Flatow, David Boim, Daniel Frei and Yitzhak Weinstock) were among those killed in terrorist attacks.

Terrorists suspected of killing these American citizens have found shelter in the Palestinian Authority. To date, Israel has officially submitted to the Palestinian Authority thirty-eight requests for the transfer of suspected terrorists. Suspects directly responsible for the death of American citizens are among these terrorists. I will focus on eight terrorists, all of whom have been implicated in killing Americans.

The Palestinian Authority has detained three of these terrorists. They are Nabil Shari'hi, Abdel Magid Dudin and Amjad Hinawi. Nabil Shari'hi, currently in detention, was involved in an attack that killed Alisa Flatow from New Jersey. Abdel Magid Dudin, sentenced to twelve years in jail, was involved in an attack that killed Joan Davenny of Connecticut.

Amjad Hinawi confessed in a Palestinian court to killing David Boim, an American student. An United States Consulate general officer, Mr. Abd el Nur Zaibek, witnessed the confession. Mr. Hinawi was sentenced to ten years in prison.

Another suspect, Ibrahim Ghanimat, was tied to a terror cell responsible for an attack on a young couple, Yaron Unger (an American citizen) and his wife Efrat. Both were killed following a shooting attack on their car. Their infant child, in the car at the time, survived the attack. As far as we know, Mr. Ghanimat spends his nights in prison, but he is free to come and go during the day.

Three additional Palestinian terrorists who killed Americans are free. They are Adnan Al-Ghul, Yusuf Samiri and Mohammed Def. They were involved in the death of Alisa Flatow, among other incidents. The eighth terrorist, Nafez Sabi'h, was involved in a bombing that killed three Americans. He was serving in the Palestinian police force until last week, even though a formal request to arrest and transfer him was submitted to the Palestinian Authority two years ago. According to our information, Mr. Sabi'h may have been arrested in the last few days.

It is important to present to this congressional committee the procedure Israel follows before submitting a request to the Palestinian Authority for the transfer of a suspect.

Firstly, we hand over to the Israeli Attorney General's office evidence concerning a case. If the Attorney General is convinced that there is sufficient evidence that links the suspect to a crime, which warrants his arrest and interrogation, the case is forwarded to an Israeli court of law. If this court is convinced of the validity of the evidence, our government officially requests that the Palestinian Authority hand over the suspect. We have submitted requests like these for the past four years. Not one has been answered.

I would also like to point out that there is very little Palestinian Authority cooperation on legal matters, even in cases involving rape, theft and other criminal activities committed by Palestinians. The same applies to civil matters.

The Wye Memorandum addresses Israeli-Palestinian cooperation on legal matters. During the Wye talks, the Palestinian delegation committed to the convening of the legal committee immediately following these talks.

However, Israel has not received a response from the Palestinian Authority despite repeated requests by our side to set a date for a legal committee meeting. According to Israeli-Palestinian agreements, the legal committee is the official forum through which requests concerning suspected terrorists are addressed.

In regard to investigations involving terrorist attacks in which Americans have been killed: Israel shared evidence with a FBI and U.S. Justice Department delegation that visited Israel in March and October 1998. Another visit is scheduled during the next two weeks. Israel has fully cooperated with the American team, a point acknowledged in a FBI letter to the Israeli Attorney General.

The American delegation interviewed about thirty-five Israeli law enforcement officers. Furthermore, the delegation was provided copies of our investigative files, including videotapes, photographs, synopsis reports of crime scenes, police reports, witness statements, statements by accomplices of the suspects and case summary reports. The FBI investigation team was also given relevant court documents, such as copies of indictments and transcripts of court proceedings.

Mr. Chairman, the Palestinian Authority has not responded to Israel's thirty-eight requests to arrest and transfer suspects. Out of the thirty-eight requests, only twelve suspects are currently under arrest, fifteen are at large and nine are of unknown status. One is under arrest, but is free to come and go as he pleases and seven are currently serving in the Palestinian police or served until recently in the Palestinian security service. When the authority has arrested suspects, these suspects have been often released shortly afterward, in what has come to be known as a "revolving door" policy. Mr. Khalil Sharif is an example of a suspect who was not arrested or brought to justice. In May 1996, he participated in the killing of David Boim. A year later, he participated in a suicide bombing attack that killed five innocent bystanders, including one American. We are confident that the United States and Israel both hold the view that terrorists must be brought to justice. Israel would welcome any measures taken by the U.S., which will allow for the trial of these individuals. Israel believes that an investigation of these cases will move the peace process forward.

Mr. Chairman: Thank you for providing me the opportunity to testify today.

Senator SPECTER. I want to express my regrets that we were unable to really handle this matter as we would have liked to, but once the voting starts—and I am going to have to ask for an extension of time because I am going to be late as we arrive.

I want to express my special apologies to Miss Campuzano and to Miss Eisenfeld and Mr. Flatow for not being able to give you more time here today and to all of the witnesses, but this is a matter of enormous importance, and the subcommittee will be pursuing it to find out why indictments have not been returned in cases where there is evidence, and why matters are not being pursued with the Palestinian Authority. Thank you all very much.

SUBCOMMITTEE RECESS

The subcommittee will stand in recess until 10:45 a.m., Thursday, April 29 when we will receive testimony from the Hon. Brian Atwood, Administrator, Agency for International Development.

[Whereupon, at 12:16 p.m., Thursday, March 25, the subcommittee was recessed, to reconvene at 10:45 a.m., Thursday, April 29.]

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS
FOR FISCAL YEAR 2000**

THURSDAY, APRIL 29, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:48 a.m., in room SD-124, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Bennett, Campbell, Stevens, Leahy, Lautenberg, and Mikulski.

AGENCY FOR INTERNATIONAL DEVELOPMENT

STATEMENT OF HON. J. BRIAN ATWOOD, ADMINISTRATOR

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator MCCONNELL. Good morning. This hearing will come to order. This is a hearing we had previously had scheduled, but it takes on, obviously, new meaning with the events of the last few weeks. And we will obviously focus on the humanitarian crisis in Kosova and in the areas surrounding Kosova.

We actually have no shortage of problems, as we all know. What we have is a shortage of funds. In this austere environment, AID must define and fund programs in countries where our national security interests are at stake.

I want to touch on one country before coming to the current crisis. Indonesia is an example of such a country. Last year, I was very tough on Mr. Atwood on a wide variety of issues and actually probably tougher on what I perceived to be the Agency's failure in Indonesia.

Having just returned from Jakarta, I want to give you a compliment, Mr. Atwood. I think you and your mission director have made substantial improvements in our assistance program in that important country. And I wanted to thank you for that and to congratulate you for the work you are doing there.

Having said that, I do think clearly today ought to focus on the area that is most in the news and of most concern to the Congress and to the American people. In Kosova, I think your disaster response teams have worked extremely hard under unbearably difficult and constantly changing circumstances.

The numbers of refugees, which your staff in both Macedonia and Albania are responding to, continues to rise. And as we know, there is essentially no letup in sight.

They and the NGO community are doing the best they can, but they deserve really, I think, more effective support from here in Washington.

To deal with this crisis, the administration has requested \$566 million, which reflects the needs of roughly 600,000 refugees over a period of 3 to 6 months.

I think UNHCR and the administration planning is essentially underestimating the size and the duration and the cost of this human tragedy. During the early days of the crisis, I understood why the problems were so difficult to manage, but now I am and, frankly, a lot of the others are tired of the excuses.

Let me just tick off some specific concerns, which I expect you share, Mr. Atwood.

No. 1, the registration process has been slow for people in camps and non-existent—essentially, non-existent for refugees staying with host families.

Families are waiting in line for 5 hours for two loaves of bread. Little effort seems to be underway to deal with the huge population of children in the camps. Counseling and education are both key shortfalls with the current operation.

Basic sanitation needs are not being met. And as we know, the weather is going to get warmer soon, and that will exacerbate all of these problems.

And there is no single agency effectively coordinating the response to shortages or assessing future needs.

So, Director Atwood, there were thousands of refugees and internally displaced people in desperate need before the air war began. And there will be hundreds of thousands more long—and I will repeat—long after the military portion of this is over.

I think the administration's plans to deal with this catastrophe are short-sighted and the European and U.N. response totally inadequate.

I am also extremely disappointed by the Macedonian Government's response. They have quarantined refugees in barbed wire camps, limiting assistance and denying requests to expand the space they will make available for those camps. At the same time your request for aid anticipates substantial cash payments to this uncooperative government.

In addition, I have been under considerable pressure to release a hold I had on funds to arm their security forces in Macedonia. These are the same forces which have been widely accused of collaborating with the Serbs and abusing refugees. Given this track record, I am very uneasy using cash payments to induce cooperation.

The Serbs have created a humanitarian disaster. We are now faced with one of our own creation, essentially a management disaster.

Today, we must come to a clear agreement on just how many refugees need support, how long they will need it, and how the international community and AID intends to provide this essential assistance.

PREPARED STATEMENT

The Kosovars have suffered long enough. This supplemental is our one opportunity to address this suffering, and I think it is important that we make sure that we do it in the right way.

[The statement follows:]

PREPARED STATEMENT OF SENATOR MITCH MCCONNELL

This session was planned some time ago to review AID's annual request. While I have a few observations to make on the general budget request, I think most of us will concentrate on funding priorities and plans related to Kosova.

On the broader budget request, I remain concerned that the 150 account will not have resources adequate to meet the challenges ahead. There are no shortages of problems—only a shortage of funds.

In this austere environment, the Agency must define and fund programs in countries where our national security interests are at stake. Indonesia is just such a country. Last year, I was very tough on you on a wide variety of issues, but toughest on the Agency's failure in Indonesia. Having just returned from Jakarta, I want to congratulate you and your Mission Director for substantial improvement in our assistance program.

Turning to Kosova, I think your Disaster Response Teams have worked extremely hard under unbearably difficult and constantly changing circumstances. The numbers of refugees which your staff in both Macedonia and Albania are responding to continues to rise—with no let up in sight.

They and the NGO community are doing the best they can, but they deserve more effective support from Washington. To deal with this crisis, the Administration has requested \$566 million which reflects the needs of roughly 600,000 refugees for 3 to 6 months. I think UNHCR and Administration planning is underestimating the size, duration and costs of this human tragedy.

During the early days of the crisis, I understood why the problems were so difficult to manage, but, now I am tired of the excuses. Let me tick off some specific concerns which I am sure you share:

- The registration process has been slow for people in camps and non-existent for refugees staying with host families.
- Families are waiting in line for five hours for two loaves of bread.
- Little effort seems to be underway to deal with the huge population of children in the camps. Counseling and education are both key shortfalls.
- Basic sanitation needs are not being met.
- And, there is no single agency effectively coordinating the response to shortages or assessing future needs.

Mr. Atwood, there were thousands of refugees and internally displaced people in desperate need before the air war began, and there will be hundreds of thousands more, long after it ends. I think the Administration's plans to deal with this catastrophe are shortsighted and the European and the UN response inadequate.

I am also extremely disappointed by the Macedonian government's response. They have quarantined refugees in barbed wire camps, limiting assistance and denying requests to expand the space they will make available for camps. At the same time, your request for aid anticipates substantial cash payments to this uncooperative government. In addition, I have been under considerable pressure to release my hold on funds to arm their security forces. These are the same forces which have been widely accused of collaborating with the Serbs and abusing refugees. Given this track record, I am very uneasy using cash payments to induce cooperation.

The Serbs created a humanitarian disaster—we are now faced with one of our own creation—a management disaster.

Today, we must come to a clear agreement on just how many refugees need support, how long they will need it, and how the international community and AID intends to provide this essential assistance.

The Kosovars have suffered long enough. The supplemental is our one opportunity to address this suffering—let's make sure we get it right this time.

SUMMARY STATEMENT OF HON. J. BRIAN ATWOOD

Senator MCCONNELL. So with that, Mr. Atwood, why do you not go on with your statement? I had thought Senator Leahy might be

here, but we should go right ahead and we will work him in when he arrives.

Mr. ATWOOD. Well, thank you very much, Mr. Chairman. I want to address some of the issues that you have raised.

I have a very brief statement, but I do think I should address some of these issues, because these are exactly the issues that the President's Council for Humanitarian Response in Kosova is wrestling with, as well. We do not disagree on some of these matters.

First before getting into that, let me say that I have submitted a formal statement that addresses both the fiscal 2000 request and the Kosova supplemental request, and I ask that that be made a part of the record.

Senator MCCONNELL. That will be included in the record.

Mr. ATWOOD. On the situation, we have in the last 2 days received another 16,500 refugees; 5,200 yesterday came into Macedonia, 5,000 the day before, 3,800 into Albania and 2,500 the day before.

Let me say that this is creating major stress on the system. We have seen the news report of crowded refugee camps. We have some good news in the sense that the Macedonian Government really has been a lot more cooperative. A transit center has been built at the Blache Point border crossing.

They have also built a new camp. The Cegrane camp is now going to accept an initial 5,000 people. That should alleviate some of the crowding that we have seen in the Stankovich camp that has certainly been overcrowded and is stressing the management system there.

I want to just address the five points you make, because we have done what we call a gap analysis in the Council. And we are trying to do everything we can to shore up the international system and to identify the gaps.

One major gap, as you suggested, is the registration process. We really have to get moving, especially in Albania. It has been less of a problem in Macedonia, where the UNHCR has done the registration, but there has been virtually no registration done in Albania. And this is where most of the refugees are crossing without any identification. So it is very important.

They now have a system in place, and they basically need the resources, the people to actually do the interviews and to get the demographic information that is necessary.

At that point, they will then be issued a plastic card, so that they have their identification and their property and other demographic information listed.

The lines of food are going to be a problem. It would be a worse problem if we did not have sufficient food, but I want to commend the World Food Program for doing a wonderful job, Katherine Bertini and her team. She sent her first team to Kosova.

I think that is significant, because we really do have adequate food. We are going to try to cut down the lines by issuing a single ration card to a family, so that a single family member can collect all of the food for the family rather than having each person stand in line. I think that will solve that problem.

Children have been seriously affected because of the trauma that they have suffered. I have seen some of them; I was there last

week. You look at these children and they look normal, but you know that they have seen things that children should not see. We really have to try to deal with that.

We are trying to deal with potential disease. In some cases, measles have broken out, and so UNICEF is covering all the children in the camp with inoculations against measles. We have issued polio vaccine to some 5,000 children as well.

Sanitation needs—I do not know that you ever catch up with this. I mean it is really a difficult problem. You are talking about a camp the size of 28,000 people. It is a medium-size town. It is not so easy to collect the garbage and make sure that the latrines and the waste water management systems are in place, but I think that they have done a reasonable job as long as those camps do not get overcrowded.

There is, as you mentioned, no single agency leading. I am now convinced after weeks of terrible frustration that UNHCR is getting a grasp of this.

Gerald Walzer, the deputy high commissioner was in Macedonia when I was there. He, I think, is a person that has more of a strategic vision.

The people that they had in place on the ground were simply reacting to the day-to-day problems. They were not leading the international community and the NGOs. We certainly pointed that out.

Sergio Vieira de Mello is now the Undersecretary for Humanitarian Assistance, and has sent Martin Griffith, his top deputy, to the region to try to organize this a little better. Clearly, we need to do everything we can to support UNHCR.

I have designated a very senior person, with 37 years of experience in this business, to represent the President's Council over there, Ted Morse. He has handled every crisis, including Bosnia, for LISAIID over the years, the return of the Contras, the Indo-Pakistan War in 1971. I think he is going to add a lot to this.

With respect to Macedonia, I met with the President of Macedonia. He apologized for their performance in the early days of this crisis. They have tried very hard, given all the pressures that are on them.

It is difficult for them, given the ethnic balance within their own country. There is a Serb population. There is a Slavic Macedonian population. There is, of course, one third of the population which is Albanian.

They are very worried about this. They want to see the international community moving ahead with its relocation plans.

I am pleased to say that the United States has had a team there looking at how we could take 20,000 people in. We are proceeding to build a camp in Albania that will relieve pressure on Macedonia. I hope that this flood of refugees does not once again get us into a crisis situation.

I guess it is going to be a constant crisis. The real challenge will be to assure that the international system does not break. It is going to bend a lot, and you are going to hear a lot of reports over the coming weeks that we are on the verge of whatever, riots in the camps, or that we are on the verge of seeing the international system collapse.

As long as we can stay on the verge and not allow it to happen, I think we will deny Mr. Milosevic a very important propaganda victory.

On the supplemental itself, let me make clear that the resources we requested is what we feel we urgently need to assure that the United States can play its leadership role within the international system.

Other nations are contributing generously to the humanitarian effort. We should be getting an important announcement from Japan during the visit of Prime Minister Obuchi.

We are getting a lot of cooperation from countries like Kuwait, who have been through this experience, and the United Arab Emirate, and, of course, the European nations. One of the stories that is not told very often here is the response of the European Unions ECHO operation under the leadership of Emma Bonino. It has done a good job in this case.

The refugees and internally displaced people of Kosova, as I said on Tuesday at a hearing, are not just an ancillary problem. They are an integral part of the NATO mission.

That is why we want to make sure that we do receive the funds as part of the supplemental request, along with the military resources that we have requested.

The return of Kosovars to their homes is central to our purpose in waging this air war, and we cannot allow Milosevic to get away with ethnic cleansing, cannot allow Milosevic to destabilize neighboring states. And we cannot allow him to break the international system we use to handle refugees.

I listened on Tuesday to concerns about the readiness of our military forces. I think we should think about building a readiness component into the international system for crises like this.

We were ready, at least the United States was ready, with food and medicine for an outflow from Kosova when this crisis occurred. But the refugees that came out in the early days did threaten to overwhelm the system. And there was tremendous chaos.

The problem boils down to a fact that probably will never change, and that is that we cannot build refugee camps in sovereign neighboring countries before the refugees start coming across the border.

In this case, the United Nations would have been accused of sanctioning or in some way implicitly supporting ethnic cleansing.

In this case, had we had built the camps, we would have been more ready, but someone surely would have paraphrased the line from the movie *Field of Dreams*, "Build them and they will come." We did not want them to come.

We need to be absolutely clear that Milosevic, not NATO and not the international community, caused these refugees to come across the borders in Macedonia, Albania, and Montenegro.

Mr. Chairman, we need all of the \$566 million that is in the foreign ops part of the supplemental. There is an additional part of the international affairs account that falls under the State Justice Commerce Committee for operating expenses and the like. I believe the war crimes portion.

The total we have asked for, in the 150 account in the supplemental, is \$591 million. Of this amount, \$566 million comes under your jurisdiction. But we have to have this to handle the refugee

crisis, to alleviate the pressures on the front line states, investigate the war crimes now being committed, and to prepare the refugees to go home.

Just very briefly, Mr. Chairman, the President has requested \$21.3 billion to be used for programs in international affairs for fiscal 2000. Of that amount, AID will manage \$7.2 billion or 34 percent.

To save time, I am not going to go into any detail in defending our request. I will stand on the formal testimony that we have submitted.

All I ask is that you give us adequate operating expense resources to manage the program. We are currently starting a process to reduce our staff even further in Washington so that we can continue to maintain the numbers of people we have overseas.

I ask also that you give us as much flexibility to manage our resources against the needs that we see, with as much flexibility as possible in any case.

Mr. Chairman, I am reluctant to say that this is my last appearance before you. Given the status of my nomination, I may be here next year. [Laughter.]

PREPARED STATEMENT

But I want to say, in case it is the last time, that I have very much enjoyed working with you and with Senator Leahy, Senator Lautenberg, Senator Campbell, all of the members of the committee over the past 6 years.

I have appreciated your support. I have appreciated your constructive criticism on matters such as Indonesia, certainly stimulated a response in many cases. And I have certainly appreciated your leadership.

Thank you very, very much.
[The statement follows:]

PREPARED STATEMENT OF J. BRIAN ATWOOD

Chairman McConnell, Senator Leahy, and distinguished members of the committee. It's a pleasure to be here this morning. As you know, Mr. Chairman, I have a dual mission today: first, at Senator Stevens' request, to continue the discussion we began on Tuesday of the President's supplemental request for humanitarian assistance to the Kosova refugees. And, second, to present the President's budget request for foreign assistance programs for fiscal year 2000.

Mr. Chairman, I know that you visited Cambodia and Indonesia last month, and we are grateful for the time you spent with our projects in those countries and for the interest you have shown in our work. Also, as one who recently returned from Albania and Macedonia, I thank you for your support of the air campaign against the Serb aggressors.

Senator Leahy, we are also grateful for the leadership you have shown in many areas, including our programs to support child survival and microenterprise and to benefit the victims of war. We are particularly pleased that the Patrick J. Leahy War Victims Fund, which USAID administers, is now ten years old and currently has fourteen projects underway in nine countries. Many of its programs, of course, benefit the victims of land mines, not only by providing prostheses, but also by supporting the awareness training and public policy initiatives that can prevent new casualties. The Fund is a great humanitarian milestone, benefiting thousands of innocent victims of war who need and deserve our help. We are proud to be associated with it.

This may be the last time I will testify before this subcommittee, after six years at USAID, and it is for me a time for reflection. Fifty years ago, in the aftermath of the greatest war in history, leaders like President Truman and General Marshall had the vision to see that it was in our national self-interest to help Western Europe

rebuild and to support social and economic development all around the world. In time, other nations followed our leadership, and today all the leading nations of the world recognize the importance of international development—and the world is demonstrably a better place because of it. Our leadership has rarely faced a greater challenge than it does today with the crisis of the Kosova refugees.

I have just returned from Albania and Macedonia, where I met with refugees, relief workers, diplomats, officials of the frontline states, representatives of non-governmental organizations, and leaders of NATO. On the basis of what I saw and heard, I feel strongly that the refugee crisis must be seen in the context of the entire military and political crisis in the Balkans. The humanitarian aid we propose is an integral part of the total NATO undertaking.

Let me repeat a point I made on Tuesday, Mr. Chairman: The refugees are not a byproduct of the war. They are the central fact of the war. Slobodan Milosevic has cruelly forced these people from their homeland, and when it suits his purpose he cynically turns their exodus on and off like a spigot. He is attempting not only to seize their homeland but also to use their plight as a weapon to destabilize other countries in the region. His actions are ruthless and criminal and cannot be permitted to succeed. That is why the funding we propose in the supplemental is intended not only to meet the urgent needs of the refugees but to strengthen this entire region as it confronts this unprecedented challenge.

It is difficult to convey the scope of this disaster and the horror that has been inflicted on these innocent people. Something like 700,000 men, women and children have been forced from their homes and have crossed the borders into Albania, Macedonia and Montenegro. No one knows how many are still in hiding in Kosova—estimates go as high as 800,000 or more—or how many have been executed.

The refugees are in bad shape, physically and psychologically. They have been traumatized by the brutality of Serb military forces. Many have seen their friends and loved ones killed and their homes burned to the ground. They have been herded onto trains, or forced to flee on foot, and deported from their country. Many have been tortured. Parents are desperately concerned about the fate of their children, and thousands of children have become separated from their parents. By some estimates, two-thirds of those in the camps are children. To see these people's courage in the face of such adversity is to realize that we must pursue our humanitarian mission just as vigorously as we pursue the military actions that will end this aggression and bring these people home.

I cannot say enough about the heroic performance of the aid workers I met. Some are American, others are from many other nations, and all are working tirelessly to bring life and hope to the refugees. I'm particularly proud of USAID's two Disaster Assistance Response Teams that are in the area, one in Albania and one in Macedonia. These teams serve as our eyes and ears on the ground, gathering invaluable information in support of our relief efforts.

Throughout the region, relief workers are performing with exceptional courage in conditions of great personal danger. When I was in Albania, the relief community was deeply saddened by the death of two Americans, David and Penny McCall, board members of Refugees International, who were killed in an auto accident on the road to Kukes, along with the organization's European representative, Yvette Pierpaoli. They died as they had lived, while helping those in need. Their dedication was representative of thousands of relief workers around the world who place themselves in harm's way every day to relieve human suffering.

The relief effort has also seen a great outpouring of support from the American people. On April 1, USAID set up a web site to provide up to the minute information on the crisis and also to make available to list of private, nonprofit groups working in the region to those who want to donate funds. Thus far, more than 263,000 people have accessed the web site. Also, we and the Federal Emergency Management Agency have set up an 800 number—1-800-USAID-RELIEF—which lists organizations to which donations can be made. Since April 5, this phone bank has received 45,000 phone calls from potential donors. USAID has also produced a public service announcement, in which First Lady Hillary Rodham Clinton appealed for donations to support the refugees; during its first week on the air the announcement was seen by an estimated twenty-four million Americans. We are extremely grateful for this support from the American people, as we are for the bipartisan support the relief effort has received in Congress.

As you know, the President on April 19 sent Congress a \$6 billion emergency supplemental proposal to fund both humanitarian programs to aid the refugees and the military campaign against the Serbian aggressors. That supplemental request includes \$591 million to be used for Function 150 humanitarian assistance for the refugees and for economic support for the frontline states for the rest of this fiscal year. These funds would support programs carried out by both USAID and the De-

partment of State. The \$591 million includes \$386 million for humanitarian assistance to the refugees, such as food, shelter, water and medicine, and also to support essential programs carried out by nongovernmental organizations; it also includes \$150 million for assistance to the frontline states; \$30 million for security assistance; and \$25 million for diplomatic operations of the Department of State and other agencies in the region. These requests were spelled out in the statement I presented on Tuesday and I will be glad to discuss them in more detail today.

For now, let me say that, based on what I saw in Albania and Macedonia, I add my voice to the many others, in Congress and across the nation, who believe it is imperative for Congress to pass this legislation and for us to move with unity and determination to meet both the humanitarian and military challenges we face in the Balkans.

Even before the Kosova crisis, we had seen an outstanding example of American humanitarian leadership in the aftermath of Hurricane Mitch. The hurricane, and the flooding it caused, took at least nine thousand lives and did billions of dollars in damage to homes, farms, schools, health clinics, roads and entire communities in Central America last October. The United States, with bipartisan support in Congress, and working with other nations and private organizations, moved quickly to provide food, shelter and medicine. Now plans are underway for a massive reconstruction effort. The damage that these countries suffered came as several of them had emerged from civil war and were building democracies and open markets. It is therefore all the more urgent that we help them get back onto the road to political stability and economic growth, and I urge your support of the supplemental appropriation that the President has requested for reconstruction in Central America.

Mr. Chairman, for fiscal year 2000, the President has requested \$21.3 billion for programs in international affairs. Of that amount, USAID will manage \$7.2 billion or 34 percent, which includes both programs that we administer and those we administer in cooperation with the Department of State and other agencies. The fiscal year 2000 USAID budget request is an increase of \$118 million, or less than two percent, over the previous year's appropriation.

SUSTAINABLE DEVELOPMENT ASSISTANCE

The Administration is requesting a total of \$1.848 billion for Sustainable Development programs in three accounts: the Development Assistance Account, at \$780.4 million; the Child Survival/Diseases and Basic Education Account, at \$555 million; and the Development Fund for Africa Account, at \$512.6 million. The overall request is \$109 million more than the amount appropriated in fiscal year 1999, excluding the fiscal year 1999 supplemental for Child Survival.

Development Assistance Account.—The requested \$780.4 million is an increase from \$733.86 million appropriated in fiscal year 1999 (excluding Africa). Of this amount, \$26.5 million will be used to address the Asian financial crisis. This account supports programs that promote economic growth and agricultural development, human capacity development, environmental sustainability, and democracy and governance in some of the poorest countries in the world.

Environmental funds, with overall funding of \$290 million, support international efforts to reduce the threat of global climate change, conserve biological diversity, support sound energy services, and manage natural resources. Our environmental programs continue to be the best in the world, helping nations achieve economic growth while reducing greenhouse gasses and cleaning up urban pollution. Last year USAID launched its five-year, \$1 billion Climate Change Initiative, to carry out President Clinton's commitment to reduce the threats posed by climate change in developing and transition nations. Through programs in 44 countries, we have helped developing nations to participate in the United Nations Framework Convention on Climate Change, to decrease net greenhouse gas emissions, and to adapt to climate vulnerability. The budget request includes \$150 million from all USAID-managed accounts for this initiative, of which \$112 million is Development Assistance.

Economic growth funds budgeted at \$458 million, will expand and strengthen private markets, support agricultural development and microenterprise programs, and build access to economic opportunity for the rural and urban poor.

The importance of agriculture was underlined last year both by Hurricane Mitch, which devastated farming in Central America, and by the Asian financial crisis, which has increased food insecurity in that region. We continue to work closely with various U.S. private agricultural interests to develop a stronger public-private partnership and also gain access to markets for U.S. business. The new alliance with food companies for the worldwide Vitamin A program is an example of that partnership. We are refocusing on the links between agriculture, economic growth and food

security. As was underscored at the 1996 World Food Summit, there are an estimated 800 million malnourished people in the world, and the United States, with the international community, is committed to cutting that figure in half in the next twenty years.

USAID's microenterprise program, budgeted at \$135 million, from all accounts, works to increase the flow of credit to small businesses in developing countries. Helping poor but enterprising men and women build their own businesses is a key element of USAID's grassroots growth strategy. The microenterprise initiative started in 1994 with 331,000 low-income borrowers; in fiscal year 1997, USAID's grants contributed to an estimated 1.4 million loans. About two-thirds of the recipients were women, and most of the loans were for \$300 or less. A person with no collateral might first receive a loan of \$50, and when that was repaid another loan of \$100 might be extended. Often, these small loans can change people's lives.

In recent years, as loans have been repaid, a multiplier effect has taken place, as the same money is used over and over to make new loans and help new people. For example, the 1.4 million poor people who had active loans from USAID-supported institutions in fiscal year 1997 represented an increase of 47 percent from the previous year. During the same period, the value of those loans increased from \$301 million to \$645 million, or 113 percent. Microenterprise development has emerged as an agency priority because it can so often help poor people work their way out of poverty, and we appreciate the strong bipartisan support it has enjoyed in Congress.

Family planning is budgeted for \$400 million from all accounts, including \$355 million in Development Assistance. Well over fifty million couples in the developing world use family planning as a direct result of USAID-supported programs. We estimate that as a result of USAID population programs there were 7.9 million fewer unwanted pregnancies, 3.2 million fewer abortions, 3.8 million fewer unwanted births, and 15,000 fewer maternal deaths last year. Since the mid-1960s, fertility rates in countries where USAID has been a major family planning donor—such as Indonesia, Bangladesh, Colombia, Mexico, Kenya and Egypt—have declined by more than a third.

Human Capacity Development, budgeted at \$147 million, of which \$110 million is requested within the Child Survival, Diseases and Basic Education Account, and \$37 million is requested within Development Assistance, focuses on education as a central element of development. The program recognizes that for many poor people, and particularly women, illiteracy and the lack of a basic education are insurmountable barriers to a decent life. USAID is working with policymakers in several countries in Africa and Latin America to begin classroom programs designed to improve the quality of education for the poor and particularly for girls and women.

The status that women occupy in most developing countries not only contributes to individual suffering, but also represents a wasted resource and holds back economic growth. We are working to change this with technical assistance and leadership provided by our Global Bureau's Office of Women in Development (WID), which in 2000 is again budgeted at about \$10 million. WID's goals include overcoming gender-based constraints to economic growth; improving education for girls; protecting women's legal rights; and creating greater consideration of gender in all aspects of the agency's work.

Democracy and Governance programs, budgeted at \$149 million in Development Fund for Africa and Development Assistance funds, work to build democracy, support human rights, strengthen the rule of law, create a strong, politically active civil society, and combat corruption around the world. Never before in human history have more nations embraced democracy. More than fifty have successfully made the transition in the past fifteen years. But many fledgling democracies are vulnerable to military coups, corruption, organized crime, civil strife and economic chaos. Such countries are the focus of programs carried out by USAID's Center for Democracy and Governance and by our overseas missions.

Child Survival and Disease Programs.—The fiscal year 2000 request includes \$555 million for child survival and disease programs, an increase of \$10 million from the fiscal year 1999 level, excluding the supplemental. Of that amount, \$445 million will be used for child survival, HIV/AIDS, infectious diseases and other health programs, and \$110 million will be used for basic education. Since 1985, with the support of Congress, USAID has spent \$3 billion on child survival programs. Experts say that these programs save more than three million lives a year, and have helped drop infant mortality rates in the developing world to their lowest levels ever.

The child survival request includes \$25 million for the Polio Eradication Initiative. We have played a leadership role in the near-eradication of polio from the world. The Americas were certified polio free in 1994, and the number of reported

cases elsewhere in the world has declined in the past decade from about 35,000 to about 3000 last year, with total eradication within view. In this campaign, USAID and Rotary International forged the most successful public-private partnership for public health in history. Last year, more than 450 million children were immunized against polio during national immunization days. In the largest public health event in history, India immunized more than 130 million children on a single day, December 7, 1997.

In the past year, in another area of child survival, we have worked with other nations, private companies and international organizations, to start a worldwide program to address the vitamin A deficiency that plagues many developing nations and costs millions of lives. Last month, the leaders of about fifteen major U.S. corporations met in Washington with Hillary Rodham Clinton to pledge their support for the program, which will include fortifying the food that children eat. In 1998, the VITA Alliance operated in eleven countries, and reached an estimated twelve million children and their mothers. We estimate that this program will save 650,000 lives each year by 2005.

This year USAID is proposing a new initiative that would be a first step in a global campaign against abusive child labor, an issue that I know is of great interest to Mr. Harkin and other members of the committee. It has been estimated that at least 250 million children are performing child labor around the world, many of them as young as eight or nine. School Works! will be a focused and coordinated effort to combat abusive child labor by helping communities and governments find long-term sustainable educational solutions aimed at keeping kids in school and out of hazardous work. USAID will establish pilot projects in regions with the worst record of abuse. The \$10 million requested in fiscal year 2000 would fund three-year pilot activities.

School Works! is the first time that the U.S. Government has made the reduction of child labor through improved access to basic education a specific focus of U.S. development assistance. USAID already invests \$100 million yearly in basic education activities which target poor children in the developing world—those most at risk of becoming involved in abusive and exploitative working situations. School Works! will complement ongoing activities of the International Labor Organization's International Program for the Elimination of Child Labor.

We are requesting \$10 million for a three-year program, with most of the money to be used to support several pilot projects around the world. The projects would include outreach and incentives to parents, improved teacher training, quality learning opportunities, and work with local communities. The goal would be to keep young people in school, or to get them back to school, at least to age fourteen.

USAID has been a leader in maternal health and nutrition, providing innovative in-service training for thousands of health workers, and other programs in more than twenty countries. We expect to spend about \$50 million in fiscal year 2000 for improving maternal health and reducing deaths as a result of pregnancy and childbirth. USAID works with international partners and other donor nations to support programs of nutrition, birth preparedness, treatment, and postpartum and newborn care. Since 1985, such programs have contributed to dramatic reductions in infant mortality rates. Immunization programs have reduced deaths among children under five by twenty to twenty-five percent. By its support of the development and delivery of oral rehydration solution (ORS), USAID has prevented one million childhood deaths from diarrheal diseases each year.

We continue to be the world leader in the battle against infectious diseases like tuberculosis, polio, malaria and HIV/AIDS. This budget requests \$127 million to deal with HIV/AIDS, an increase of \$2 million over the 1999 appropriation, excluding the supplemental. During my time at USAID, the agency has become the lead donor for the response to the global HIV pandemic. We have spent nearly \$1 billion dollars for the prevention and mitigation of this epidemic in the developing world. USAID presently supports over 300 major activities in 47 countries around the world and over the next five years we expect to provide life saving services to over 50 million men and women.

The worldwide AIDS pandemic is extremely serious, but there have been signs of success in the battle against it. We now have abundant evidence that public health programs can change sexual behavior and thereby save lives. In Senegal, Philippines and Indonesia, early, comprehensive HIV intervention programs that USAID supported have helped prevent a major epidemic. In another set of countries—Uganda, Dominican Republic and Thailand—intensive HIV/AIDS programs were launched after major epidemics had begun, but the number of new infections is actually coming down. By our work in HIV/AIDS prevention abroad, we are not only reducing death and suffering there, we are lessening the dangers to our own country.

REGIONAL PROGRAMS

Development Fund for Africa.—USAID is renewing its request for a separate appropriation for the Development Fund for Africa, or DFA. This reflects the high priority the Administration places on achieving sustainable growth in Africa, and has pursued with bipartisan support in Congress. The request for this account is \$512.6 million. The total request for Africa of \$818 million, which includes \$232 million from the Child Survival and Diseases Program and \$73 million from the Economic Support Fund, reflects the President's intent to return to historically high levels of support in Africa. The DFA request includes \$233 million for economic growth and agricultural development, \$34 million for human capacity development (other than basic education), \$73 million for population programs, \$99 million for management of the environment, and \$72 million for building democracy. Within these categories, \$45 million (an increase of \$15 million over fiscal year 1999) is included for an expanded African Food Security Initiative. This is the ten-year initiative announced by President Clinton during his 1998 trip to Africa. It is part of our response to the goals of the 1996 World Food Summit. Two goals underlie U.S. foreign policy in Africa: to accelerate Africa's integration into the global economy and to combat serious transnational security threats, including HIV/AIDS and outbreaks of violence. In Africa today, we see extreme poverty, widespread hunger, a severe HIV/AIDS problem, political instability and war, and yet we also see economic growth and movement toward democracy. Great opportunities for progress exist, and we will continue to support improved agriculture, to work for an improved environment for investment and trade, and to encourage civil society and democracy.

Latin America and the Caribbean.—The budget request for the Latin America and Caribbean region for fiscal year 2000 totals \$519.7 million. Of this, \$233 million comes from the Developmental Assistance Account, \$76.2 million comes from the Child Survival and Disease Account, and \$160.5 million is from the Economic Support Fund. In addition, \$50 million is requested by the Department of State, for programs managed by USAID, from International Narcotics Control funds.

The funds will support programs to carry out the goals of the Summit of the Americas and its follow-up process. Additionally, the request will contribute to reconstruction in the Central American and Caribbean countries hard-hit by Hurricanes Mitch and Georges. The funds will also be used to promote democracy and human rights, to expand economic growth, to reduce illegal immigration into the U.S., for health care and education programs and to support sound environmental practices.

Asia and the Near East.—The Administration is requesting a total of about \$2.4 billion for Asia and the Near East programs for fiscal year 2000. Of this amount, \$231 million is from the Development Assistance Account, \$92.5 million is from the Child Survival Account, and \$2.07 billion is from the Economic Support Fund. These funds will be used to continue support for the Middle East peace process, and to finance programs that facilitate economic reforms and increase access to markets, with particular emphasis on those countries hardest hit by the Asian financial crisis. The goal is to raise growth rates, create jobs, and promote the prosperity that is essential to free market economies. The funds will also be used to reduce population growth, improve maternal health, and combat the spread of HIV/AIDS; to improve energy efficiency, urban waste management and water resource management; improve the management of forest and coastal resources, and to reduce the growth of greenhouse gas emissions.

THE FREEDOM SUPPORT ACT ACCOUNT

The fiscal year 2000 request for the FREEDOM Support Act for the New Independent States totals \$1.032 billion. This includes \$241 million for the Expanded Threat Reduction Assistance Initiative, which will address security questions that may have been worsened by the economic crisis. The request for Freedom Support Act development funds totals \$791 million, or \$10 million less than the fiscal year 1999 appropriation, not including emergency funding. Funds will be used to support the transition to democracy and free markets in the former Soviet states, including help for elections in several NIS countries this year. The NIS region has been hit hard by the Russian financial crisis. Programs will emphasize support for NGOs and the private sector, while reducing assistance to central governments.

SUPPORT FOR EAST EUROPEAN DEMOCRACY ACCOUNT

The Support for Eastern European Democracy (SEED) Act is the cornerstone of U.S. assistance to Eastern Europe and the Baltic States. SEED is a transitional program, intended to aid Central and Eastern European countries through the difficult

passage to democracy and market economies. The fiscal year 2000 SEED request is \$393 million, \$37 million below the 1999 level. The request includes \$175 million for reconstruction and democratic reform in Bosnia, \$20 million below the 1999 level. The reduction is justified by the progress already made and by our commitment to a gradual reduction of assistance.

The request includes \$218 million for other counties in the Southern tier, and for regional programs throughout Eastern Europe. These funds will be used for humanitarian support, community building, local elections and support of an independent media. The budget reflects the continuing shift in program activities from "graduating" Northern tier countries to Southern tier countries that began moving forward on their political and economic transformation more recently. Hungary and Latvia graduated from the SEED program in fiscal year 1998. Lithuania and Slovakia will graduate in fiscal year 1999. In fiscal year 2000, Poland will graduate, and we are requesting no new funds for Northern tier country programs. Our focus will be support for democratic transition and market reforms in Romania, Bulgaria and Albania, transitions crucial to our goal of long-term peace and stability in the Balkans.

SEED is a transition program and we have a graduation plan for closing USAID missions. Still, it may take a generation for some formerly communist countries to make the transition to democracy and open markets. That is why USAID has proposed the Trust for Civil Society in Central and Eastern Europe. This is a proposed public-private partnership between our government and four American foundations. The Trust would offer challenge grants, training, and other services to non-profit organizations that would serve as a force for transparency, accountability and democracy in the region. It would operate for fifteen years, and USAID would match private contributions up to \$50 million over a multi-year period. The Trust would enable us to continue as a force for democratic change in the area even after we no longer have missions there.

USAID CREDIT PROGRAMS

USAID's credit programs address a variety of sustainable development objectives, including economic development, a sustainable environment, and protecting human health. USAID believes there are many instances when development priorities can best be funded through credit, especially in emerging market countries and those moving toward graduation status. Credit programs use the leveraging of private sector resources to support sustainable development and to enable USAID to reach people it would not otherwise be able to reach. The Urban and Environmental Credit Program, budgeted at \$8 million for subsidy costs and administration, provides loan guarantees that help market based financial institutions and instruments needed to address key development issues such as the adequate provision of water, sewer, sanitation and housing for the urban poor. The budget also requests authority to transfer up to \$15 million to the Development Credit Authority. We are working with OMB on the certification required by Congress and hope to obtain it soon. DCA authority, unlike other credit programs, is not restricted to any one sector and can be used where credit is the best vehicle to achieve development goals. The Micro and Small Enterprise Development Program request is \$2 million for credit subsidies and program administration.

INTERNATIONAL DISASTER ASSISTANCE ACCOUNT

The fiscal year 2000 request for International Disaster Assistance is \$220 million, a \$20 million increase over the fiscal year 1999 appropriated level. This request includes \$165 million for the Office of Foreign Disaster Assistance (OFDA) to support emergency relief and rehabilitation programs in response to natural and manmade disasters and other emergencies that displace large numbers of people. This compares to \$160 million in fiscal year 1999. In the post-Cold War era, there have been a growing number of civil conflicts, and OFDA has spent significantly more time and money confronting humanitarian needs caused by man rather than by nature. Our government's ability to respond rapidly to emergencies is known and respected worldwide, and was seen in Central America after Hurricane Mitch, and is now seen again during the Kosova crisis. The budget request reflects a \$5 million increase in disaster assistance to assist victims of nuclear, biological and chemical incidents abroad.

The Office of Transition Initiatives (OTI) is budgeted at \$55 million for fiscal year 2000, up from \$40 million in fiscal year 1999. This \$55 million is in fact a straightlining of the fiscal year 1999 budget, which included \$40 million of Disaster Assistance money and \$15 million of Development Assistance for Indonesia. OTI was established in 1994, in response to the fact that, in today's world, many nations

are undergoing the difficult passage from war to peace. The United States has a vital interest in seeing nations successfully complete those transitions. OTI focuses on the recovery from disasters brought on by political conflict, such as those in Bosnia, Rwanda, Philippines and Guatemala. OTI has sponsored programs to help former combatants put down their arms and reenter civilian life, often aided by programs of education and job training.

When countries emerge from war, the presence of land mines may hinder or prevent refugees or displaced persons from returning home. Because bridges, roads and farmlands are typically targeted, removing mines is often a first step toward economic recovery—as well as to ending needless human suffering. Through the Office of Transition Initiatives, USAID supports programs in public mine awareness, mine removal, training in mine removal, and assistance to the victims of land mines.

In recent years, OTI has supported anti-mine initiatives in several countries, and the State Department has programs as well. In the former Yugoslavia, we funded the Landmine Survivors' Network to be an advocate for landmine survivors. In Angola, nearly two million people have been reached by mine awareness programs, more than eight hundred have been trained in mine removal techniques, and as a result mine accidents have been reduced. In Rwanda, USAID and the Defense Department have jointly funded a demining program that has thus far cleared more than 15,000 mines on more than a thousand square kilometers of land.

In Honduras and Nicaragua, floods and mudslides unleashed by Hurricane Mitch caused many land mines to be exposed and moved about, creating new dangers there. We are therefore gratified that Senate bill 544, the Central America and the Caribbean Emergency Disaster Recovery Fund, includes a minimum of \$2 million for clearing unexploded landmines and other unexploded ordnance in those two nations.

ECONOMIC SUPPORT FUND ACCOUNT

The Economic Support Fund, budgeted at \$2.389 billion, will be used to support the Middle East peace process, to assist countries in transition, to promote democracy worldwide, and to promote stability in such countries as Ireland and Cyprus. Funds will also be used to support the Holocaust Fund and the Human Rights Fund, and to respond to global crises and such development priorities as child survival, public health, climate change and biodiversity. The request does not include the supplemental being requested in connection with the implementation of the Wye Memorandum to support Middle East peace.

In summary, the request includes:

- \$1.943 billion to support the Middle East peace process. This includes \$930 million for Israel (\$150 million below fiscal year 1999) which will be used to promote economic reforms and reinforce the peace process; \$715 million for Egypt (\$60 million below fiscal year 1999) to promote economic growth, open markets, and population and environmental goals; \$150 million for Jordan, for water management, economic growth and primary health care; and \$100 million for the West Bank and Gaza for economic growth, water management, better governance, and community services and health care.
- \$126 million for other portions of the Asia/Near East region: for Asian economic recovery and bilateral programs in East Asia and South Asia; these include programs in family planning, democratic transition, health care, and legal reform.
- \$161 million for Latin America and the Caribbean: for Haiti, Guatemala, democracy programs and the Peru-Ecuador border dispute. One priority is support for the themes of the Summit of the Americas.
- \$45 million for Ireland, Cyprus and Eastern Europe.
- \$73 million in sub-Saharan Africa.

OPERATING EXPENSES

The fiscal year 2000 request for Operating Expenses is \$507.7 million, which is used to manage USAID's \$7.2 billion program. Of this amount, \$7.7 million is for costs associated with the Office of Security, previously funded by the Inspector General, for which the Agency is assuming responsibility this year. The balance of the Operating Expense request—\$500 million—covers the cost of salaries, benefits, and other administrative costs associated with USAID's worldwide programs, including efforts to improve the agency's information technology and financial management capabilities and improve training for agency staff.

Factoring in other funding sources, such as local currency trust funds and prior year funds carried forward, the increase from fiscal year 1999 to fiscal year 2000 in funds available for total recurring operating costs is less than 2 percent. With a projected fiscal year 2000 Federal Pay Raise of 4.4 percent, the impact on fiscal

year 2000 costs of the fiscal year 1999 Federal pay raise, combined with the impact of inflation in Washington and overseas on the cost of rent, utilities, travel, security guards, and other support costs, actual costs will increase considerably more than 2 percent.

To accommodate these increased costs, USAID will continue its efforts to reduce costs and increase efficiency in order to meet the most critical management challenges still facing us. These efforts include examining the potential for consolidating support activities in fewer locations, greater reliance on International Cooperative Administrative Support Services where this system will provide cost savings, and reducing redundant or lower priority work in Washington.

However, these economies alone will not be sufficient to offset expected cost increases, which means that the Agency will have to manage with fewer staff in order to operate at the requested level. Given that USAID has already reduced its U.S. direct hire staff by 35 percent since start of this Administration, determining precisely which parts of the Agency will have to absorb further reductions, and the size of each reduction, will be a difficult task. I have been actively engaged with senior managers of the Agency in reviewing various options for distributing further staff reductions, and I want to ensure that these reductions are made in a way that minimizes the impact on our most critical operations.

NEW MANAGEMENT SYSTEM (NMS) AND Y2K

A year ago, we received an independent assessment of NMS. The report detailed many recommendations for modernizing our information systems. Our analysis indicated that we couldn't implement the recommendations, including replacing our core accounting system, by September 1999. We knew we had a great deal of work to repair Year 2000 system problems.

I directed that we focus our information technology resources on three priorities: completing Y2K repairs for our mission-critical systems; moving to replace the core financial system; and ensuring that the NMS and our other systems continue to support our Agency's operations.

We strengthened our capacity to manage our information systems work by obtaining the services of a single prime contractor. We have improved the performance of NMS in support of agency operations in Washington. Our fiscal year-end closing process occurred a month earlier than the previous fiscal year and our financial reports were more accurately and efficiently prepared. The work on replacing the NMS core accounting system has been comprehensive and systematic. We are in the process of completing an agency-wide architecture or blueprint to guide our decision on this investment. We have completed an extensive review of our core accounting business processes. We have made progress in simplifying them so that we will be able to use a commercial, core accounting software product with fewer modifications. We transferred some of our core accounting functions to another federal agency and a private sector bank. We are creating a strong program management office under our new Chief Financial Officer to implement the new core accounting system.

It will not be possible to modernize or replace NMS and related systems all at once because of resource constraints. We are working on a modernization plan for our information systems using products from the commercial marketplace and at other federal agencies. We will sequence our investments in manageable increments to assure success. We are committed to implement a new core financial system in Washington during fiscal year 2000 as the first incremental investment. Phased implementation overseas will occur in fiscal year 2001 and fiscal year 2002. The other components of NMS will also be addressed in this plan.

Y2K Compliance: Making our critical systems Y2K compliant is our top IT priority. As of today, four of five such systems are renovated and are being tested. We had planned that three of these systems would be fully implemented by the end of March but because of problems encountered during the testing phase it will take until May to implement the four systems. The fifth, NMS, is the largest and most complex of our mission-critical systems and Y2K repair work is almost completed. We hope to finish testing and implement the Y2K compliant version of NMS in July 1999, earlier than we had planned. The acceleration of the compliance date is due to our receipt of additional resources from the special Y2K supplemental.

Overseas, all of our field posts have reviewed their internal operations. We have set aside up to five percent of our development assistance program funds in fiscal year 1999 for use in correcting Y2K problems discovered in IT applications that are part of our assistance programs. We have contacted more than 50 overseas posts to identify Y2K problems and develop solutions. These surveys also review the host-country environment to determine risks that might affect USAID operations. We are

working closely with the Department of State and other agencies to assure that our operations will continue on January 1, 2000.

SECURITY

We are concerned about the security of our missions overseas in the aftermath of last year's bombings in Kenya and Tanzania. The \$3 billion advance appropriation requested by the Department of State addresses its planning for new construction and rehabilitation of about 45 diplomatic posts overseas. It does not explicitly include USAID-related costs. We are working with OMB and the Department of State to prioritize other planned projects, to identify specific USAID funding requirements, and to ensure that USAID is included in all future planning and funding requests.

We plan to use \$27.5 million in security supplemental funds appropriated by fiscal year 1999 to accomplish the most urgent re-location and security rehabilitation projects abroad. These funds have been allocated for enhanced security or relocation costs in Rabat, Luanda, Nairobi, and Kampala, with other locations under review; also for design or land purchase costs for new office buildings in Nairobi and Dar Es Salaam; and other security upgrades worldwide. Additionally, we have conducted a comprehensive review of all 82 current USAID facilities overseas. We expect that in the future, as the Department of State constructs new facilities that meet all security standards, USAID will be co-located in these new facilities.

With regard to our new offices in the Ronald Reagan Building, we recognized from the first that the building is required to be open to the public, as was provided for by Congress. However, in the portion of the building occupied by USAID, the security requirements established after the Oklahoma City bombing have been implemented, including 24-hour armed guard presence; package and visitor screening; and 24-hour closed circuit camera and alarm coverage. We continue to work with GSA to strengthen the overall security of the Ronald Reagan Building.

THE RESULTS ACT

USAID is committed to managing for results and we have reformed the agency to focus more on results management. We have an interactive process that seeks to make marginal steps when experience and cost-benefit analysis justifies change. Over the past year, reporting of performance data by all operating units increased by a third. Despite challenges to performance reporting and data quality, there is a high level of agreement among technical staff reviewing field performance. The agency's results reporting system is not yet where it should be; this is in part due to a lack of timely, comprehensive and quality economic and social data available about developing countries. Our missions continue to process more information and we continue to consult with OMB, the Department of State and Congress on options for improvement.

CONCLUSION

It has been a privilege to head the U.S. Agency for International Development at this challenging time in its—and the world's—history. I don't expect ever to meet a more talented and dedicated group of men and women than my colleagues at USAID.

During the past six years, we have seen our share of controversy and criticism—that is inevitable. But we also need to step back and consider the remarkable progress we have made. In the past a half century, working with successive Congresses and with other nations, our efforts have played an important role in expanding the developing world's food production, eradicating smallpox and nearly eradicating polio, increasing literacy by fifty percent, reducing the average number of children born to women in the developing world from six to three, increasing life expectancy by more than twenty years, and expanding the world's wealth from a 1948 global GNP of \$4.4 trillion—measured in 1998 dollars—to \$47.6 trillion last year.

There has never before been such progress in any fifty-year period in human history—and it exists in large part because of American leadership. During the past six years, despite severe budget restraints, we have been able to maintain American leadership in foreign assistance. We provide only about ten percent of all of the developed world's foreign aid, but other countries continue to follow our lead in defining the goals and techniques of assistance.

Perhaps the most important lesson we have learned is simply that strong, democratic and transparent institutions are the soundest vehicles for social progress. There is no limit to what we might achieve in the 21st century if we are willing to invest in the lessons of the past fifty years. To turn away from the great experi-

ment we embarked on in 1948 would be a tragic mistake. The post-Cold War era offers unlimited possibilities for American political and economic leadership. If we turn away from the developing world, we invite more failed nations, more suffering, more disease, more civil wars and terrorism. We risk exposing ourselves to dangers from which all our military might cannot protect us.

In many situations, the military must be our last line of defense, but diplomacy and development should be the first line, and often they can prevent the need for military action. I hope to see the day when our foreign assistance budget is far greater than it is today. I think that is the best investment we could make in the future of our children and grandchildren.

I am proud to have spent these six years with an agency that does so much to improve the lives of people all over the world and I thank you and many others in Congress for all that you have contributed to our success.

REFUGEES

Senator MCCONNELL. Thank you, Mr. Atwood. We have enjoyed working with you and wish you well in your new assignment.

The policy of taking refugees long distances from Kosova, I gather that the United States has agreed to take 20,000. I have some serious doubts as to whether that is a good policy. Will any of the 20,000 want to go back at some subsequent point? And if they do not want to go back, what will be our response?

Mr. ATWOOD. Well, we have serious doubts about it as well, but we do not see any alternative to trying to relieve the pressure on the neighboring states.

The number 20,000 is a very small percentage of what we estimate to be 1.5 million of both refugees and internally displaced people. We may end up with a worst-case of 1.5 million.

The neighboring states, I do not think, alone can tolerate that. And so, therefore, we have engaged with our NATO allies and with other countries around the world in an effort to put in place what we call a relocation program.

It is only at this stage, 20,000 out of 1.5 million is not a high percentage, but it was important in the early days when we made that commitment to send a message to Macedonia, in particular, that we were prepared to share some of the burden here.

The 20,000 will come to the United States. We believe that they want to return home. We are——

Senator MCCONNELL. How will they be chosen, these lucky 20,000 that are likely to become citizens?

Mr. ATWOOD. They will have family relationships here. I will ignore the last part of your comment. [Laughter.]

Senator MCCONNELL. Well, it is a virtual certainty, is it not, Mr. Atwood?

Mr. ATWOOD. I will not concede that, because we are going to do everything we can to encourage them to return, but they do come here with all of the privileges of people who are in that status and they would have a right to apply for——

Senator MCCONNELL. Right. And that is sort of my point. I mean to the extent that we allow Milosevic to succeed in effect in his effort to depopulate Kosova, it seems to me, we are sort of playing into his hands.

Mr. ATWOOD. We are doing this because it is necessary to do it to assure that we do not give Milosevic yet another victory, frankly. If the government of Macedonia were to collapse, I think that would be a major victory for Mr. Milosevic.

We are not doing this under any blackmail circumstance. We know what the capacity of these governments is in the region to take people. Our hope is that people will stay in the region. The number 20,000 is a small number.

Senator MCCONNELL. Tell me again: What percentage of the total number of refugees outside the country at the moment—we know there are going to be a lot more coming—are going long distances from the area?

Mr. ATWOOD. At this juncture, about 40,000. You say long distances; I mean Canada, Australia, and New Zealand have also offered to take people in smaller numbers.

Senator MCCONNELL. How many are going, for example, to Britain, Germany, and France?

Mr. ATWOOD. So far, about 30,000 have gone in that direction.

Senator MCCONNELL. All three together?

Mr. ATWOOD. There are 10,000 to Germany and—that is right. That is right. And other countries in Europe, Scandinavian countries as well. It is not a large portion. And we still believe that it is much better to keep more in the region.

Senator MCCONNELL. Yes.

Mr. ATWOOD. And UNHCR believes that as well. And part of this relates to UNHCR referrals, so we do not expect to see a large number going distances.

We want them to return home and believe this will not be a long war. We are not talking about a war that is going to last for a year, so our hope is that all of the people that will come here will return. But, we do concede that many may choose to stay.

Senator MCCONNELL. Well—

Mr. ATWOOD. We think that is a more humanitarian way of handling it. We had originally come up with the idea of Guantanamo. Again, it was because we needed, you know, to come up with an answer to relieve the pressure on the government of Macedonia. That was the quickest answer we could come up with at the time.

We have reconsidered that and believe it is a more humanitarian approach to take people directly into the United States.

Senator MCCONNELL. In fact, we are likely to end up having to take care of virtually the entire Kosovar population, once we get in there, given the stories the refugees are telling everyone about what is happening.

Is it not your judgment that at the end of the day, we are probably going to be caring for, in one way or another, virtually everyone in Kosova?

Mr. ATWOOD. At the end of the day, I hope we will be caring for them in Kosova, that we will engage along with our European allies and others, in the reconstruction effort in Kosova, and that the returnees themselves will play the largest role in reconstructing their own homes and cities and towns.

Senator MCCONNELL. Which leads me to the meeting with the President yesterday. The President was talking about the constructive relationship that he felt developed over the weekend with the front line countries that are being pressured by this war. And you alluded to the long-term relationship that we are going to have with that area.

Is it not likely, Mr. Atwood, that we are going to have the kinds of relationships—maybe even with Kosova itself, if it becomes—it ends up being governed in a different way—a long-term relationship with Serbia, with Albania, with Macedonia, Romania, Bulgaria, in short that whole area, somewhat similar to the aftermath of the Camp David Accords, after which we had a sort of long-standing relationship with both Israel and Egypt? Is that not likely to be the direction in which we are headed?

And I am wondering if you all have done at the Agency any kind of long-term planning about what kind of financial commitments we are going to be making in that area, which I am not suggesting I will oppose.

I think we need to think ahead here. The foreign aid budget, as we both know, has been static to declining. It is not likely to expand.

And clearly, we are looking here at a long-term commitment to an area where we have had not a huge commitment in the past.

What kind of money are we talking about here? What percentage do you think will be carried by our European allies versus ourselves?

In short, I would like for you to talk a little bit about what kind of long-term thinking and planning you are doing for what I think is going to be a long-term relationship here between the United States and these countries in the area.

Mr. ATWOOD. Thank you, Mr. Chairman. One of the things I did last week in traveling to Europe was to have a meeting with the five major NATO nations and European Union nations, Italy, Germany, France, Great Britain, and the United States, to talk about just that.

We realize, of course, that we have to focus first and foremost on the reconstruction of Kosova and that we need to get our plans in place to do that. We have learned a lot from the reconstruction we had to do in Bosnia, so I think we will be able to move very swiftly with respect to planning for the return of refugees.

But then we discussed, as was discussed at the NATO summit and discussed in Europe before the European nations came to the European Summit, what the Germans call a stability pact, what we have called a Southeastern Europe initiative, to try to draw the countries of that region more closely together so that what draws them together economically and through trade and the like will be stronger than what separates them, the ethnic prejudice, of course.

It is an important aspect of the future here, but I can tell you that there is no disputing the fact that the Europeans will have to take the lead in doing this. They seem to want to.

At the World Bank meetings that were held just the other day, it was decided that the planning for this would be chaired by the European Union and the World Bank.

The United States clearly will play a role here. We are not looking to play even perhaps the same role in terms of the percentage of the whole that we played in Bosnia. But we are perhaps talking about 20 to 25 percent. We are talking obviously about using expertise.

Senator McCONNELL. Of whatever size of the pie is we—about 25 percent.

Mr. ATWOOD. Whatever the size of the pie—that is right. We want the Europeans to take the lead. They seem willing to take the lead.

I must say that, from the experience in Bosnia, if the United States is not involved in the early days, the startup time for the European Union takes too long. I am not blaming them for this. They obviously have a lot of things to work out when you have that many nations trying to work on something.

It is a much slower startup time. And we can get in and involved, I think, in helping on the reconstruction a lot faster than they can.

We have done a lot of this. We have done a lot of forward planning. I would be happy to submit some of the ideas that we have submitted to these other organizations to you, and we can make that part of the record for this hearing, if you would like.

Senator MCCONNELL. I have personally given a good deal of thought to that, and am interested in your thinking about it. I will want to look down the road to what lies ahead in terms of the impact of that on future foreign assistance budgets.

Now, let me come back to the present for one other area, then I will pass the ball to Senator Lautenberg, and then on to Senator Campbell.

The mixed to poor performance, so far, of UNHCR has, you know, gotten the attention of an awful lot of people including myself.

I am wondering if—I gathered from your comments you think they are improving from the early days. But my inclination is to think we would be better off with this assistance package that we are putting together in the supplemental to focus on supporting the disaster assistance response team and the NGOs. I am curious as to your view of that.

Mr. ATWOOD. Well, recognizing the weaknesses in the early days, I think that we have to understand first that the UNHCR is primarily responsible and has international legal authority to deal with refugees.

They have standing to do it, vis-a-vis the sovereign governments. And we need to do everything we can to encourage them to play the role that they are legally authorized to play.

Whenever a U.N. organization gets involved in this kind of a situation, we are very hesitant to be too publicly critical, because it is the old Pogo line, "We have met the enemy, and he is us," to some extent.

We need to beef them up. We need to make sure that they have both the resources and the people to do the job. And I think we have been working very, very assiduously to try to accomplish this.

I have to give great credit to Assistant Secretary, Julia Taft. She has been in Geneva and, frankly, she has been banging on UNHCR—I guess that is the right way to put it—to make sure that they put their first team in the field. And I think that the visit of Gerald Walzer is the direct result of her efforts.

Ms. Ogata is widely acclaimed as a very strong leader. But, at mid-ranks, many of the people that are the logisticians and the others that do these things have left the UNHCR in recent years.

Their budget has been cut somewhat. We need to do what we can now as a part of the supplemental request that we have made, to really try to shore that operation up.

I am pleased to see that Sergio de Mello, who is an outstanding former UNHCR person, has taken the lead on this as well.

I think the U.N. system has been responding better on a day-to-day basis, and we need to do what we can to strengthen them and not to undercut them.

Senator MCCONNELL. Given the—what we now know based on reports from refugees of what has occurred in Kosova, I think it is a virtual certainty that we are going to have large numbers of refugees still in camps either in countries surrounding Kosova or in Kosova itself because homes have been destroyed, villages have been knocked down.

We are going to have large numbers of refugees in those kinds of places in the winter. And I am thinking of putting into this supplemental a contingency fund to avoid having to go through the supplemental process again, hopefully, later in the year.

I have not decided exactly how much, but I think it is a certainty that there are going to be either inside Kosova or in Albania, Macedonia, and other places in the area, large numbers of people still in refugee camps next winter.

Do you think building a contingency fund might be a smart thing to do?

Mr. ATWOOD. Mr. Chairman, normally when I come up here and testify, I have to defend the request of the administration. However, like you, I heard the President yesterday tell the leadership of the Congress that we want to be flexible. We want, obviously, to work with you in preparing this supplemental.

I cannot argue with you. First of all, I would hope that we are not going to be talking about the need to winterize refugee camps or to do other preparations for winter.

Senator MCCONNELL. It is a certainty, is it not?

Mr. ATWOOD. I do think your idea is a good one. I do not think it is a certainty, but I do think your idea is a good one.

Senator MCCONNELL. Well, you do not think it is a certainty. You think we can—can resettle this many people between now and next October?

Mr. ATWOOD. I think if you thought it was a certainty, you would not call it a contingency fund. But I think it is a good phrase. [Laughter.]

Senator MCCONNELL. Well, I am not trying to put you on the spot. Let me just say it is a statement of the obvious that there are going to be large numbers of people still in refugee-type camps in the area, either in Kosova or in Macedonia or in Albania when the weather starts getting cold again. It is a certainty.

And I think, you know, it—this supplemental obviously is largely devoted to the current emergency, but I think we need to look beyond that and be realistic.

Now, what we are going to do here is take 5-minute question rounds. I see the chairman of the full committee is here.

Do you, Mr. Chairman, want to say anything, or—

Senator STEVENS. Well, I am delighted to have a chance to be here, and I thank Mr. Atwood for his consideration the other day

in postponing this testimony until now. And it is, I think, one of the significant portions of our supplemental.

I will wait for my turn, however. Thank you.

Senator MCCONNELL. Thank you, Mr. Chairman.

Senator Lautenberg.

OPENING STATEMENT OF SENATOR FRANK R. LAUTENBERG

Senator LAUTENBERG. Yes. Thanks, Mr. Chairman. I am going to try to be brief because our time got a little skewed by virtue of the vote.

But I wanted to be here in particular to welcome Administrator Atwood for his excellent service to the Government.

I remember it very well when you first took on this assignment. It probably to you, like to my own change in career, anticipated—the time has passed very quickly, but it has not passed without a lot of really good hard work.

I want to commend you for it, and I would hope that if there is a successor—and that is assuming that perhaps we can send you on your way to Brazil. But if there is a successor, I hope he will continue—he or she, rather, will continue to try to make the reforms and the changes that you have made. It is a legacy that you should be very proud of; we are. And we wish you well in the future.

I wanted to ask you this: I think the chairman was particularly astute in the kinds of questions he asked, because I think if we look at the facts, we see enormous problems in the future.

Let it not be misunderstood, I am fully behind what the President and NATO is doing and I want them to continue vigorously, because we cannot tolerate the kind of ethnic oppression that we have seen there and the cruelty and the atrocities that accompany it.

But if there is, hopefully, an outcome that can have the refugees returning to their communities in Kosova, has there been any kind of an estimate as to what it might cost to resettle these people?

Mr. ATWOOD. The World Bank, I believe, has looked at this and has determined that, I am not sure that this is the final determination, but that the international cost would be about \$3 billion. Obviously, part of that would be to try to start up an economy again, so that the economy itself could take a lot of the burden of reconstructing the country.

Senator LAUTENBERG. You know, I have had a chance to visit the area. I was in last year. I was in Bosnia, Albania, Kosova, and Montenegro. And the condition of the surrounding states is a problem that existed far before the refugee groups started to swell and move to their—to those places.

I think it is fair to say that we have a huge interest, an investment there that we have got to take care of. I think that if we succeed in getting restoration of the community places that were occupied by the Kosovars, we will have had said to the world at large in the 21st Century that this—that ethnic cleansing, this kind of oppression is not a standard by which you can measure your conduct. And I think that the response by NATO will have confirmed that.

Anyone else who is ever thinking about it in the future will have to look at these pages in our history and say, "We do not want to be subjected to them, and I wish you well."

My concerns are the ones that you expressed yourself, Mr. Atwood. I would hope that we will know better about what the needs are. But I am dismayed that the budget resolution—and I am the ranking member on the budget committee—cut function 150 by 15 percent from where the President was. And I think we have to find some way to restore that.

We have all kinds of concerns in this very important subcommittee, including the securing of our embassies, protecting our people who are serving this country in other places.

So I would urge that we see if we can do something in the supplemental—though I do not want to—I do not want to muddy the waters there, because as it is, it looks like it is going to be a train to pull lots of others interests that should not be there.

So, Mr. Chairman, we will just have to continue to do what I think you personally want to do in terms of functioning and particularly with USAID.

Senator MCCONNELL. Thank you.

Mr. ATWOOD. Mr. Chairman, if I may just respond briefly to Senator Lautenberg.

I want to thank him first for his very kind remarks, but I think I should reciprocate, because I think your public service has been wonderful and I know that, given your own success in the private sector that you did not really need to do this kind of a job, but you have also served very well.

I know you are also leaving your position at the end of this term, but it will be a loss for the Senate. Thank you.

Senator LAUTENBERG. Thank you very much.

Senator MCCONNELL. Thank you, Senator Lautenberg.

Senator Campbell.

OPENING STATEMENT OF SENATOR BEN NIGHTHORSE CAMPBELL

Senator CAMPBELL. Thank you, Mr. Chairman.

On April 21, the U.N. raised the estimated number of refugees from 650,000 to about 950,000. I noticed in your notes, you said that something like 700,000 men, women, and children have been forced from their homes and crossed the borders into Albania, Macedonia, and Montenegro; and then also mentioned that estimates go as high as 800,000 or more.

Does that mean that there may be that many still in Kosova in hiding, or in addition to the 700,000?

Mr. ATWOOD. We think that 700,000 to 800,000 are in IDP status, internally displaced status at this point. Yes, Senator.

Senator CAMPBELL. Yes. And let me ask you something about Guantanamo Bay. I have never been totally clear on this.

I understood the original plan was to resettle 20,000 refugees at Guantanamo. But by housing them there, they would not have been eligible for asylum, and so that is why they are going to be housed in other places. Is that correct?

Mr. ATWOOD. That is right, Senator. We made a decision. You know how the Government works.

Senator CAMPBELL. Yes.

Mr. ATWOOD. When you consider moving refugees, it would have taken us a very long time to come up with a decision, frankly, because of legal considerations, the need to involve the Justice Department and the like, to actually take them to the United States.

We needed a quick decision on this one, so that we could respond to the commitment we made to bring in 20,000 people and the expedient decision to break the deadlock in Macedonia was to say they would come to Guantanamo.

Senator CAMPBELL. I understand.

Mr. ATWOOD. We have now been able to—

Senator CAMPBELL. Is Guantanamo going to be used for anything?

Mr. ATWOOD. No, not at this juncture, Senator.

Senator CAMPBELL. You also mention we are going to encourage the return of the Kosovars to the extent we can. Do we have any projected estimate of what that will cost in addition to what this supplemental is going to provide?

Mr. ATWOOD. We do not. And one of the reasons that we did not put this into the supplemental is because we would have had a hard time defending any particular number, not being able to get on to the ground in Kosova and assess the damage ourselves and come up with the number.

As I had mentioned earlier, the World Bank sees this as possibly a \$3 billion international commitment to try to get the economy of the autonomous or whatever status Kosova will have to—

Senator CAMPBELL. Over how long?

Mr. ATWOOD. I am not even sure of that, Senator, at this point. They said \$3 billion. When we did the Bosnia thing, they came up with a \$5 billion package over 3 years.

Bosnia was a lot larger. There were many other complications in Bosnia, so \$3 billion may be a good ballpark figure for Kosova.

Senator CAMPBELL. And that—did I understand that the administration has said that we would try to supply 25 percent of that cost, or is that just a figure for—

Mr. ATWOOD. I think we have used the figure 25 percent in support of our request for this supplemental. That is our normal contribution to UNHCR and an effort to provide for humanitarian relief.

I am not sure that we have decided what percentage we would come up with respect to the reconstruction of Kosova, but that is probably about right.

Senator CAMPBELL. Well, it is a pretty good—probably, pretty high probability that this will not be the last request.

Mr. ATWOOD. This is an emergency request. We have tried to keep it restricted to what we need now and through the end of this fiscal year, so you are right.

Senator CAMPBELL. OK.

Thank you, Mr. Chairman. I have no further questions.

Senator MCCONNELL. Thank you, Senator Campbell.

Senator MIKULSKI.

OPENING STATEMENT OF SENATOR BARBARA A. MIKULSKI

Senator MIKULSKI. I thank you, Mr. Chairman.

Well, I, too, really want to thank you, Mr. Atwood, for your service at AID and wish you well, and know that I am sure that you did not think that the last months at AID would be filled with such deep and extensive and melancholy responsibility.

Mr. Atwood, we have had extensive military briefings on a frequent basis—they have been detailed; they have been specific; and they have been very helpful—so that we could kind of get a picture of what was needed in terms of our emergency military supplemental.

But I must say, I do not think that the administration has organized the same type of extensive briefing on the refugees. What I keep seeing on TV is the flow of the refugees into our own—into front line states or being trapped in Kosova. And all we see are the horrendous melancholy situation. And there is no picture other than the most heart-breaking and chaotic situation.

So I do not have it. I really do not. I have numbers here. I have statistics here. I have the pictures here, but I really do not have a picture of what people are doing.

Now, I visited—I have not had the opportunity yet to go to this area, which I hope to in the future. But I did visit it by proxy by going to the Catholic Relief Organization, whose international headquarters is in Baltimore, to meet with staff who had just come back to be able to telephone to key staff right into the camps. And actually they are giving you and other AID and our U.S. military helping them very high marks. But we do not have a picture.

Second, when we talk about it, we have one state, Macedonia, that is ready to explode. We have another front line state, Albania, that is ready to implode because of the chaos. And we are in for a very long haul as Chairman McConnell has indicated.

If peace breaks out, there is the funding for the resettlement. If peace does not break out in the way—a time table we would all hope, we have the situation that we are now confronting and even a magnitude that could grow.

I believe the American people will support us. Look at the 45,000 people that called the FEMA hotline, so that they could give to a proper relief organization. And we know that.

But we need to have a picture, so that we can really talk about how we need to help you do your job and help others be able to do what these gallant NGOs, not only Catholic Relief, but working in Kosova like the International Orthodox Christian charities that are actually in Kosova and in the area doing help.

So I am going to give you the chance to paint a picture in my question, because I hear \$150 million for this and so on. Anyway, I think we need a briefing. I think we need the same kind of briefing on refugees that we get on the military.

Right now, I know more about what oil tanks that we have taken out than what refugees have been taken in and where they have been placed.

This is not a blame conversation, but we really need it. And a lot of our colleagues, I think, would like—would welcome this as well.

Having then said that, let me get to my specific question, which is: Tell us, really, with the displaced people—and they do not like to be—the organization said, “Please refer to them as deportees.”

The deportees—could you tell us then, what is the condition in the camps in Macedonia? Could you paint a picture of this condition and how we are responding? What are the NGOs doing? Is it as chaotic as we think and how is our U.S. military and other NATO military helping out? And what does it cost to do this?

Mr. ATWOOD. Thank you, Senator. I have come up here with Secretary Cohen and Secretary Albright and General Shelton and others, and there is obviously a lot of interest in the military campaign, because this may be the ultimate answer to the refugee problem. If this succeeds, we will be able to get beyond this.

But often they will talk about the problem. And it has been a problem. I think it has been worked out very well; working with 19 other NATO nations on command and control decisions and targeting and the like. I think they have done a very good job of sorting that out.

Put that on one side. And then think about the problem that we face on the refugee side. We are not only working with not just 19 nations, but a lot of other nations who are trying to respond to this.

We are working with UNHCR. We are working with two governments that are under tremendous pressures for different reasons. And we are working with a large number of NGOs who are absolutely, as you suggest, essential to getting this job done.

I mentioned the other day in the hearing that CRS—and I saw Ken Hackett, the head of it yesterday—is really stretched thin. They have got people all over the world who they have had to pull into Kosovo in order to handle this crisis. And so they clearly are a part of this effort.

But you do not get military discipline when you are talking about humanitarian organizations. You get people who are always talking to the press about all the problems. They should. I would not want to stop them from saying, for example, as someone was quoted the other day as saying, “This camp is on the verge of a riot.”

I am not sure based on my reports from my DART team that that was accurate, but people in the NGO community are trying to get the world’s attention. We need help. We need support. These people should not be kept in an uncomfortable state for one more day.

Our key task right now is in saving lives and making sure that health problems do not overwhelm us, and making sure that we can somehow alleviate the crowding of these camps.

In Macedonia, the situation is getting acute, because we have had in the last 2 days 12,000 people come across the border.

Now, they have built a camp at this Blace border crossing for 2,500 people in transit. That has been overwhelmed, but frankly it is a lot better situation than we had in the early days when people were left out in a field for several nights.

They are now building a new camp in Macedonia, and 5,000 people are going to be pushed into that camp. Pushed, that sounds like an involuntary way of doing it. They undoubtedly will welcome going into a new camp, because these conditions in Stankovic camp are really not appropriate right now.

So this is the picture. I mentioned earlier before you are going to have people saying that we are on the verge of crisis every day in the next weeks, because we still have maybe as many as 600,000

or 700,000 people that are going to come out. Right now, if they all came out all at once, we could not handle it.

Senator MIKULSKI. Are we able to feed the refugees? Are we able to provide facilities for them? Are we able to provide health care? See, you are making my point.

Mr. ATWOOD. Right.

Senator MIKULSKI. What I am reading is about chaos. I would love to have a map right here that showed "Here is this camp, and here is the response, and this is the condition," and, you know, "We are either running short of blankets," or "We have enough blankets."

Mr. ATWOOD. The good news is that we can provide enough food. The bad news is that people have to stand in long lines for that food.

The good news is that we have medical care and doctors sufficient to the task. We are inoculating kids against the measles possibility, and for polio. So we have, I think, people in place to save lives.

This is not going to mean the same as saying that they are living a comfortable life.

My fear, as the chairman indicated earlier as well, is that as the summer months come on, it is going to get oppressively hot in this region, particularly in the Macedonia camps. We need to make provision for that as well.

We are not there. And I said a few weeks ago that I would hope to say in a few weeks that we have stabilized the situation. We have not stabilized the situation yet. And if we keep seeing this outflow, we are going to see a constant crisis.

I do think the good news is that the World Food Program has performed very, very well, and that there are food pipelines now that are up to 2 weeks for whatever. We are preparing for the worst, which is that we could have a refugee population of 1.5 million people.

Senator MIKULSKI. So—it is essentially—it is a whole regional and ethnic population?

Mr. ATWOOD. It could be an absolute ethnic cleansing in the end. That is right. And that would mean a doubling of the population that we are now handling.

Senator MIKULSKI. Mr. Chairman, I am mindful of time, so please alert me when you feel I have extended—because I did not know if you were using—

Senator MCCONNELL. Yes. I am—I do not know why this has not clicked. I think you have been—

Senator MIKULSKI. OK.

Senator MCCONNELL. OK.

Senator MIKULSKI. If I—just one question: What is our military doing, for example, in Albania to create the infrastructure to deliver supplies? And that will be my last question.

Mr. ATWOOD. We are in the process now of—

Senator MIKULSKI. And what is the cost of that?

Mr. ATWOOD. They are in the process now of building a camp to service about 20,000 people. We have finally located a site for that, and they are doing that for us.

There are resources in the supplemental on the military side for humanitarian operations as well. I believe, about \$335 million.

Senator MIKULSKI. But are they building roads, or are they building a new airport? What are they doing?

Mr. ATWOOD. They are performing magnificently. The airport in Tirana, which is receiving all of the humanitarian goods, is basically being run by the U.S. military. The air traffic control system has been set up by the U.S. military.

They are going to be improving the facilities at the port of Durres, the only port that is available for us. And, increasingly, humanitarian goods are being shipped across from Italy by ship. We need them obviously for that purpose.

They are going to repair the road to Kukes, which is so dangerous, and people have talked about it.

We are getting tremendous support from the U.S. military and from NATO, and we would not be able to do this without them.

Senator MIKULSKI. Thank you.

Thank you, Mr. Chairman.

Senator MCCONNELL. Thank you, Senator Mikulski.

Senator Bennett.

OPENING STATEMENT OF SENATOR ROBERT F. BENNETT

Senator BENNETT. Thank you, Mr. Chairman.

Mr. Atwood, as I listened to Senator Mikulski, I find myself very sympathetic. Trying to get a picture of what is happening here—the chairman says we are in this for the long haul. I have no idea how long that long haul is going to be, but I think it is going to be longer rather than shorter.

And let me just share a few random observations with you that have come to me, and then underscore why we need the kind of big picture briefing that Senator Mikulski talks about.

The numbers that you have outlined, of course, we all know, the number of people that have been driven out of Kosova in the various camps. We are talking about bringing 20,000 of them to the United States. That is less than 10 percent of this first group.

I am told there are 145,000 refugees left over from the ethnic cleansing that took place in Bosnia. Only for some reason, we do not get concerned about those, because those were Serbs that were driven from their homes by Croatian troops.

Where are they? Are they in camps somewhere? Are—their children probably have the same need for medical supply and food as the Kosovar children do. That is part of the big picture.

I sat through briefings yesterday with General Shelton. He is doing what he has to do militarily, but the net effect of what he is doing and what NATO is doing is to destroy systematically the economy of Serbia or Yugoslavia.

And out of that destruction will come more refugees. Again, they will not be Kosovars. They may not have been driven from their homes by Milosevic's brutal police, but they will be driven from their jobs. They will be driven into desperation by NATO's systematic destruction of their economy.

The Albanians are saying that the responsibility for these refugees is ours because we did it. That is, they believe Milosevic's

propaganda, that people have been pleading—fleeing Kosova because of the bombing and not because of Milosevic.

Now, that is grotesque, but it is part of the big picture here that we have refugees in a place that is blaming America for the existence of the refugees. And that is not a conducive kind of atmosphere into which the—in which one mounts a humanitarian effort.

The thing gets worse and worse every day. And I would hope somewhere somebody who has the facts that I do not have is sitting back and trying to get this big picture that Senator Mikulski talks about, because ultimately this committee is going to have to make some very hard choices.

Are we going to say “We are going to embrace this entire problem and deal with all of these refugees”? Are we going to swallow hard and say what we did in Rwanda, which is effectively “We really cannot do anything for you,” and see some people starve?

Are we going to decide that the people we are going to let starve are the Serbs, and that the people we are going to fix—try to fix are the Kosovars, or are we going to say, “Well, let’s take 50/50 of each,” or—or whatever?

These are very, very difficult questions. They are not Republican questions or Democratic questions or Conservative questions or Liberal questions.

If we are going into this area with the humanitarian impulses that Americans have always had, I do not want to go into it piecemeal. I want to have some kind of overall picture as to just how bad this is and how manageable the challenge will be and where America is going to go.

Now, I know you cannot do that in response to a question here. I am just underscoring the need for the kind of comprehensive briefing—this briefing that Senator Mikulski called for, because if we are going to have to break caps from the budget committee, if we are going to have to have billions and billions of dollars not contemplated when the budget was drawn up, that is going to channel through this committee, we should not do it with a Band-Aid here and a Band-Aid there. We should step back and look at the whole thing. So I just underscore that statement by Senator Mikulski.

Now, let me ask you a few quick questions about the refugees coming here. Will they be eligible to bring their immediate families with them? And if so, how many people ultimately will this 20,000 turn out to be in terms of the number coming to the United States?

Mr. ATWOOD. The number, Senator, we are committed to bring is 20,000. And we do not want to see families separated. The idea of this program is to reunify families. They presumably will have family members here. And we certainly are not going to separate families.

We are not going to exceed the number of 20,000 at this juncture, but we feel we can bring families together here and meet those requirements.

Senator BENNETT. So that is the criteria, to be one of the 20,000, is that you have to have a—

Mr. ATWOOD. Right.

Senator BENNETT [continuing]. Family member already in the United States?

Mr. ATWOOD. That is right, or you have to be a, what is called in the law, a vulnerable case. Meaning that you have a serious health problem that can be treated here in the United States.

Senator BENNETT. Now, when do you estimate they might return?

Mr. ATWOOD. We estimate that—we cannot estimate when the war will be over.

Senator BENNETT. Yes.

Mr. ATWOOD. But that is when we expect most of them to return. They have certain rights when they get here to apply for permanent status, but we expect and will encourage them to return, and we will provide resources so they can return.

Senator BENNETT. Well, all right.

Thank you very much.

Senator MCCONNELL. The the answer to that is never.

Senator BENNETT. That is my instinct as well and——

Senator MCCONNELL. These are the 20,000 of the luckiest refugees, I think it is safe to say.

Senator BENNETT. That is right.

Senator MCCONNELL. Thank you, Senator.

Senator Leahy.

PREPARED STATEMENT OF SENATOR LEAHY

Senator LEAHY. Well, Mr. Chairman, I will put my statement on the record.

Senator MCCONNELL. OK.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

We are fortunate to have Brian Atwood here to discuss USAID's budget request for fiscal year 2000. Brian has been a strong advocate for USAID, for fighting poverty, for United States leadership in solving global problems that threaten our economy and our security.

By now I think we all recognize that our way of life depends on what happens in the world around us. Infectious diseases do not pay attention to national borders. A person infected with HIV or measles in Asia can be in Los Angeles in 12 hours.

Poverty and violence impede the development of markets for U.S. exports, and create economic and political refugees who end up here.

These problems pose far greater challenges to Americans than ever before, yet many Members of Congress want to cut foreign aid. Why is that? The only explanation is that the public continues to mistakenly believe that 15 cents of each Federal dollar is spent on foreign aid, when in fact we spend only one penny. It is terribly short-sighted.

USAID has had to cut programs that it makes no sense to cut. Take one example—protecting biodiversity. We are spending far less than a few years ago, yet the pressures on the environment are rising steadily. Agriculture, energy conservation, family planning. We are doing less, not more.

In health, we are doing more, but not nearly enough. The number of people infected with HIV has increased by 15 percent per year. By the year 2000 it will reach 40 million. 12 million children have already lost at least one parent to AIDS.

We know how to limit the spread of AIDS, but our funding has remained stagnant for years. We are about to approve at least \$6 billion in emergency spending for Kosovo. AIDS is an emergency. It is a catastrophe. We should treat it like one.

Members on both sides of this subcommittee have urged us to provide \$60 million to combat tuberculosis. That is five times what AID currently spends. We should do it, but where would the money come from? We don't have it.

The same thing goes for our export promotion programs. With more money we could support a lot more exports of American small businesses, but we do not have it.

Brian, you are coming to the end of your tenure at AID. I want to thank you for taking an agency that was on its death bed and giving it a future.

A lot has been done but we have more to do. The contracting process is still agonizingly slow. Your written testimony says you plan to lay off more AID staff. I know the budget difficulties you face, but I want to discuss this further with you.

Mr. Chairman, you have fought for this budget and I and everyone here thank you for it. But it seems as if each year our job gets harder.

POLICY BASED ON POLLS

Senator LEAHY. I am glad to see Administrator Atwood here. I have been a fan and supporter of his, and I am pleased he is here.

Let me follow up a bit further on what Senator Bennett has said, because I have some of the same concerns.

We have a situation at which, at least in the initial part, not the part that involved you, but I worry that our policy, in the former Yugoslavia was not based on a plan. It was based on polls.

If the polls say, "Ground troops are not favorable," then we say we are not going to use ground troops.

People—historians can debate whether that encouraged Milosevic to move forward or whether, as some would say, he had his troops prepared to do that in any event.

But I think now that we are into it, no matter what the polls are, we better have policy by planning. Is it fair to say, for example, the entire population of Kosova, roughly 1.5 million people are going to end up as refugees? And if so, are we budgeting for that?

The goal is to get them back to Kosova. We did the same in Bosnia. How do they go back? Their property has been looted, their homes destroyed. Family members summarily executed, raped, tortured by people they may have to live near if they go back. I think we have to prepare for many of these refugees not going back.

The supplemental is for 6 months. That is going to take us to October and Senator McConnell has already said that is not enough. I agree with him completely on that.

What happens when winter comes? Do they have to stay there, or if they do not go home for winter, which they will not, what does it cost to carry them through the winter?

I mean they have—whether we like it or not, they have become ours and NATO's problem. And we are going to be providing most of the air power for NATO, but at this point we are all in this together for these refugees.

You have children who are going to die with dysentery, other diseases that adults may survive even in their weakened condition, but the children will not. They are not getting adequate nutrition in a number of areas, so these children again are going to be stunted for the rest of their lives as a results of that.

So do we have enough? Are we planning for them to stay through next winter?

Mr. ATWOOD. Senator, I am glad you asked the question, because it gives me an opportunity also to address Senator Bennett's point, which I think is a very valid point.

We have been trying from the very beginning here to do a lot of things. One of the things we have been trying to do is to keep a bipartisan coalition in support of the efforts, not just the war efforts, but the efforts to try to deal with the refugees. And I think we have succeeded.

One of the issues that I do not really want to get into very deeply here, but because I think I would rather have Jack Lew take on this, is sort of budget politics up here. We are submitting an emergency supplemental—

Senator MCCONNELL. I have asked Jack Lew some of these same questions, I want you to know.

Mr. ATWOOD. We did not want to endanger the bipartisan consensus by going beyond, you know, an emergency supplemental and adding a lot of resources for the reconstruction of Kosova and for other things that we did not think were legitimate emergencies. So that is a part of it.

With respect to the policy, part of the policy has been to try to get as unified a NATO as possible. And obviously, Milosevic has helped us a great deal in that regard in the way he has treated people in Kosova.

We now have a very strongly unified NATO, and that relates to the issue of ground forces and the like.

We also wanted to keep Russia in the game here. And I think that ground forces at this juncture would really alienate our friends in Russia who want to help in the diplomatic exercise that we are engaged in here.

So there are a lot of factors that do not relate to taking polls that are being considered here as we proceed down this path. We clearly—

Senator LEAHY. I am not suggesting a vague idea. I am talking about some of the things that we are going to see here in the first place.

Mr. ATWOOD. I understand, Senator.

With respect to the requests we have made here and our anticipation of the contingency that we would have to find winterized facilities, we are already engaged in looking for places where people could go in the winter.

We have got a number of large warehouse-type buildings where we might be able to use for a winterized situation if that contingency arises. But I want to make it clear that we have based our emergency request on the notion that we are not the only nation that is responding to the humanitarian crisis. The Europeans are doing a good job so far.

Senator LEAHY. But are we basing it on the propability that we could be there at this time next year in the same situation—

Mr. ATWOOD. We are basing it—

Senator LEAHY [continuing]. If not even more refugees than we have now?

Mr. ATWOOD. We are basing it on the worst case possibility that we may, as an international community, have to handle 1.5 million refugees and that they may all come out before the end of the fiscal year. But we are basing it also on the notion that our contribution will be in the 25-percent range.

Senator LEAHY. No. My point is: Is the 25 percent based on the fact that they may all come out and may all be there next year at this time, not back in Kosova, but still in refugee camps?

Mr. ATWOOD. Senator, no. We are basing it on the notion that we may have a worst case and we are trying to get through, both on the military side of this request, through the end of this fiscal year.

If we get to that point, and we are still faced with the prospect that they will be there next year, we clearly will have to ask for another supplemental.

Senator McCONNELL. Could I just interject on that point, Pat?

Senator LEAHY. Sure.

Senator McCONNELL. Before you got here, I said one of the things that we ought to give some thought to and I want to talk to you about, but have not actually yet, is putting in a contingency fund. There is no question this is an inadequate request.

Senator LEAHY. Yes. They are not going to go back this fall. I mean, that is—

Senator McCONNELL. Yes. This is an inadequate request. There is nothing in the 2000 budget that will accommodate this. We have a serious funding problem here.

Senator LEAHY. Which I will work with you on, because I cannot believe that they are going to be out of there.

I mean, I have a normally optimistic nature. It is part of my Italian side, but I cannot believe that they are going to be out of there, and I cannot believe it gets anything but worse as we go on.

I have a number of questions for the record. I know my time is up, Mr. Chairman, but if I might ask one question, though.

As a parent and as a husband, I cannot imagine anything that would tear more than not knowing where my children are or where my spouse is if you have been displaced like this.

We are looking at hundreds of parents who have reported lost children. Some of these children are too young to even speak. There are hundreds or thousands of family members that have lost contact with each other.

I have been talking with a number of technology companies. I know you have, too. They have offered to donate computer equipment and digital cameras to speed this up.

I talked to USIA about this. I know they work with UNHCR, the ICRC and IOM. Is this something that AID is involved in, too? We have some companies that are willing to donate equipment. Some we may have to buy.

But at least to the extent we can to get a digital record—if you have unaccompanied children in a camp, to be able to take digital photographs and be able to give people in other camps access to this and at least look at the pictures and maybe find out where their families are; or people who have got family names to be able to put them in and photographs, and see where they are.

Mr. ATWOOD. Senator, we are deeply involved in it. We want people to make donations of cellular phones. And the USIA is working on an Internet system that we can put in the camps.

And we are going to be funding Radio 21, which was the Kosovar radio station out of Pristina, so that they can have constant broadcasts to the camps. We would like donations of radios, transistor radios, so that people can listen to Radio 21.

They will be putting on lists of people who are missing. I do not think that anyone who just reads about this can grasp the emotion.

I stood there in Tirane at the refugee camp, talked to a woman who is missing her 21-year-old daughter. And the tears started to flow and I will tell you, it is a gut wrenching experience to just talk to them in person about missing people in their own family.

I had more hope for her than I have for many. If she were missing a 21-year-old son, he may be already buried in a grave in Kosova, unfortunately.

Senator LEAHY. Thank you.

Senator MCCONNELL. Yes. Thank you.

Senator LEAHY. I will work with you on that.

Senator MCCONNELL. Thank you.

Senator MIKULSKI. Mr. Chairman, can I just support your concept of a contingency plan? Because even if peace broke out in the next six weeks or four weeks, and even if the people went back to Kosova, they would have to one, rebuild. There is no time to plant. Even if things work well, the time frame——

Senator MCCONNELL. Yes. I would say, Senator Mikulski, before you——

Senator LEAHY. And this is not easy country.

Senator MCCONNELL. Before you got here right at the beginning of the hearing, I was saying to Mr. Atwood that I think we are looking at a long-term relationship with this whole area, the front-line states that have been severely pressured by all this activity, Kosova, maybe even Serbia with a different democratically elected government.

The net result of all of this is a long-term relationship, which could be similar to the relationship in the Middle East in the aftermath of the Camp David Accords; the big difference being that—at least I gather the discussions are that the U.S. participation is anticipated to be about 25 percent of the whole, whatever the whole is.

But that could be a pretty big 25 percent, which will require us to completely rearrange how we have done the foreign assistance bill in recent years.

And we are going to have to do that as soon as fiscal 2000, this next fiscal year, which means, Brian, that we need some more help, as everybody has pointed out, in looking forward.

And I know that there is a way to get some kind of additional information. I do not know why we cannot get a camp-by-camp breakdown of blankets, tents, food and medicine, compare it with the number of refugees. We ought to be able to get some of these statistics.

I think we are probably going to have to have additional hearings on this.

Finally, I want to ask a couple more questions.

Oh, I see the chairman did come back. I am going to defer to him and let him get his round in.

Senator STEVENS. Thank you very much. I am in another meeting down the hall there and I am sorry to be running back and forth, Mr. Atwood.

Mr. ATWOOD. Yes, sir.

OPENING STATEMENT OF SENATOR TED STEVENS

Senator STEVENS. Let me say that you are on the 2000 bill also, right? I have a couple of questions on that.

Some Alaskans have contacted me about the efforts to rebuild schools in Central America. This group is called Schools for the

World's Children, and they rebuild schools, and they particularly want to rebuild schools that were destroyed in Hurricane George.

They equip them and train the teachers, and they have a particular amount they spend per school. I think it is about \$50,000 per school.

They are working on four schools now over the next two years for Honduras. They have surveyed the sites, but say that they are having trouble finding out who they should work with in your agency regarding the relief efforts.

They offer time, talent and their own money. Could you, if you do not know precisely now, let my office know what agency they can work with?

They feel that they do not have anyone to work with, and I think they are reputable people ready to go and help. Is there a person in your agency who deals with this type of people? Do you welcome assistance from people like these?

Mr. ATWOOD. We certainly do, Mr. Chairman, people like that are vital to our efforts in Central America, so they can contact me directly or they can contact our Assistant Administrator for Latin America, Mark Schneider, who used to work up here on the Hill. You may remember him.

But we would be happy to talk to them. And, our hope is, of course, that we will see the Central American supplemental perhaps riding along with the Kosova supplemental so that we will have the resources to finance these good works.

Senator STEVENS. The second question is about our relationship with the Russian Far East. I hope you know that we feel very close in Alaska to the people over there.

Our people go over there on their own and they are trying to assist very much. There is a staggering problem in the Russian Far East with regard to orphanages in particular. They have quite a few of them. I visited one. I am told that they are short on almost everything including fuel. The homes are kept at about 45 degrees, when they do have fuel.

And I hate to put it this way, and don't mean to offend anybody, but we feel they are sort of forgotten as far as Moscow is concerned, the way we were for so long when we were a territory.

We have a great deal of empathy for them. We have adopted hundreds of their children to bring over to Alaska's family, just—not fully adopted. But, we have taken them into our homes. Last year, we provided funds to help these Russian orphanages. Senator McConnell helped us on that.

As a matter of fact, it is through his leadership, that was accomplished. But they tell us that the aid has not been distributed. Can you tell me why it has not been distributed?

Mr. ATWOOD. I do not know specifically what you are referring to, but I certainly will get you an answer. I know that we have obligated over \$30 million for a wide variety of projects in the Russian Far East for enterprise development, for environment, health and various partnerships.

It sounds like this is one of those partnerships. I think that we have had an opportunity, some of our people, to meet with you on this.

I know that our previous Assistant Administrator, Tom Dine, actually visited Alaska and has spoken to several officials there.

Senator STEVENS. Yes, he has, but we have not seen any of that come to fruition. Our people are still going over on a weekly basis. And they do not see much in the way of assistance coming in there.

Mr. ATWOOD. Well—

Senator STEVENS. Those are places that people forget. Did you know, that when I am home, I am closer to Japan than I am to Washington DC.

Mr. ATWOOD. Right.

Senator STEVENS. We are a long way away, and they are a long way away from their national government. But we see them, and they are not getting much help.

I do not know why we spend so much money west of the Urals, when the real tragedies are east of the Urals in Russia. But we seem to do that and just ignore a vast, vast area of people out there, who are more inclined towards us and our society and our way of life than Moscow's.

Mr. ATWOOD. Well, we agree with you, Senator. As I say, we have obligated \$30 million. I will look into this personally because, frankly, it is not only a worthwhile thing to do, but if we are not pleasing the chairman of the Appropriations Committee, I think we should look at this very seriously.

Senator STEVENS. Well, I will be pleased to go over there with you sometime.

Mr. ATWOOD. Good.

Senator STEVENS. I would love to take the committee over and really see what living in Eastern Russia is like. Most of the members of the committee have been to Moscow, but I do not think many of them have been to the Russian Far East.

I was able to go to Kosova, with a series of the Members of the House and Senate. One of the things that impressed us was the problem of food. I am being provincial to a great extent now. We have the food of the type that they can use in camps where they do not—people do not want to cook it.

One of the interesting things was they have cold meals. They do not want fires in every one of those tents, and I understand that. But our salmon is pre-cooked. You can eat it right out of the can. And we do. A lot of people do not like that, but you—we have pouch salmon now, and some of it is in larger sizes.

When I saw what they are handing out there, the first thing that struck my mind was: Why don't they distribute something that does not require cooking, something that is precooked, rather than some of the things that they were giving out?

They were giving out bread and some kind of boxed meals. But the meats that they were giving out were not the type that were easily preserved without refrigeration.

Canned fish does stay preserved and with the pouches now, it is easy to handle. I do not know why the relief efforts do not turn to something that is extremely edible, particularly with what else they were handing out.

I would hope that you would take a look at this issue. There is fish on the East Coast. There is fish also on the West Coast. But

there seems to be a lack of interest as far as our relief agencies are concerned in this type of food.

A very small amount of it has as much protein as a large amount of some of the other kinds of meats that are being distributed. And I would urge you to take a look at it.

Mr. ATWOOD. Yes, sir.

Senator STEVENS. When we went through the line was three-quarters-of-a-mile long.

Mr. ATWOOD. Yes.

Senator STEVENS. I went along with some of them when they got their rations. It was one meal for the whole day. That food has got to have real sustenance in it to keep people and, particularly young kids fed. They had six kids per family in that camp we saw.

Mr. ATWOOD. Yes.

Senator STEVENS. That is an enormous number of people to feed. Our State stands ready to offer assistance and to help finance efforts to get you some of that fish into that area if you would like to have it.

Mr. ATWOOD. Thank you, Senator. I want to give you one piece of good news. The lines are shorter, because we are now issuing ration cards to a single family. They can pick up the food for the whole family. I do not know why they did not do that at the outset, but—

Senator STEVENS. I do not know either, because there was distress there. Mothers with babies that were nursing had to stand in line for 4 hours in order to get their food.

Mr. ATWOOD. Yes.

Senator STEVENS. The fathers in that group were very upset. I know it is a matter of organization. You had 38,000 people in that one camp with one food line.

Mr. ATWOOD. Right.

Senator STEVENS. That did not seem very smart. [Laughter.]

Mr. ATWOOD. Well, as each day goes by, we get smarter, Senator, I think. I think that is the answer to your question. It is hard to— on the other hand, I have to say this for the people that are running the camp, when I saw the same camp you saw a few days later, I said to myself, if I had to organize a whole town of 25,000 or 28,000 people in 3 weeks time—they have done quite a job of doing it. I mean—

Senator STEVENS. Well, the camp was well laid out and they were happy people, except for standing in line.

Mr. ATWOOD. Yes. Absolutely.

Senator STEVENS. And they let us know about that. [Laughter.]

Mr. ATWOOD. Yes, they let me know about it, too, sir.

Senator STEVENS. Thank you very much, Mr. Chairman.

Senator MCCONNELL. Thank you, Mr. Chairman.

You requested \$25 million for police training. I am assuming— or should I assume that that includes the Macedonians?

And I also want to ask you since one of my great frustrations from the beginning is our unwillingness to arm and train the KLA—we know the only good thing that is happening on the ground inside Kosova is the KLA is gaining in numbers and strength. And we cooperate with them in every way, except we will not arm and train them.

Do you anticipate the KLA participating in some kind of police training as well? In other words, what are you going to do with the \$25 million? Let me just put it that way.

Mr. ATWOOD. The \$25 million is designed to train the refugees so that we can stand up a police force in Kosova as they return, rather than this waiting as we did in Bosnia.

Senator MCCONNELL. All right. Well, who are these people going to be?

Mr. ATWOOD. Well, we are going to have to think about how we identify those people. Clearly, they should be leaders of the community and people who are willing to volunteer to do police work, but that, I think, has not been sorted out, but they will be refugees for the most part.

They will get, I think, 5 weeks of training outside the camps, probably in Italy or some other location, and then they will get additional training as well. So we hope that they can perform some role within the camps, and then be ready to go back as a police force at that time.

Senator MCCONNELL. Well, I am pleased that you are shortening the wait in the lines by having one family member stand there instead of all of them. But it does certainly lead to the question of what else is going on in the camps other than waiting for food?

Has any thought been given to providing some educational opportunity for the children? Is anybody involved in social services for these folks? Is that underway? What is happening on the side of—

Mr. ATWOOD. That is part of the planning process. The Kosovars have been very, very clever over the years. For the last 15 years when they lost their autonomy, they have refused to go to Serb-run schools and Yugoslav-run schools, and so they have had a more or less of a clandestine educational effort underway.

We think, therefore, we can work with them to try to make sure that their children are educated. We have got some contracts out so that education can be provided as part of this. So that is a very important part of what we are trying to do, Senator.

Senator MCCONNELL. Well, I think it is pretty clear that this is going to be a long-term commitment, and we may well need to have you and others up before the committee more often in the next few months to try to figure out where we go from here.

There is not any question that we are going to have to restructure the 2000 regular allocation for this subcommittee to accommodate what is coming.

And we may well decide to put in a contingency fund that you did not ask for in this supplemental because there is not any question that you are going to have to come back and I do not know what—you know, whether we will have the—the time or the inclination to do another supplemental this year.

But in any event, we have got a lot to learn here. I want to thank you for giving us what you had, but I think you certainly share my view that we need to get a lot more as quickly as you can get it, so we can engage in some serious long-term planning not only for the immediate future—that is, the 2000 regular budget—but beyond that, because it looks to me like we are going to be in the area for a long time to come.

Mr. ATWOOD. Mr. Chairman, you have always been an advocate of more resources for the 150 international affairs account. I think that has been very wise of you. We are really strained.

I have rarely come before you when I have been offered more money. And what I am telling you now, very advisedly, is that we want to work with you on this. That is what I am authorized to say and I think that your idea is a good one. I hope we can pursue it.

Senator McCONNELL. Thank you very much.

Mr. ATWOOD. Thank you.

ADDITIONAL COMMITTEE QUESTIONS

Senator McCONNELL. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Agency for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

INFECTIOUS DISEASE SURVEILLANCE

Question. The GAO is doing a report, requested by myself and Senator McConnell, on barriers to the development of vaccines for use in developing countries. The problem is that the pharmaceutical companies are reluctant to invest in research and development of vaccines for use in countries where there is a great need, but whose people cannot afford them.

The GAO report will be the subject of a conference later this year, to try to develop a strategy for tackling this problem. I want to be sure that USAID participates in that conference.

In the past two years we have added \$100 million to support the new infectious disease strategy that USAID was instrumental in designing. One of the components of that strategy is strengthening global surveillance capabilities. Can you tell me what progress has been made on that? What about controlling malaria?

Answer. The surveillance component of USAID's infectious disease strategy is focused on building in-country capacity for surveillance. This is a key element of a global surveillance network, and recognized by our partners as an area where USAID could play an important role.

Over the past year, USAID has worked closely with WHO and CDC to develop appropriate regional and country strategies for improved surveillance systems; to undertake extensive assessments of surveillance systems in several countries; to improve laboratory capacity; and support epidemiological training. Over the course of the next several years, we will continue these interactions, and concentrate more intensively on helping a limited number of countries build surveillance capacities.

While not funded under the infectious disease (ID) directive, you will be interested to know that under USAID's Polio Eradication Initiative substantial investments are being made to develop a global network of laboratories, surveillance personnel and communities for acute flaccid paralysis—the signal condition for polio. Drawing on lessons learned from this large global effort, and building on it where technically appropriate, is part of our infectious disease plan.

In Africa, USAID has brought together WHO/AFRO, WHO/Geneva, the CDC, our Missions and Host Governments to identify a set of technical and geographic priorities to improve surveillance in the region. Activities include developing and implementing national plans of action, establishing sub-regional training centers of excellence, targeting key diseases such as malaria, meningitis and measles, initiating sub-regional cooperation and networking, and promoting political and fiscal advocacy to insure sustainability. Efforts in Asia focus on epidemiological networks to track key diseases such as pneumonia and dengue. Plans for centers of excellence and a sub-regional network to report and contain outbreaks are being worked on with WHO and CDC.

Efforts to improve surveillance also require investment in better tools that can be used at the field level to identify diseases quickly and cheaply. For example, a simple diagnostics for active tuberculosis and malaria (see below) will be critical for effective control.

Approximately \$30 million of the \$100 million appropriated by Congress for USAID's Infectious Disease Initiative has been targeted to support the prevention and control of malaria. In collaboration with the World Health Organization's new Roll Back Malaria initiative, the Centers for Disease Control and other partners, USAID has focused on:

(1) *Expanding the application of recently proven interventions for the prevention and control of malaria in Africa.*—This has included scaling-up from earlier field trials in Kenya, Malawi, Benin, and Zambia. [In Zambia the new Infectious Disease funds has allowed USAID to leverage complementary resources from the Japanese Government—under the U.S.-Japan Common Agenda—to provide expanded malaria control to more than 50 percent of the Zambian population threatened by malaria] The infectious disease fund has also been used to expand country-level support to six additional African countries—Angola, Eritrea, Mali, Mozambique, Rwanda, and the Democratic Republic of the Congo.

USAID is also promoting a regional Africa insecticide-treated mosquito net initiative to support the strengthening of the African commercial sector capacity to provide comprehensive “bednet” services in up to six African countries—and provide protection to more than 12 million African children over the next five years.

(2) *Extending USAID malaria activities to regions other than Africa.*—Over the past two years the infectious disease fund has been used to expand USAID's malaria activities in Asia and Latin America, including the establishment of new bilateral programs in Nepal and the Philippines and providing expanded support to the countries of South-East Asia and the Amazon basin of Latin America for the monitoring and control of new strains of drug resistant malaria.

(3) *Promoting the development and field testing of alternative malaria drug therapies.*—With WHO we are currently supporting eight field trials of new drug-combination therapies. These trials will lead to the availability of new malaria drug therapy options by 2001—and be the basis for new longer-term strategies for slowing the emergence and spread of drug resistance.

(4) *Development of new technologies and approaches for prevention and control of malaria.*—This work led to the field-testing of two low-cost malaria diagnostics. Initial trials conducted in Peru and Malawi have shown these diagnostics greatly enhance the ability of rural health workers to correctly diagnose malaria, resulting in timely and effective treatment. Based on these encouraging results WHO will convene a consultation this August to examine best strategies for widescale introduction of these new diagnostics.

HIV-AIDS

Question. In your testimony you mentioned that the Administration's budget fiscal request for HIV/AIDS is \$127 million, a \$2 million increase over fiscal year 1999. The rate of HIV infection is increasing by 15 percent per year. Shouldn't we be treating this like the staggering health emergency that it is?

Answer. We agree that over the past decade there has been a massive expansion of the HIV/AIDS epidemic leading to a global crisis of unprecedented scale. There are now four times as many persons infected with HIV as in 1990 and the number of new infections per year now exceeds six million. AIDS is now the leading cause of death in Africa and the fourth leading cause of death globally.

The U.S. Government response to the global HIV/AIDS pandemic began in 1986 and since that time we have contributed \$1.143 billion to the effort, of which \$650 million has been expended in sub-Saharan Africa. Since 1991, the U.S. has been the lead donor, contributing 25 percent of the budget for UNAIDS and nearly 50 percent of overall development assistance devoted to HIV/AIDS prevention and mitigation in the developing world. The U.S. contribution of \$125 million in fiscal year 1999 is four times more than the next largest bilateral donor (Netherlands).

It should not be the sole responsibility of the USG to fund the international response. It is essential that other donors, lending agencies, multinational corporations, and especially host country governments also increase their financial contributions. However, we acknowledge the leadership role that the U.S. plays globally and the urgent need to expand the international response. Thus, we are exploring with OMB various options to increase the U.S. response.

Besides requesting increased funding, it is important to note that USAID is also pushing forward with multiple new initiatives within our existing funding levels to accelerate and expand our assistance for HIV/AIDS prevention and care, particularly in the hardest hit countries. These initiatives include: (1) working with Department of Treasury to explore innovative uses of debt relief and debt swaps to increase in-country funding; (2) supporting a southern Africa regional initiative which will target cross border transport corridors for prevention activities; (3) collaborating

with Department of State to more fully engage our diplomatic corps in advocacy and dialogue on AIDS issues; and, (4) as part of the UNAIDS-led "Africa Partnerships Initiative," USAID is focusing on developing a continent-wide technical support platform for provision of technical assistance and for improved exchange of best practices and lessons learned.

HIV-AIDS—MICROBICIDES

Question. USAID is spending a small amount each year to develop microbicides, which are products that would kill the AIDS virus before a person is infected. Several products are ready for testing on humans. This would be especially valuable for women in developing countries. Can you find out how much you are spending, and how the money is being used? I think we should do more on this.

Answer. USAID has been supporting microbicide development and evaluation for the past 12 years, and since the mid-1990s it has accelerated its work in this area. USAID's support is channeled through three cooperating agencies (CAs): the Contraceptive Research and Development (CONRAD) project, Family Health International (FHI) and the Population Council. For the three-year period 1997–1999, USAID committed about \$6.5 million for research on microbicides. In addition, USAID CAs leveraged an additional \$4.0 million over this period from other donors.

In August 1997, USAID commissioned an external expert panel to assess the status of microbicide development and suggest methods to accelerate the search for effective microbicides. The panel recommended that USAID could play a unique and complementary role in the following areas: increase public support and awareness for microbicidal products; identify potential markets for microbicides; increase the involvement of advocacy groups, especially domestic and international women's groups; and assist in the preparation for international clinical field trials.

Although several products appear promising, a variety of technical and clinical problems have hampered the transition of microbicides from the laboratory to clinical studies, and no product is currently ready for final phase clinical testing. It is crucial to overcome these difficulties prior to the start of large Phase III clinical trials of effectiveness and safety.

While increased funding could help accelerate the development and clinical testing of microbicides, USAID spends about 10 percent of its contraceptive research budget and about 30 percent of its HIV/AIDS/STD biomedical research budget on microbicides. This amount represents USAID's best judgment as to the proportion of microbicide funding in relation to other critical components of the response to the global AIDS pandemic.

HIV-AIDS—CHILDREN AFFECTED BY HIV/AIDS

Question. AIDS, especially in Africa, is leaving millions of children orphaned and vulnerable. The number of children who have lost at least one parent to AIDS worldwide is expected to exceed 15 million next year. What is USAID doing to help meet the needs of these children?

Answer. USAID recognizes and is deeply concerned about the growing number of orphans and vulnerable children in Africa and the growing numbers that are expected worldwide as a result of HIV/AIDS. During the past decade, the Agency has supported programs to address this issue as part of its HIV/AIDS prevention and mitigation efforts.

Leading the call to action to recognize the severity of the situation of children affected by HIV/AIDS, USAID released a seminal report on World AIDS Day, 1997. "Children on the Brink: Strategies to Support Children Isolated by HIV/AIDS" helped to define the nature and magnitude of the problem and identified strategies to address it. It has been widely distributed and used as a guide in the development of activities worldwide. Through subsequent publications and inter-agency working groups, USAID continues to collaborate with partners in sharing information and working toward the expansion of activities. Recently, for example, a team of representatives from USAID and UNICEF conducted an assessment of the situation of children affected by HIV/AIDS in Kenya, resulting in a series of recommendations for a collaborative effort to strengthen care and support of these children. USAID is supporting an effort for continued exchange of information through the establishment and maintenance of an international electronic network by which practitioners and researchers can benefit from innovative projects for children affected by HIV/AIDS being conducted throughout the world. Operations research is being supported in Africa through the USAID funded HORIZONS project, which is identifying and evaluating community-based approaches to determine the most effective and sustainable methods of providing support to children and their families. The IMPACT Project assists USAID missions to implement HIV/AIDS activities, including those

that focus on vulnerable children. Working with indigenous NGOs, the International HIV/AIDS Alliance, also funded by USAID, builds local capacity to provide care and support to communities and families coping with HIV/AIDS.

In addition, since 1991, USAID's Displaced Children and Orphans Fund (DCOF), has spent over \$7 million in Africa supporting AIDS orphans programs. DCOF currently supports community-based programs in Zambia and Malawi, and will expand to other countries in Africa by the end of this year. In fiscal year 1999 Congress appropriated a \$10 million supplemental fund to be used by USAID to support activities focusing on children affected by HIV/AIDS. \$7 million of these funds have been allocated for activities in African countries, including programs in Cote D'Ivoire, Kenya, Malawi, Nigeria, Rwanda, South Africa, Uganda, and Zimbabwe.

USAID continues as a leader in the effort to prevent the transmission of HIV worldwide. It is through primary prevention that children of the future will be protected from the trauma of living with a parent who is ill or experiencing the death of a parent as a result of AIDS.

USAID CONTRACT COSTS—OVERHEAD RATES

Question. I was told that when you award a contract there are overhead costs that can exceed the actual costs to the contractor, but which reflect a government-wide formula. Is this correct?

Answer. There is no "government-wide formula" related to overhead. Indirect cost rates (overhead) are calculated in a variety of ways and at the discretion of the contractor. The USG only ensures the methodology is equitable. There are more variations in methodology than I can count.

Each contractor has a single cognizant government agency (that agency which provides the most funding to the contractor) who is responsible for ensuring the propriety of proposed indirect cost rates and issuing an indirect cost rate agreement which memorializes the agreement between the government and contractor. All other USG agencies doing business with this contractor honor this rate agreement. These rate agreements apply only to cost reimbursement type contracts.

For most contract types, overhead costs are reimbursed at actual cost incurred and thus it is not possible to reimburse a contractor for more overhead cost than it has incurred. However, certain contract types include fixed pricing arrangements. In such cases, some or all costs are fixed at the time of the contract award. Generally an in-depth price analysis is performed to ensure the reasonableness and propriety of costs incurred before accepting proposed costs. Once a contract with fixed pricing terms is awarded, it is possible that the contractor will incur less cost than it actually is reimbursed for. Conversely, it is also possible that it will incur more cost than it is being reimbursed for and thus operates at a loss.

It is very rare that a contractor incurs less cost than it is being reimbursed for at any material level. Fixed price contracts are generally competed heavily and thus competition forces a contractor to propose the lowest cost possible or it risks not getting the contract at all. In addition, knowingly proposing cost higher than what it expects to incur is a violation of the Truth in Negotiation Act, and as such is considered fraud and is prosecuted vigorously once identified.

BLINDNESS

Question. Each year, we ask you to spend \$1 million on medical procedures to enable blind children to see again. This can be done in many cases involving congenital blindness. In fact, there are an estimated 18 million people worldwide—children and adults—whose eyesight could be restored after a \$50 operation.

Do you know how much you are spending? I would like to have a detailed breakdown of how the funds have been used.

Answer. USAID through its Office of Private and Voluntary Cooperation, in the Bureau for Humanitarian Response, has for a number of years given PVO grants for assisting blind children. Two PVOs with expertise in this area have received funds, both competitively and non-competitively, under these programs. They are Helen Keller International (HKI) and International Eye Foundation (IEF).

The following table delineates the program activities and amounts of funding since 1993.

PVO	Project	Childhood blindness funding	Purpose
HKI	SEE I	\$2.4 million 1993–1996 FAO–0158–A–00– 3077–00.	To integrate eye care services into health care delivery systems in the targeted countries in a sustainable and efficient manner in order to increase availability, access, reliability and quality of eye care services for those most in need: women, children and the elderly. HKI trained existing health care workers in primary eye care, pediatric ophthalmic surgery and administration; equipped health facilities with ophthalmic equipment and supplies; and fostered community involvement in the planning, implementation and evaluation of eye health services. Countries include: Morocco, Mexico, Tanzania, Bangladesh and South Africa.
HKI	SEE II	\$2.4 million 1996–2001 FAO–A–00–96– 90048–00.	To decrease the prevalence of preventable blindness and eye diseases, and to improve the quality of life of blind people in selected communities of Morocco, Tanzania, and Mexico. Over the life of the project, SEE II continues to foster sustainable, efficient systems for eye care delivery through partnerships formed among public, private, and non-profit sectors.
IEF	Sight Reach	\$700,000 1993–1995 FAO–A–00–93– 00053–00.	To correct the acute imbalance of eye care services in targeted countries by providing young ophthalmologists with an appropriate incentive to move to rural areas of smaller cities where no eye care services were available. In addition the program targeted blind and visually impaired children by aggressively seeking them out and providing sight-restoring operations where appropriate. Target countries include Albania, Eritrea, Guatemala, Malawi, and Nicaragua.
IEF	Seeing 2000	\$1.6 million 1995–1998 FAO–A–00–95– 00015–00.	To increase the quality and quantity of ocular surgery performed on children in order to ameliorate childhood blindness. IEF strengthened national and international NGOs and charity hospitals in developing countries to expand and improve their clinical and surgical services to blind and visually impaired children. Small 1-to-2-year grants (\$5,000 to \$25,000) were provided to qualified organizations whose proposals fit specific but flexible criteria. Thirteen target countries in Eastern Europe, Africa, Asia, Central and South America.

AGRICULTURE

Question. In last year's Statement of Managers we discussed the dramatic decline in funding for agriculture programs at a time when the challenges facing the rural poor are growing. In your written testimony you also mention the importance of these programs and the need for food security. We recommended \$305 million for agricultural programs in fiscal year 1999. Can you tell me how much USAID plans to spend on these programs this year?

Answer. Based on estimates which we are in the process of finalizing, and barring any unforeseen need to reprogram at the end of the year, we should be able to meet this level of \$305 million for agricultural programs in fiscal year 1999.

MATERNAL HEALTH

Question. Each year over half a million women die from complications of pregnancy and childbirth—about one every minute. Last year we encouraged USAID to spend \$50 million on maternal health. What amount of these funds is directed specifically at reducing the number of maternal deaths?

Answer. In fiscal year 1998, USAID spent approximately \$50 million on activities that improve maternal health and an additional \$7 million on activities to reduce maternal mortality. These Child Survival and Disease Account funds support programs around the world in more than 35 countries. Most causes of maternal death are preventable: severe bleeding, infection, consequences of unsafe abortion, hypertensive disorders and obstructed labor. With the \$7 million for maternal survival, USAID emphasizes helping women and families prepare for a healthy delivery, ensuring quality care during and after childbirth and improving the management of pregnancy complications. The \$50 million for maternal health includes enhancing the nutrition of women, particularly iron and folate supplements, as well as overall improvement in nutritional status; optimal timing of pregnancy; birth preparedness, prevention and control of infection including malaria and STDs; attended deliveries and post-partum care.

USAID recognizes the profound impact maternal survival has on child survival by focusing attention on interventions that improve the survival of the mother-infant

pair. Children whose mothers die are themselves 3–10 times more likely to die. Worldwide, deaths among children in the first month of life account for 60 percent of all infant mortality—with about 66 percent of these deaths occurring within the first week of life. Significant overlap exists between the actions needed for maternal survival and the actions needed for newborn survival. USAID addresses many of these preventable newborn deaths through clean and safe birth, maintaining body temperature, resuscitation, and immediate breastfeeding.

CUBA

Question. USAID is responsible for managing programs to support humanitarian and other assistance to pro-democracy groups in Cuba. Yet the USAID person responsible for these programs has been unable to monitor the funds to be sure they are spent properly. I want to be sure the assistance gets to the right people. Can you find out if this is being done?

Answer. The objective of the USAID program is to increase the free flow of accurate information on democracy and human rights to, from, and within Cuba. As you know, the Cuban Government opposes this program, and is doing whatever it can to impede it. End use monitoring is, for this reason, very difficult.

USAID is actively pursuing ways to monitor end use and impact of program assistance, through surveys, interviews with travelers to the island, and other modalities. The USAID Senior Advisor for Cuba visited the island in July 1998, and has requested a Cuban visa to return. He meets regularly with program grantees to ensure their activities are consistent with program objectives. The U.S. Interests Section in Havana assists with end-use monitoring to the extent practicable.

While the Cuban operating environment does not afford us the same freedom to monitor end-use and impact that we would find in other countries, we do have reliable reports which indicate Cuba's pro-democracy groups welcome and appreciate our support. It is also clear the Cuban Government fears the impact of our program, because they continue to stridently denounce it.

LORI BERENSON

Question. Our Statement of Managers last year called on the USAID Administrator and others to use their "financial resources and influence" to encourage the Peruvian Government to ensure that U.S. citizens imprisoned in Peru are treated humanely and given fair trials. Despite this, Lori Berenson has begun her third year in a Peruvian prison waiting for a fair trial. Do you recall doing anything in response to that request?

Answer. Because the Lori Berenson case is a sensitive one involving a U.S. citizen incarcerated abroad, it falls under the purview of the U.S. Department of State. I have relayed the Committee's concerns on this case to the appropriate officials at State and they inform me that the status is as follows:

The U.S. Government continues to urge the Government of Peru to grant Lori Berenson a fair trial in civilian court with full due process protection, and to provide her with humane prison conditions in the meantime.

Consular officers visit Ms. Berenson regularly and monitor her welfare between visits through telephone conversations with her occasionally and with prison officials weekly. From December 1995 through May 5, 1999 Ms. Berenson received 36 consular visits.

U.S. officials in Lima and in Washington continue to raise the case at every appropriate opportunity with high-level Peruvian Officials, including President Fujimori. We have also urged the Inter-American Human Rights Commission to the OAS to act promptly in response to Ms. Berenson's complaint against the Government of Peru. The Commission will hold hearings on Ms. Berenson's case in its next session in September.

 QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

UNFUNDED ASSISTANCE PROGRAMS

Question. What foreign assistance activities and programs could you undertake or expand if foreign affairs spending were increased beyond the level of the budget request, and how would this contribute to U.S. policy goals?

Answer. USAID supports the President's request for fiscal year 2000. We believe that the total request for fiscal year 2000 is sufficient, in view of the Administration's commitment to balance the budget and the many competing claims on government resources. The budget difficulties that USAID has faced have stemmed from

the significant restrictions attached to our funds, as much as from overall reductions.

While USAID is able to be responsive to a number of transnational and social priorities, such as infectious diseases, child survival, family planning and global climate change, we do so at the expense of funding for economic growth and democracy activities. The shortage of funds for these activities has limited our work in areas such as criminal, property and contracts law, dispute resolution, trade, prudential regulation of banking and securities sectors, rule of law and crisis prevention.

OFFSETS IN CENTRAL AMERICA SUPPLEMENTAL

Question. The supplemental appropriations bills to provide disaster relief for countries hit by hurricanes Mitch and Georges as well as aid to Jordan, which are now in conference, include offsets different from those in the Administration's request. Could you explain your concerns with the offsets included in the Senate and House bills? Would you agree that the best solution at this point would be to use the President's emergency designation to fund this urgently needed relief without offsets?

Answer. I certainly would agree that there should be an emergency declaration without offsets for this funding. In light of reductions which have already occurred in many of our current programs, we take exception to reducing these programs further.

WYE AID FOR ISRAEL AND THE PALESTINIANS

Question. The supplemental appropriations bill now in conference includes \$100 million for aid to Jordan, but it does not include the Wye aid package for Israel and the Palestinians submitted with the President's budget request. The Chairman of the full Committee, Senator Stevens, has said that he believes the Appropriations committee should do only one supplemental bill this year. In light of this, do you agree that the fiscal year 1999 funding for aid to Israel and the Palestinians to help implement the Wye River Memorandum should be included in the supplemental bill now being considered, so the U.S. is prepared to fulfill its commitments as soon as Wye implementation is back on track?

Answer. I wholeheartedly agree with you. It is very important to provide this funding.

QUESTIONS SUBMITTED BY SENATOR LARRY CRAIG

COLLABORATIVE AGRI-BUSINESS ASSISTANCE PROGRAM (CASP)

Question. There is a specific agricultural development program under USAID that I would like to call to your attention. In 1993, USAID combined its partnerships with four universities into one program, called the Collaborative Agri-business Support Program or CASP. According to repeated evaluations by USAID over the past few years, this program has successfully met critical agricultural development needs in developing regions around the world. Those evaluations also note that these university programs achieved some noteworthy successes, despite continuing decreases in support and funding from USAID. In addition, there has been repeated congressional support for this program in its current form, and this support has been as recent as last year's Senate and House committee reports. However, a recent letter from your agency clearly spelled out its intent to eliminate its partnership with these institutions. Can you explain why the Administration would choose to break this productive partnership?

Answer. I agree that CASP has been a useful and important collaboration between the universities and USAID. We have made important strides in improving post-harvest handling of seeds, grains, and other commodities under the CASP and predecessor programs.

The current CASP program ends in September 1999. USAID believes this is an opportunity to take the CASP concept a step further. For fiscal year 2000, we intend to implement a new, dynamic, market-driven program focused on food industry development that will build on the CASP's accomplishments.

The new program will emphasize adding value and enhancing competitiveness by improving the quality and safety of products entering the global market. Among other benefits, we expect this approach to catalyze partnerships between U.S. agribusinesses and growing private sectors in USAID countries.

USAID is working closely with U.S. universities to develop this new program. As required by Federal assistance procedures, the Agency will hold a competition to select the implementing institution for this new program. Typically, USAID awardees

consist of consortia of universities and private organizations. We look forward to the participation of CASP universities in this competition.

QUESTIONS SUBMITTED BY SENATOR HERB KOHL

HUMANITARIAN FOOD ASSISTANCE

Question. Identify the source of U.S. funds to be provided to meet the food aid needs in the [Kosova] region. Explain why there was no request for supplemental PL 480 funds; and provide the Administrations position regarding the pending rescission and proposed 2000 reduction in PL 480 especially in the context of the needs in Kosova.

Answer. Food aid needs for the people of Kosova will be met from three sources: PL 480 Title II emergency funding, Section 416(b) surplus disposal and the Emergency Food Reserve.

The Administration requests \$787 million of Title II development and emergency food assistance and no Title III food for development for fiscal year 2000. We estimate an additional \$50 million of prior year Title II resources will be available. This will permit a program level of \$837 million, the same level as this year. Using the authority provided under Section 416(b) of the Agriculture Act of 1949, the Department of Agriculture met emergency food requirements in a number of countries. We can also draw from the Food Security Commodity Reserve to help meet emergency food needs.

The Title III program is an important tool in our food aid arsenal, but it is not critical for emergency response as is Title II or section 416(b). While no Title III funds have been requested for fiscal year 2000, the Title III program authority will remain available for possible use, with funds transferred from other titles (up to 15 percent of each title).

The Administration opposes the pending rescissions, especially given pending needs in Kosova.

[Note: The Fiscal Year 1999 Emergency Supplemental Appropriations Act which was passed on May 20, after this hearing, and signed by the President the following day provides for an additional \$149.2 million in Public Law 480 Title II funding for Kosova and other emergencies.]

QUESTIONS SUBMITTED BY SENATOR ARLEN SPECTER

CARELIFT INTERNATIONAL

Question. The fiscal year 1999 Senate Operations Appropriations bill directs USAID to make at least \$3 million available to Carelift International to continue to expand its hospital development programs overseas. Will you please explain why USAID is unable to allocate at least \$3 million from fiscal year 1999 funds to the Carelift project?

Answer. USAID's funding available for health in ENI is neither sufficiently large nor sufficiently flexible to meet the Committee's target. Including the increases of this past year, health constitutes about six percent of the overall NIS assistance budget. Of this amount, approximately 80-85 percent was already programmed through Congressional earmarks and directives. These directives include women's health, programs to control infectious diseases, and U.S./NIS health partnerships. Our heavily earmarked health portfolio has strictly limited program flexibility and its ability to respond to additional directives, impending health crises or promising opportunities. Amidst other urgent and competing demands, the Office of the Coordinator for NIS Assistance did identify \$1.5 million in performance funds for the Carelift program.

I am pleased to report that discussions between Carelift and USAID are moving well and expeditiously. We recently received a revised proposal from Carelift. Once a cooperative agreement is in place, Carelift and USAID are both confident that Carelift will be able to demonstrate its value-added to USAID programs in the region, encouraging the partnership to continue based on Carelift's demonstrated merits.

Question. As you are aware from your meetings with my staff, since 1992, American medical and dental relief efforts in the former Soviet Union have relied on U.S. military and DOD surplus. Now that this supply has been exhausted, USAID must utilize the private sector in order for this valuable program to continue. The Carelift program has functioned with great success for 7 years and has recently partnered with an Atlanta firm to expand its operation by another 500 donating hospitals. Is

USAID prepared to fund this valuable project in accordance with its capability in fiscal year 2000?

Answer. The Department of State has informed me that humanitarian relief and transport specialists from the Department of State briefed Senate staff on the continued provision of surplus Defense Department medical supplies to the former Soviet Union. These specialists indicate that the supply of Department of Defense medical surplus is far from exhausted. I am pleased to inform the Committee that, during fiscal year 1998, over \$58 million of DOD excess property was provided to the former Soviet Union through Operation Provide Hope. The State Department—implemented Operation Provide Hope expects to provide another \$50 to \$60 million in DOD excess medical property to the NIS in fiscal year 1999. In comparison with programs implemented by the Department of State and the Department of Defense, USAID's comparative advantage in the ENI health sector has been its ability to provide effective technical assistance and training to strengthen the capacity of ENI ministries of health, hospitals, non-governmental organizations, and other health related organizations. Typically, medical equipment and supplies have been funded by USAID only to the extent to which they are essential to the programs' technical assistance and training objectives. The health partnership program, administered by the American International Health Alliance (AIHA), is the one USAID health program that has provided substantial medical equipment, and that equipment normally is donated by the U.S. partners themselves. I anticipate that some level of medical equipment will continue to be needed to complement the partnership program. I further anticipate that the Carelift/AIHA partnership, just now beginning, will continue based on its demonstrated merits. In addition, we are impressed that Carelift's record demonstrates that USG financial support is not necessary for the program to succeed.

SUBCOMMITTEE RECESS

Senator MCCONNELL. The subcommittee will stand in recess until 2:30 p.m., Wednesday, May 19 when we will receive testimony from the Honorable Robert E. Rubin, Secretary of the Treasury.

[Whereupon, at 12:15 p.m., Thursday, April 29, the subcommittee was recessed, to reconvene at 2:30 p.m., Wednesday, May 19.]

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS
FOR FISCAL YEAR 2000**

WEDNESDAY, MAY 19, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:35 p.m., in room SD-192, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell, Bennett, and Leahy.

DEPARTMENT OF THE TREASURY

OFFICE OF THE SECRETARY

STATEMENT OF HON. ROBERT E. RUBIN, SECRETARY OF THE TREASURY

ACCOMPANIED BY HON. WILLIAM SCHUERCH, DEPUTY ASSISTANT SECRETARY FOR INTERNATIONAL DEVELOPMENT, DEBT AND ENVIRONMENTAL POLICY

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. This hearing will come to order.

Mr. Secretary, we want to welcome you for what we assume will be your last appearance before the subcommittee. I notice that Bob Samuelson picked up on the President's suggestion that you were the finest Secretary of the Treasury since Alexander Hamilton in his column this morning. While he did not quite second that observation in its entirety, it was certainly a very favorable piece. I want to join with many, many others in congratulating you on an outstanding tenure in public service, and indicate to you it has been a pleasure working with you.

Secretary RUBIN. Thank you very much, Mr. Chairman.

PREPARED STATEMENT OF SENATOR LAUTENBERG

Senator McCONNELL. Senator Lautenberg was unable to attend this hearing, we have received his prepared statement and will insert it into the record at this point.

[The statement follows:]

PREPARED STATEMENT OF SENATOR FRANK LAUTENBERG

Mr. Chairman, I join you in welcoming Secretary Rubin for his likely final appearance before this subcommittee. Mr. Secretary, you know that while we understand your desire to move on to new challenges, your leadership will be missed.

The Foreign Operations subcommittee is an appropriate venue to pay tribute to your stewardship of the U.S. economy because our well-being depends on the health and growth of the global economy. Your skillful application of the financial and intellectual resources of international financial institutions has minimized the impact of instability in Russia and Asia on our own economy.

More importantly, you have helped mobilize and steer international efforts to help affected countries overcome the sudden outflow of capital. The Asian financial crisis will not be over for some time—certainly for people out of a job or grossly underpaid after high inflation—but the macroeconomic and institutional groundwork has been laid in most of these countries.

I know your Deputy, Larry Summers, has worked closely with you. The President's decision that he should succeed you—and I hope his confirmation will be completed quickly—represents continuity which bodes well for America's economic future.

Mr. Chairman, I am concerned that our arrears to the Multilateral Development Banks—our failure to make timely payments to fulfill negotiated commitments—may be reducing our influence in these institutions, just as it does in the United Nations. I hope we will be able to at least fulfill the President's budget request to make further progress in paying down those arrears.

I do have other concerns, including the proliferation of international financial institutions and the substantial overhead costs of these institutions, which I will raise when we get to questions.

Mr. Secretary, I hope you will also share with us your views on how the international financial system can be strengthened to reduce dependence on intervention, and how we can break the cycle of indebtedness of the world's poorest countries, many of which are in Africa.

Mr. Chairman, I look forward to Secretary Rubin's recommendations—including long-term recommendations beyond the scope of the present appropriations request—to help provide economic opportunity around the world which benefits Americans while helping others.

Thank you.

Senator MCCONNELL. We have certainly enjoyed a constructive working relationship. Looking at the issues that you typically bring before this subcommittee, we are almost clear of all arrears at the various international financial institutions, and have replenished the IMF coffers. Your departure is well-timed, in that I doubt you will want to repeat the IMF replenishment experience, so you leave before we face a new request to recapitalize the World Bank.

On balance, I think the multilateral banks have moved in the right direction to improve their process of evaluating projects and delivering loans and support. Transparency and integrity have been introduced into their vocabulary during your tenure, frequently with a little nudging from the Hill. Certainly those are positive developments.

I remain concerned, however, that the lending policies are not yet contributing to credible economic results. The issue I want to focus on today, in fact, is that one.

My concern was summed up by an expert on the international banks, who said: "Their officials believe there is no problem a country or an institution faces which cannot be fixed by a loan."

Historically, the banks and their employees are encouraged to move money. In many cases, this lavish lending pattern has created crushing debt burdens because the recipients' financial, tax, trade, and related policies are counterproductive to achieving the growth necessary to either pay back the debt or prosper.

In this context, I am concerned that your request for various debt relief initiatives may simply sustain failing countries and failed policies. The key component of the administration's request is support for the Heavily Indebted Poor Countries' Trust Fund, which will leverage contributions to cover debt primarily extended by the African Development Bank and Fund. This means we are establishing a new debt relief effort to cover old debt relief programs that obviously failed to produce results.

Perpetually recycling relief payments is probably not working. We need to understand why you think this effort will make a difference this time, especially since this support comes at the expense of both our contribution and the sales of up to 10 percent of the IMF's gold holdings.

We have heard from a number of members and entities, alarmed by the potential impact of these sales. The issue of weak policy standards and chronic recycling of loans is not unique to Africa. I am concerned by the international institutional approach in Russia and Indonesia as well. In both of these cases, I want to be assured that lending policies have not preempted sound economic conditions and requirements.

For example, I understand Jakarta has loans pending World Bank Board decision, totalling nearly \$1.5 billion. I think this disbursement at this particular moment for these projects would be perceived as offering political support to the incumbent candidate in the June elections. I realize Treasury officials are monitoring this decisionmaking process closely, and it is not entirely within our control. But I would urge you to encourage the Bank to delay disbursement until after the elections, to avoid any charges of political manipulation.

Let me also say that Senator Leahy, my friend and colleague and the ranking member, is on the floor managing a bill, and asked me to extend to you his apologies. You are certainly aware of his admiration for your performance. If there is some chance to get here, he will certainly do that before we are finished.

SUMMARY STATEMENT OF ROBERT E. RUBIN

So with that, Mr. Secretary, why don't you give us your opening observations, and then we will go to questions in what should be a relatively brief hearing.

Secretary RUBIN. Mr. Chairman, thank you very much. I appreciate your personal comments.

Let me comment briefly about the year 2000 budget request, and then let us discuss anything that you would like. I think you have raised a whole host of subjects that, at least in my judgment, are indeed very important subjects.

Let me start by saying that I think that, without question, this committee's approval last year of IMF funding and NAB funding was critically important in what has been a lot of progress with respect to the financial crisis of the last couple of years. I believe, as I get ready to step down from the Treasury Department, your continuing support of Treasury's programs with respect to the international financial institutions is enormously important, not only to the well-being of the rest of the world, but to the economic well-being of our country.

Our request this year of \$1.523 billion is slightly less than a 1-percent increase from last year and, in my judgment, is enormously important with respect to dealing with the effects of the economic crisis of the last couple of years, to promoting economic development around the world in developing countries, and also to providing debt relief, which we can discuss as you suggested.

With respect to the economic crisis itself, Mr. Chairman, I think that the judgments of the international financial institutions have, on balance, been sensible in the face of complex and unprecedented circumstances. I do think that, while we have had a severe crisis in the last couple of years, we have avoided what could have been a far worse situation and one that could have severely affected this country. I think the international financial institutions deserve a great deal of credit for that.

In addition, if you take a look at the countries that have taken ownership of reform—Korea, Thailand and, more recently, Brazil—there has been real progress. There is a great deal of work left to do in those countries, as well as more generally, but a great deal has been accomplished. We have worked to support foreign financial institutions, particularly focusing on transparency, on corruption—which I know is an issue of great concern to you—and their operations, on sensitivity to environmental and labor concerns, human rights, and a whole host of other measures directed toward establishing market-based economies in developing countries around the world.

If you take a look at what has happened over the last several decades, even taking this recent economic crisis into effect, there has been a substantial improvement in the living standards in most, if not all, of the developing countries around the world. Again, I think the international financial institutions have been central to that accomplishment. As these countries have grown, they in turn have become better markets for American goods and services.

In recent years, developing countries have been absorbing something like 40 percent of our exports. There has been a greatly heightened focus on combatting corruption. I agree with you, Mr. Chairman, I think it is immensely important, economically, as well as in social and moral terms. In fact I think corruption is in some cases the threshold issue. I have no doubt you will see, going forward, some substantially increased focus in these institutions on that issue.

With respect to the debt burden, it is a complicated question. It seems to me that you have a tension between competing considerations. On the one hand, borrowers need to feel a very strong commitment to repaying their debt. It seems to me that serious consequences need to follow from not paying debts. Otherwise, it seems to me the international financial system is not going to work and credit will not flow. On the other hand, there are countries that develop such unsustainable debt burdens that they really cannot get back on a path of reform and growth unless something is done to ameliorate the debt burden. It is that conflict, that tension, that we have tried to resolve with the proposal with respect to revising HIPC as well as with respect to the existing programs with respect to which we request funding. In our judgment, an economi-

cally sensible balance has been struck between these competing considerations.

As you observed, Mr. Chairman, we have made great progress, with the leadership of this subcommittee, in meeting our arrears and that progress in turn has been central in terms of the United States maintaining its leverage in these institutions. As you know, relative to the amount of money we contribute, we have an enormous influence in leveraging a vastly greater amount of lending. I think had we not paid our arrears, we would have put that leverage or influence at risk.

PREPARED STATEMENT

Let me conclude by saying that I believe that the ongoing support of the international financial institutions, as well as, I might add, the United Nations, is in our economic interest. It is a very good investment of our dollars, and it is also in our national security interest. I would just say in closing that I enormously appreciate the relationship I have had with this subcommittee and with you, Mr. Chairman. We have worked through a lot of very difficult issues together.

I know that everybody at Treasury is committed to continuing that relationship as we go forward in dealing with this budget and the issues that lie ahead. With that, I would be delighted to respond to anything you would like to discuss.

[The statement follows:]

PREPARED STATEMENT OF ROBERT E. RUBIN

Mr. Chairman, Senator Leahy, I appreciate the opportunity to testify today about the Administration's fiscal year 2000 budget request for Treasury's international programs. Last year, the leadership of this Committee was critical in approving the increase in our quota to the International Monetary Fund and our participation in the NAB, and that, in turn, was critical to dealing with the financial instability abroad, an effort that was so important to our own economy. This year, continued support of Treasury's international programs, which are central to the ongoing response to the financial crisis and to the overall effort to foster a healthy global economy, will promote the economic well-being of American workers, farmers and businesses.

Our fiscal year 2000 request for these programs totals \$1.523 billion, an increase of less than one percent from fiscal year 1999. Our investment in these programs supports the international financial institutions—the World Bank, the International Monetary Fund and the regional development banks—in helping to restore financial stability where needed, in promoting long term sustainable growth in developing countries, and in working with developing countries committed to economic reform to reduce unsustainable levels of debt.

With respect to the financial crisis, the International Monetary Fund, in close collaboration with the World Bank and the regional development banks, has developed new programs to bolster needed structural and policy reforms in the countries experiencing crisis, while at the same time helping protect the most vulnerable.

I believe that, on balance, the IFIs have made sensible judgments in confronting the enormously complex and, in many ways, unprecedented issues posed by the financial crisis, and have adjusted their judgments when appropriate. At the same time, we can gain from a serious study of these activities, especially with respect to the reform of the international financial architecture.

In those countries that have taken ownership of reform, for example, Korea and Thailand, there has been considerable progress toward a return to stability. Korea, which had less than \$4 billion in usable reserves when the crisis came to a head in December of 1997, now has more than \$55 billion. Short-term interest rates, which were as high as 35 percent at the end of 1997, now are at 5 percent.

But despite this progress, much remains to be done. The problems that gave rise to the crisis took a long time to develop, and they will take time to work through.

Here at home, while the most likely scenario remains solid growth and low inflation—subject to the usual ups and downs—certain sectors have been impacted by the crisis, some because of increased imports, and others because of decreased exports. Moreover, problems in the global economy do constitute a risk to our overall economic well being. That is why we have been enormously focused on the effort to restore stability and growth to troubled parts of the world, and the IFIs are at the center of this effort.

In addition to their role in responding to the global financial situation, the IFIs have played an important role in other crises over the last year. For example, the World Bank and the InterAmerican Development Bank have provided \$212 million to nations in Central America following Hurricane Mitch, and \$600 million to nations affected by El Nino. And the IFIs are helping the nations of the Balkans deal with the immediate and longer-term consequences of the recent crisis there.

Now, let me make several observations with respect to why the IFIs are at the center of our efforts to promote growth in the developing and transitional countries, growth enormously in our interest as these countries in recent years have purchased over 40 percent of our exports, as well as being at the center of our work to deal with the financial crisis.

First, they internationalize the burden. In 1998, \$1.4 billion in U.S. appropriations gave us great influence with respect to \$57.1 billion in total MDB lending.

Second, our fiscal year 2000 request for the IFIs is about 5.5 percent below last year's appropriation, with both years having included funds to pay arrears. Ongoing U.S. financial commitments to MDBs have been negotiated down by \$700 million dollars per annum, or more than one-third since the mid-1990s, without a reduction in our influence. The United States has been a leader in shaping policies in the MDBs and most of our key developmental objectives are now broadly shared by other members.

Third, because they are multilateral, these institutions have the ability to induce recipient countries to accept conditions that no assisting nation could obtain on its own.

Fourth, each institution has expertise special to itself to shape effective reform programs.

The United States, in concert with the international community, has worked forcefully with these institutions to reform their operations, reduce overhead, become more open, do more to prevent corruption, promote the private sector, and become more sensitive to environmental concerns, core labor standards and human rights. Under the leadership of Jim Wolfensohn, the World Bank has taken significant steps to improve operations. The United States and the international community are also looking very closely at the role of these institutions in the future international architecture.

Mr. Chairman, let me now comment briefly on long term growth promotion in the developing world.

The IFIs have been instrumental in helping countries throughout the developing world embrace market-based economic systems and become more fully integrated into the global economy. As a result, even taking into account the adverse impacts of the recent crisis, the last few decades have witnessed substantial improvements in living standards in most of the developing world. Infant mortality rates fell by nearly 50 percent from the early 1970s to the mid-1990s and life expectancy has risen by four months on average each year since 1970. Adult literacy has risen from 46 to 70 percent. As they have grown, these nations have turned into new markets for U.S. goods and services. In 1997, before the recent crisis, the developing world absorbed somewhat over 40 percent of U.S. exports.

As an example of the IFI role, IDA is the world's largest lender of concessional resources for projects in areas such as health, primary education, nutrition, safe drinking water, and proper sanitation. For every dollar the U.S. contributes, IDA lends about 8.5 dollars for programs that promote higher standards of living and foster stability.

Mr. Chairman, the IFIs have also greatly increased their involvement in combating corruption, which in addition to being a social and political issue, is also a critical economic issue, and an impediment to growth in many developing countries. IMF Managing Director Camdessus has been outspoken in his condemnation of corruption, and the IMF is increasingly giving explicit consideration to weakness in governance and to corruption in all its country programs. And under President Wolfensohn's leadership, the World Bank has become highly engaged in the fight against corruption. The Bank has developed new methodologies and techniques for analysis of the nature and extent of corruption in specific countries. Eleven countries have adopted this approach to help understand their corruption problems and to formulate targeted anti-corruption programs.

Mr. Chairman, even with the efforts of the IFIs, the vast economic and human potential of the developing world has barely been tapped. Just last summer, for example, I visited Africa, a continent with enormous potential and enormous challenges and still largely left behind in the global economy. Clearly, in Africa, and elsewhere, the need for—and the importance of—the IFIs helping to bring developing nations into the economic mainstream has not abated.

However, Mr. Chairman, bringing these countries into the economic mainstream often requires us to review the debt burden that they have accumulated over the years. The President has proposed a major debt reduction initiative to help promote the integration of the poorest countries into the world economy. It includes components providing for deeper or accelerated debt reduction and inclusion of additional countries into existing debt reduction programs, both multilateral and bilateral. Our policy tries to strike an economically sensible balance between competing considerations with respect to debt reduction. On the one hand, many developing countries are simply overwhelmed by unsustainable debt burdens. On the other hand, if the private sector does not believe that a country has a culture of credit in which there is a commitment to repaying debt, private sector capital probably won't flow to that country, and private sector capital is an absolute requisite for economic growth over time. In addition, if borrowers feel they are not going to have to pay back debt, it may result in unsound borrowing, which will then lead to future problems. Two additional points: Firstly, debt reduction is unlikely to have lasting benefit if not accompanied by meaningful economic reform, so that the resources freed up by debt reduction are used for good purpose. Secondly, our approach is designed to support substantial reductions in debt service payments and total debt burdens to levels consistent with what these countries can reasonably be expected to afford.

In line with this analysis, our budget request includes \$120 million for debt programs, broken out as follows: \$20 million for the traditional Paris Club mechanism, including reduction of U.S. debt under the initiative for the Heavily Indebted Poor Countries (HIPC) which was launched by the World Bank and the IMF in September 1996 to reduce debts to sustainable levels for those poor countries prepared to pursue economic and social policy reforms; \$50 million for a contribution to the HIPC Trust Fund, which will be used to support reduction of debt owed to multilateral institutions; and \$50 million to finance Debt Relief for tropical rainforest countries, as called for under the Tropical Forest Conservation Act of 1998.

In addition, we are requesting authorization to support IMF gold sales in order to provide additional support for HIPC countries. This proposal has received considerable attention. However, we believe it is reasonable for the IMF to use income derived from investments resulting from the sale of a small portion of gold reserves. The principal amount of the profits from such a sale would remain part of the IMF's resources.

Before concluding, let me note that, with the leadership of this Committee, we have made great progress in clearing our arrears to the Multilateral Development Banks. If the fiscal year 2000 request is fully funded, our arrears will be reduced to \$141.9 million. Delays in paying U.S. commitments on internationally negotiated agreements come at a high price in terms of our influence and effectiveness with the institutions and their members. We want to continue working closely with this Committee and the Congress to fully meet U.S. financial commitments.

Mr. Chairman, Senator Leahy, let me conclude by reiterating that our strong support for the international financial institutions—as well as the United Nations—strongly promotes America's economic well being and national security interests. This Committee is central to providing that support, and we look forward to continuing our good working relationship as we deal with this budget request.

WAR IN SOUTHEAST EUROPE

Senator McCONNELL. Mr. Secretary, I want to start off in an area you probably thought you would not be asked about today. And that is the war in Southeast Europe. Clearly this is going to come to an end sometime soon. We are all assuming—and this comes from somebody who supported the President on the resolution for air strikes—we are assuming it is going to have a successful conclusion—success being defined as the President defined it: Kosovars back in Kosova, an international peacekeeping presence.

Looking beyond that, there is no question that out of all of this is going to come a new and profoundly different relationship be-

tween this country and the countries with which we have had limited dealings in the past—Albania, Bulgaria, Romania, Macedonia, certainly Kosova, whether it is autonomous, independent, whatever it is, and maybe even Serbia, depending upon who is in charge of Serbia at that point.

In short, I think it is reasonable to anticipate a long-term relationship maybe similar to what happened in the Middle East after the Camp David Accords. There has not been a foreign aid authorization bill that has become law since 1986. In fact, foreign assistance, whether it is bilateral or through the banks that you are principally interested in, comes through this subcommittee, through the appropriations process, on an annual basis.

I have begun to give some thought to how we are going to be able to accommodate this new relationship in our foreign assistance budget, which could begin as early as the regular appropriation bill this year. And my question of you is: What kind of planning, if any, have you been involved with, looking beyond the end of the bombing, that may involve the European Bank, the World Bank and IDA, for the assistance to and reconstruction of this part of the world?

Secretary RUBIN. Well, I think your observation is well made. It was 3 or 4 weeks ago—I have forgotten exactly when—we had the IMF/World Bank meetings here, which were attended by the G-7 finance ministers and central bank governors. One of the finance ministers suggested that there be a special meeting to discuss Kosova. It is my recollection—I do not remember the exact number—that there were something like 30 finance ministers interested in discussing the very subject you just raised.

At that meeting, the United States suggested that the World Bank and the E.U. together ought to coordinate a study of the reconstruction needs in a post-conflict situation and start to give some thought to a strategy that might be followed, as to how this funding would take place and how it would be arranged.

There is a little bit of a model—and there are distinctions—but there is a little bit of a model from what happened in Bosnia and the reconstruction efforts with respect to Bosnia. So what we did was to charge the World Bank, but also the IMF, to begin devoting very serious resources to thinking about these issues. In addition, within the U.S. Government there have now been a number of meetings—I have not been actively involved in the meetings, but the deputies and the working group levels have been engaged—that have begun to think through how we go about or how the global community should go about dealing with this question of reconstruction.

So I think it would be fair to say that there is a lot of focus on the issue, though it is still at an early stage in terms of planning. But as you correctly suggest, reconstruction needs to be a very high priority once the conflict is resolved. I think there is at least a very good and energetic focus on that issue now. I might add, I think, in having the World Bank and the E.U. coordinate this effort, it seems to me that the coordination process is in the right place. There will certainly be more than ample opportunity for the United States to participate with our thinking and our views.

Senator MCCONNELL. The only figure I have heard used—and I cannot remember over how long a period this was—was a \$3 billion figure. The assumption being that responsibility would be divided up largely as it is in NATO, with the United States having 25 percent and the rest of NATO having 75. Just assuming for the sake of discussion that that is a rough balance of the financial responsibility, do you know whether any of this is envisioned going through these banks? Just how is it going to be structured?

Secretary RUBIN. I have not seen numbers like that. I have seen other numbers, Mr. Chairman. I think it is too early to try to make a judgment as to what such a number might be. It is also too early to know how that financial responsibility might divide up. It is certainly anticipated by the United States—that is to say, by ourselves, and I suspect the other G-7 would agree with this—that the international financial institutions would bear very substantial responsibility not only in the planning and the strategizing, but also in the funding.

But, clearly, I would guess—and this is getting ahead of where this process is—that there would also be a bilateral piece. I think the World Bank and the EBRD would play a very substantial role, and I presume the IMF as well, in certain respects, in the funding.

Senator MCCONNELL. Is not there a pretty widespread feeling that the World Bank has not been particularly effective in Bosnia? Certain things have worked in Bosnia, but it is not in better economic shape, is it?

Secretary RUBIN. I have the impression with respect to Bosnia—and I am not deeply knowledgeable about it myself—that some things have actually been more successful than you might have thought and other things have not been successful. So I think it would be fair to say that while some things have worked, other things have not. We probably ought to learn from the experience in Bosnia.

Also, I would make a more general comment, Mr. Chairman. I do not think any of these things are going to be easy. You take a war-torn country or a war-torn region—the area you are talking about—with peoples that have had non-amicable relationships with each other over a long period of time, this is going to be a very major challenge, but I think it is a very important challenge. I think the response to the challenge is one that I have been impressed with, at least by the seriousness of purpose that has been expressed by the G-7 ministers and by the World Bank people that I have spoken to about it. But this is going to be a long haul, not a short haul. I think the same is true in Bosnia, I might add.

Senator MCCONNELL. I am not criticizing you for the vagueness of your answers. Am I to assume that basically nobody has got the answer to this yet, or you just have not been in the meetings where the answers are formulating?

Secretary RUBIN. People in Treasury have been at the meetings. I have not. But that would require an amoeba-like quality about me. But I think that the idea that somehow or another we can come up with a solution that we can very quickly go from a concept to implementation to a result, is not realistic in this economic situation, Mr. Chairman. I really do think these things are going to take a long time and there are going to be some things that work

and some things that do not work. We are going to have to have patience to work our way through them.

I think I can say with a heightened degree of accuracy that nobody knows at this point what the valid numbers are going to be in this undertaking.

Senator MCCONNELL. I get the drift of your comments. Whatever planning is going on has not reached a stage where it could be presented to the Congress yet. Before you leave, you might want to suggest to your colleagues and the administration that this needs to be put on a little faster glide path, because it will be done through the appropriations process. It will be done through this subcommittee. We are going to be marking up the bill for this year soon. Even though we have fairly routinely done supplementals, including a rather generous one that will probably pass the Senate tomorrow, I think all of us feel that is really not the best way to go about this.

I just wanted to leave you with the thought that I am interested in hearing, sooner rather than later, from people in the administration about what they may be requesting this year in relation to this subject.

One other point in that area. If you do not know, maybe some of your staff will. With regard to the front-line states, and I mentioned some of them, do any of them have a significant bilateral debt to us, do you know?

Secretary RUBIN. Bilateral debt to the United States?

Senator MCCONNELL. Yes.

Secretary RUBIN. I do not know. We will get back to you on that, Mr. Chairman.

[The information follows:]

Frontline States' Public Bilateral Debt to the U.S. Government

[Dollars in millions]

<i>State</i>	<i>Amount</i>
Albania	\$0
Bosnia	50
Bulgaria	16
Croatia	86
Macedonia	99
Romania	236

Senator MCCONNELL. I am curious as to what our existing financial relationship, if any, is with countries like Albania, Rumania, and Bulgaria.

Secretary RUBIN. Deputy Assistant Secretary Bill Schuerch, who is here to respond to questions with me, says that there may be debts that are significant relative to those countries. But I would say with some confidence, although we will check the numbers, that they are not going to be significant relative to us, because the economies themselves are so small. But we will check that.

Senator MCCONNELL. Well, as I suggested, with all due respect to those countries, none of us have paid much attention to them.

Secretary RUBIN. That is correct.

Senator MCCONNELL. Either in the Congress or in the administration—this administration or any other administration. Clearly, what is going to come out of all of this is a new interest in all of

these countries, which many of us probably would have had trouble finding on a map a while back.

Secretary RUBIN. Some of these countries, Mr. Chairman—as you probably know—do have existing IMF programs. Now, these programs are not designed to deal with this situation. So there are actually people who have done a fair bit of thinking about the economic issues that these countries face, but never in the context that they now face.

Senator MCCONNELL. Well, I am interested.

Secretary RUBIN. I have a suggestion, if I may. I think we are actually too early in the process. It is not due to a lack of focus. It is just the complexity and the speed with which this crisis has happened. I think we are probably too early in the process for a productive discussion. But at a time when people feel they can sit down and intelligently brief you as to where we stand, maybe the best thing would be to come by your office at your convenience, or at the convenience of your staff, whatever you prefer.

Senator MCCONNELL. Let me say this. I do not want to read about it first in the newspaper. We want to be on the ground floor. I am not hostile to having this relationship. We are going to have obligations after this.

Secretary RUBIN. I think that is a very constructive suggestion. Why do not we figure out how best to relate to you in a way that keeps you involved as the whole process moves along.

Senator MCCONNELL. Senator Bennett.

Senator BENNETT. Thank you, Mr. Chairman.

Mr. Secretary, I did not know Alexander Hamilton. He was not a friend of mine, to quote your predecessor in the Treasury about another individual. [Laughter.]

But I echo the kudos you received. And you know that our working relationship, primarily through the banking committee, has always been a very productive one and one for which I am grateful. I join the chairman in formally, in this forum, wishing you well in your new activities, whatever they may be.

Secretary RUBIN. Thank you.

Senator BENNETT. If you want to tip us off in advance so that we can invest, we would be appreciative of that, too. [Laughter.]

Secretary RUBIN. The question is whether you should invest long or short. [Laughter.]

Senator BENNETT. I am going to be parochial for just a minute. I think the questions you and the chairman have pursued are very legitimate questions. I would add simply the obligation for financial aid to Belgrade. We have bombed their economy back to World War II levels. When this gets resolved, I think the humanitarian impulses of the United States will be such that there will be pressure for us to do something for them, as well as the Kosovars. That was the case at the end of World War II.

I know we have not done as much collateral damage as was done in World War II to the German economy or to the German conditions. But I think, in terms of the impact on the economy, we probably, with our new smart bombs, have done as much damage to Yugoslavia as we did to Germany in World War II. The demand for some kind of Marshall Plan will probably be just as great. So I

hope you factor that into the decision of how much money we are going to have to deal with.

You look as if you wanted to comment.

Secretary RUBIN. Just a slight point, Senator. The Marshall Plan was a massive undertaking. We have talked about how to characterize this effort and how to think about it and talk about it. I agree with the chairman. I think there needs to be—and there really is underway—a very serious process that is in its very early stages of trying to think through how to deal with reconstruction in this area, which is the point you raised. But calling this effort a “Marshall Plan” seemed to some of us sort of a misnomer, because that plan was a matter of such enormous magnitude in terms of our resources and our GDP and the like.

Senator BENNETT. I accept that. I am using the term “Marshall Plan” in terms of the intent and obligation.

Now, as I say, I want to be parochial with you for just a minute. I will lead up to it by asking what the current status is of the IMF and the World Bank with respect to negotiations with Ecuador?

Secretary RUBIN. Well, with respect to Ecuador, there is now a preliminary agreement and an IMF program although my recollection, and I am quite sure this is correct, is that the funding side of it still needs to be worked through. And particularly, Senator, there are some questions that we obviously are very deeply involved in.

The IMF is making a judgment about Ecuador’s economy. But as one of the 182 member states of the IMF, we undoubtedly have views and express those views on the question of the private sector participation in that funding. There is a preliminary agreement, but the funding piece of it has not been fully worked out. A significant part of the whole program has to do with private sector involvement.

Senator BENNETT. I understand the size of the package is \$1.4 billion. Is that about right?

Secretary RUBIN. I am not sure. Senator, I will have to get back to you on that.

[The information follows:]

Ecuador and IMF staff reached agreement on a Letter of Intent on 9/30. Board consideration of an actual program is contingent on significant prior actions, including fiscal and bank reform, and “cooperative efforts” to reach agreement with their creditors on debt restructuring. We would expect the World Bank and the IDB to offer special support only in the context of an IMF program.

The Government of Ecuador is engaged in negotiations with the IMF and the multilateral development banks regarding an appropriate loan package. We understand the IMF is considering a \$350 million 18-month standby arrangement and that the IDB and World Bank would consider a lending program of about \$500 million in the context of an IMF program. In addition, we understand that regional development institutions could provide up to \$500 million. These figures are somewhat fluid, but the total could be around \$1.4 billion.

Secretary RUBIN. Does that include the entire debt rescheduling? Because I do not know the answer to that.

Senator BENNETT. Well, I have a news summary here from the week of April 27 that says the Ecuador Minister of Finance traveled to the United States seeking assistance from IFI’s, met with the World Bank, the IMF and the InterAmerican Development Bank and, in quotations, said:

We applaud and admire the government's effort. Ecuador has a preliminary agreement on a \$900 million international loan package. Of that package, \$500 million will come from the World Bank and the Andean Development Corporation. The IMF has agreed to provide an 18-month loan that is expected to total \$400 million. Additionally, development banks plan to disburse \$500 million in projects this year, bringing the projected aid flow to \$1.4 billion. An IMF agreement is expected by the end of May.

Now, I do not know the complete accuracy of that. Those were the reports in the news, and that is where I am getting my numbers.

Do you have a sense as to why Ecuador needs this kind of package?

Secretary RUBIN. My understanding, Senator, is that Ecuador is in very serious difficulty with respect to its economy more generally. It may, in some measure, be a function of what happened to oil prices. I think one of the factors, too, that is adding a little bit of uncertainty with respect to exactly how this program is going to be structured is trying to make some judgment about what is going to happen to oil prices. Because, as the chairman said in his opening remarks, you want to have a program that is sustainable over time, including accomodating the effects of the new debt that is going to be taken on. That sustainability, to some extent, will be a function of the revenues to be derived from oil.

Senator BENNETT. Well, now we get to the question that was raised in your conversation with the chairman, which, as I say, I am getting parochial, but every Senator around here is. Every time I raise that, Senator Byrd says do not apologize for being parochial, and then he gets another something for West Virginia. [Laughter.]

I am concerned about official corruption in Ecuador, and, more specifically, in the judiciary. I have a constituent who has had a particularly distressing experience with the Ecuadorean judiciary. I will give you a letter outlining the details. Very briefly, they made the mistake, not realizing of course at the time that it was a mistake, of entering into a contract for a piece of land, when the owner of the land was a known criminal, one who had in fact fled Ecuador after perpetuating fraud on one of the largest banks in Quito, and lives in Peru. But he continues to own large tracts of land in Guyacaya. He is the one that sold the land to my constituent.

Typical of his pattern, he did not pay any property taxes on the land. So when my constituent went to get a deed, the local official said, well, we will not hold you responsible for the back taxes because you did not own the land, but we will not give you a normal kind of receipt for the property taxes you pay. Then, because they were acting as I think any American corporation would, they withheld \$18,000 from their final payment to this man for the land, he sued them for breach of contract. Through a series of circumstances that are outlined in the letter, my constituent has now been given a judgment in an Ecuadorean court of \$800,000 that they owe this man.

Secretary RUBIN. This is the \$18,000?

Senator BENNETT. They withheld \$18,000 because he had failed to obey the law, and they were forced to make additional payments to cover his default. He said, well, you defaulted on the contract, went to court, \$800,000, in arbitration, has now been granted

against the American entity. When they seek any kind of appeal within the judiciary, they are told no appeal is possible.

When I have raised the issue with the Ecuadorean Ambassador or the Ecuadorean embassy here, I am told the government has nothing to do with the judiciary and has no control over this. This is extortion of the first order. This is corruption of the judicial system. Quite aside from the question of what it does to my constituent, it raises the clear question for this committee of whether or not the government is in a position to control corruption sufficiently to repay these kinds of loans.

If we are talking \$1.4 billion, and then we can see it siphoned by known criminals in one way or another, it raises red flags. So I will give you the letter that outlines the detail, ask you to look into it, and would appreciate some kind of written response at some point. I do not want to mousetrap you here as to Treasury's position with respect to this kind of flagrant corruption in a government that is receiving foreign assistance.

Secretary RUBIN. Well, we would be delighted to take a look at it. I am not familiar with the particular circumstances, but we would obviously take a look at it and get back to you expeditiously.

Senator BENNETT. Thank you very much.

I have no other questions, Mr. Chairman.

Senator MCCONNELL. Thank you, Senator Bennett.

King Abdullah is in town this week. It is his first official visit to the United States. Obviously, things have not gone as well in Jordan as we had hoped on the economic side. Unemployment is officially at 15 percent, and in reality probably closer to 25 percent. In 1994, we forgave \$700 million of Jordanian debt to us. I am curious as to what the current Jordanian debt situation is to us and, if you know, what kind of debts do they have to countries like Japan, Germany and France? What plans do they have, if any, to provide some debt relief?

Secretary RUBIN. I do not know whether you had a chance to meet the King when he was here.

Senator MCCONNELL. Not on this trip. I have met him before.

Secretary RUBIN. I must say, I had not met him before, but I was with him when he was with the President yesterday. Then Deputy Secretary Summers and I had a separate meeting with him for about 40 minutes or so. I thought it was quite interesting, actually. He seemed, to me at least, to have a very serious sense about economic issues and about what he needs to do, that very closely tracked our views. He had had an American management consulting firm do a study for him, which he is going to share with us. We have not seen it yet. Actually, our Ambassador has it. The King said he would get it to us forthwith.

But I had a very good feeling about the sense of seriousness that King Abdullah conveyed, and also the view that he expressed with respect to what he needed to do. I think they do have serious problems. I think you are absolutely right. He seemed very much committed. At least he certainly expressed great commitment to doing something about their problems. The things he said about how he wanted to proceed, Senator, sounded quite sensible.

In terms of debt, we did forgive a major part of their debt to the United States. I think they still owe about another \$425 million

worth of debt to the United States, or something in that neighborhood. Their largest single creditor, I believe, in the G-7 is Japan. In fact, I am quite sure that is right. We have spoken with the other G-7 members about debt reduction for Jordan. Jordan obviously plays a critical role in terms of Mideast peace, and having a stable and economically successful Jordan is very important in a much broader sense.

I cannot tell you, Mr. Chairman, because I do not know and nobody knows, how successful these efforts to get additional G-7 debt reduction will be, but we are very strongly supportive of debt reduction for Jordan, and also, separately and independent of that, of the Paris Club rescheduling process for Jordan.

I actually do know the amount that Japan is owed by Jordan, but I do not know if that is a public number. I do know that number, which I can share with you. I am just not sure whether it is a publicly known number.

Senator MCCONNELL. Staff tells me I am seeing him tomorrow. I have met him before. He is an impressive man. And he has got his work cut out for him. Was he requesting additional debt relief from us?

Secretary RUBIN. No, not really. He has said publicly, I think, that he wants substantial debt reduction, and he has talked about the amounts that he wants. But I do not think his focus is on us. I think his focus really is mostly on Japan and also on some of the other G-7 nations. My recollection is that, aside from us, there are predominantly four G-7 nations that are the creditors he is focused on.

Senator MCCONNELL. We actually have \$100 million for Jordan in the supplemental.

Secretary RUBIN. Yes, I know that.

Senator MCCONNELL. So we clearly would like to see him get off to a good start.

Shifting to Russia, the Financial Times reports today that—not Russia, but the NIS—Ukraine is close to defaulting on \$155 million linked to bond debt issued last year. The government has indicated it will swap 80 percent of the debt for new bonds, and pay 20 percent in cash upon maturity on June the 9th.

Secretary RUBIN. This is Ukraine you are talking about?

Senator MCCONNELL. Ukraine.

What is your sense for whether this is going to fly and where is Ukraine's financial standing relative to the multilateral institutions in general? Where are they these days?

Secretary RUBIN. I would say that they are very troubled. I know you have focused on this problem. It is a very troubled economy. They, as you know, have had an on again, off again record in terms of complying with the conditions of their IMF programs. At the moment, I think there are some difficulties there.

It has been the IMF's view, which we support, that if the Ukrainians work out their IMF difficulties and actually get disbursements on their program, those disbursements and the existing reserves—and they are not very large, as you know—ought not to be used to pay private creditors. Their payments to private creditors should come from the purchase of the relevant foreign currencies in the foreign exchange markets. They ought to preserve their IMF con-

tributions to the central bank, plus their own rather limited reserves. That, at least, is our view.

That then raises the question of whether they can in fact afford to buy the necessary foreign currencies to meet their payments, or if they will need to do what you just suggested—or I guess you read that from an article—work out some kind of an arrangement with their private creditors, which, I have a feeling, is where a lot of this is leading.

Senator MCCONNELL. Of course, they are having a presidential election this year, too.

Secretary RUBIN. They are, indeed.

Senator MCCONNELL. So that is another place where every step we take will be interpreted one way or another.

Now, shifting to Russia. Last year, we learned the Russian Central Bank sent billions of dollars in foreign currency resources out of the country into a secret offshore account. These resources may have been redirected back into the high-risk Russian Government bond market. So several questions in relation to that: What is the agreement between the central bank and the government on how much of the bank's profits must be turned over to the government? Was this arrangement a motivating factor in the bank's diversion?

Secretary RUBIN. I do not know the answer to that question. As you probably do know, in the United States the Fed turns its profits over to the Treasury. I do not know what the arrangement is in Russia in terms of this offshore arrangement that you are referring to. As you know, PriceWaterhouse—I think, by the way, Mr. Chairman, and do not hold me to the exact numbers, there were many billions of dollars in the overall transactions, you are right, but I do not think there was ever more than about \$1.4 billion or \$1.3 billion or \$1.5 billion, something like that, in this offshore account at any one time.

Be that as it may, that is a matter of great concern.

Senator MCCONNELL. That is the figure I have, \$1.4 billion.

Secretary RUBIN. I think that was right. But clearly that is a matter of great concern.

PriceWaterhouse is doing a study. The Managing Director of the IMF has said that the currently announced agreement, in principle, is not going to become an actual program with disbursements to Russia—well, with disbursements in the form that they would take place in this program—until the IMF is at least satisfied with respect to both the offshore account that you are talking about and also the \$4.8 billion in July of last year.

Senator MCCONNELL. Apparently, the prosecutor, in developing the case, has been suggesting that the amount could have been as high as \$37 billion.

Secretary RUBIN. That was the number that was used—you mean in the offshore account—I remember seeing that number. My understanding—and we will get a much better idea after we see the PriceWaterhouse study—is that that was sort of the total amount of transactions, if you will. But the actual amount at any given time was, as I said, was \$1.4 billion or something like that.

Senator MCCONNELL. Do you know how much was invested in the Russian bond market? Do you know anything about that?

Secretary RUBIN. I do not know if anything—you mean in the offshore account? That is one of the allegations. I do not know, Mr. Chairman, whether in fact anything was invested. You are talking about the domestic bonds? I do not know if anything was invested in the domestic bonds. That is one of the issues that I presume PriceWaterhouse will look at.

Senator MCCONNELL. In short, we are not going to know much about this until we get a report from them?

Secretary RUBIN. That is true. But it is also true that the disbursement by the Fund will not take place until we get the report.

Senator MCCONNELL. I have several other questions related to this. I guess the answer is going to be the same—we do not know until we get the PriceWaterhouse report?

Secretary RUBIN. That is correct. What we really need in this whole situation is to get some independent, outside auditor to take a look at it. That is what PriceWaterhouse is in the process of doing on the offshore account.

Senator MCCONNELL. Do you have any idea what Russia's current foreign exchange reserves are? Is that a figure that is known?

Secretary RUBIN. It is a figure that I have in my mind. Whether the number I have in my mind is known or not, I do not know, Mr. Chairman. I do not know what figures they make public.

Mr. Chairman, my recollection—and you can check me on this—is it is somewhere in the neighborhood of \$11 billion. I do not know whether that is the net number or gross number. As you know, there are some countries that have a reserve position. I do not know that Russia has that.

Senator MCCONNELL. When is the PriceWaterhouse study supposed to be complete?

Secretary RUBIN. I think that is supposed to be completed relatively soon. But since Russia is not getting the disbursement without it, the study is going to be completed.

Senator MCCONNELL. You are very good, Mr. Secretary. What is the definition of “relatively soon”?

Secretary RUBIN. Relatively soon is when it gets done. [Laughter.]

But let me say, if it takes forever, which is a long time, that is Russia's problem, not our problem. [Laughter.]

Because they are not going to get the disbursement in the form that it is going to take place, which, as you know, is a rather limited form to begin with, until the study gets done and turned over to the IMF. IMF has looked at it. So the Russians have an enormous incentive to get this done.

Bill Schuerch tells me it was scheduled the end of April. I suspect they may not make that schedule. [Laughter.]

Senator MCCONNELL. Relatively soon has already passed.

Secretary RUBIN. Relatively soon has passed, and the future will be whatever it will be, I suppose.

Senator MCCONNELL. Well, giving up in frustration on Russia, let us move along to Asia.

Secretary RUBIN. Can I just say one thing, because I do think it is very important. I do not know when they are going to get this study done, but the Russians are not going to get anything directly in the form the disbursement is going to take. As you know, once

this analysis all gets done and the IMF Executive Board approves the program, this money will never actually go to Russia. The money that is going to the Russia program is less than the money that Russia owes the IMF for the remaining period, and it will be disbursed as the payments become due to the IMF and will be used for that purpose.

Senator MCCONNELL. Well, give me some good news on the Russian economic front.

Secretary RUBIN. It is a complicated problem, Mr. Chairman. It really is. We, on the one hand, and the rest of the world, have an enormous stake in Russia's being successful. On the other hand, it goes back to what we talked about for the front-line states: These countries, and Russia particularly, have just enormous problems. They are not just macroeconomic, even though that is where the IMF focus has been, but they are deeply structural.

Corruption, which I know concerns you, is a tremendous impediment to growth. In the absence of a legal system, a lot of privatization is taking place, but there is still a lot of publicly held property, particularly in the agriculture sector. The financial system is far from what is necessary to have a modern economy. There are vast problems. Progress is not going to happen quickly. It is going to take time.

Now, having said that, it is interesting that the financial and economic collapse that many had thought would take place in the aftermath of last August's difficulties did not occur. Industrial production actually is now increasing in Russia. But I think you cannot judge this sort of month by month, quarter by quarter. My own view is—and as I have been saying for the whole 6 years of this administration—I think we have an enormous stake in Russia's being successful. I think there is no simple answer, no short-term answer. I think there are going to be ups and downs. If this is going to work, it is going to work over a long period of time, and there are going to be a lot of disappointments along the way.

Senator MCCONNELL. Let me ask you a couple of questions about Indonesia, and then I will be through. Pat can do what he would like to do.

How much in funds and how many multilateral institutions have extended loans to Indonesia since the collapse last year?

Secretary RUBIN. I do not know the answer to that question. Mr. Schuerch may. There are \$1.4 billion of World Bank loans. The IMF had a program that was discontinued and is now back on track. As you know, there are \$1.4 billion of World Bank loans that are now going to be held up until after the election.

I notice that you referred to that fact in your opening comments. Very much at the urging of the U.S. Treasury, but others as well, the judgment was made that the loans ought to be held up until after the elections. My recollection is that \$1.4 billion is the aggregate amount of the loans.

Senator MCCONNELL. There are obviously specific performance conditions expected to be met before that, in layman's terms?

Secretary RUBIN. All of those loans are tied to specific programs and to specific purposes. With respect to the social sector loan, which is I think \$600 million—and you can check my number—there is an additional protection, and I think very rightly so, that

there will be a high level of transparency, so that the NGO's and others who are concerned about this can, in effect, keep track of this and make sure it is being used for the purposes for which it is intended.

Senator MCCONNELL. Focusing on the multilateral banks and their dealings with Indonesia, have they all had the same standards or have we had situations where, for example, the Asian Bank would deal with Indonesia differently from the World Bank?

Secretary RUBIN. Bill, do you know the answer to that?

Mr. SCHUERCH. I think what you will find is that they have largely similar programs and conditions, but they are not by any means identical. They have been working together, the Asian Bank and the World Bank. And there are teams and joint meetings that have occurred. But it is certainly not fair to characterize their cooperation as being identical programs. They are consistent programs, but there is not identical conditionality in individual programs.

Senator MCCONNELL. Well, then, they are not dramatically different in the terms? Is it easier, for example, to get a loan from one than it is from another because of lower standards? How different are the hoops through which one has to jump to get a loan?

Mr. SCHUERCH. I would say that largely they are the same. You will find, when you get into the very fine detail, that there is a level of difference in conditionality as you go along, depending on the type of loan that you are dealing with.

Certainly, at times, not just on Indonesia but on other countries, we will find slight differences and slight aggravations between the institutions because of those differences. But the larger picture, the broad picture, is one where they are working together.

Senator MCCONNELL. But Secretary Rubin is correct, no disbursements are going to be made until the election situation is over; is that right?

Mr. SCHUERCH. In relation to the four loans we are talking about, we have a commitment from Indonesia that they will not disburse during the first quarter of the fiscal year, which gets them past the election in June.

Senator MCCONNELL. The reason I am asking this is it is my understanding from staff that the Asia Development Bank has disbursed and the World Bank has not. Is that correct? And if so, why?

Mr. SCHUERCH. The Asian Development Bank—I will have to look at the detail—did disburse. I believe there was a difference—

Senator MCCONNELL. Can you pull the microphone closer to you?

Mr. SCHUERCH. The Asian Development Bank I believe did disburse on the loan—I am sorry—refused to disburse on a loan.

Senator MCCONNELL. Did or did not?

Mr. SCHUERCH. Did not.

Senator MCCONNELL. Did not.

Mr. SCHUERCH. Refused to disburse on the loan.

But I think the best thing for us to do is to come back to you with the specific details on specific loans, and work it through that way.

[The information follows:]

INDONESIA—STANDARDS FOR DISBURSEMENT OF FUNDS BETWEEN THE IFIs

As a general rule, the United States has strongly advocated that the MDBs have similar policies, conditions, pricing, etc., in order to ensure consistency in their treatment of individual borrowers and to prevent countries from trying to obtain better treatment in one MDB than in another.

The World Bank and the Asian Development Bank (ADB) have been working very closely on their assistance to Indonesia in particular. As a result, they are generally following the same approach in their lending and other operations, and the conditions that must be met in order for disbursement of funds under their respective loans are consistent and often mutually reinforcing.

One example is the support that the two banks have given to financial sector reform in Indonesia—a major priority for us and for the international financial institutions. Soon after the onset of the economic crisis in Indonesia in mid-1998, the World Bank, ADB, and IMP agreed to share responsibility for reform of the financial sector, with each taking the lead in areas in which it has a comparative advantage. The World Bank has focused on bank restructuring, in conjunction with the IMF; the ADB has concentrated on strengthening the central bank and reforms in Indonesia's capital markets. The three institutions have consulted effectively in this effort, have done a substantial amount of joint work, and are monitoring progress closely.

Both institutions have been responsive to our concerns about the broader context of their operations. The ADB had considered making a \$250 million loan to Indonesia prior to the June 7 elections, but chose to postpone consideration by its Board until the election was completed. In part at our urging, the World Bank decided that there would be no disbursement under a \$600 million social safety net loan, approved before the election, until all the conditions of effectiveness had been met. One of the key conditions is that a mechanism to allow representatives of civil society in the country to monitor the use of the funds to ensure that they reach the intended beneficiaries. In addition, the government announced that it would not draw on the Bank's funds until after the end of June.

Senator MCCONNELL. OK. Let me get my colleague, Senator Leahy, in here. I know he is still managing a bill on the floor. Why do not you go ahead, Pat.

OPENING STATEMENT OF SENATOR PATRICK J. LEAHY

Senator LEAHY. Thank you, Mr. Chairman. I apologize for coming in late, but Senator Hatch and I are managing, or trying to manage, the juvenile justice bill. This issue has taken long enough that anybody who was a juvenile at the start of that bill will probably be ready for our senior crime bill at the end of this process. [Laughter.]

But I wanted to make this appearance especially, Mr. Secretary, to praise you. I will try to praise you enough so I do not totally embarrass you, and then put the rest in the record. But I am sure that history is going to say that you, more than any other person, prevented the Asian financial crisis, as bad as it was, from becoming a global financial meltdown. A lot of us expected this to be a lot worse in this hemisphere. I think without you at Treasury, it would have been. You have been a godsend to the administration and to the country.

People come and go in all administrations. Nobody is indispensable. I know there is a lot of very good men and women working behind the scenes in your Department. But you particularly have stood out in my 25 years that I have been in the Senate. Your experience, your confidence, your calming influence, it has reassured us here on the Hill. It has reassured the public and the world during some very difficult times.

I know that you have made significant personal sacrifices in being there, not the least of which is having to commute back and

forth to where your family is. But when we speak of public service, you epitomize the best of it. The country benefited by it. I believe the world did.

Larry Summers said you are going to be a hard act to follow, but I also know Larry. I know what a superb person he is. I have great confidence in his ability, and I look forward to a very rapid confirmation of him.

With all of the key issues we have to discuss, I do not think anything is as controversial as it was last year with the IMF quota increase. But we met our commitments to the IMF. We have paid our arrears to IBA. I do not want us to get behind, but we have some problems—both Senator McConnell and I have had some problems with the Bank and the Fund. I support the institutions, but we do have some performance things, and we want to discuss that at some point.

We need to clear up our arrears to the Asian Development Bank. I am confident that we are going to fully fund the European Development Bank. The head of that is a person who gives me great confidence that our funds will be wisely used.

The Global Environmental Facility continues to be caught up in, I think, an unnecessary debate over Kyoto. The GEF is every bit in our Nation's interest. To the extent that it is working on global warming, it supports efforts in the developing countries to do more to control their pollutants, that benefits everybody in this room, but also around the world. I do not know why anybody would oppose it. It is also working to reduce ocean pollution, to protect biodiversity. That is not either a Democrat or a Republican issue, that is all of us. They are desperately needed.

You have requested \$120 million for debt reduction. The poorest countries desperately need that. I do not think we are going to be able to meet that request within our budget allocation, only because it is a lot lower than it was last year.

I hope, Mr. Chairman, we might end up with a revised allocation. Because this is one area where I would like to see us do more.

I will put most of my questions in the record, Mr. Chairman.

I raised concerns about the treatment of women employees at the World Bank back in 1992. For years, my concerns were ignored. In fact, the Bank's lawyers defended the Bank's grievance procedures even when it was obvious to everybody else they were unfair.

Last year, the Bank asked a retired U.S. Federal judge to review the grievance procedures. I compliment them for doing that, but I note that the judge found that the procedure is a lot worse than I had thought—at least according to her report.

PREPARED STATEMENT

Since then, the Bank has begun to make changes. Senator McConnell and I asked the GAO to look at the Bank's reform plans. That report came out last week. It said the procedures were ineffective in addressing complaints of bias and harassment, and, quote, ineffective at holding managers accountable for mistreating subordinates. Then we hear similar things about the IMF.

I would hope, Mr. Secretary, that there are those in your Department who are looking at both of these issues. With that, I will hush. As I said, the rest of my questions I will put in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR PATRICK LEAHY

I want to welcome Secretary Rubin, who I suspect history will credit for doing more than anyone to keep the Asian financial crisis, as bad as it was, from becoming a global financial meltdown.

There were a lot of us who expected the repercussions to be a lot worse in this hemisphere, and I think they would have if Secretary Rubin not been there.

Bob, you have been a godsend to this administration, and to the country. I know that none of us is indispensable and there are a lot of people working behind the scenes. But your experience, your confidence, your calming influence—it has reassured us, the public, and the world during some difficult years.

Larry Summers put it best when he said you are “a hard act to follow,” but I also know that he is up to the task.

Mr. Chairman, we have several key issues to discuss, but fortunately nothing as controversial as last year’s IMF quota increase.

Last year we met our commitments to the IMF and paid our arrears to IDA. We do not want to get behind again. However, neither are we completely satisfied with the performance of the Bank and the Fund. As much as I support these institutions, I have real concerns about their performance and policies, which I want to discuss.

We need to clear up our arrears to the Asian Development Bank.

I am confident that we will fully fund the European Development Bank, whose President is the kind of person who gives me great confidence that our funds will be wisely used.

The Global Environment Facility continues to be caught up in a debate over Kyoto, which makes absolutely no sense. The GEF is every bit in our nation’s interest, and to the extent that it is working on global warming it supports efforts in the developing countries to do more to control their pollutants. Why anyone would oppose that is beyond me.

The GEF also works to reduce ocean pollution, protect biodiversity —these are not Democratic or Republican programs. They are desperately needed.

You have requested \$120 million for debt reduction. This, more than anything, is what the poorest countries need. But it will be impossible for us to come up with that much money within our budget allocation, which is far lower than last year.

My view right now is that if do not get a revised allocation, we should at least provide as much as we can for each component of your debt reduction request.

With that, Mr. Chairman, I will wait my turn to ask questions.

Secretary RUBIN. Would you like me to respond to the last?

Senator LEAHY. Yes, would you, please.

Secretary RUBIN. Actually, I am not sure whether this is an IMF problem or the World Bank. But I know, in the World Bank, they put in place new grievance procedures. I think the question now is how they are going to work. I can assure you there are people at our place, at Treasury, who are very concerned with the issues at the World Bank which you have raised. I think now it is a question of seeing how these new grievance procedures work and whether they are effective or not.

We have also discussed the new grievance procedures with Jim Wolfensohn as recently as yesterday. He has professed great commitment to try to make sure these things work out correctly.

Senator LEAHY. I have talked with Mr. Wolfensohn, too, on that. I know that he is concerned. It is a large organization that has followed almost a glacial movement in this area in the past. It is going to require a fair amount of effort and I think some public scrutiny.

Secretary RUBIN. Well, my guess would be that with you and your committee being focused on it and with their being focused on your committee because of their funding, I suspect you have a pretty effective means for getting their attention, but that would just be a guess.

Senator LEAHY. The IMF is considering 5 million to 10 million ounces of its gold reserves to pay for debt relief for the poorest countries. Britain, I saw in the paper the other day, talked about—I think Britain is talking about large gold sales. Is this a wise thing to do?

Secretary RUBIN. I think it is, Senator. What would happen is that the gold, which is a non-interest, non-income yielding asset, would be converted into something that is equally—I mean in terms of its corpus—is risk free, for example, U.S. Treasury bills or something of that sort—the corpus—would be kept within the IMF. But instead of having no yield, you would have a yield. It is actually a subject I used to know a fair bit about. I do not trade it anymore because it is not quite appropriate. [Laughter.]

Senator LEAHY. You could just sit down there at Fort Knox. [Laughter.]

Secretary RUBIN. I think, in this job, I should not do that. But I do think 5 million or 10 million ounces, even at today's demonezitized market flow, is not something that—I mean spread over a couple of years, which I believe is the IMF's intent—should not have a material impact on the price of gold. Yes, I think it is a very wise thing to do.

Senator LEAHY. Do we have any public or private debt?

Secretary RUBIN. I do not know what they would do with the proceeds. To the best of my knowledge, no decision has been made on that. But I think I would say with some confidence that it would be put in something that does not involve a credit risk.

Senator LEAHY. My last question: Were you alarmed by the rise of the CPI last month?

Secretary RUBIN. The answer to that question is no. I think we have always got to be watchful for inflation. And that is something we have been, even when inflation remained very low. But I think that you cannot be—at least I am not—particularly affected by month-to-month or quarter-to-quarter figures. I think what you really have to do is get a sense of the way things are going in the economy. If you look at the excess capacity around the world and you look at productivity gains taking place in this country and everything else, particularly when you have discussions with CEO's of companies that are large-scale operations, there is very little pricing power in the American business today, as you know.

It seems to me that the most likely scenario continues to be low inflation and solid growth, normal ups and downs, and obviously subject to whatever risk may exist in the system.

Senator LEAHY. Thank you.

I got a message to go back to the floor and see our juvenile to senior crime bill. But, Bob, I hope you know how much I do appreciate all you have done.

Secretary RUBIN. I appreciate your comments.

Senator LEAHY. The country has benefited by that.

Secretary RUBIN. Thank you very much.

Senator MCCONNELL. Mr. Secretary, I am going to have a few questions, which your staff can respond to in writing, on Africa, the Africa debt situation.

I, too, want to congratulate you on your public service. I hope we will see you from time to time in the future. We wish you the very best.

ADDITIONAL COMMITTEE QUESTIONS

Thank you very much. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

NORTH AMERICAN DEVELOPMENT BANK

Question. One of the main purposes of the North American Development Bank is to address environmental problems in the U.S.-Mexican border area. There is a lead smelter in the Mexican city of Torreon that has poisoned the air, soil and water and caused terrible health problems for the people living there.

The Mexican Government, under pressure has finally said it will do something about it, but I doubt it will be enough. Torreon is about 250 miles from the Texas border. Is this something the NADBank could get involved in?

Answer. While the Administration and the NADBank management are well aware of the problem, the lead smelter in Torreon is outside the geographic jurisdiction of the NADBank. The Bank was established in fiscal year 1995 and funded jointly by the U.S. and Mexico to provide financing (loans, guaranties, and grants) for projects in water, wastewater, and solid waste treatment within 100 km of either side of the border. Torreon is clearly outside of that mandate.

—We understand, however, that the U.S. Environmental Protection Agency, at the request of Mexican government authorities, has provided information on the environmental health impacts of lead contamination and information regarding U.S. experience with similar lead clean-up activities.

—More generally, we understand that EPA and DOE have offered their informal assistance in the past to the Mexican efforts to develop programs for remediation of lead pollution and the development of supporting regulatory framework.

MIDDLE EAST DEVELOPMENT BANK

Question. Your budget request does not include a contribution to the Middle East Bank. I agree that we can not afford this new bank, since we are having a hard enough time meeting our financial commitments to the banks we already have.

But one of the reasons given for the Middle East Bank was to support cross-border infrastructure projects, some of which would have benefited the Palestinians. Without the Middle East Bank, can't the World Bank support these types of projects?

Answer. The World Bank is not prevented from undertaking trans-border projects. However, these require a sovereign guarantee. This presents a serious legal and practical obstacle for the Bank in that the West Bank and Gaza is not a member country and is unable to provide such a guarantee.

The Trust Fund for Gaza and the West Bank has enabled the Bank to sidestep some of the legal and practical constraints related to the Palestinian political situation. The Bank has allocated \$320 million from IBRD net income for the Trust Fund. There have been 16 Trust Fund financed operations totaling \$270 million; with a cofinancing ratio of nearly \$2 of other funds for every \$1 of Trust Fund resources.

While no cross-border operations have been funded by the Trust Fund, the Fund has helped to finance a broad range of other development activities designed to improve the economic situation of the Palestinians by strengthening public, private and civil capacity, and by rehabilitating basic infrastructure. Particular stress has been placed on health, education, and water supply and sanitation.

TIBET

Question. According to an April 28th article in the Washington Post, the World Bank is considering financing a proposal that would aid poor Chinese farmers by resettling them further west into Tibet—diluting further the proportion of Tibetans in the area. On June 8th, the Bank's board of directors is scheduled to vote on this

loan. I am concerned about the potential impact of this project on the Tibetan people, who are already chafing under Chinese rule.

Are you aware of this project and does the administration plan to oppose it?

Answer: We were aware of and highly concerned about this project, and discussed it in a series of internal USG meetings and technical briefings with World Bank staff. The project came to the World Bank Board on June 22. The U.S. opposed the project for reasons articulated by the U.S. Executive Director. A copy of that statement follows:

STATEMENT BY JAN PIERCY ON CHINA: WESTERN POVERTY REDUCTION PROJECT, JUNE 24, 1999

1. This project raises for us a series of fundamentally important concerns about the process by which we have arrived where we are today. The issues go well beyond the specifics of a particular project for a particular borrower, although these clearly demand close scrutiny. Their satisfactory resolution—inside this institution, and among the Bank and its shareholders—is of vital importance to the continuing viability and effectiveness of the Bank.

2. If fully implemented, this project will affect 1.7 million people and resettle close to 60,000, leading to extensive infrastructure investments, including a 40 meter dam, extensive road building and upgrading, and major irrigation works.

3. By any reading of the Bank's own guidelines, this is a Category A project. Perhaps more importantly, by any test of reasonableness, this is a Category A project. It is true that meeting the resulting higher standards of performance, analysis, and disclosure takes some additional time and perhaps costs some additional money. The standards exist, however, because the actions they require are a prerequisite to achieving durable development as demonstrated time and again by this institution's own analysis and evaluations.

4. In this regard, we understand that a QAG review on the Bank's compliance with safeguard policies in China is underway. We would appreciate management comment on the findings of this review, which may raise systemic issues, and expect that the conclusions will be reported to the Board on completion.

5. Whether the project is large or small, whether the borrower is large or small, our view is that the agreed standards must be met:

Comprehensiveness of Documentation.—Because the project was mis-classified as a Category B, neither the Bank nor the borrower prepared a full environmental assessment. Thus the full scope of the potential environmental and social impacts of a clearly major project have not been fully assessed. Nor did either the Bank or the borrower perform the full assessment of alternatives that is a required component of an environmental assessment. This deprives the affected people, the shareholders, and the Bank itself of the basis for serious consideration of whether the best choices have been made. In particular, it deprives affected people of an important tool for more effective consultations.

Distribution of documents.—Bank guidelines specifically require local availability of environmental analysis before project appraisal, with simultaneous availability at the Bank's headquarters. This did not occur. Indeed, the documents were not made available here in Washington until June 4.

Indigenous People.—The Bank's operational policy on Indigenous People contains a full range of analytical and consultation requirements specifically designed to ensure that the particular challenges and concerns of indigenous populations are integrated fully and effectively into all elements of the project design process. It is plain that this project is fundamentally about indigenous people. The Bank's own documents confirm that the project will have a significant impact on the indigenous population in this Mongolian-Tibetan Autonomous Prefecture, with potentially permanent implications for their geographical distributions and relative densities, their economic prospects, and their social and cultural cohesion. The Bank's claim that the project document itself constitutes an indigenous peoples development plan is not credible. It does a great disservice to the very people whose lives this operation is supposed to improve, it ignores the very clear expectations of many of the Bank's shareholders, and it is directly contrary to the basic intent of the policy.

6. These are all reasonable standards. They constitute official Bank policy. And they apply to all borrowers. If these standards have not been met, as is the case today, we are not prepared to give our support. This is the basis on which our vote is no on this proposed loan.

7. There are three other issues that deserve comment: the Bank's response to some of the substantive issues that have been raised; the response of the borrower; and, deficiencies in the process itself.

On the former, there is much that is troubling and that we should examine in the weeks ahead:

—On some issues of wide concern to many shareholders, the Bank's initial response was to provide questionable legal opinions rather than to engage seriously in seeking real solutions.

—We have been told that our concerns were raised too late in the process to make adjustments. Yet those concerns were raised as quickly as the flow of information would allow. The real issue here is a wholly inadequate flow of project documents to the shareholders that effectively ruled out constructive engagement at an early enough point to make a difference.

—Most broadly, we need to reflect very carefully on what this episode says about the balance the Bank has struck between responsiveness to a single borrower focussed on a single lending program and responsiveness to a wider group of shareholders whose concerns go well beyond that. A set of choices has been made with potentially far-reaching implications for this institution without the apparent willingness of all parties to see them in their larger context and act on that recognition.

We should all reflect on the response of the Bank's largest borrower to the substantive concerns that many shareholders have about this project:

—There was no willingness to reconsider one component of the proposed project.

—We were told that a borrower's use of IDA funding is an issue for it and the Bank alone. Direct engagement of IDA donor countries on substantive issues they regard as fundamentally important—such as full compliance with bank policies—was said to constitute illegitimate interference in internal affairs.

Finally, we should give some serious thought to improvements that might be made in the process itself.

—I recall the President's mention, over a year ago, of instituting an informal—early warning system—in management to alert him to potentially sensitive projects: what has happened to this process?

—Had we had something like this, we would not have been blindsided, with huge diversion of management and Board time in the critical final month of the fiscal year.

GLOBAL ENVIRONMENT FACILITY

Question. I am concerned about the reputation of the GEF in Congress. Some Members have blocked funding for it because they say it is a "backdoor" way to implement the Kyoto Protocol, which the U.S. is not a party to.

The fact is, for years the GEF has supported efforts by developing countries to reduce their emissions of ozone destroying pollutants. How do you respond to the arguments that have been made against the GEF?

How does the GEF work? What happens to our contribution? Who implements GEF programs? Why do we need the GEF? Do other agencies or organizations do what the GEF does?

Answer. The Administration shares the concern that some members of Congress misunderstand the GEF's mission, operations, and track record. We welcome the opportunity to address some continuing concerns.

The GEF was created in 1991, before any climate convention or protocol existed, to specialize in trans-border environment problems, of which climate is only one. In addition to climate change, GEF funding is focused on international water pollution and overfishing; better forestry, wildlife management, and biological diversity conservation; and phasing out use of ozone-depleting chemicals (in Eastern Europe, to complement Montreal Protocol Fund work in developing countries). The clean energy portion of its portfolio—its "climate change focal area"—accounts for about 38.8 percent of its financial commitments (about 12.4 percent of the projects in its portfolio). No other multilateral development institution is dedicated to protecting global resources, and no other institution has anywhere near the capacity to tackle these problems. This is especially true for biodiversity conservation and international waters cleanup, for which GEF implements up to 40 percent of projects worldwide.

The 1992 Climate Convention (the "1992 Convention") provided that there should be a "financial mechanism" to: (1) help developing countries evaluate, quantify, and report publicly on their greenhouse gas emissions; and (2) make investments in cleaner development in developing countries. More than three years before conclusion of the Kyoto Protocol, we chose the GEF as the institution to run the financial mechanism of the Climate Convention, in part to avoid creating new institutions. The GEF was by far the best existing institution for the job. By 1994, donors had concluded a first GEF replenishment that extensively restructured the GEF and improved its operational effectiveness. This restructuring also cemented a governance

structure in which donors exercise much more power than in the 1992 Convention or in any standard “UN-configured” institution. The new replenishment, agreed in 1998, builds on first replenishment reforms with further measures to increase GEF efficiency and effectiveness.

GEF operations and funding

The GEF focuses on innovative, cost-effective and generally small projects that can be duplicated elsewhere with financing from non-GEF sources. Since its pilot phase beginning in 1991, the GEF has designed and initiated over 500 projects in 119 countries that are now being implemented by developing countries with the help of three agencies—the World Bank, the UN Development Program, and the UN Environment Program.

From its core donor funding, GEF has committed about \$2.5 billion to date, leveraging well over \$5 billion from other sources. Donor funds only cover the portion of projects that produces global environmental benefits, while recipients must arrange funding for activities with mainly local benefits. The U.S. has limited its share of GEF’s core fund to under 21 percent, equaling \$430 million over four years. GEF’s cofinanciers include the developing countries themselves, bilateral aid agencies, the GEF’s three implementing agencies and other multilateral institutions, private sector investors, and non-governmental organizations. Leveraging for clean energy projects is often as high as \$5 from other sources for every GEF dollar.

GEF operations take two forms: (1) technical assistance to help developing countries frame more environmentally sound policies in key sectors such as energy production and land management; and (2) direct investments to demonstrate innovative technology projects, such as rural solar power, that countries then can copy on a larger scale.

No projects that are Kyoto-specific

The GEF predates both the Kyoto Protocol and the 1992 Convention, and the Protocol places no new obligations on the GEF. With regard to development finance, the Protocol is related to the GEF through the Protocol’s umbrella, the 1992 Convention, since the GEF acts as the financial mechanism for the Convention. The Protocol simply references and underscores existing 1992 Convention agreements on financial assistance for developing countries:

- Supporting developing country reporting requirements under the 1992 Convention; and
- Providing the extra cost over normal development costs of reducing greenhouse gas emissions in energy or other projects. For example, the GEF covers only the incremental cost of a clean wind power plant relative to a regular oil-fired plant of identical capacity.

The country reports provide detailed analysis of countries’ greenhouse gas (GHG) emissions and sources (power plants, etc.), their GHG “sinks” (forests, etc.), and policies and programs that affect GHG emissions (energy pricing policies, etc.). This helps identify the highest emission/sequestration sectors and the best opportunities to cut emissions.

The four categories of project financing include promoting efficiency and conservation, promoting renewable energy, promoting clean fossil-fuel combustion, and lowering long-term cost of clean technologies. Project development is usually combined with capacity-building for good policies and effective institutions. These programs make sense on their own terms and are all initiatives the U.S. has been pursuing domestically for years. None of these activities are directed by the Kyoto Protocol.

DEBT RELIEF FOR TROPICAL FOREST COUNTRIES

Question. You are requesting \$50 million to support debt relief for countries with tropical forests. Whose debt would we be forgiving (U.S. Government? Other Governments? Private?), and can you explain how by forgiving Ecuador’s or some other country’s debt, we conserve their rainforests?

Which countries would benefit? Who would decide how the local funds would be used for conservation programs? How much difference would it actually make—how much local currency would be generated this way to protect tropical forests, how much forest would be protected, and how “protected” would those forests actually be?

I think this has a lot of potential. It could also end up as another way for the wrong people to spend public money for the wrong purposes. How can we be sure that non-governmental conservation organizations have a real say over the use of the funds?

Answer. We would use the \$50 million to reduce the official, concessional debts (PL-480 and USAID) owed to the United States Government by countries which

meet the eligibility criteria specified in the Tropical Forest Conservation Act of 1998. This Act, based on the original Enterprise for the Americas Initiative (EAI), requires local currency to be generated to conserve rainforests in exchange for debt reduction.

Eligible countries have three ways to treat their outstanding sovereign debt: first, through buybacks, where the country would contribute up to 40 percent of the repurchase price of the debt to a local fund to support rainforest projects; second, through swaps, where a third party, generally an NGO, would buy the debt from the USG and exchange the debt certificate for local currency at a premium over the purchase price; and third, debt reduction, where the USG would reduce a portion of the country's debt and will permit the country to pay the interest on the remaining debt in local currency equivalent to fund rainforest projects. In this latter case, the principal will be repaid in dollars to the U.S. Treasury.

As an illustration of the first option, a country would buy back its outstanding, eligible debt of about \$100 million at 50 cents on the dollar. It contributes 40 percent of the purchase price, 20 cents, in local currency to the rainforest projects. So far, Peru and Ecuador have officially expressed an interest in participating in the program, while Indonesia, Costa Rica, and Brazil have informally discussed participation. Preliminary estimates suggest that we could generate over \$100 million in local currency if we treated these countries' eligible debt. Of course, how much local currency will be generated will depend on the amount of outstanding debt treated under this program.

QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

ENDING THE DEBT CYCLE OF THE POOREST COUNTRIES

Question. For too long, the world's poorest developing countries have been caught in cycles of indebtedness. International lending has not yet produced sustained, rapid economic growth to help alleviate poverty and bring these countries into the world economy. President Clinton and you have led admirable efforts to reduce the indebtedness of the poorest countries.

On the basis of your substantial experience, what recommendations would you make to break the cycle of poverty and debt among the poorest countries in Africa and elsewhere, contribute to private sector growth, and bring them into the global economy?

Answer. We think that sound economic policies and good governance backed by financial assistance and significant debt forgiveness can help the poorest, most heavily indebted countries create the basis for long-term economic growth. While the last few decades have witnessed substantial improvements in living standards in most of the developing world, poverty remains unacceptably high. There are a number of low-income countries where continued high debt and debt service burdens place reform efforts and social development at risk. A recent study by the IMF of 10 low-income developing countries showed that one of the main factors behind the buildup of debt was a lack of sustained strong macroeconomic policies and reforms or, in other words, "a stop and go policy implementation." Civil war and social strife also were important factors, particularly in Africa.

Mozambique is a good example of how sustained reform has led to significant acceleration of economic growth and increased integration into the global economy. Mozambique is one of the strongest economic reformers in Sub-Saharan Africa. The government turned its back on an inefficient statist economy and made impressive progress in setting up a market economy. After 16 years of civil war, democratic elections were held in 1994 and macroeconomic stability has been restored. After registering average real GDP growth of about 6.7 percent for 10 years through 1996 (with population growth of about 3 percent annually over the same period), the growth rate accelerated to an impressive 11.3 percent growth in 1997, 11.8 percent in 1998 and a projected 10 percent in 1999. These accelerated growth rates, combined with debt forgiveness available to the strongest performers, have the effect of bringing Mozambique's debt ratios down to manageable levels while making the country more attractive to private lenders and investors. Also, we know that financial assistance, when provided into a good policy environment, does produce growth, does reduce poverty and does improve social indicators.

PROLIFERATION OF MDBS

Question. Mr. Secretary, in recent years, well-intentioned efforts to promote economic growth in particular regions and to promote certain priorities such as sustainable development have led to the creation of new multilateral development banks.

What are the consequences of this proliferation of institutions? Does the Global Environment Facility, which directs funds to particular and essential purpose but relies on the personnel of the World Bank, provide a model for potential consolidation of institutions?

Answer. Creation of new institutions, such as EBRD and NADBank, strengthens the system of multilateral development institutions. These new banks are explicitly designed to focus on activities to meet demonstrable investment needs, either in specific regions or with respect to specific sectors. The new institutions are mandated to complement, not duplicate, the activities of existing multilateral development banks (MDBs). The World Bank continues to take the lead on broad policy reform programs (structural adjustment). Regional institutions to fill particular niches of expertise.

The EBRD was established in 1991 to promote the development of free market economies in Europe committed to multiparty democracy. To that end, the EBRD focuses on private sector-led development, and the development of small, medium and micro-enterprises, as well as strong financial institutions and local capital markets.

The NADBank was established in 1993 to finance environmental infrastructure projects along the U.S./Mexico border, as well as community adjustment and investment in both countries.

The GEF is the primary multilateral mechanism to help developing countries take on responsibility for addressing a variety of environmental problems that have global implications. It is the only organization that can combine the requisite levels of project development expertise, institutional relationships, and finance. The GEF is a lean, transparent DC-based organization. The GEF's 32 member Secretariat works with small GEF units at the three implementing agencies. These agencies are: the World Bank, which manages demonstration investment projects; the United Nations Development Program, which runs capacity building programs, and United Nations Environment Program, which provides scientific and information systems related technical assistance. This organizational structure improves collaboration and helps keep administrative costs down.

MANAGEMENT REFORM AT WORLD BANK AND OTHER (MDBS)

Question. Mr. Secretary, I know you have made a concerted effort to reduce overhead costs of the World Bank and other international financial institutions. What progress have you made, and what remains to be done? What can we do to improve effective use of limited resources?

Answer. The United States has obtained significant benefits at the MDBs—high leverage, major policy impact, and global reach—at a substantially lower budgetary cost. Since the mid-1990s, we have negotiated down new U.S. financial commitments to the MDBs by approximately 37 percent, reducing our annual appropriation need from about \$1.9B to the current level of \$1.2B. With contributions from 180 other shareholders, and the capacity to tap global capital markets, the MDBs are able to mobilize about \$40 for economic development investments for each dollar we directly contribute. In 1998, the U.S. provided \$1.4B and the MDBs made commitments of \$57.1B. Simultaneously, we have obtained major policy reforms in the institutions, ensured their continued focus on issues of priority to the United States and American taxpayers, and maintained U.S. voting shares and influence.

In addition the United States has pressed the institutions, especially the concessional facilities such as IDA and the African Development Fund, to create a stronger linkage between new lending and borrower performance, including explicit consideration of good governance and efforts to combat corruption. The institutions are giving greater scrutiny to the level and composition of military spending in borrowing countries. Improved evaluation mechanisms also are helping improve the quality of operations. All of the efforts help ensure that the resources provided by the U.S. and other members will be put to the most effective use.

The MDBs are also placing greater emphasis on catalyzing private sector resources by focussing on market-building reforms, eliminating restrictive trade and investment practices, restructuring the financial sector and privatizing state-owned firms. The institutions are developing new instruments, such as guarantees, to strengthen their partnership with the private sector.

The case for continued U.S. participation in the MDBs, is as strong and compelling as ever. Last year the MDBs responded rapidly to financial market turmoil in Asia, Russia and Latin America with programs and assistance that were contingent upon specific policy conditionality tailored to address the underlying problems that made these countries vulnerable. These programs and the policy adjustments that underpin them have been helping to restore economic stability, promote deep finan-

cial and economic policy reforms, and strengthen social safety nets to cushion the impact of the crisis on the most vulnerable. Returning these regions to a path of sustained, and sustainably financed, growth will pay commercial and security dividends to Americans for years to come.

More broadly the MDBs provide a powerful and increasingly effective instrument for U.S. global leadership at a time when developing and transition country economic issues have unprecedented implications for American interests. With their extensive financial resources, technical expertise, multilateral composition, and contribution-based voting rules, the MDBs are uniquely well placed to promote the basic economic investments and policy reforms needed to achieve an enduring reduction of poverty and to support market-driven democratization around the globe. Aggressive U.S. advocacy on a wide range of bipartisan issues over the last decade has produced major operational and policy improvements across the MDBs, cementing our leadership on global economic development policy while at the same time substantially reducing the budgetary costs of our participation. The result is an institutional system able to address, directly and cost-effectively, priority U.S. policy objectives on issues of global importance, as well as regional and country-specific challenges where substantial U.S. interests are directly at stake.

- Around the world there are three billion people who still live on less than \$2 per day, two billion who are without regular access to either sanitation or reliable power, and one and one half billion who do not have regular access to clean water. The MDB system remains the world's largest provider of concessional funding for critically needed poverty reduction investments in the world's poorest countries, such as for primary health and education (especially for girls), disease control, basic sanitation, and power.
- After major natural disasters, such as Hurricane Mitch and flooding in Bangladesh, the MDBs help meet reconstruction and development needs through expanded and expedited lending and effective coordination of the broader donor community.
- The MDBs are playing an important role in building peace and open market economies and in fostering democracy and civil society around the world. Their work includes basic investments in public services in the West Bank and Gaza; economic reconstruction in Bosnia-Herzegovina; anti-corruption and good governance programs in Sub-Saharan Africa; and market-building reforms in what formerly were the centrally-planned economies of Europe and Asia.

AID FOR INTEGRATION OF SOUTHEAST EUROPE

Question. Mr. Secretary, the President has requested and Congress will soon provide substantial supplemental funding for operations to counter the Milosevic's regime campaign of terror in Kosova and help the refugees and otherwise deal with its consequences. Military conflict often costs more than efforts to promote reconciliation and avoid or resolve conflicts peacefully. The Balkan region remains rife with potential conflicts, not least because economic ties between countries in the region have not been strengthened.

Would you agree that the international financial institutions should mount a renewed and rapid effort to develop transportation and communications and energy infrastructure in Southeast Europe to help ensure a better, common future for people in this troubled region?

I would suggest, for example, rapid reconstruction of the East-West road and rail corridor linking Albania, Macedonia and Bulgaria; constructing a new road to link central Albania with the border with Kosova near Kukes; and construction of a second bridge over the Danube linking Romania and Bulgaria so goods can move around Serbia.

Answer. I fully agree that it is important for the multilateral donor community, including the U.S., to provide assistance to the countries in the Balkans region to address the economic consequences of the Kosova conflict and to attempt to ensure greater long-term stability and prosperity for that troubled region. Such assistance must be governed by a solid, comprehensive needs assessment and provided in ways that promote further economic and political reform, allocate scarce resources efficiently, and avoid duplication of efforts.

Consequently, it is critical that any efforts to undertake regional initiatives, such as the ones you have described, be based on sound economic analysis, be consistent with overall development strategies that will be formulated in the World Bank/EC-led donor coordination process, and have the unequivocal support of the countries that are to benefit directly from those initiatives. I note that the Southeast European Cooperative Initiative (SECI) was established in December 1996 to promote regional economic and environmental cooperation among the countries in the region,

and to facilitate their integration into European structures. In addition, the Administration has announced its Southeast Europe Initiative, which includes a focus on identifying particular needs in connection with regional economic integration, including infrastructure and transportation projects. Finally, the U.S. government is participating in the Stability Pact for South Europe, which is designed to promote stability, prosperity, and in tegration for that region.

TREASURY ADVISERS PROGRAM

Question. Mr. Secretary, I understand your Department runs the Treasury Advisors program to assist transition and developing countries with macroeconomic and other policy and programmatic recommendations. However, I am told most advisors are contractors rather than Treasury employees, and that it costs about half a million dollars a year to field each of these advisers in foreign capitals. Is this a cost-effective program? How can we encourage more U.S. government employees who have the relevant expertise to spend a year or two advising a foreign government in their area of expertise?

Answer. Treasury's Office of Technical Assistance has been helping governments in Central Europe and the Former Soviet Union since the early 1990's. It is a program that brings together experienced professionals with outstanding expertise in a given area and puts them to work helping host countries implement many of the structural changes which Treasury advocates in order for them to develop the institutional framework for a market economy to flourish. Treasury strongly endorses this program because it works, and the feedback we receive from finance ministers and other senior officials in recipient countries convinces me that they place great value on the work of our advisors. The success of this program is such that it has recently received funding to expand its operations on a selective basis to countries in Latin America, Africa, and Southeast Asia.

Although funding for Treasury's technical assistance program is based on a "per advisor" cost, this statistic is somewhat misleading. When operating in a given country, Treasury advisors have a broad array of resources that they can call upon. Most important in this regard are a wide range of technical specialists, who are available to work on a short-term basis, to supplement the capabilities of the resident advisor. The cost of these supplemental resources is rolled into the charge for a single advisor.

A large number of items make up the cost of fielding a Treasury advisor, including:

- Salary, benefits, housing, utilities, and transportation;
- Translators, assistants, computer equipment, and all other costs of maintaining an office overseas; and
- Some projects require additional in-country costs, for example, hiring legal counsel in the host country when assisting with the drafting of new tax laws. These costs can be substantial and increase "per advisor" costs for the entire program.

The Treasury technical assistance program operates at the highest levels of a host government. Our advisors have formerly been senior level executives and command higher salaries than those paid in an average foreign aid program. We monitor expenses carefully and others, including the Treasury Inspector General, State Department Inspector General, and the GAO, have studied the costs of this program. Their conclusions are that the program costs the same or marginally more than comparable foreign aid programs. However, when these costs are weighed against the accomplishments of this program, Treasury considers it highly cost-effective.

In terms of advisor selection, Treasury endeavors to choose the most qualified candidate for a particular job. We conduct a "needs assessment" for each mission to define the necessary skill base, and positions are filled based on an open recruitment policy. The flexibility provided by multiple contracting mechanisms is necessary to ensure that Treasury fields the best candidate available for an advisory position. We encourage candidates from different areas in the Federal Government to join this program, and we have advisors who work under Reimbursable Agreements, not only from Treasury, but from the IRS, the Census Bureau, Justice and the Commerce Department. Other advisors come to us from state governments and work under Inter-agency Personnel Agreements. However, the largest numbers of advisors work under Personal Services Contracts, which are used to employ people from the private sector or retired Federal employees.

In terms of Washington-based staff, we employ a mix of career government service, term government service, and personal service contractors in the Treasury technical assistance program. This is based on the premise that funding for the program is subject to the "sunset" provisions of the SEED Act and the FSA. However, with

the receipt of an independent appropriation from Congress, this structure may change in the future with Treasury likely to employ more civil servants on our program management staff.

GEF OFFSET IN SUPPLEMENTAL BILL

Question. The Supplemental Appropriations bill which will soon come to the full Senate from the Conference Committee includes certain offsets in foreign affairs funding. The bill will cut \$25 million appropriated in fiscal year 1999 for the Global Environment Facility. What will be the impact of this reduction in the U.S. contribution to the GEF?

Answer. The \$25 million cut in funding for the GEF will have a negative impact on its ability to implement critical environmental programs. The GEF faces a funding shortfall of more than \$250 million in the coming year, primarily because of U.S. arrears to both the first and second replenishments. Also, this rescission likely will delay payment on other pledges, since some other donors peg their contributions to our own payments.

The funding situation is a particular concern since the GEF is the lead multilateral organization for helping developing countries take on greater responsibility for addressing environmental problems with global implications. For example, the GEF has greater role in preventing loss of biological diversity than any other organization worldwide. Moreover, each U.S. dollar leverages about \$12 in co-financing from a combination of sources including other donors, developing countries themselves, bilateral and multilateral aid agencies, and the private sector.

Therefore, failure by the United States to meet its financial commitments in full and on time can have a multiple contractionary effect on institutional operations.

Regarding the second option, to date the USG has not used the swap mechanism. The USG has used the third option, however, under the EAI program.

To address your concern regarding the use of funds, mechanisms have been established to ensure oversight by the host and U.S. governments, as well as the NGO community. For example, all projects over \$100,000 must be approved by the host government, the local board, and the Enterprise for the Americas Board, an oversight group composed of representatives from State, Treasury, USAID, Agriculture, and the NGO community.

SUBCOMMITTEE RECESS

Senator MCCONNELL. The subcommittee will stand in recess until 10:30 a.m., on Thursday, May 20, when we will receive testimony from Madeleine Albright, Secretary of State.

[Whereupon, at 3:40 p.m., Wednesday, May 19, the subcommittee was recessed, to reconvene at 10:30 a.m., Thursday, May 20.]

**FOREIGN OPERATIONS, EXPORT FINANCING,
AND RELATED PROGRAMS APPROPRIATIONS
FOR FISCAL YEAR 2000**

THURSDAY, MAY 20, 1999

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11:28 a.m., in room SD-192, Dirksen Senate Office Building, Hon. Mitch McConnell (chairman) presiding.

Present: Senators McConnell and Specter.

DEPARTMENT OF STATE

OFFICE OF THE SECRETARY

**STATEMENT OF HON. MADELEINE K. ALBRIGHT, SECRETARY OF
STATE**

OPENING STATEMENT OF SENATOR MITCH MC CONNELL

Senator McCONNELL. This hearing of the Foreign Operations Subcommittee of Appropriations will come to order.

We want to welcome the Secretary of State. Thank you for coming up. As you know, Madam Secretary, later today we expect to pass a substantial supplemental appropriations bill which will meet urgent needs in both Central America and Southeastern Europe. Total supplemental funding for foreign operations activities in these two regions is nearly \$1.8 billion. For two regions, we are spending 30 percent more than the \$1.1 billion appropriated for all global development assistance programs in the current fiscal year.

During my tenure as chairman we have faced large supplemental requests virtually every year. This year's disproportionate increase tells me that there is something wrong in how we plan and program foreign assistance. We seem to be falling short in both areas. The most immediate example of the consequences of a lack of foresight and planning is Kosova.

Late last year it was already obvious that conditions inside Kosova were deteriorating. Months of Serbian attacks had forced 400,000 people to flee their homes. When they were finally able to return, of course, winter had come. Most of these people found themselves desperately trying to provide a roof and warmth in one room of what was left of their homes. Food, medicine, and heat were in short supply throughout the province. Schools and clinics

were closed, with doctors terrorized by Serb authorities and prevented from providing care.

These shortfalls were repeatedly brought to the Department's attention, yet largely ignored. When the February emergency supplemental for Central America was submitted, I encouraged the Department to ask for an increase in aid to meet urgent resettlement needs of the 400,000 people displaced in Kosova and Montenegro last year. The request was not made. Eventually a request was submitted after hundreds of thousands of refugees poured over Albania and Macedonia's borders. That is also when the hand-wringing began that there were inadequate resources to meet the needs. If you had planned and moved in February to address the needs of the existing 400,000 displaced Kosovars, the administration would have had the resources available to cope with at least, at least the first wave of refugees who fled in March. Eventually you may have had to come back for more, but there would have been funds sufficient at least to bridge the gap with the first wave of refugees.

There was little forward planning then and there seems to be little now to face the next challenge.

The air war did not begin this humanitarian holocaust, as the administration has repeatedly said and accurately said. Nor will the crisis end when the last sortie returns to Aviano. In all likelihood, there will be more than one million refugees and displaced people well into the next year.

Just as important as the immediate humanitarian needs, there are crushing economic and infrastructure problems resulting from this war which will have to be dealt with if we are to have any hope of restoring a durable stability to Europe.

I see little planning to address those major long-term requirements. Your prepared testimony points out the President's request was prepared before the war began and urges us to work together to revise amounts needed to support a future peacekeeping capability. It makes no mention of the need to revise estimates of economic support we must offer if peace is to be sustained. In fact, you simply urge us to support the submitted \$393 million request for Europe, which reflects a real reduction actually in regional support.

Now, I have heard recovery costs may run as high as \$5 billion over several years, with the prospect of a U.S. contribution to those plans of 25 percent. Within a few weeks, we will begin the markup of the foreign operations bill. We are going to go early with the bill on the Senate side this year. So there is considerable urgency to defining our role and our responsibilities. Your current request cannot begin to cover the needs, even assuming the Europeans take the lead.

Just as we defined our resource commitments after Camp David, I think we are clearly likely to have a long-term in-depth relationship with Southeast Europe like we have never had before in our effort to improve those countries and to secure peace in the wake of the conclusion of this Balkan war.

This must be the last round of violence and instability that Milosevic is allowed to inflict on his citizens and neighbors. We agree on the immediate goals. As you know, Madam Secretary, I supported the air strike resolution. I supported the proposal offered

by the senior Senator from Arizona, which the administration was not keen on, which gave the President any and all authority he needed to wrap this war up in a positive way.

I am on your side on trying to conclude this and achieve the goals, the stated goals, which is Kosovars back in Kosova and an international shield to protect them. But I do think when you have supporters such as myself suggesting that we need to sit down now—and you and I touched on this briefly in a conversation last night—to begin to plan together what comes next, I am deadly serious about it, because we are going to have to start marking this bill up in the next few weeks. We would like to do it as a result of some serious consultation about what you envision may be our responsibilities in the wake of the conclusion of this war, hopefully in a positive way, as I just indicated.

So that is what I am going to want to focus on today as we get into your testimony.

Senator Leahy is not yet here.

PREPARED STATEMENTS OF SENATOR LEAHY AND SENATOR
LAUTENBERG

Senator Leahy and Senator Lautenberg were unable to attend this hearing, we have received their prepared statements and they will be inserted into the record at this point.

[The statements follow:]

PREPARED STATEMENT OF SENATOR PATRICK J. LEAHY

Madame Secretary, we appreciate you being here. With the number of crises that you are trying to manage right now I can imagine that this is not necessarily the way you would choose to spend this morning.

I do not have a long opening statement. Let me just say that I do read the newspapers and I am not among those who blames the Administration for everything that is wrong in the world. The United States cannot wave a magic wand and fix every problem. Many of the problems we face were inherited by this Administration. The United States is exercising leadership in many areas, and it is making a difference.

Having said that, I am concerned by what I see as a foreign policy that lacks a sense of priorities, or focus. We seem to lurch from one crisis to the next, trying to solve them in isolation from the bigger picture. Two of our most important goals—strengthening relations with Russia and China, seem to be among the most elusive.

I felt strongly that NATO should respond to President Milosevic's war crimes, but I also feel that the bungled way NATO has responded, and it's failure, so far, to achieve it's goals in Kosova, have damaged NATO's image as an invincible military alliance.

A quarter of the world's people are dirt poor. I don't think many Americans realize how desperate life is for so many people, on practically every continent. Yet despite everything that we and others are doing to improve living conditions in those countries, it falls far short of what is needed.

And this year, you are proposing a cut in our contribution to the U.N. Development Program. I think that sends the wrong message.

I completely agree with the strong warnings in your written testimony about our budget situation this year. Trying to respond to so many challenges around the world costs money, but we face a budget ceiling that will make it impossible to respond as we should—whether it is to stop the spread of AIDS, support economic development, or support non-proliferation programs. As you say, it is budgeting cut off from reality.

So we all share responsibility for a situation which I believe calls for a serious review of what our foreign policy priorities are, and what it would cost to achieve them. That is a process the Administration needs to lead, and which involves the bipartisan participation of the congressional leadership.

I am interested in your views on this, Madame Secretary. Unfortunately I suspect that to do what I am suggesting will not be possible until the next Administration, and a Congress that is more interested in solving problems than scoring political points.

PREPARED STATEMENT OF SENATOR FRANK R. LAUTENBERG

Mr. Chairman, I join you in welcoming the Secretary of State to testify before this subcommittee on the Administration's budget request for fiscal year 2000. The funding provided for Foreign Operations is crucial for America's engagement with other countries and peoples and for our ability to shape the world on the basis of our values and interests.

As you know, I serve as the Ranking Member on the Senate Budget Committee. During debate on the Budget Resolution in the Committee and on the Senate floor, we gave due consideration to the need for increased foreign affairs funding.

The Budget Resolution we adopted in the Senate included Sense of the Senate language supporting strong foreign affairs spending and urging that funding for essential Embassy security upgrades not come at the expense of our foreign affairs programs.

However, the Budget Resolution Conference Report put forward by the Majority did not heed the will of the Senate. Instead of increasing international affairs spending, that Budget Resolution cut the President's request for Function 150 by more than 15 percent.

America's global leadership should not be a partisan issue. I hope my colleagues understand that our role in the world is determined by more than defense spending to achieve military might.

The full Appropriations Committee will soon decide on allocations to the Subcommittees for our fiscal year 2000 bills. The proposed allocation for the Foreign Operations Subcommittee published in the press is only \$12.5 billion. While that's far better than the dreadful House number, it would be a significant reduction even from the fiscal year 1999 allocation for this subcommittee.

Mr. Chairman, I don't see how we can even hope to meet the most pressing needs within the proposed funding level, which is more than \$2 billion short of the Administration's request, even factoring in only the fiscal year 2000 portion of the Wye aid package.

In fact, I think each of us on this Subcommittee could easily identify areas where the President's budget request would not provide sufficient funding. The ongoing crisis in the Balkans, which is creating urgent needs for humanitarian assistance well beyond the timeframe of the Supplemental bill, is but one example.

Secretary Albright, I hope you will give us a realistic assessment of the consequences for United States global leadership if we reduce foreign affairs spending to this degree.

I am deeply concerned that our leadership, our values and our interests around the world will suffer tremendously.

Thank you, Mr. Chairman.

SUMMARY STATEMENT OF HON. MADELEINE K. ALBRIGHT

Senator McCONNELL. What I would like to do, Madam Secretary, is call on you. We will put your written statement in the record, call on you for your observations, and we will move ahead. Thank you very much.

Secretary ALBRIGHT. Thank you very much, Mr. Chairman and Senator Specter, and thank you very much for giving me this opportunity. It is important that you review my written statement because there are lots of subjects in there that I am not going to be able to get to.

I think that the events of the past year, especially in the Balkans, the Gulf, Asia, and Africa, illustrate the range of perils that do exist in the world.

Senator McCONNELL. Move that mike a little closer to you. Move the mike a little closer.

Secretary ALBRIGHT. I was talking about the range of perils that exist in the decade at the end of the cold war. I am very pleased to hear what you have to say, because I have come here in search of the tools we need to respond to those perils and to seize the opportunities for enhancing our security.

This subcommittee has generally supported adequate funding for international programs, and for that I thank you and salute you. I really particularly want to thank you for your help in gaining approval of the President's request for the urgent supplemental funding for Central America, Jordan, and Kosova, and I think again your actions on this reflect your understanding of the need for resources.

Now we come to the problem. Unfortunately, this year's Congressional budget resolution reflects no such understanding. Under it, this subcommittee and your counterpart in the other body are expected to receive budget allocations for foreign operations that are 14 to 29 percent below the President's requests, and this is simply not acceptable.

It will remove your flexibility and mine and the kinds of things you are talking about will be even worse. The numbers are disastrous in their own right. But because of commitments we have already made and the way that the budget spends out, we may well be required to make far greater cuts, as much as one-half or two-thirds in many programs that are essential to American interests.

Now, we have really looked at the kinds of things that will happen. So anyone who says we should lead in countering terror or fighting drugs or halting proliferation or promoting American exports should agree we cannot make progress toward these goals if we slash the resources devoted to them.

You know and I know that we cannot conduct an effective foreign policy with the budget allocations now being considered, and we have to find a way around this problem. Also, we cannot allow the budget resolution to become a writ of surrender for American leadership.

This morning I ask your support for the President's budget request in its entirety and will highlight the key components as I proceed. But I also ask your support for our effort and NATO's to oppose the ethnic cleansing and war crimes in Kosova. I am very grateful, Mr. Chairman, for your support on all this, and we have had discussions. We will continue them this morning. But I would like to voice my appreciation to you.

We do not know how many innocent people President Milosevic's troops have killed in Kosova, but we have reports of 500 villages burned or destroyed, of 60 villages where executions have occurred, of mass grave sites, of women systematically raped, and of more than 1 million people driven from their homes.

I have with me today two tapes that basically show the carnage that has taken place and shows how we have been able through corroboration of victims' statements and technical means to show that what has really taken place took place in a particular area and are able to corroborate the kinds of horrors that we have been hearing about. We will obviously make those available to you.

All of what is going on in terms of what Milosevic is doing is not an accident. It is the result of his deliberate plan to kill, terrorize

or expel an entire ethnic community, and it is happening in NATO's front yard.

Over the past year we did all that we could to resolve this crisis diplomatically, and in response to this Milosevic violated his commitments and refused to negotiate and launched his campaign of terror. But Milosevic will not get away with it, because NATO will not let him.

Our air operations are steadily destroying Belgrade's capabilities and morale, and day by day we are intensifying these operations. We are tightening the economic restrictions and we are aiding the refugees, and we are getting the truth out through an active campaign of public information, including to the Serb people. We are continuing our diplomatic efforts to achieve an outcome based on the conditions that NATO has set.

For example, we are insisting that NATO be at the core of any international military presence in Kosova, and we do this not as a matter of theology, but of reality, because after what has happened there is no way that the refugees will or should return home without credible security guarantees.

Mr. Chairman, we all want this confrontation to end, but we must have the patience and spine to ensure that it does so on the right terms. More than a century ago, Abraham Lincoln, Kentucky's greatest son, urged Americans to have faith that right makes might and in that faith to do our duty and understand it. I think it is very important now to reaffirm that faith, and NATO's campaign is being conducted on behalf of a cause that is just, by an alliance that is united in its goals, against a regime that is both isolated and profoundly wrong. We are making progress, and we will persist and we will prevail.

The current crisis I think highlights the need to integrate the Balkans more fully into the Euro-Atlantic community. I do hope that as we get into the questioning we can talk more about our plans for Southeast Europe and get more into the details of what you have been asking about, because the problems that plague the region of competition for resources and ethnic rivalry and religious intolerance are important for that region and we have to deal with it, but they are by no means restricted just to that part of the world, and I think that it is very important that we pursue an active policy there.

During the NATO summit the President and our allies launched a coordinated effort to develop a plan to transform the Balkans from the continent's primary source of instability into an integral part of the European mainstream. This will require the deep involvement of the European Union and the international financial institutions. It will require a willingness on the part of the local leaders to work together on behalf of a common good, and it will require ultimately a change in leadership in Belgrade so that the democratic aspirations of the Serb people may be fulfilled and the isolation of the former Yugoslavia can come to an end.

Our efforts to promote lasting stability across Europe are essential, but they are also mirrored in our own hemisphere through the summit of the Americas process. Here our challenge is to translate the promise of reform into the reality of enduring and broadly

shared prosperity and to strengthen the fragile democratic institutions.

Our major test in the hemisphere is in Colombia, where we have committed to helping President Pastrana secure peace and re-establish the rule of law.

Similarly in Asia, we are working with allies and partners to improve security cooperation, restore economic momentum, and build democracy, and in this region there is no greater threat to peace and stability than the situation on the Korean Peninsula. With our Korean and Japanese allies and China, we are seeking ways to reduce tensions. To this end, we have vigorously pressed our concerns about North Korea's long-range missile program and we have reached an agreement that, starting this week, will allow multiple visits to inspect underground constructions at Kumchang-ni, and we continue to insist that North Korea meet its obligation under the Agreed Framework.

That framework froze North Korea's plutonium production and separation facilities at Yongbien and brought them under IAEA monitoring. Eventually they are to be dismantled and the nuclear fuel shipped out. As long as North Korea is abiding by the Agreed Framework, our support for it is vital and I urge members to provide that support by approving the President's request for \$55 million for the Korean Peninsula Energy Development Organization, KEDO.

Meanwhile, as the committee is aware, former Secretary of Defense William Perry was asked by the President and me to take a long, hard look at the U.S. approach to North Korea, and Dr. Perry has been working diligently and in close consultation with our allies and many on Capitol Hill and with outside experts and his work is nearly done.

But before submitting his conclusions, Dr. Perry will travel to Pyongyang along with Ambassador Wendy Sherman and a small delegation during the period from May 25 to May 28. While there, he will explore and assess in person the views of the senior North Korean officials. He will also consult with South Korean and Japanese leaders both en route to and returning from the North Korean capital. The administration will of course continue to keep Congress briefed on all these developments.

Also in East Asia, we have continued our strategic dialogue with Beijing. Our approach is not based on any illusions about China, which remains undemocratic and undecided about its future role in the world. But the choices China makes in years to come will do much to determine the future security and prosperity of the region, and we would be remiss in our own responsibility if we did not encourage China to make choices that reconcile its interests with those of others in the Asia Pacific, including with us.

The basic reality was not changed either by NATO's tragic and mistaken bombing of the Chinese embassy in Belgrade or by the subsequent damage done to our diplomatic and consular facilities in China. It is essential that these events not harm the potential for future U.S.-Chinese cooperation and that we continue where we can to narrow differences and establish common ground.

Elsewhere in Asia, Mr. Chairman, I want to highlight the importance of the upcoming elections in Indonesia, where both you and

I have visited in recent months. Our interest there is not in the electoral outcome, but rather in the process, and that is why we are supporting efforts by local organizations to educate voters, train poll watchers, and discourage violence. We are also backing efforts to end the fighting in East Timor and to determine its future status in accordance with popular will.

In the Middle East, we continue to work with regional leaders on behalf of peace and we congratulate Israel's incoming Prime Minister Ehud Barak for his victory in this week's election. Once a new government is formed, we hope Israelis and Palestinians will move ahead to fully implement obligations negotiated at Wye and to launch permanent status talks with the goal of an agreement within 1 year. We will also be prepared to undertake a new effort to make progress on the Syrian and Lebanese tracks.

As we pursue our diplomatic initiatives, I hope we can count on the subcommittee's backing for programs that aid our partners and support the peace process.

In the Gulf, last December we responded forcefully to Iraqi violations. We continue to defend pilots patrolling the no-fly zone and we are working with the Security Council to develop means for resuming inspections and the monitoring of Iraq's remaining weapons of mass destruction capabilities. We support the desires of the Iraqi people to re-integrate themselves internationally by freeing themselves domestically from a leader they do not want, do not deserve, and never chose.

Mr. Chairman, the new century will demand for us a fresh approach to the dangers and opportunities in Africa. Today, with regional leaders we are searching for ways to end bloody conflicts from the Sudan and the Horn of Africa to the Congo and Sierra Leone, where we hope a lasting breakthrough has been achieved. However, these immediate crises must not cause us to neglect long-term goals.

I urge your backing for our efforts to support peace, aid development, strengthen the rule of law, and in Nigeria to assist the critical but fragile transition to democracy.

Many of the measures we take to protect American security and prosperity are directed at particular countries or parts of the world. But others can best be considered in global terms, and these include our international economic leadership, the war against terror, drugs and crime, and initiatives to promote human rights and support humanitarian de-mining efforts around the globe.

They also include our strategy for safeguarding American security by preventing weapons of mass destruction and the missiles that deliver them from falling into the wrong hands. This year we are requesting \$250 million for the State Department's programs under the President's expanded threat reduction initiatives. These programs seek to enhance our security by discouraging the proliferation of weapons expertise and helping the new independent states to tighten export controls and improve border security.

Mr. Chairman, I think that we know that we have a very important job ahead of us, and I can only reflect that a little more than 50 years ago only a short distance from where we are now President Harry Truman delivered his first and only inaugural address. In what came to be known as the Four Points Speech, he chal-

lenged Democrats and Republicans alike to lend a hand to those struggling for freedom and human rights, to continue programs for world economic recovery, to strengthen international organizations, and to draw on our country's expertise to help others help themselves in the battle against ignorance, illness, and despair.

PREPARED STATEMENT

Today we are summoned to meet similar responsibilities in a far different time and to honor the principles that will endure for all time. As I have said to you many times, I pledge my own best efforts to accomplish this and respectfully solicit yours.

[The statement follows:]

PREPARED STATEMENT OF MADELEINE K. ALBRIGHT

U.S. FOREIGN OPERATIONS BUDGET

Mr. Chairman and Members of the Subcommittee, good morning. I am pleased to be here to seek your support for the Administration's request for funds for the foreign operations programs of the United States.

At the outset, let me thank this Subcommittee and its members for their leadership in supporting a principled and purposeful U.S. foreign policy. We have not always agreed on all subjects, but the disagreements have almost always been on tactics, not goals.

For we all know America's purpose. It is freedom. We Americans are dedicated to the rights of all people. We promote government with the consent of the governed. We believe in law. We cherish peace. We seek prosperity.

Having said this, we have not said very much. For it is easy to list goals. Our task, together, you and me, America and our friends overseas, is to achieve them.

About a decade ago, we began a journey into a new era. We set out free from Cold War bonds, but soon were plagued by other perils. Along the way, we have not always put our foot right, but overall we have made great progress.

Because the signposts of the past have fallen, history demands that we be innovators and trailblazers, builders of new institutions and adapters of old.

So in virtually every part of every continent, we work with others to bring nations closer together around basic principles of democracy and law, open markets and a commitment to peace.

We do this because it is right, but also because it is essential to protect the best interests of our nation and people. In this era, our security, prosperity and freedom hinge on whether others, too, have access to these blessings. And the future depends on whether we can help shape a world in which disputes are settled, prosperity is shared, criminals are caught, aggressors are deterred and basic human rights are respected.

Mr. Chairman, we need the full measure of American influence and leadership at this critical time. The scope of our national interests and the connections between our global role and our prosperity require it. The range of threats to our security demands it. And, as recent events in the Balkans, the Gulf, Asia and Africa remind us, the world will not wait.

That is why I come before you in search of the resources and tools we need to respond to perils and seize opportunities for ensuring our security, promoting our prosperity and upholding our values.

This Subcommittee has generally supported funding for international programs and for that, I thank you. In particular, I salute your support for a supplemental to meet urgent needs in Kosova and Southeast Europe as well as Central America and Jordan.

I was gratified to see so many Senators, including several of you, travel to Southeast Europe or Central America earlier this year. You gained firsthand knowledge of the human tragedies and foreign policy challenges we face. You returned committed to seeing that the State Department has the resources to get our part of the job of relief and reconstruction done right. And your efforts are paying off.

I hope that we can work together in that same spirit to maintaining next year, and in the years to come, the quality of diplomatic leadership that can prevent crises from ever occurring—and respond to them quickly when they do happen.

Unfortunately, this year the budget allocations being contemplated would require drastic reductions in the funding requested by the President for foreign operations—

cuts in the range of 14–29 percent. This appears the outcome of a process shut off from the realities of the world in which we live. It is arithmetic, not statecraft, and it presents us with a shared problem.

Cuts of this magnitude would gravely imperil immediate and long-term American interests. Let me explain how.

The low funding levels would be bad enough, but they are complicated by limits on spending.

Because foreign aid spends out over several years, aid commitments made in previous years account for half of the spending, our outlays, in the President's budget request. A lower fiscal year 2000 spending ceiling means that prior year commitments will account for an even greater proportion of the total, leaving very little room for new spending. To meet our prior commitments, we might well be required to make other cuts, as much as one-half to two-thirds, in programs that are essential to American interests.

This is tantamount to the surrender of American leadership around the world.

Anyone who says we should do more to counter terror, or fight drugs, or halt proliferation, or promote American exports, or prevent the abuse of human rights should agree that it is not possible to accomplish any of these goals without resources.

This is not a partisan issue. The call for a strong U.S. foreign policy comes from leaders in both parties. I hope, Mr. Chairman, that we can answer it together—and work to assure funding levels that provide our citizens with the diplomatic leadership they deserve.

AMERICAN LEADERSHIP AROUND THE WORLD

Europe and the New Independent States

Mr. Chairman, this year we mark the tenth anniversary of the fall of the Berlin Wall, and the fiftieth anniversary of the founding of NATO. It is an appropriate time to rededicate ourselves to the goal of a new Europe—undivided, democratic and at peace.

But the continent cannot be whole and free as long as its southeast corner is wracked by ethnic tensions and threatened with conflict. And throughout this decade, the primary source of rancor and violence in this region has been the ruthless incitement of ethnic hatred by authorities in Belgrade.

The current campaign of ethnic cleansing in Kosova is an assault on universal values of respect for human rights and dignity. The resulting outflow of refugees is both horrifying and profoundly destabilizing. And Milosevic's repeated use of violence and terror poses a profound threat to the security and character of Europe.

NATO was right to respond. And, despite the difficulties we face, we will prevail. NATO, the European Union, and our G-8 partners including Russia have united around terms for an acceptable end to the crisis. Serb security forces must leave so that refugees can safely re-enter. An international security presence must be allowed, with NATO at its core. And the people of Kosova must be given the democratic self-government they have long deserved.

We are continuing to work, through military and diplomatic means, to make Belgrade understand that these terms offer the only prospect for peace. And we continue to support the International Criminal Tribunal for the former Yugoslavia in its effort to ensure that those who commit or order atrocities in Kosova will be held accountable.

The current crisis highlights the need to integrate the Balkans more fully into the Euro-Atlantic Community of democracies. We do not want this conflict to serve as a prelude to others.

In the weeks ahead, we will be consulting with you, and working with regional leaders, our Allies and international financial institutions to develop a strategy for bringing Europe's southeast corner into the continent's mainstream.

The President's budget proposal, as you know, was presented before Belgrade turned away from negotiations and chose the course of war and mayhem. It foresees an extensive international presence in Kosova, but not the military force that will now be required. I hope we can work closely together, Mr. Chairman, to revise our request to take account of the situation in the region—and to ensure that we and our European partners do our part to build a solid foundation for a new generation of peace.

That is what we are doing—with NATO, the EU, Russia and others—in Bosnia. Completing the implementation of the Dayton Accords would remove a major threat to European security and establish a model for inter-ethnic cooperation that is needed throughout the Balkans and around the world.

Since the Accords were signed three years ago, enormous progress has been made. And as peace has returned, we have steadily reduced our troop presence, and worked to return decision-making to Bosnian hands.

But the nation's bitter divisions are only partially healed. If the promise of Dayton is to be fulfilled, we must stand firm in our support for Bosnia. I ask your support for our request of \$175 million to help refugees return home, buttress democracy and human rights, foster foreign investment and a free-market economy, professionalize Bosnia's police and reinforce regional stability. And to serve our interests throughout this corner of Europe, I ask your support for the President's SEED request encompassing all of Southeast Europe, which totals \$393 million.

Beyond the Balkans, Mr. Chairman, we are working with our friends, allies and partners to create new institutions and adapt old ones to meet the challenges of the new era. And with every step forward, we draw closer to our vision of a Europe whole and free.

With the President's personal leadership, and crucial help from former Senator George Mitchell, we have supported the people of Ireland in their desire to end terror and live in peace through implementation of the historic "Good Friday" agreement.

I want to thank this Subcommittee once more for its support for the annual U.S. contribution to the International Fund for Ireland. This is a valuable expression of our support for peace in Northern Ireland.

With Estonia, Latvia and Lithuania, we have signed the U.S.-Baltic Charter, to show support for the freedom and security of those nations and for their efforts to join western institutions. And we are pursuing our Northeast Europe Initiative to build bridges among the nations of the Nordic and Baltic region.

Under the New Transatlantic Agenda, we are working with the European Union to meet the challenges we both face around the world, such as humanitarian disasters, proliferation threats, international crime, and differences over trade. We strongly support the expansion of the European Union (EU) into central and eastern Europe, and Turkey's desire to be part of that process. We are working hard to ease tensions in the Aegean and continue to explore every opportunity for progress towards a settlement on Cyprus.

We are among those striving to help the Organization for Security Cooperation in Europe (OSCE) meet its potential as a catalyst for democratic change, tolerance and respect for human rights.

With our allies, we last month set the course for NATO's second fifty years. At the Washington Summit, we welcomed NATO's three new members, with strong Congressional support. We recognized collective defense as the core mission of the Alliance, but resolved to prepare to respond to the full range of threats the Alliance may face. And we resolved to further develop our partnerships with other European democracies.

Further to the east, democratic change remains very much a work in progress. In many countries, respect for human rights and the rule of law is weak and economic reforms have been slowed by financial turmoil.

We will continue to help countries in the region find the right road. We do this for reasons of principle, but also because this part of the world is critical to our own long-term security and prosperity.

We are determined to maintain our pragmatic partnership with Russia in the many areas where our interests coincide. The fact is, on a variety of security, financial, and global matters, Russia has continued to do serious business with the United States and with western institutions, notwithstanding our differences over Kosovo. We have moved forward on important issues such as the HEU agreement, the Mutual Legal Assistance Treaty and the Civil Aviation agreement.

We have made noteworthy progress toward the goal of completing CFE negotiations by the time of the OSCE summit later this year.

And we have maintained frequent contacts, from President Yeltsin on down, in an effort to bring Russia on board over Kosovo. I will also mention that we have not seen that cooperation change since the departure of Prime Minister Primakov last week.

Obviously, it remains to be seen how Russian politics will evolve. But one thing is constant—America's interest in encouraging a peaceful and democratic Russia to tackle its economic problems and play a constructive international role. It should not be surprising that the Russian transition from Communism to a more open system is proving difficult. Our own democracy took many decades to mature and remains unfinished. We have an enormous stake in Russian success and will continue to help as long as Russia is committed to the path of reform.

We are sustaining our strategic partnership with Ukraine—knowing that an independent, democratic, prosperous and stable Ukraine remains a key to building a se-

cure and undivided Europe. This year we will continue to support Ukraine's economic and political reforms, press for a free and fair Presidential election, enhance cooperation under the NATO-Ukraine Charter and strengthen joint nonproliferation efforts. As Ukraine prepares for elections this year, it is essential that President Kuchma demonstrate the leadership, and the Rada the wisdom, to press ahead with overdue reforms.

In February, after the most searching consideration, I was able to certify that the requirements of U.S. law with respect to Ukraine's business climate were met—albeit just barely. But I would urge Congress to reconsider the wisdom of the certification requirement, as it has become an impediment to our credibility and steady engagement in Ukraine. I look forward to working with Congress and the U.S. business community to ensure a level playing field for American economic interests in Ukraine.

Throughout the NIS, a great deal of work remains to be done to build stable democratic governments and functioning, transparent market economies. And the United States has a continuing interest in fostering regional cooperation in Caspian energy development and transportation infrastructure. I welcome the great Congressional interest and support for these issues.

In the coming year, we hope to see progress on resolving the conflicts in Nagorno-Karabakh and Abkhazia, and are engaged with all parties toward that end.

We renew our request this year for legislation to repeal Section 907 of the Freedom Support Act. This provision hinders our ability to advance America's national interests in Azerbaijan and the Caucasus. Eliminating it would restore balance to our policy toward Azerbaijan and Armenia, and reinforce our role as an honest broker in the peace process.

We are monitoring with concern the rise of repression in Belarus, and supporting NGOs and media outlets to help opposition views reach the public. And we are preparing to facilitate withdrawal of Russian troops from Moldova, by requesting funding under the Expanded Threat Reduction Initiative for disposal of munitions and force relocation.

And, as every country in the region holds elections this year or next, I ask your support for our efforts to ensure that they be free and fair.

Our support for democratic and market reform will not re-make the region overnight. But it can help those in the region who are helping themselves to move in the right direction.

For example, our support fosters economic development by encouraging investment in small businesses; helps to build accountable democratic institutions; and fights the crime and corruption that have shadowed emerging markets. It helps sustain and expand our nonproliferation programs, which I will discuss shortly. Our assistance is focused on exchanges, civil society and the private sector; and it is increasingly directed toward the regions, not concentrated in capitals.

We fund these NIS programs neither as a favor to governments in the region nor as a stamp of approval of all their policies, but because they serve American interests. And frankly, we need to do more. So I urge you to back our full request of \$1.032 billion this year. And I ask that you ensure that we have the flexibility we need to support democratic and market reforms in accordance with America's interests.

The Western Hemisphere

Here in our own hemisphere, we have important interests dictated not only by proximity of geography, but by proximity of values.

The nations of Latin America and the Caribbean have made great progress over the past two decades, but serious problems remain. These include poverty, inequality and corruption; there are still recurring crises, including natural disasters, political turmoil, and financial instability. But there is now a broad and deepening consensus across the region on how to deal with these challenges, and a willingness to work cooperatively on them. I ask you to ensure that we have the resources we need to help make the most of this historic opportunity.

Five years ago, at the Summit in Miami, President Clinton and the other 33 democratic leaders of our hemisphere affirmed a commitment to democracy and market economics, and developed an action plan to help make a difference in people's daily lives.

At the heart of the Summit process is a commitment to free and fair trade and economic integration. In recent years, every major economy in the region has liberalized its system for investment and trade; and we have begun negotiations to achieve a Free Trade Area of the Americas by 2005.

As a result of its continuing market-based reforms, Latin America has been relatively successful in weathering the global financial crisis; our exports to this region

have continued to rise steadily even during the recent periods of turbulence. To complete this transformation, we must follow through on our free trade agenda and give the President the same authority to negotiate trade agreements as his recent predecessors have had.

As they pursue a shared trade agenda, the leaders of our hemisphere are also working together to ensure that the promise of economic reform translates into steadily improved standards of living for ordinary citizens. At last year's Summit in Santiago, they approved initiatives to promote small business development, increase investments in education, and address wide and increasing inequalities between the rich and poor.

The focus on broad-based economic development is central to our strategy for helping our neighbors in the Caribbean and Central America recover from Hurricane Georges and Hurricane Mitch—among the worst natural disasters ever to strike the Western Hemisphere.

I welcome your support for our supplemental request in this area. The hurricane season is upon Central America and the Caribbean again, and we will be able to put this money to immediate use in repairing last year's damage and helping prepare against the ravages of future storms. It is particularly timely, as the international donor community will hold a consultative group meeting in Stockholm May 24–28 to discuss Central American reconstruction.

Approving the supplemental was a vital step in aiding the recovery of Central America, but sustained recovery also requires expanding trade and creating jobs. Ultimately, job creation and economic development in Central America and the Caribbean are the keys to long-term stability and to stemming the flow of illegal immigration. These are the goals of the Caribbean Basin Trade Enhancement legislation which the Administration submitted in March. I urge Congress to adopt this legislation promptly.

As the recent disasters so starkly demonstrate, economic development is often a series of two steps forward, one step back. What is required is long-term commitment.

Support for democracy requires the same kind of determination and steadiness. Every democracy, including our own, remains a work in progress. We should not let the occasional discouraging headline distract us from the remarkable gains made over the past two decades, as nation after nation in our hemisphere has embraced the principles of representative and constitutional government.

Consider, for example, some of the crises of the last few months: serious political conflicts over economic policy in Ecuador; an assassination in Paraguay that triggered a presidential resignation; and a political stalemate in Haiti which may be lessening but is still unresolved. In each of these countries, democracy is not yet deeply-rooted. Ten years ago, how would we have expected these crises to be resolved?

None of these stories is yet complete. But despite the turmoil, the leaders and citizens of these countries have NOT pushed aside democracy and the rule of law; the militaries have NOT stepped in as alleged national saviors; political differences have NOT degenerated into widespread violence, even when there were thousands marching in the streets. Instead, from Asuncion to Quito to Port-au-Prince, we have seen negotiations within a constitutional framework, and efforts to forge broad-based, multi-party coalitions.

Let me also say a few words about Colombia, a country that is a major priority of our current democracy efforts.

Colombia is not a new democracy; but its political institutions are under terrible strain, as the government tries to cope with a bloody civil conflict, massive drug trafficking, and economic stagnation. The January 25th earthquake was also a huge blow.

Since taking office last summer, President Pastrana has worked hard to reestablish the rule of law, restore fiscal responsibility, and secure peace. He offers the best chance in years to put Colombia back on the right course and deserves our support.

President Pastrana and other elected leaders around the hemisphere are valuable partners in the effort to strengthen democratic institutions and improve standards of living. Unfortunately, Fidel Castro continues to justify his pariah status by throwing dissidents and human rights advocates in prison, and refusing to hold free and fair elections. Our response is guided by one simple principle: the Cuban people deserve the same rights and liberties as their counterparts from Argentina to Alaska.

In January, President Clinton announced a series of steps, building on measures the Administration took the previous March, which expand our efforts to reach out to the Cuban people and help prepare for a peaceful transition to democracy. In particular, we have made it easier for Cubans to be in touch with family and friends

in the United States, and easier for the Cuban-American community to help those on the island. As the President made clear, our goal is to strengthen people-to-people ties and encourage the development in Cuba of peaceful activities independent of the government.

The Asia-Pacific

In the Asia-Pacific, we are working with allies and partners to improve security cooperation, restore economic momentum and build democracy.

As President Clinton and Prime Minister Obuchi reaffirmed in their summit earlier this month, the U.S.-Japan alliance remains the cornerstone of regional security, and we are reinvigorating that alliance through the implementation of new guidelines for defense cooperation. With the world's second largest economy, Japan is also an economic key. We are encouraging Tokyo to continue and expand its program of deregulation, market-opening and other measures to restore growth.

There is no greater threat to peace and stability in the Asia Pacific than the situation on the Korean Peninsula. With our Korean and Japanese allies, and China, we are seeking ways to reduce tensions with North Korea and make progress towards a permanent settlement.

To this end, we have vigorously pressed our concerns about North Korea's development, deployment, testing and export of long range missiles. We have reached an agreement that will allow U.S. inspection of underground construction at Kumchang-ni, thereby assuring—at a minimum—the suspension of any destabilizing activities that may have been occurring at that site. And we continue to insist that North Korea meet its obligation under the Agreed Framework to freeze and dismantle its ability to produce fissile material which can be used in nuclear weapons.

As members of the Subcommittee know, former Defense Secretary Perry is currently conducting a comprehensive review of U.S. policy towards North Korea. He has sought extensive Congressional input and consulted closely with the South Korean and Japanese governments. We expect Dr. Perry to present his findings and recommendations to the President very soon.

Also in East Asia, we have continued our principled and purposeful engagement with China. The tragic and mistaken bombing by NATO of the Chinese embassy in Belgrade, for which President Clinton and other Alliance leaders have apologized, should not alter the fundamental relationship between our two countries.

Cooperation between the United States and China is vital to regional security, prosperity and peace. Neither country can benefit from a policy of confrontation or isolation.

Since the U.S.-China Strategic Dialogue began a half decade ago, we have seen China move from being part of the nuclear proliferation problem to becoming part of the solution. It has endorsed extension of the Nuclear Non-Proliferation Treaty; signed the Comprehensive Test Ban Treaty (CTBT); become party to the Chemical Weapons Convention; promised not to assist unsafeguarded nuclear facilities; supported peace talks on Korea; and played a responsible role during the Asian financial crisis.

We need to recognize these gains, even as we press for further progress.

On economic issues, we are continuing our effort to negotiate an agreement that would enable China to join the World Trade Organization on commercially viable terms.

On proliferation, we are urging China to take the necessary steps to become party to the Missile Technology Control Regime.

And on human rights, we are pressing Beijing to live up to the standards of the UN covenants it has signed, including the International Covenant on Civil and Political Rights. We have also urged China to resume dialogue with the Dalai Lama.

As I have said before, in our relations with China, engagement is not endorsement. We continue to have disagreements with Beijing. But we also believe that the way to narrow those differences, and to take advantage of the many areas where U.S. and Chinese interests coincide, is through regular contacts and dialogue.

Elsewhere in the region, we are strongly supporting those committed to political and economic reform.

While visiting Indonesia this spring, I spoke both publicly and privately about the importance of holding free, fair and credible elections on June 7, and about the need for the Indonesian military to do more to stop violence without abusing human rights. I also discussed with Indonesian leaders the ongoing effort to reach a just and peaceful resolution of the status of East Timor. My emphasis was on the need to disarm paramilitary forces, promote stability, and respect the will of East Timor's people as the transition to a new status takes place.

In Cambodia, we are continuing to work with ASEAN, Japan, Australia and others to strengthen democracy. We are encouraged by the progress that has been made towards political reconciliation, and are urging authorities to bring senior Khmer Rouge leaders from the 1975–1979 period to justice under credible, internationally-sanctioned procedures.

In Burma, we continue to advocate a meaningful dialogue between the authorities there and the democratic opposition, led by the National League for Democracy (NLD). We are deeply concerned by the attempts made throughout the past year to harass and intimidate NLD leaders. Officials in Rangoon must understand that the path to international acceptance and economic progress lies in movement towards a legitimate and popularly supported government.

South Asia

Mr. Chairman, South Asia receives a relatively small amount of American assistance—but the region has a significant impact on our national interests.

Last year's nuclear tests by India and Pakistan posed a threat to international security and dealt a blow to the nuclear nonproliferation regime. In our diplomacy, we strive to move both governments toward the mainstream of international proliferation policy. We are encouraging the parties to resolve the long-standing tensions between them; and we work in the process to broaden and revitalize our relations with both countries.

We have made some important headway. Both India and Pakistan have made qualified commitments to adhere to the Comprehensive Test Ban Treaty (CTBT) by September; and they have pledged to join negotiations for a fissile material production cutoff, and to tighten export controls.

Indian voters will not choose a new parliament until this fall, but we are determined to maintain our arms control dialogue during the interim period.

More broadly, throughout the region we will be working hard to advance our core foreign policy objectives of enhancing economic ties, countering terrorism, extending the rule of law and promoting respect for human rights—including religious freedom, worker rights and women's rights.

The Middle East

American policy in the Middle East is designed to strengthen the forces of peace, encourage regional economic integration and growth, spur democratic progress, marginalize extremists and defeat terror.

To these ends, we maintain our unshakable commitment to the security of our ally, Israel. And we continue to work with regional leaders in support of a just, lasting and comprehensive Middle East peace. This year, as we mark the twentieth anniversary of the signing of the Israeli-Egyptian peace treaty, we remember how far we have come—and how far we have yet to travel.

We welcome the election of Ehud Barak as the next Prime Minister of Israel. Once he has formed a government and taken office, we hope to move forward vigorously on all aspects of the Middle East Peace Process. We hope for rapid implementation of all outstanding Wye obligations by both sides, and the start of permanent status negotiations with the goal of completing them within one year. We will also be prepared to undertake a new effort to make progress on the Syrian and Lebanese tracks.

We were extremely pleased this week to receive in Washington His Majesty, King Abdullah of Jordan, who has pledged to maintain Jordan's constructive role in the peace process. With the passing of Jordan's King Hussein, the region lost a courageous and eloquent champion of peace. We have expressed our full support and friendship to the new King and—with the support of Congress, for which I thank you—will help him work to strengthen the Jordanian economy.

Mr. Chairman, as we pursue our diplomacy, I hope we can count on the Subcommittee's support to fund those programs that help support the peace process. These include our requests for Economic Support Funds and Foreign Military Financing that benefit our partners in peace—Israelis, Egyptians, Jordanians and Palestinians—as well as regional programs that bring those parties together.

In the Gulf, we will continue to work with our allies and friends, and within the United Nations Security Council, to confront the threats posed by the Iraqi regime.

Last December, we joined our British allies in a military operation that degraded Iraq's weapons of mass destruction (WMD) capacity and its ability to threaten its neighbors. We have since continued to enforce the southern and northern No-Fly Zones and have repeatedly acted against Iraqi military assets in the zones that threaten our pilots and aircraft.

At the United Nations, we are working within the Security Council to develop a basis for resuming inspection and monitoring of Iraq's remaining WMD capabilities.

We will insist that sanctions against the regime continue until Iraq meets its obligations, although we support easing the burdens on the Iraqi people through an enhanced oil-for-food program.

Our policy towards Iraq is to counter the threat Saddam Hussein poses to his people, his neighbors, our allies, and our interests in the region until there is a change in regime in Baghdad. We must and will persist in thwarting Iraq's potential for aggression. And we will support the Iraqi people's desire to reintegrate themselves into the international community and free themselves from a leader they do not want, do not deserve, and never chose.

Across the border from Iraq in Iran, parliamentary elections have reinforced clear signs of popular support for a society based on the rule of law and a more open approach to the world. We welcome that, though we are concerned that Iran continues to pursue policies—on proliferation, terrorism, and human rights—that violate international norms.

Iran's President Khatami has called for a dialogue between our two peoples. Last summer, I endorsed that call and expressed a willingness to work with authorities in Tehran, when the time is right, to develop a roadmap for more normal relations. The official Iranian response thus far has not been encouraging, but we stand ready for a dialogue in which both sides would be free to discuss all issues of concern.

Last month, two Libyans accused in the 1988 bombing of Pan Am flight 103 were delivered into the custody of Scottish authorities for trial in the Netherlands by a Scottish Court under Scottish law. This development is a milestone in the decade-long effort to hold accountable those responsible for the murders of 270 people, including 189 Americans. The United States looks forward to the legal resolution of this case, and to the partial alleviation of anguish that may bring to those whose loved ones were lost on Pan Am 103.

Africa

In Africa, our challenge is to address pressing security and humanitarian concerns, while maintaining our focus on helping to realize the continent's great human and economic potential.

From the Red Sea to the Atlantic Ocean, African states are embroiled in civil and regional wars that are taking a horrifying toll on innocent civilians. It would be difficult to overestimate the destructiveness of these conflicts; and we are engaged in intensive efforts to resolve each of them.

Just two days ago, with strong U.S. support, Sierra Leone's President Kabbah and rebel leader Sankoh signed a cease-fire agreement, a step toward ending the brutal fighting there.

But at the same time, we are mindful of the fact that conflict is not the only force shaping the future of the 700 million people in the region.

An increasing number of Africa's leaders now understand that the continent's future prosperity depends on trade and foreign investment. They are working to create a better environment for doing business, by privatizing state-run enterprises, re-vamping commercial codes, and adopting sound fiscal policies. As a result, overall economic growth in Africa has averaged nearly 4 percent over the past four years, and our exports to the region have risen by an average of more than 11 percent per year over the same period.

The United States has a direct stake in seeing this economic progress continue. It means better business opportunities for American companies. And it means that African nations could be stronger allies, and less dependent on international assistance, in the decades to come.

So, once again, I urge Congress to pass the African Growth and Opportunity Act. This trade measure would provide essential support for the process of economic reform across the continent, and expand our trade with one of the largest untapped markets in the world.

Mr. Chairman, I want to draw your attention to our efforts in Sudan, a country that remains one of our diplomatic and humanitarian priorities. With your support, the United States provided more than \$150 million to Sudanese relief last year, and has already committed over \$130 million for fiscal year 1999. Operation Lifeline Sudan is now the largest food delivery program in history, having surpassed the Berlin Airlift. Thanks to this remarkable effort, the immediate crisis which endangered the lives of over two million people in the southern part of that country has largely abated.

But long-term food security in Sudan depends on ending that country's civil war. The international donor community, with our active participation and support, is working to revitalize the negotiating process. Kenya has appointed a special envoy to focus full-time on the process. And with American assistance, a secretariat will

be set up for the talks in Nairobi, under the auspices of the Intergovernmental Authority on Development.

In Africa, as elsewhere, we can have the greatest impact where we have partners. For that reason, it is essential for us to continue our strong support for the positive developments in Africa's two anchor states, South Africa and Nigeria.

Five years ago, Nelson Mandela was elected as the first president of a free South Africa. Next month, he will step down; the voters will select a new parliament; and that parliament will choose Mandela's successor. Mandela's wisdom will of course be missed; there are few leaders in world history as beloved; but the fact that this transfer of power is taking place so smoothly marks yet another step forward in South Africa's transition to normal democratic governance.

One of the great accomplishments of the Mandela administration has been to reduce the government's role in the economy and promote private sector investment and competition. But in many ways the job of building South Africa's democratic institutions is just beginning. And while political violence has receded, violent crime of a more prosaic nature, including organized crime, has become a major problem.

The task of building true democracy in Nigeria is even more daunting, but that country's political situation has improved dramatically over the past year. In February, Nigeria chose its first elected president in over fifteen years. The elections were far from perfect—but the people's choice was clear.

President Clinton, Treasury Secretary Rubin and I met with President-elect Obasanjo on March 30th, and assured him that we will provide strong support for Nigeria's transition to democracy.

For the future of the continent, the stakes could not be higher. Nigeria has the largest population in sub-Saharan Africa and is a dominant cultural, economic, and military power. A successful democracy, coupled with a revived economy, could be an engine for positive change throughout the region.

Nigeria, South Africa and most other African nations have long and difficult journeys ahead. They will need to persevere in spite of the setbacks and discouragements that are bound to come along the way. The United States needs to stay the course as well. We should continue to provide essential assistance to those who are working to open markets, and strengthen civil society, representative democracy, and the rule of law. This is the strategic approach that drives our policy and for which I ask the support of this Subcommittee and the Congress.

GLOBAL OPPORTUNITIES AND THREATS

Mr. Chairman, to protect the security and prosperity of our citizens, we are engaged in every region on every continent. Many of our initiatives and concerns are directed, as I have discussed, at particular countries or parts of the world. Others are more encompassing and can best be considered in global terms.

Protecting American security

The first of these is our strategy for ensuring the fundamental security of our citizens and territory—a challenge that differs substantially from the past.

The risks of East-West confrontation have been sharply reduced, and for that we remain grateful. But we face a variety of other dangers, some fueled by technology's advance; some by regional rivalry; some by naked ambition; and some by envy, resentment or outright hate.

During the past year alone, we have witnessed terrorist attacks against two of our embassies in Africa, the testing of longer-range missiles by North Korea and Iran, periodic threats from Saddam Hussein, and nuclear explosions in South Asia that fueled regional tensions and challenged the global nonproliferation regime.

The future promises scant relief from such perils. In response, President Clinton has outlined plans for strengthening our military, revitalizing our alliances, and preparing American communities for possible terrorist strikes.

Defending America requires both the capacity and the will to use force when necessary. But we must also use diplomacy vigorously, to bolster the forces of law and prevent weapons of mass destruction and the missiles that deliver them from falling into the wrong hands.

The economic crisis in Russia and elsewhere in the New Independent States (NIS) adds urgency to the need for effective action. Thousands of scientists with WMD expertise are facing increased temptations to sell their know-how to terrorists or rogue states. And the risks of illicit weapons trafficking are likewise on the rise.

To address these growing proliferation risks, the President is seeking a total of \$250 million in foreign operations funds this year for the State Department programs under the multi-agency Expanded Threat Reduction (ETR) Initiative. Building upon the far-sighted Nunn-Lugar program, we seek to engage weapons scientists to prevent proliferation, halt smuggling, and enhance export controls.

These programs are carefully targeted at the highest areas of proliferation risk in a time of unprecedented transition and continued uncertainty. The State Department administers them with the highest possible standards of care and oversight. We do this with direct input and participation from a broad range of agencies to ensure that relevant policy, technical and intelligence assessments are all taken into consideration.

We ask your support in order to sustain these high standards—for we must do everything we can to keep Russian nuclear, chemical, and biological expertise out of the wrong hands.

This year we are requesting \$20 million to fund the CTBT Preparatory Commission, which will continue to lay the human and technical foundation for the Treaty's entry into force. Even before the test ban is in place, these funds will help build up the international verification system that will help us deter, detect and closely monitor nuclear explosive testing around the globe.

We should not lag behind in realizing the benefits of a Treaty we led in negotiating and signing. I strongly urge the Senate to approve the CTBT this summer, so that we can participate fully in the first meeting of Treaty parties that will take place this fall.

I also ask your support for our proposed \$43 million voluntary contribution to the International Atomic Energy Agency (IAEA). These funds will help the Agency continue enhancing the safeguards that permit it to verify compliance, worldwide, with the Nuclear Non-Proliferation Treaty (NPT).

Our request this year includes \$55 million for the Korean Energy Development Organization (KEDO). This increase of \$20 million will significantly reduce KEDO's standing debt and allow us to meet a critical national security obligation.

The Agreed Framework succeeded in freezing North Korea's dangerous plutonium production and separation facilities at Yongbyon. Thanks to the Framework, those facilities are now under rigorous IAEA monitoring, and their spent fuel—which could contain several bombs' worth of weapons-grade plutonium—is now in safe storage. If the Framework is fulfilled, those nuclear facilities will eventually be dismantled and this nuclear fuel shipped out of North Korea.

Meanwhile, as long as North Korea is abiding by the terms of the Framework, our support for KEDO remains a vital investment in our national security. I appeal to the members of this Subcommittee not to let a lack of funding cause the Framework's demise.

All told, we are requesting \$231 million for our Nonproliferation, Anti-terrorism, Demining and Related Programs Account (NADR) in fiscal year 2000. These funds support our global export control assistance efforts; and in the New Independent States, \$10 million in NADR funds supports nonproliferation activities under the Expanded Threat Reduction Initiative.

The NADR Account includes \$40 million—a proposed increase of \$5 million—for America's commitment to global humanitarian demining. Especially in light of our inability, at present, to join the Ottawa Convention, maintaining U.S. leadership through the Demining 2010 initiative is a practical, political and moral imperative.

NADR funding also enables us to work with friendly countries in a multi-year, multi-faceted global campaign to deter and defend against terrorist attacks; and to pursue, prosecute and punish the criminals who commit them. This is a paramount national interest for which we are requesting \$43 million to fund specific programs.

Our programs against terrorism protect Americans working and traveling abroad. Our Anti-terrorism Assistance (ATA) program enhances the skills of security officials in selected countries so that they may be more effective partners in preventing and punishing terrorist acts. We have launched new training initiatives to counter terrorist fund-raising and the potential use of weapons of mass destruction.

The increased funds we are seeking this year will also help fund new initiatives to interdict terrorists and detect explosives at the borders of developing countries. And our request will help expand the ATA training beyond the traditional areas of the Middle East and Latin America into Africa and the New Independent States.

Mr. Chairman, our diplomacy and our programs play a key role in the unrelenting campaign to combat terrorism. I am convinced that this effort saves American lives. And I know that it merits the full support of this Subcommittee.

Finally, I also urge this Subcommittee to approve the President's Budget Request of \$3.43 billion in Foreign Military Financing (FMF). This program enables key friends and allies to meet their defense needs by financing acquisition of U.S. military articles, services and training. FMF also promotes our interests by binding our coalitions, cementing our military relationships and enhancing interoperability with U.S. forces.

Sustaining American prosperity

A second overarching goal of our foreign policy is to promote a healthy world economy in which American genius and productivity receive their due.

The American economy is strong today because of the energy, innovation, and skills of the American people. We have the most competitive economy on Earth. Our foreign policy cannot take credit for that; but we can and do support it.

Since President Clinton took office, we have negotiated more than 240 trade agreements, including the Uruguay Round and agreements on information technology, basic telecommunications and financial services. This matters because trade has been a significant contributor to the sustained economic growth we have enjoyed these past six years. Currently, more than twelve million U.S. jobs are supported by exports, and these are good jobs, paying—on the average—13–16 percent more than non-trade related positions.

This Subcommittee can help us to build on this record by supporting the President's funding request for agencies such as the Export-Import Bank, the Trade Development Agency, and the Overseas Private Investment Corporation, which help our business people find new markets abroad.

During the past decade, the trend towards more open rules of investment and trade has helped to spur record economic expansion and raise living standards in much of the world. Over the past two years, however, the financial crisis applied the brakes to many national economies and plunged a number, particularly in East Asia, into reverse. Although the U.S. economy has remained healthy, important sectors such as agriculture, aircraft and steel have been adversely affected by shrinking export markets and increased pressure from low-priced imports.

We have responded on two levels. We have rigorously enforced our laws against unfair trade.

And more broadly, President Clinton has come forward with proposals designed to restore world economic growth, reform international financial institutions, ensure fair treatment for U.S. workers and firms, and assist our trading partners in improving the management of their financial sectors.

For example, we have encouraged Japan to implement reforms that would help make that country once again an engine of economic expansion. We have joined forces with the World Bank and the IMF to prevent the financial contagion from spreading further and to meet urgent humanitarian needs. And we have made it clear, in promoting trade and supporting the role of international financial institutions, that serious consideration must be given to environmental and worker standards.

Unfortunately, there are no quick or simple solutions to the problems many countries now face. Success in the global economy requires sound fiscal and monetary policies, transparent financial systems, good governance and the rule of law. It is no accident that nations with these attributes have fared best during the crisis.

Nations with deeper problems must take the tough steps required to develop broad-based and accountable democratic institutions that will earn investor confidence and engender public support. It is in our interest to help nations that are prepared to undertake these reforms and we ask your support in doing so.

Accordingly, I urge you to approve the President's request for \$1.395 billion in fiscal year 2000 for Multilateral Development Banks, which include the World Bank and five regional development banks. And I ask you to endorse our request for \$143 million for the U.S. annual contribution and arrears payment to the Global Environmental Facility (GEF).

The multilateral banks lend and invest in developing economies where risks are too high for private financing alone and where leverage is needed to spur such financing. Bank policies reflect U.S. priorities by stressing the need for borrowing countries to implement financial sector reforms, fight corruption, observe sound environmental and labor standards, and create a favorable climate for investment.

In recent years, trade and private sector development have played increasing roles in efforts to foster development and raise living standards around the world. But this does not diminish the critical role played by professional development organizations such as USAID.

The heart of our bilateral development assistance is contained in three USAID accounts, for which we are requesting a total of \$1.848 billion, up slightly from last year's appropriation.

The Development Assistance account supports basic economic growth, agricultural progress, environmental stewardship, family planning, democracy and good governance.

USAID's Child Survival and Disease Programs Fund is designed to save and enrich people's lives through improved maternal and child health and nutrition, lower

HIV transmission, wider access to health services and basic educational opportunities.

Finally, the Development Fund for Africa covers a broad range of urgently-needed services, and includes this year an expanded Africa Food Security Initiative and a \$30 million request for the Africa Education for Development and Democracy Initiative.

When we contribute to multilateral efforts to promote sustainable development, we leverage as much as eight or ten times our national contribution to support goals we share.

This year, we have requested \$80 million in contributions to the United Nations Development Program (UNDP). For years, UNDP has been at the forefront of helping developing countries establish democratic institutions, market economies and basic human rights.

The need for UNDP's work remains especially strong among African countries struggling against the plagues of conflict, poverty and disease; and among Asia's poorer nations. It also plays a major role in supporting women worldwide as they strive to gain more equal access to the levers of political and economic power.

Like UNDP, UNICEF plays an important role in countries suffering or recovering from the devastation caused by civil or international conflict. Around the world, UNICEF helps protect children—a society's most vulnerable members and its hope for the future. We are requesting \$101 million for UNICEF for fiscal year 2000.

Mr. Chairman, one of the most inspiring ways this account helps make a difference in the lives of men and women in this country and around the world is through its support for the Peace Corps. The Peace Corps has been one of this country's most successful programs overseas—both in bringing skills and knowledge to those who desperately need them, and in gaining goodwill for our country. President Clinton's request for \$270 million in funding will put us well along the path to our goal of having 10,000 volunteers serving overseas early in the next century.

Fighting international crime and narcotics

A third global objective of our foreign policy is to fight and win the struggle against the hydra-headed evil of international crime.

Drug cartels and other international crime gangs threaten us every day, whether we are pursuing business opportunities overseas or going about our daily business here at home. Crime and corruption also pose major threats to democracy and economic reform in Latin America, Africa, and the former Soviet Union.

President Clinton spoke to these dangers last year when he unveiled a comprehensive strategy to integrate all facets of the federal response to international crime. Led by our Bureau of International Narcotics and Law Enforcement Affairs, the State Department is a key partner in this effort, which is designed to extend the first line of defense against crime far beyond U.S. borders.

To this end, we are working with other nations around the globe to train police, prosecutors and judges, seize drug assets, help farmers find alternatives to illicit crops, expose and close front companies, halt money laundering, track criminals and bring smugglers of contraband to justice.

In our own hemisphere, these comprehensive efforts have paid clear dividends. In 1998, coca cultivation in South America declined to its lowest level in a decade. Peru has cut cultivation by more than 55 percent in three years, and Bolivia has made impressive progress as well. Colombia remains a major challenge, but we are working to step up our efforts there.

In Africa, Nigeria is the key, and for the first time in years, the prospects are encouraging. It is essential, however, that we have the flexibility in administering our anti-narcotics and crime programs to devote sufficient resources to the continent. A significant portion of the heroin interdicted in the U.S. is traceable to African smuggling organizations.

In Asia, we are handicapped by the repressive nature of the authorities in Burma and Afghanistan—the world's two leading producers of heroin. We are doing our best to address the problem by working through neighboring states, regional organizations and the United Nations.

In Russia, Ukraine, and the other New Independent States, we continue to focus our efforts on helping legislators to draft fundamental anti-crime and corruption laws, and on law enforcement training. We are also negotiating agreements that will allow our own law enforcement officers to cooperate more effectively with their counterparts in these countries.

There are no final victories in the fight against international crime, but—as our increased budget request of \$295 million for this year reflects—we are pushing ahead hard. Our purpose, ultimately, is to create a tightly woven web of agree-

ments, laws, inspectors, police and judicial power that will deny drug kingpins and other criminals the space they need to operate.

Promoting democracy, human rights and rule of law

American policy is to promote democracy, the rule of law, religious tolerance and human rights.

We believe, and the Universal Declaration on Human Rights affirms, that “the will of the people . . . expressed in periodic elections” should be the basis of government everywhere. We are working actively to promote the observation of this principle around the world.

Earlier in this statement, I mentioned some of the specific programs we use to aid democratic transitions, support free and fair elections and help democratic forces build civil society. These include our Freedom Support Act and SEED programs and the assistance provided by USAID’s Democracy and Governance Center.

These programs reflect our ideals and serve our interests.

When we support democratic forces, we are aiding our natural partners and helping to forge an ever-expanding community of democratic nations that can work together to strengthen democracy where it exists and lend support to those who seek it where it does not.

We know from experience that democratic governments tend to be more successful at preventing conflicts and coping with the turbulence of the global market than regimes that do not answer to the people.

Our support for the right to democracy is part of our broader effort to elevate global standards of human rights and respect for the rule of law. Our goal is to enter the 21st Century moving ahead in these areas, not just settling for the status quo.

Accordingly, the United States will continue to support democratic ideals and institutions however and wherever we can effectively do so.

We will continue to advocate increased respect for human rights, vigorously promote religious freedom and firmly back the international criminal tribunals for Rwanda and the Former Yugoslavia.

We will support efforts to help women gain fair access to the levers of economic and political power, work with others to end the pernicious trafficking in women and girls, and renew our request for Senate approval of the Convention to Eliminate All Forms of Discrimination Against Women.

And as the President has pledged, we will continue working through the International Labor Organization to raise core labor standards, and to conclude a treaty that would ban abusive child labor.

PROVIDING HUMANITARIAN ASSISTANCE

This year, we have requested \$660 million for Migration and Refugee Assistance and \$30 million to replenish the U.S. Emergency Refugee and Migration Assistance Fund. The total is a \$20 million increase from fiscal year 1999 appropriated levels. We have also requested \$220 million for international disaster assistance.

CONCLUSION

Fifty years ago, only a short distance from where we are now, President Harry Truman delivered his first and only inaugural address.

In what came to be known as the Four Point speech, he challenged Democrats and Republicans alike to lend a hand to those struggling for freedom and human rights; to continue programs for world economic recovery; to strengthen international organizations; and to draw on our country’s vast expertise to help people help themselves in the fight against ignorance, illness and despair.

Today, we are summoned to meet similar responsibilities in a far different time—and to honor principles that will endure for all time.

In so doing, we must heed the central lesson of this century, which is that problems abroad, if left unattended, will all too often come home to America.

We Americans draw immense strength from the fact that we know who we are and what we believe. We have a purpose. And like the farmer’s faith that seeds and rain will cause crops to grow, it is our faith that if we are true to our principles, we will succeed.

Let us, then, do honor to that faith. In this final year of this turbulent century, let us assume, not with complaint, but welcome, the leader’s role established by our forebears.

And by living up to the heritage of our past, let us fulfill the promise of our future—and enter the new century free and united, prosperous and at peace.

To that mission, I pledge my own best efforts, and respectfully solicit both your wise counsel and support.

Thank you very much. And now I would be pleased to respond to your questions.

FUNDS AVAILABLE FOR THE 150 ACCOUNT

Senator McCONNELL. Thank you, Madam Secretary.

With regard to the amount of funds available for the 150 account, as you know, I have consistently supported your view on that up to and including prior to your coming to office in 1995, when we were trying to get more funds for the 150 account in the initial budget of the new Republican Congress in those days.

But with regard to this year's allocation, the allocation this subcommittee has been given in the Senate is roughly what we ended up with last year. So it is my plan, even though I, like you, would like to have a little more, it is my plan to go forward with about the roughly \$12.5 billion allocation this subcommittee has been given in the Senate. I understand it is lower than that in the House.

Are you advocating, then, that we break the budget caps from the 1997 budget deal? Is that what you are saying?

Secretary ALBRIGHT. I think, Mr. Chairman, that there are ways to do this without doing that. All I can tell you is that if we go forward with this, let me just say what will happen.

Senator McCONNELL. I share your view that this is an inadequate amount of money. I want to know whether you are advocating we break the budget caps of the 1997 budget deal.

Secretary ALBRIGHT. Mr. Chairman, I believe that it is very important to support the President's request and I do not believe it is appropriate for me to get into the discussion of the budget process.

Senator McCONNELL. Well, that is fine. But the problem, as you know, the political problem is the President has suggested that any effort to encroach on the surplus is in effect taking money from Social Security, which presents a dilemma for the Congress in adequately funding programs, because conceivably if you look at our account it could be said that we are taking money away from Social Security in order to send it overseas. So it is a delicate political problem.

Nevertheless, we are going to proceed in this subcommittee with our allocation, which is roughly what we had last year.

Turning to Kosova—

Secretary ALBRIGHT. Mr. Chairman, could I just make a point on this?

Senator McCONNELL. Yes.

Secretary ALBRIGHT. In the preparation of the President's budget there was a system worked out whereby these requests, including the one for 150, was within the budget caps. So we do think that it is possible to fund fully the President's request and stay within the budget cap.

Senator McCONNELL. Well, there is substantial disagreement on that. So why do we not just move on.

I share your frequent characterization of Milosevic. In fact, it may have been the President or it was at least someone in the administration who likened Milosevic to Hitler. It leads me to ask, in

terms of how we end this conflict, and we will talk about beyond the conflict in a minute, since we are dealing here with by descriptions of those in the administration a modern day Hitler, is it our plan to negotiate with this particular person to end the war, and do you expect him then thereby to still be there when the war is over?

Secretary ALBRIGHT. Let me say that it is important to restate the objectives of what we are doing, and the objectives are simply stated, not easily achieved, but simply stated, which is that the refugees must be able to go home, that the Serb forces, military and paramilitary and special police, have to come out, and that there has to be an international force that is, with NATO at its core, that is able to go in.

That is based not on theology or ideology, but on facts, because the refugees will not go back if the Serb forces are there and if there are not Americans in an international force, and the Americans have to be part of a NATO command structure.

We believe that the Serb people themselves are being exploited by Milosevic and that they are being isolated because of his policies, and they need to understand that a democratic Serbia would be welcomed back into the international community and that Milosevic is someone who clearly has directed a great deal of what has happened and that there is a legal process, as you know, through the War Crimes Tribunal that is looking into his complicity.

As far as negotiating with him, the question is how you come to the end of this. I believe we should not negotiate with him, but that does not mean that we should not have contact with him, but, as you know, former Prime Minister Chernomyrdin has been in Belgrade. Others have spoken with him. I do not believe that negotiation is appropriate.

On the other hand, an agreement by him is something that may be necessary.

Senator MCCONNELL. So the answer to my question is that in all likelihood, whether the U.S. negotiates the agreement directly or whether it is done by people with whom we are consulting, that this person that we have likened to Hitler is in all likelihood going to be the negotiator on the Serb side and still in power when the conflict ends?

Secretary ALBRIGHT. I restated our objectives of the war very simply in order to make a point, that it is important for us to understand that we do not support him. We believe that he has done all the things that I have stated. We believe that Serbia would be better off without him. But I think we have to stay very focused on what the objectives of this campaign are, and that is to break the back of his military so that the grip that they have over Kosova can be ended and the terror that they have inflicted will cease.

We believe that what he has done is isolate the people of Serbia because they deserve better, and ultimately it certainly would be better for all if they were able to be run democratically and be able to be part of what I hope we will talk about as the future of the Balkans.

Senator MCCONNELL. Well, I think the answer to my question is that Milosevic is likely to still be in power when this ends, which

gets to the question of what will the deal be, which you alluded to, and let us get to that. I share your definition of what victory is. Victory would be Kosovars back in Kosova, international force in, and all Serb MUP and VG out.

Which leads me to the word "all." Now, what I understand is that the word "all" has somehow mysteriously disappeared in the discussions that are going on, which presumably are being headed by the Russians. Therefore I want to ask you if a successful conclusion to this conflict could include some either MUP or VJ still in Kosova?

Secretary ALBRIGHT. We have said that they all have to come out. Mr. Chairman, what is going on here is that we have some principles that were adopted by the G-8, of which the Russians are a part, and we are systematically trying to bring the Russians closer to our views. They signed—the NATO summit communique has greater precision than the G-8 principles do, and part of what I believe we are doing quite successfully is systematically moving the Russians so that they see the value of what it is that we are proposing, which goes back again to the basic points that I said had to be what our victory amounted to.

We think that they all have to come out. That has been our position. There is discussion about whether at some phase some Serbs would be allowed to be somewhere around some of their holy sites. But the conditions that the NATO summit has laid down is that all should come out.

Senator MCCONNELL. Well, regardless of what our position is, let me rephrase the question. Could U.S. participation in bombing strikes stop and there still be no plan for the removal of all both Yugoslav military and police from Kosova?

Secretary ALBRIGHT. We have said that the bombing campaign will continue until he has accepted the five NATO conditions, which includes the fact that they all have to come out.

Senator MCCONNELL. The word "all" is still a part of that?

Secretary ALBRIGHT. Yes.

And that what—and he has to also have shown that verifiable amount of them are coming out. So there are the five conditions and then we have to see a movement of their forces coming out before we would stop.

Senator MCCONNELL. I want to explore one other area. Senator Specter is anxious to get in here, but I have to get to beyond the war. Assuming this ends along the terms you have outlined some time soon, as we discussed briefly last night, I would like for you to give me some indication of what the administration has in mind in terms of recovery and reconstruction, long-term foreign assistance relationships between the United States and the front line countries, with whom we now have obviously a much closer relationship than we used to have, and Kosova, and for that matter—I am assuming this would be the case only with new leadership in Yugoslavia—but with Yugoslavia as well?

Secretary ALBRIGHT. Yes. Well, first of all, I think that as we have looked at that region, it is really the missing puzzle for Europe. I mean, if you think about what happened after the war with Western Europe, what we have been able to do with Central and

Eastern Europe since the end of the cold war, I think now looking at the Balkan Peninsula as a whole is very important.

I will not go through all the problems there because we all know them, but I think basically we need to take a different look at them. We have some very important goals and the President enunciated some of them in a speech that he has given. Again, I do not want to take up too much time with this, but I think basically it is a way to try to see the countries within the Balkans working with each other, supporting each other, looking at having common technical activities together, dealing with their electrical grids or their roads, a lot of functional programs that we have already looked at and want to continue, and try to move the whole peninsula towards democracy and a free market system.

There are several initiatives that are already out there and we are trying to work with the Europeans in order to be able to have a concerted plan. There is a NATO Southeast European initiative in which NATO is going to, obviously, play a major role in terms of the stabilization of the region.

Some of these countries are already members of the Partnership for Peace and they are part of the Euro-Atlantic community and they are working now together. We met with all of them during the Washington summit. What I think everybody was heartened by was their determination to work together and to work with us.

I also have met any number of times with the foreign ministers of the front line states. They want to be helped, but they also want to give their own input. So we have asked them to create working groups among themselves in order to be able to join very closely—

Senator MCCONNELL. Are we taking the lead on this? Is NATO taking the lead on it? Who is taking the lead on that?

Secretary ALBRIGHT. We are taking the lead on the stabilization part of this through our leadership in NATO, but we are trying very hard to get others to do this with us. I think we have a double kind of goal here. One is we want this to be stable, the United States plays a major role, and at the same time we want the Europeans to assume their responsibility. So there is that part.

We are obviously concerned about the economic aspects of this. Here the World Bank and the European Union are taking a lead in this. There was a special meeting of governments and international agencies in Washington on April 27 which reviewed how the international community is responding to this and decided that the European Commission and the World Bank should coordinate the needs assessment and the modalities for assistance. We are going to be working with them on a regular basis to ensure that this is truly efficient, and once it is fully functioning this mechanism will give the international community the confidence in order then to have the tasks to get donors, to get economic analysis, and ensuring conditions of support.

The World Bank is currently doing a needs assessment and we are plugging into them through an integrated working group that we have at the State Department.

Then there is the stability package—

Senator MCCONNELL. Let me ask you, when are we going to get an idea of the price tag and what our participation in this is likely to be?

Secretary ALBRIGHT. We have pushed very hard to try to get a price tag ourselves, and I am aware, especially since our conversation yesterday, of your interest in this. I cannot give you a number now because it would be wrong. What is happening is that this is an ongoing analysis that, as I said, the World Bank is working on and we are working very urgently, as are the Europeans.

What I would like to do is to bring back some of the people that we have in our task force to sit down with you and really go over it. But this is a real time thing.

Senator MCCONNELL. Well, we need to do it soon, because you and I both know, just on the humanitarian front, we do not have anywhere near enough money to see these refugees through next winter just on the short term basis. And there is not any question that this is going to have a major impact on this year's foreign operations budgets. So we will come back to that in a minute.

Senator Specter.

OPENING STATEMENT OF SENATOR ARLEN SPECTER

Senator SPECTER. I had wanted to ask you a number of questions, Madam Secretary, but I have to leave momentarily, so I will use just a minute on, in effect, an opening statement.

I am glad to hear you respond that the United States does not intend to negotiate with President Milosevic, and you may have sliced it exactly right in having somebody else do what has to be done. But I hope the United States will retain its posture of pressing to have Milosevic tried as a war criminal. Justice Arborough was in town a couple of weeks ago and outlined a need for \$18 million. We supplemented your request for \$5 million by \$13 million more and that is in the bill which should be approved by the Senate today. But I think it is very important to retain our status to press hard to try Milosevic as a war criminal.

A subject which I will not ask a question on because I have to leave, as I say, momentarily, but just to make a comment. I know how perseverant the President and you have been on the Mideast and with the new government I know you will be moving very promptly, not only with the Palestinian track but also with the Syrian-Israeli track, which I think is very fertile for development at this time.

The one question which I will ask you is the status as to the military now. You have Britain pressing for ground troops, you have the President saying it is a possibility, you have Germany now saying no. The air strikes have been going on now for almost 2 months.

The question which I keep getting from my constituents is what was the strategy initially of the air strikes as the prospect of winning the war? Was our expectation that after the first wave, so-called, that Milosevic would concede? Or how did we expect to have an end to the military operation with only air strikes, as our strategy has been up to the present time?

Secretary ALBRIGHT. First of all, if I just might say, your support of the War Crimes Tribunal has been there from the very begin-

ning and I appreciate it. We talked about it when I was at the United Nations and I think we have done a great—people did not even think that it would come into existence, and it has done a great job and we are supporting it.

Senator SPECTER. You and I got \$3 million before most people knew what the War Crimes Tribunal was.

Secretary ALBRIGHT. So I am very proud of our joint efforts on that, and we have been supporting them with information as we have been able to give it to them. I met with Justice Arborough and we will support her.

On the Middle East, if I just might say this, is that we are obviously looking forward to getting back to the peace process and working all the tracks of it. But I think we have to give Prime Minister Elect Barak some time to get his government together. We have been in contact and we will continue to do so.

I think that, what has not been evident enough in terms of the way that the propaganda machine has worked out of Serbia, is the amount of damage that has really been done by the military in terms of our bombings. I have lots of facts and figures, but you have to go. But at least a third of their military equipment has in some form or another been destroyed as a result of a very intensive air campaign.

Senator SPECTER. Madam Secretary, I am going to have to go now. I will call you and we will talk about it.

Secretary ALBRIGHT. Very good. Thank you.

Senator SPECTER. Thank you very much.

Senator MCCONNELL. Going back to Kosova again, Madam Secretary, as I indicated earlier, I share your characterization of Milosevic and that the President has used in his various statements over the last few months. For example, in your written statement you said: "Milosevic has repeatedly engaged in violence and terror which poses a profound threat to the security and character of Europe." And you have repeated that in your extemporaneous remarks.

As I indicated, I agree. So next week I am going to introduce legislation which will designate Serbia a terrorist state consistent with the terms of the Foreign Assistance Act. The advantage to this kind of legislation would be that it would preserve a wall of sanctions against the regime, it would enable ethnic Albanians to sue the government in U.S. courts for damages inflicted by the Serb forces over the past few years.

I am curious as to whether you feel you could support listing Serbia as a terrorist state. It seems to me that in advocating this I am reflecting the views that have been expressed by both you and the President about this regime.

Secretary ALBRIGHT. Well, first of all, I would like to look at the legislation, obviously. But I am very appreciative of everything that you have said and done about this. I think our goal here is to try to get as strong an isolation of the regime as possible in order to show to the people what their future looks like with Milosevic.

I feel very sorry for the Serb people, who are suffering and who are not being told the truth at all because of the propaganda machine that runs there constantly. And we have tried—as you know, there are a variety of sanctions regimes that are on Serbia, some

multilateral through the United Nations, some that have been put on by the EU, some that have been put on by us.

So I would like to look at your legislation, but I think in terms of the attempt to isolate them I fully support that.

Senator McCONNELL. I am sure you agree that genocide is a terrorist act. I mean, I think it would probably meet the definition. And in fact you have the tools within existing law to make Serbia a terrorist state. What I will be doing with this legislation is encouraging you in that direction. It seems to me entirely consistent with the characterization of Milosevic by the administration from beginning, from the beginning until this moment, which, as I say again, I share.

I agree with your characterization of him, and I think for us to have credibility in characterizing Milosevic the way we are we need to back that up, not only by ending this war in a way in which we can all conclude it was a victory, but also by following up with actions like putting Serbia on the list of terrorist states, and also the issue that you and Senator Specter were talking about: We need to be serious, not just talk, about the War Crimes Tribunal and this fellow being held accountable for these atrocities, which both you and the President and others in the administration have repeatedly reminded us of.

I want to go back once again—

Secretary ALBRIGHT. Could I, Mr. Chairman, raise something on this?

Senator McCONNELL. Yes.

Secretary ALBRIGHT. I know that you and I do have a difference of opinion on this, which is that you have been supporting the independence of Kosova.

Senator McCONNELL. But I am also willing to accept autonomy. I mean, I think clearly what we want to do, both of us, I think is see the Kosovars back in Kosova in a livable situation, free from this kind of violence.

Secretary ALBRIGHT. The only reason I hesitate on what you are saying is that I think that we have to—while there are certain, obviously, aspects of Rambouillet that no longer hold, there were some concepts there that we need to stay with. I think that as we look at future legislation I would like to have the opportunity to look at things within the context of where we are and what we are trying to achieve.

Senator McCONNELL. Well, on the Serbia terrorist state issue, that is going to move forward, and I would be interested in having your views some time in the near future about whether you think that would be helpful.

I want to focus for a minute on Albania, which I guess is still being characterized as the poorest country in Europe. Certainly they have borne a huge share of the burden here. Do we have any—wholly aside from the regional reconstruction effort, which I expect I am going to hear, hopefully hear more from you about in the next few weeks, looking at Albania specifically and separately, what is your sense of our obligation to them in the wake of the conclusion of this war?

Are you thinking of them only in a regional context or, since they are the poorest country and the ones that seem to be the most dev-

astated by this, are we thinking of them specifically and, if so, how?

Secretary ALBRIGHT. We are obviously very concerned about Albania and actually even were before all this happened, as you know, because of their own political turmoil. We have considered how to assist them both politically and economically and we have worked with them very closely. There is a whole friends of Albania group, where the Italians have taken a large lead in that. We continue to work to stress the necessity of moving them forward both economically and politically, and pay a great deal of attention to them and will continue to do so.

I have to get the figures for how much we are giving Albania specifically, but I can just assure you that we saw them as a country that needed a lot of American assistance in developing civil society and rule of law, a whole lot of problems that they were having economically, and we will provide almost \$50 million this year to them.

But in addition to that, Mr. Chairman, we see them as a country in itself that is important, and now during the refugee issue they have taken on the largest number of refugees. They also have done something that we consider very helpful. A lot of the displaced people are actually living with families and the families are being funded as host families. The President has been particularly—we talked about that this morning, is that it is a very good idea to actually give those families—they are getting a stipend now for hosting some of the Kosovar people and it is one way that actually gets money into the stream of the Albanian economy in addition to helping the people themselves, and lessens the pressure on the camps themselves.

Senator MCCONNELL. The other country that you and I had some conversations about is Macedonia, which clearly has been hugely impacted by all of this. As you and I have discussed on the phone previously, I put a request for security assistance for Macedonia on hold because I was concerned about the Macedonian military's treatment of minority Albanians. I have kept those funds on hold over your objection, as I am sure you will repeat in a moment.

The reason for that is that the situation largely remains the same. I do not think we ought to arm and equip forces which have closed the borders, prevented relief workers and the press access to camps, denied refugees food, shelter and medical treatment, and engaged in forced relocations, beatings, harassments, and deportations.

All of those things the Macedonian military has been engaged in. I understand concern about the stability of the Macedonian Government. It seems to me the kind of treatment that we would certainly condemn if it were going on in China, for example, or some other place is subject to equal condemnation here.

In terms of this \$6 million that you continue to implore me to release, which I am willing to continue to discuss, give me some hope here that this kind of thing has stopped, because I do not hear any indications that it has.

Secretary ALBRIGHT. Well, first of all, I think that we must agree on the fact that the stability of Macedonia is crucial to our overall plan for stability in the Balkans. They are an ethnically com-

plicated country, to say the least, and they have had democratic elections where they have brought Albanians into the government. But despite that, there is a situation where obviously the Slavic backgrounded population or the Serbs have a preponderance.

We were very concerned about exactly the kinds of things you have been talking about. I think that we need to understand the kind of pressure that the Macedonians were put under. The refugees were pouring over their borders. They had been prepared to take 20,000 refugees and now they have approximately 226,000 refugees, which is equivalent to well over 10 percent of their population, of an ethnic group that is the minority group within the country.

We have made very clear to them that some of the things you were talking about were unacceptable, and we think we would say now that they are working to comply fully with the 1951 Convention and Refugees and the subsequent protocols.

Senator MCCONNELL. If I could just interrupt, is there any evidence you can give me that any of the soldiers who have been involved in this kind of behavior have been disciplined?

Secretary ALBRIGHT. Yes, that has been raised. Also, different kinds of guards have been put in there now, and we have raised these issues with them. I spoke this morning again with Assistant Secretary Julia Taft to go over these issues and there is the general sense that they have improved tremendously and we are going to continue to work with them.

But I think, sir, by withholding the funds we are not improving the situation. They are in a very delicate situation. So I would ask you to release the funds. We will continue to monitor this and we are working very hard to get the people out and into third countries, because this is a huge burden for a country such as Macedonia and it is very important to our overall stability.

I have spoken with President Gligarof a number of times, as well as with the prime minister. Many of us have gone to visit, and we are keeping our eyes on them. If you could in fact remove—there are two holds, one on the \$6 million ESF and then \$7.4 million for FMF, which is older money that has been held up.

So I do not know whether there is a way that you would like us to stay in touch with you on exactly what is going on.

Senator MCCONNELL. I want to see what evidence you have that any of these military and/or police forces who have been engaged in these abuses have been disciplined in any significant way. Whatever evidence you have I would appreciate your giving to staff.

Let me just say, we are getting close to conclusion, but there is one Kentucky-specific issue that I want to raise with you, but I want to say one thing before going to that and then we can wrap up.

It is my plan—I want to make sure there is no misunderstanding. It is my plan to work into this year's regular foreign operations appropriations bill some kind of assistance for Southeastern Europe. I would like to do that in consultation with you and receive whatever information from these European planning sessions there are.

I know the bill is tight, but my bill is basically at the same level it was last year and we are going to go forward with it. I also un-

derstand it is a zero sum game and we are going to have to figure out where to take funds to begin to meet the needs of these South-eastern Europe countries with which we are going to have a long-standing relationship.

So please consider me totally serious in saying that we need your help in trying to craft this, and some time soon, because I think it is the plan of our leader to have the foreign operations bill on the floor and through the Senate some time in June.

Finally, let me turn to a Kentucky-specific matter that I would not raise with somebody of your level but for the horrendous nature of this situation. There was a physician in Paducah, Kentucky, convicted of molesting eight boys and served to a virtual lifetime sentence, who managed somehow to escape in 1978 and has been living, we believe, in Scandinavian countries most of the time since 1978.

This first came to my attention a couple of weeks ago when I found out that the Czechs had arrested him at the airport in Prague and he was being held. Yesterday I found out—and I talked to the Czech ambassador about it, the ambassador to the United States, and spoke to people in your Department.

Yesterday we found out that on May 5, 2 days before we got a commitment from people in your Department to aggressively pursue extradition, the criminal had been released.

Obviously, this is way below your rank, but this is a serious serial molester who has been on the loose for 21 years. I am certainly not blaming you for what a Czech court did in releasing this individual. But I wonder what assistance, if any, or hope, if any, you can give me that we might be able to pursue this individual somehow. And why did it take so long for you all to get on this?

Have you been informed by your people who is going on in this particular case?

Secretary ALBRIGHT. Mr. Chairman, as you said, we spoke about this and I understand your concern about this, and I looked into it promptly after you raised it with me yesterday. Last December this man was detained at our request while transitting Prague's airport and our embassy promptly filed an extradition request and he was placed into custody.

A Czech court denied our request in late April, citing a legal discrepancy between the English and Czech versions of the 1925 extradition treaty between our countries. The Czech justice ministry immediately appealed this decision and we provided additional information to support the appeal. Apparently there was a discrepancy in the words where they substituted the word "girls" rather than just "minors." It is unbelievable.

We were told that the embassy would be informed of the date of the appeal hearing. However, the ministry told us yesterday, as you have pointed out, that the hearing had in fact been held on May 5th and that Jones had been released on an earlier date.

I cannot state this more strongly. We deeply regret that the Czechs relied on a legal technicality as a basis for refusing to extradite a convicted child molester who has proven a danger to society. On my instruction, Ambassador Shattuck protested to the Czech justice ministry this morning both the decision in this case and the Czech failure to notify us of the date of the appellate hear-

ing. The ambassador also urged the justice minister to expedite conclusion of a more modern bilateral extradition treaty. That does not help you at the moment, but that has been pending since 1997.

We have also informed Interpol of his release and will continue to pursue his extradition wherever he may surface.

Senator MCCONNELL. I appreciate your help on this. This individual is one of the most infamous criminals in the history of the western part of my State. As you can imagine, they are astonished that the Czech courts released him. I appreciate your update on that and it is something below your level. We are going to continue to be in contact with you on it.

Hopefully, Interpol can apprehend this individual. He is, as I said, one of the most infamous criminals in the history of western Kentucky. Everybody in that part of the State, I now know, knows this guy's name. He has been on the loose for two decades and it is a huge issue.

Thank you very much for your update on that.

I am basically completed and I am sure you have plenty to do. But I get a note that Senator Leahy is on the way and I do not quite know what we should do. Senator Leahy's problem is he is managing a bill on the floor. In his defense, he is in an awkward situation.

Madam Secretary, I think we want to thank you for being here. We appreciate your cooperation, and please, let us have some further conversations about our future relationship with Southeast Europe. Thank you very, very much for being here.

Secretary ALBRIGHT. Thank you very much, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator MCCONNELL. There will be some additional questions which will be submitted for your response in the record.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR PATRICK J. LEAHY

IRAQ HUMANITARIAN SITUATION

Question. The war in the Balkans has distracted attention from Iraq, but few days go by when our pilots are not firing on sites in the no-fly zone. At the same time, there are continuing concerns about the suffering of Iraqi civilians.

I gather the administration has proposed that the UN Security Council consider lifting the ceiling on oil sales allowed under the oil-for-food program. However, some say this won't solve the problem because Iraq cannot even produce the amount of oil it is allowed to. How, other than lifting the ceiling on oil sales, could we do more to meet the humanitarian needs of Iraqi civilians?

Answer. The United States is very concerned with the humanitarian situation in Iraq, and has consistently demonstrated more attention to the welfare of Iraqi civilians than has the regime of Saddam Hussein.

We played a leading role in the creation of the United Nations oil-for-food program, the largest humanitarian assistance program in UN history. The oil-for-food program was recently extended for a further six-month period. Since the beginning of the program, over \$3.4 billion worth of food, nearly \$700 million worth of medicine, and over \$400 million worth of supplies for such things as water, sanitation, electricity and education projects, have been delivered to Iraq. UN statistics confirm that the average daily food ration has increased from 1,275 calories per day, before implementation of oil-for-food in 1996 to 2,100 calories per day now.

While Iraq has not been able in the past to meet the oil export ceiling, expanding oil exports and rising world oil prices may combine to allow Iraq to reach the ceiling.

Iraq's poor record of cooperation with the oil-for-food program—including hoarding medical supplies that are urgently needed throughout the country, and ordering only a fraction of the targeted nutritional supplements needed to counter malnutrition—has been a recurring challenge. UN reports document the better functioning of the program in the North, where the UN has more control, than in the rest of the country.

We have worked with other Security Council members to develop humanitarian provisions in the Dutch/UK draft resolution, which is presently being discussed by the Council. For example, the draft allows for increases in the oil export ceiling commensurate with humanitarian needs and calls on the Secretary General to ensure "equitable and timely distribution" of humanitarian goods. The draft resolution also increases revenues available for humanitarian goods and expedite's approval and delivery of oil-for-food goods. The draft ensures that Iraqi oil revenues remain under UN control.

We will continue our discussions in the Security Council, with the twin goals of preventing the Iraqi government from escaping its obligations under Security Council's resolutions and ensuring that the innocent Iraqi population does not suffer unnecessarily as a result of Baghdad's policies.

HIV/AIDS

Question. I recently received a report about the U.S. Government's response to the global problem of HIV/AIDS, which was accompanied by a letter from you describing this devastating epidemic and the commitment of the U.S. Government to combat it. The U.S. is doing more than any country, but the administration has requested only \$2 million above the fiscal year 1999 level, even though last year 15 percent more people were infected than the year before. Isn't this an example of rhetoric not matched by action?

Answer. U.S. international donor assistance for HIV/AIDS surpasses other nations, and we hope to do more through the President's fiscal year 2000 budget request with an additional \$2 million. The United States is working with other governments to raise the priority accorded to addressing HIV/AIDS at the highest levels. That means working with international organizations, such as UNAIDS, the World Bank, other donor nations and with developing nations themselves to look for ways to better utilize existing funds. In addition, we are taking steps within our own government to ascertain ways in which we can do more. We hope to work with Congress in the coming months to find ways, consistent with the President's budget request, to strengthen our effort to combat the HIV/AIDS pandemic in Africa in particular, and other regions, including Asia and the former Soviet Union.

WYE SUPPLEMENTAL

Question. The Administration has requested \$1.9 billion over three years to support implementation of the Wye River agreement. \$100 million for Jordan was included in the Emergency Supplemental. That leaves \$1.8 billion. Given the spending caps and our low budget allocation, how does the Administration propose to pay for this?

Answer. We view funding related to implementation of the Wye agreement as an extraordinary expense. Rather than requesting the funding in a onetime lump sum, it was structured as a supplemental request and advance appropriation over fiscal year 1999, 2000 and 2001. That structure allows us to meet our commitment to the peace process parties, while at the same time easing the burden on the budget. While only an initial \$100 million was included in the Emergency Supplemental, we hope additional funding to support the Wye River agreement can be made available.

RWANDA

Question. Was there ever any serious consideration given, either by the U.S. or other countries, to mounting an international force to stop the slaughter in Rwanda?

Answer. Yes, serious consideration was given to this issue. Since the early 1990's the international community was actively involved in attempting to help resolve the civil war in Rwanda. In October 1993, a UN peacekeeping operation (UNAMIR) was put in place to monitor a peace agreement that had been negotiated between the Habyarimana government and the RPF rebels.

Twelve Belgian peacekeepers were killed within hours of the April 6, 1994 plane crash that killed President Habyarimana and touched off the genocide. Consequently, Belgium pulled out its peacekeeping contingent, reducing the size of the

UNAMIR operation. On May 17, 1994 the UNSC unanimously passed resolution 918 which authorized an increase of UNAMIR to 5,500 troops. UNAMIR's mandate was to protect endangered civilians and assist in humanitarian relief operations.

However, for both logistic and policy reasons, no country stepped forward to volunteer troops for this operation. In late June 1994, France unilaterally deployed "Operation Tourquoise". By the end of June, however, much of the killing had run its course and by July 4 the advancing RPF had finished routing the interim government, effectively ending the genocide.

When President Clinton traveled to Rwanda in March 1998, he acknowledged that the United States and the international community could have done more to bring an earlier end to the Rwandan tragedy. Through a number of programs and diplomatic initiatives we are working to ensure that genocide does not recur in the Great Lakes region of Africa.

TURKISH HELICOPTERS

Question. The Turkish Government is considering awarding a U.S. company a \$3.5 billion contract to purchase attack helicopters. The State Department has documented that Turkey has used similar helicopters to attack Kurdish villages and to transport troops who have then committed atrocities against Kurdish civilians. In January 1998, in a meeting with American NGO's, State Department officials indicated that such a sale would not be approved unless real progress was made on human rights in Turkey.

It is more than a year later and there have been no significant improvements, at least not that I am aware of. If a U.S. company does win the contract, will the Administration continue to insist that there be progress on human rights?

Answer. During our consultations with Congress prior to issuing marketing licenses for attack helicopters, we made clear that, if a U.S. company wins the competition, our sale approval would be based on our arms export control policy, which will include an evaluation of Turkey's progress on improving human rights. Our policy on the potential sale has not changed. Turkey's attack helicopter competition is still going on, and we do not yet know if a U.S. company will be chosen.

In a December 1997 meeting with President Clinton, then Prime Minister Yilmaz said that his government intended to undertake significant and concrete human rights reforms. He further asserted that progress in this area was in Turkey's own best interest to enhance its democracy.

The new government of Prime Minister Ecevit has made human rights and democracy a priority. It secured passage of a constitutional amendment to remove the military member of the state security courts and will seek legislation to facilitate holding civil servants accountable for their actions and to allow greater freedom of expression.

Most recently, the government issued a decree on "Respect for Human Rights." It announced that there will be no tolerance for human rights abuses by law enforcement officials. It increases oversight and calls on conduct surprise inspections of police stations, report results, and pursue legal action against perpetrators of torture and maltreatment. These will be important steps once implemented.

We will continue to urge Turkey to make systemic human rights reforms.

U.S. ASSISTANCE TO COLOMBIA

Question. The Administration, under pressure from a handful of Members of Congress, has greatly increased aid to the Colombian police. You are also planning to resume aid to the Colombian army, which has had real human rights problems, and which is a lot more interested in fighting the guerrillas than the drug traffickers. Colombia now is the third largest recipient of military aid, after Israel and Egypt. We also have military advisors there.

Each year our military involvement in Colombia grows, and so does the amount of cocaine coming into the U.S. from Colombia. It seems to me that we are becoming increasingly drawn into a civil war. Where do you see us going in Colombia? If we keep sending all this military aid, do you have any idea what we can expect in a year, two years, five years?

Answer. U.S. assistance to Colombia is provided to combat narcotics production and trafficking not counterinsurgency. The vast majority of our counternarcotics assistance is provided to the antinarcotics unit of the Colombian National Police. Our support for the army is based on its key counter drug role, particularly in interdicting precursor chemicals and securing areas for the aerial eradication of illegal crops. In accordance with U.S. law, all assistance to the Colombian armed forces is contingent upon human rights screening. No U.S. Government assistance is being provided to any unit of the Colombian military for which there is credible evidence

of gross human rights violations by its members. None will be provided to such units, unless, as required by U.S. law, the Secretary of State determines that the Government of Colombia is taking steps to bring those responsible for gross human rights violations to justice.

Although we provide counternarcotics assistance to the Colombian National Police and the Colombian military, the U.S. has no military advisors in country. The U.S. Embassy in Bogota, like many U.S. Embassies, has a Military Group that administers U.S. cooperation and assistance to Colombian security forces, as well as a Defense Attache, who is responsible for reporting on political military developments in Colombia. These are key members of the country team. In addition to regular Military Group and Defense Attache personnel, at any given time, there may also be a highly variable number of other U.S. military personnel in country on routine training deployments and joint exercises.

We strongly support President Pastrana's peace initiative. President Pastrana was elected on a peace platform. He was elected because the Colombian people overwhelmingly want peace and President Pastrana has made it his highest priority. We are encouraged by the announcement that formal negotiations between the government and the FARC are scheduled to begin July 7.

A successful peace process would advance the overall U.S. agenda in Colombia and the Andean region by allowing a more effective counternarcotics effort, strengthening democratic institutions and practices and enhancing trade and investment opportunities for U.S. companies and individuals. The protection of and respect for human rights is integral to this process.

It is unlikely that major progress can be made in Colombia's troubling human rights situation until the civil conflict is ended. The Colombian military has markedly improved its human rights performance in recent years. Unfortunately, at the same time the number of abuses committed by the guerrillas and, particularly, by the paramilitaries has increased markedly. We have urged the government to continue to take effective steps to end abuses and impunity within the armed forces. We welcomed President Pastrana's recent decision to retire two general linked to paramilitary groups, and statements by President Pastrana and top military officials that they would not tolerate collaboration with the paramilitaries.

In one to five years, we hope that enhanced counternarcotics assistance to Colombian security forces, both military and police, will lead to a decrease in cocaine production.

In response to your question as to the short and medium term prospects for Colombia, we believe that the Colombian peace process, like other peace processes around the world, will take years to achieve a lasting settlement. We hope that a credible peace process will be well underway in the next year and within five years that significant progress toward national reconciliation will have taken place. In particular, we would like to see concrete steps taken now such as an immediate end to the practice of kidnapping and killing of innocent civilians. A successful peace process and a negotiated settlement offer the best and most viable solutions to Colombia's internal conflict. We believe that a successful peace negotiation could improve counternarcotics prospects, improve the human rights climate, promote economic growth, and ameliorate problems of social inequity.

UNITED NATIONS

Question. In retrospect, do you think we should have tried harder to seek UN support for taking military action in Kosova? How do you respond to the Secretary General's critical comments suggesting that the authority of the UN and the Security Council has suffered as a result?

Answer. We did the right thing by standing up for self-government and against Milosevic's violations of international humanitarian law in a region important to U.S. and NATO interests. It would have violated our principles and undermined our leadership to have stood by.

The UN was involved throughout. From early in 1998, it condemned Serb violence and repression; it found that the situation threatened peace and security in the region; and the Secretary General endorsed the core objectives we presented as a basis for resolving the conflict. A United Nations Security Council mandate for the use of force would have been desirable, but its absence neither prevented action by the international community, nor called into question the legitimacy of our efforts.

The resolution of the crisis has placed the UN at the center of international efforts to provide self-government for all the people in Kosova. This is a great challenge for the UN and we are working closely with the Secretary General to see that the UN has the support and resources that it needs to succeed.

EAST TIMOR

Question. Senator McConnell and I got \$6.5 million included in the emergency supplemental for the U.N. Trust Fund to support the August ballot on East Timor's political status.

During your March 1999 visit to Indonesia, you emphasized the need to disarm paramilitary forces and promote stability in East Timor. However, the violence and intimidation by the paramilitary continue unabated. Under current conditions a free and fair vote would be practically impossible. What is the Administration doing to increase pressure on the Indonesian government and military to rein in these groups and work with the U.N. to create a secure and stable environment for the vote? Do you plan to provide additional funding to support the August ballot?

The U.N. is in the process of organizing an international police force to be placed in East Timor prior to the ballot. Is the Administration planning to contribute to that force?

Answer. We are deeply concerned about the failure of the Indonesia government and military to rein in and disarm the civilian militias which have perpetrated most of the recent violence in East Timor, including a June 29 attack on a district headquarters of the UN Mission in East Timor (UNAMET). Secretary Cohen and I, as well as other senior USG and military officials have pressed this issue with senior Indonesian authorities and made it clear that the U.S. and international community expects Indonesia to fulfill its obligations for security and to create an atmosphere free of coercion ahead of the UN administered referendum on autonomy in late August. Our public statements on specific incidents have reinforced this message.

We appreciate the \$6.5 million which you and Senator McConnell included in the emergency supplemental to support the UNAMET effort. The State Department has reprogrammed an additional \$3.5 million for further assistance to UNAMET. The U.S. is also fielding a 30-strong U.S. contingent for the UNAMET civilian police (CIVPOL) component and three U.S. military officers will join the UNAMET military liaison group. Several dozen other Americans are serving in key UNAMET positions under UN contracts or as volunteers.

 QUESTIONS SUBMITTED BY SENATOR FRANK R. LAUTENBERG

WYE AID PACKAGE FOR ISRAEL AND THE PALESTINIANS

Question. The conclusion of Israel's elections raises considerable hope for resumption of the peace process between Israel and the Palestinians, including implementation of the Wye River Memorandum signed in Washington last fall. The Supplemental Appropriations bill which will be sent to the President shortly appropriately includes \$100 million in aid to Jordan to demonstrate our support for King Abdullah's efforts to confront his country's economic problems while continuing his father's steadfast commitment to peace in the region. However, the Supplemental does not include the requested fiscal year 1999 funding for aid to Israel and the Palestinians. Do you share my concern that our failure to fund the full Wye aid package leaves the United States unprepared to fulfill President Clinton's commitment at Wye when the implementation resumes?

Answer. Yes, we share your concern. We recognize the budgetary constraints and view funding related to implementation of the Wye agreement as an extraordinary expense. Rather than requesting the funding in a onetime lump sum, it was structured as a supplemental request and advance appropriation over fiscal year 1999, 2000, and 2001. That structure allows us to meet our commitment to the peace process parties, while at the same time easing the burden on the budget. While only an initial \$100 million was included in the Emergency Supplemental, we hope additional funding to support the Wye River agreement will be made available.

AID TO ISRAEL

Question. The levels of economic and military aid for Israel in the budget request reflect an acceleration of the Neleman plan, which would have phased out economic assistance over ten years while increasing security assistance by half the amount. I don't believe we should unilaterally deviate from the agreed plan. Did you reach agreement with the Netanyahu Government on the requested aid levels, or do you plan to conclude these discussions with the Barak Government once it is formed?

Answer. We continue to discuss with the Israeli Government the future reductions in U.S. economic assistance to Israel.

In late January 1998, Israeli Finance Minister Yaacov Ne'eman began discussions with Members of Congress and Administration officials on a proposal that would

gradually reduce Israel's annual \$1.2 billion economic assistance to zero, while phasing in a \$600 million increase in military assistance over the same period. We welcomed the Israeli government's initiative and have been working closely with Israel and the Congress to further develop the concept.

We agree that it was time to adjust the level of assistance, however, discussions continue on the exact funding levels for each year. The key elements, a gradual ten-year reduction in ESF combined with a steady increase in FMF, remain the same. We have asked Israel to consider a reduction proposal that would include slightly increased reductions in the next two years, followed by a more gentle glide path during the following years. The Administration has critical funding requirements for the next two years within limited budgetary resources. Discussions between the Administration and the Government of Israel on this proposal will continue with the Barak Government once it is formed.

As Israeli Prime Minister Netanyahu told a joint session of Congress, there is no greater tribute to America's longstanding economic aid than Israel's achievement of economic independence.

MILOSEVIC IS NOT A PARTNER

Question. Secretary Albright, can you assure us that the United States will not negotiate with Milosevic and allow him to portray himself as a peacemaker?

Answer. Throughout this crisis I said that we would insist on our core conditions. After more than 70 days of bombing, Milosevic accepted them. We did not negotiate NATO's conditions with Milosevic: those around him knew what needed to be done to meet NATO's conditions.

Milosevic is not our partner. We will continue to work for democracy in the Federal Republic of Yugoslavia (FRY). We will not provide reconstruction assistance to Serbia while he remains in power. We have offered a reward for his transfer to the International Criminal Tribunal for Yugoslavia (ICTY), which has indicted him. And Milosevic will not have authority over the tasks of the international civil administration, which will establish and oversee the development of provisional democratic self-governing institutions.

NO PARTITION: NATO UNITY OF COMMAND

Question. Can you assure us that the United States will not accept a peacekeeping plan which would partition Kosova by failing to provide NATO security in some areas?

Answer. Throughout this crisis we said that we would not accept partition and we are not. The NATOed international military presence covers all of Kosova. The international civil presence (ICP) mandated by U.N. Security Council Resolution (UNSCR) 1244 provides transitional administration and exists to develop a political process towards establishment of an interim political framework providing for substantial self-government for all Kosovars.

KFOR, the international security presence with NATO at its core enables the work of the ICP to proceed in safety. The United States welcomes the participation of Russian forces in KFOR, under conditions which confirm KFOR's unity of command, unity of mission and purpose, and NATO's core sectors.

FAMILY PLANNING ASSISTANCE

Question. How important is family planning assistance to the success of our aid programs achieving their goals?

Answer. Economic and social progress in other countries can be undermined by rapid population growth, which reduces the quality and availability of public health services, education, and contributes to environmental degradation. Family planning is a vital part of our comprehensive strategy for sustainable development, which integrates goals for population and health with those of protecting the environment, building democracy, and encouraging broad based economic growth. This strategy reflects the historic global consensus reached at the International Conference on Population and Development (ICPD) in 1994 that confirmed the links between family planning, population and development.

Family planning assistance addresses the needs of over 120 million couples around the world who want, but do not have access to, quality voluntary family planning and reproductive health services. Helping couples and individuals to determine freely and responsibly the number and spacing of their children and to address related reproductive health needs are core objectives of our international population policy. Family planning and reproductive health activities also serve to reduce child and maternal deaths, reduce abortion and prevent the spread of sexually transmitted diseases, including HIV/AIDS.

PREVENTING FUTURE KOSOVAS

Question. How will a negotiated solution ensure Milosevic doesn't turn his wrath on Montenegro or Vojvodina or the Sandjak?

Answer. The United States and its allies have warned Belgrade against threatening the democratically elected Montenegrin government. We have made clear that we are also watching the situation in the Sandjak and Vojvodina. There is no indication that either the Serb security forces or the Serb people are interested in supporting another Milosevic aggression.

The Kosova settlement clears the way for a redoubled international effort to move all of Southeast Europe into the EuroAtlantic mainstream. The Stability Pact and related initiatives are aimed at helping the countries of the region consolidate and expand their political and economic reforms. As democratic freedom and economic prosperity take root nearby, Belgrade will be under increasing pressure from within and without to get in step with the times and not to pursue more ruinous military adventures.

AID TO BOSNIAN ENTITIES HARBORING WAR CRIMINALS

Question. Senator Specter and I, joined by a number of our colleagues, wrote to President Clinton on the issue of war criminals in the former Yugoslavia. In the letter, we pointed out that "it is imperative that the arrest warrant for Radovan Karadzic be executed", not least because this would send a clear and unmistakable message to Slobodan Milosevic and other senior Serbian officials that they will be held accountable for their role in war crimes being committed in Kosova." The fiscal year 1998 and fiscal year 1999 Foreign Operations Appropriations Bills included a provision, which I authored, restricting aid to entities in Bosnia which continue to harbor war criminals. Each year you summarily waived this provision. Why is the State Department so reluctant to use the leverage this law provides to demand that authorities in the Republika Srpska turn over Karadzic and other indicted war criminals?

Answer. The State Department strongly supports the apprehension of persons indicted by the ICTY, and is using assistance leverage to achieve this and other important Dayton goals. Department waivers for bilateral assistance in Bosnia are carefully targeted. We will only consider aid to municipalities where there is no indictee presence and where local authorities have shown willingness to promote Dayton goals, including the return of the victims of ethnic cleansing Bosniac and Croat refugees in the case of the Republika Srpska. Thus, places like Prijedor and Foca have been and will remain off limits to U.S. assistance until local authorities fundamentally change their position, including on the presence of indictees. Regarding multilateral aid, credits by institutions like the World Bank and the EBRD are generally intended to promote the tighter economic and fiscal integration of Bosnia-Herzegovina, as an essential precondition to postwar recovery. These institutions, where the U.S. has an 18 percent and a 10 percent voting share respectively, are unlikely to accept an abrupt change in course. U.S. participation in decisions approving WB and EBRD credits has helped ensure that they institute vetting procedures to preclude direct benefit to indicted persons. We have also intervened to prevent a World Bank loan to Foca in the RS, where several war criminals are openly harbored by local authorities. Assistance to the Republika Srpska government began in early 1999, when a new administration under Prime Minister Dodik took over and made a clean break from the extremist parties linked to the wartime leadership and to Belgrade. We have helped the Dodik government beat back repeated efforts by Belgrade-backed extremists to unseat it. The Dodik government, supported by Bosniac and Croat parties in the RS assembly, helped keep the RS at peace during the Kosova conflict and has clearly aligned itself with the proreform forces in the FRY represented by Montenegrin Prime Minister Djukanovic. In both the Republika Srpska and the Federation, there are powerful forces in public life opposed to the Dayton agenda. Privatization and economic reform, interethnic cooperation, return of minorities, and transparent governance threaten the privileges of many who profited in the war. As a consequence, progress on these issues, as well as on ICTY indictee apprehension, has been difficult. But assistance leverage is producing results in Bosnia-Herzegovina. The RS authorities have created a climate of cooperation with the international community that has enabled SFOR troops to detain indictees with minimal risk recently carrying out the arrest of two persons in Prijedor and Banja Luka, one of them under sealed indictment. The U.S. intends to push the Bosnian authorities, both in the RS and the Federation, for increased efforts to meet their Dayton obligations. Assistance and the denial of assistance will play its part in this strategy.

KOSOVARS IN THE PEACE PROCESS

Question. What efforts are you making to unify and work with the Kosovar Albanian leadership to ensure that the Kosovars are represented in the peace process which will determine their future?

Answer. Throughout the diplomatic process of recent months, we have maintained close contact with a broad spectrum of Kosovar leaders in the region and the diaspora, to describe our diplomatic efforts and understand their position. We worked actively to bring together Kosovar factions, to emphasize the importance of cooperation and a focus on the practical concerns of their people.

We have pointed out to the Kosovar leadership that nothing the Kosovars would have gained under Rambouillet has been sacrificed under the current agreements. In fact, Rambouillet would have allowed thousands of Serb forces to remain. By contrast, under the Military-Technical Agreement (MTA), all Yugoslav military and police forces have withdrawn. This creates the physical, political, and psychological space necessary for building political institutions, creating the culture of democracy and establishing the rule of law.

Under the terms of United Nations Security Resolution 1244 the Kosovars will gain genuine self-government, something they have never had in this century. They will be out from Milosevic's boot and will have the freedom to choose their own leaders and help shape the laws by which they are governed. That is why the Kosovar Albanian leadership signed on to the Rambouillet Accords, despite the absence of independence, and that is why they have embraced the peace agreement embodied in U.N. Security Council Resolution 1244 and the deployment of KFOR and the U.N. Mission in Kosova (UNMIK).

We have repeatedly made clear, and will continue to emphasize in our discussions with Kosovar representatives, our desire for the various leaders in Kosova prominent individuals and political organizations to maintain the unity demonstrated at Rambouillet earlier this year. It is important the Kosovar leadership focuses on the practical needs of the Kosovar people right now.

Since the return to Kosova, our dialogue with the leadership has emphasized cooperation with the UN and NATO authorities in Kosova and political tolerance, while condemning acts of violence and urging restraint.

All our Kosovar contacts say they are ready to cooperate with us and the international community in these efforts. The voluntary undertaking of the Kosovar Liberation Army and other armed Kosovar forces to demilitarize and hand over their weapons to NATO is a prime example of the desire of the Kosovar leadership and their people to work with the international community in Kosova. We will continue to urge this type of cooperation.

CONCLUSION OF HEARINGS

Senator McCONNELL. That concludes our hearings. The subcommittee will stand in recess subject to the call of the Chair.

[Whereupon, at 12:29 p.m., Thursday, May 20, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]

FOREIGN OPERATIONS, EXPORT FINANCING, AND RELATED PROGRAMS APPROPRIATIONS FOR FISCAL YEAR 2000

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

NONDEPARTMENTAL WITNESSES

[CLERK'S NOTE.—The subcommittee was unable to hold hearings on nondepartmental witnesses. The statements and letters of those submitting written testimony are as follows:]

PREPARED STATEMENT OF FAITH ACTION FOR PEOPLE-CENTERED DEVELOPMENT POLICY

INTRODUCTION

Religious faith inspires generous giving to neighbors in need

As Congress proceeds to develop its foreign assistance budget for the coming year we wish to share the concerns of many members of the religious community regarding these critical programs. The devastation and suffering borne by Central Americans in the wake of Hurricane Mitch is a recent example of how extreme poverty, environmental degradation and underdevelopment can combine to magnify disasters to unimaginable proportions. Whose heart has not been touched by the losses our neighbors have suffered?

The testimony that Faith Action for People-Centered Development Policy offers today has its roots in our shared religious convictions. The Prophet Isaiah reminds us of God's intent: "I am making a new earth and new heavens. . . . No more shall the sound of weeping be heard in it, or the cry of distress. Babies will no longer die in infancy, and all people will live out their life span. . . ." The God we strive to follow is one who hears the cry of suffering people and inspires us to work to make a better world. As churches and faith-based organizations, we believe that such a theology leads directly to public policies and laws based on justice and compassion.

For this fiscal year 2000 appropriations process, we reflect especially on the Jubilee language in our Scriptures. In ancient Israel debts were to be forgiven every seven years (Deut. 15). After seven cycles of seven years—in the 50th year—the Israelites were to declare a Jubilee year (Lev. 25). In the 50th year not only were debts to be canceled, but every family was to receive back its own land which had been sold or lost—for whatever reason. The Jubilee was to serve as a release for the poor, a restoration of land and livelihood, and a renewal of community and common good.

Jesus refers to the Jubilee when he proclaims "the year of the Lord's favor": good news for the poor, release to the captives and freedom for the oppressed (Luke 4:16–21). For Jesus the Jubilee points toward a complete liberation from every kind of captivity—spiritual, social, economic and political.

The churches and religious organizations that comprise the Faith Action believe this Jubilee principle should be applied today to heavily indebted poor countries. As Jubilee 2000/USA has said, "When foreign debt, however incurred, so drains the economic resources of a people that all hope of a better future is foreclosed, it is time to admit the inhumanity of maintaining the fiction of repayment." It is time to let people living in poor countries have a new beginning!

The United States lags behind others in humanitarian commitment

Congressional support for relief and development assistance remains low, and the United States has now fallen behind Japan, Germany and France in terms of actual dollar amounts of assistance given to less developed nations. As a percentage of GNP, we now spend less on helping the poor overseas than any other of the world's 21 wealthiest nations. Last year, one-fourth of all U.S. foreign aid went to high-income nations, at a per capita expenditure of over \$5 per person for the 638 million people living there. In contrast, the 3 billion living in the world's poorest countries received the equivalent of only 96 cents per person. Of this assistance, almost half went to military or security assistance. In overall terms, less than one percent of the Federal budget is spent on foreign aid, and less than half of that goes to development and humanitarian programs that help millions of the world's poorest people. This situation is deeply regrettable for a prosperous and powerful nation with the means and opportunity to make a tremendous difference in the lives of impoverished peoples and countries.

Humanitarian foreign aid saves lives overseas and benefits Americans

Assistance programs which help the poorest in the world really do make a difference. Humanitarian foreign aid improves standards of living, promotes stable economies, protects the environment, and can prevent the need for continual disaster response. Humanitarian aid can prevent starvation. Yet in Sudan, for example,—where the World Food Programme now estimates that “over two million Sudanese people affected by war and climatic calamities, will not be able to produce or obtain sufficient food to meet their basic needs during 1999”¹—food distribution centers are unable to provide starving people with the full rations they need to survive due to shortfalls in international giving. Reductions in U.S. foreign aid will only make worse this and other similar crises.

Famines often result following drought and civil conflict, but foreign aid programs can prevent or alleviate such disasters. The Center for Disease Control notes that since the early 1960s, most emergencies involving refugees and displaced persons have taken place in less developed countries where local resources have been insufficient for providing prompt and adequate assistance.² Beyond direct food relief and refugee assistance, foreign aid-funded microcredit programs allow families to save enough money to survive seasonal crop setbacks, and avoid starvation.

Finally, foreign assistance is good for America. It keeps U.S. citizens healthier and reduces our health costs. This is because contributions to international health agencies provide the funds to detect, prevent and contain the worldwide spread of highly contagious diseases, including HIV/AIDS, tuberculosis, cholera and the Ebola virus. When “the other side of the world” is now just an airplane trip away, the United States cannot afford to turn a blind eye to health emergencies in other countries. For example, the global eradication of smallpox saves the United States more than \$200 million a year, since American children no longer need to be vaccinated against the disease.³ Other international immunization programs have the potential for comparable future savings.

Foreign assistance also has a direct effect on the U.S. economy. From 1990–1996 U.S. exports to developing countries grew by \$115 billion, supporting an additional 1.5 million American jobs. Almost all of the developing countries which are among the top 50 purchasers of U.S. exports are those in which we have made major investments in education and training.⁴

Development requires a holistic and integrated approach

While resources for development assistance are declining, U.S. policies and programs to support market development and the private sector in developing countries are currently expanding. Congress must ensure that these latter efforts are consistent with the overriding goal of people-centered development. The importance of the integrated involvement of the state, market institutions and civil society in bringing about equitable sustainable development is now widely recognized. Each has an essential role to play in the development process and one cannot substitute for the other.

For example, while there is increasing support in Congress and the Administration for trade and investment, neither sub-Saharan Africa nor Central America will

¹World Food Programme web site, January 12, 1999, http://www.wfp.org/OP/Countries/sudan/emop5826_02.html

²Centers for Disease Control. Famine-Affected, refugee, and displaced populations: recommendations for public health issues. MMWR 1992; 41 (No. RR-13).

³USAID

⁴USAID, Academy for Educational Development.

be able to attract sufficient private investment without debt cancellation and dramatic improvements in the regions' physical and social infrastructure. High levels of indebtedness are seen as a disadvantage to potential investors, and great attention is needed particularly in the areas of health and education. The African continent is being plagued by epidemics, including the HIV/AIDS virus, and no stable economic environment can be created without addressing this crisis in the process.

In a world with 841 million hungry people,⁵ the need for official development assistance has not diminished with the expansion of private capital flows to a handful of developing countries. Especially as last year's financial turmoil demonstrated, resulting almost overnight in millions of people either falling back into poverty or even more desperate circumstances. Now is the time for the United States to respond to this message by committing itself to greatly expanding its funding for people-centered, sustainable development in order to begin the steps necessary to prevent future disasters from reaching such epic proportions.

Faith action recommendations

As we consider the needs of those we serve in years to come we would like to highlight several areas that we believe deserve priority attention by the Committee this year:

CANCEL THE CRUSHING DEBT OF POOR COUNTRIES

The development prospects for many of the world's poorest countries are being mortgaged to their crushing debt burden. As the millennium approaches, a broad grouping of religious, environmental, and development organizations around the world have launched a global campaign, Jubilee 2000, to cancel the crushing debt of the poorest countries by the year 2000.

Many organizations participating in Faith Action for People-Centered Development have joined Jubilee 2000/USA. This campaign calls for debt cancellation for the poorest countries in ways that do not perpetuate poverty or environmental degradation and that involves civil society in these countries in determining the terms of debt relief and programs of development.

The Administration's request for \$120 million for debt restructuring reflects an increase in funding for debt relief and represents another step in the right direction.

Bilateral debt

We support the Administration's proposal of \$50 million to fund debt relief or buy-backs of certain outstanding concessional debt stocks in support of conservation of endangered tropical forests. Nurturing and protecting the environment is central to our faith and vision of God's purpose in creation.

We support the Administration's request of \$3 million to fund debt reduction for qualifying countries through the Paris Club. According to their calculations, this, combined with funds previously appropriated will allow the US in fiscal year 2000 to provide approximately \$50 million in face value debt reduction for the poorest countries such as Cameroon, Guinea, Madagascar, Niger and Zambia. We also support the request for an additional \$17 million for concessional debt reduction for Africa, in order to provide a 100 percent debt reduction program for approximately \$115 million in face value of concessional debt for qualifying African countries.

Nevertheless, while these requests move in the right direction, we call on Congress to act to cancel both the concessional and non-concessional bilateral debt owed the U.S. by all of the highly-indebted poor countries that respect human rights, and are not engaged in excessive military expenditures. Such action would particularly benefit the countries of sub-Saharan Africa which constitute the large majority of highly indebted poor countries.

We also want to raise a concern about the eligibility requirements for debt relief. Bilateral debt cancellation should be carried out in ways that strengthen the country's commitment to transparent and democratic processes and to poverty reduction rather than being determined by rigid formulas for macro-economic policy reform that the Administration has adopted. The August 1997 report "Jobs for Africa" by the United Nations Development Program and the International Labor Organization finds that these policy "reforms," often referred to as "structural adjustment programs," have been "purchased at the price of economic contraction, high unemployment and massive poverty . . . in large parts of sub-Saharan Africa".⁶

⁵Hunger in a Global Economy: Hunger 1998; Bread for the World Institute, Silver Spring, MD, USA; p. 3.

⁶"Jobs for Africa, UN Development Program and the International Labor Organization," August 1997, p. 29.

Multilateral debt

We support the Administration's proposal to contribute \$50 million to the World Bank's Heavily Indebted Poor Country (HIPC) Trust Fund, although we believe the U.S. contribution should be greater. The United States has not yet made any contribution to this fund. Although the HIPC initiative represents an important recognition of the gravity of the debt problem for impoverished countries, implementation of this initiative that was agreed to by creditor nations and institutions in 1996, has been far too slow. Too few countries have met the rigid eligibility requirements, and the amount of debt relief that has been provided is inadequate. We strongly urge that HIPC participation no longer be conditioned on acceptance of IMF and World Bank-designed structural adjustment programs. These policies have been a disaster for people living in poverty and have undermined authentic people-centered development.

We are gratified that following their most recent meeting in February, Finance ministers from the Group of Seven nations have announced a major new drive to speed up debt relief for the world's poorest countries and promised to strike a deal by June. In our view, it is critically important that the U.S. take greater leadership in ensuring that reforms of the HIPC initiative are accelerated and expanded.

In view of this development and our conviction that the unpayable multilateral debts of the world's poorest countries should be canceled, we call on Congress to move beyond the President's request and contribute to the HIPC Trust Fund an amount sufficient to accomplish this goal of giving poor nations a fresh start in the new millennium.

We urge the Committee to:

1. Appropriate sufficient funds to cancel the bilateral concessional and non-concessional debt owed to the U.S. by all the highly indebted IDA-only countries by the end of the year 2000. Toward that end, Congress should investigate the possibility of amending the fiscal year 1991 credit reform provisions to the Congressional Budget and Impoundment Control Act of 1974 to make it possible to cancel the bilateral debt of high-indebted poor countries without a specific appropriation;

2. Provide funding for the HIPC Trust Fund at a level commensurate with our nation's compassion, wealth and influence in the world, with a view to canceling the crushing multilateral debts of HIPC countries. Direct the Administration to use its voice and vote in the multilateral lending institutions to reform the HIPC process so as to provide deeper and more rapid debt relief for many more heavily-indebted poor countries without current forms of structural adjustment conditionality; and

3. Approve the Administration's request of \$127 million for the African Development Fund, earmarking a significant portion for debt forgiveness by the African Development Bank.

GIVE PRIORITY TO SUB-SAHARAN AFRICA AND CENTRAL AMERICA

Faith Action believes that support for people-centered development in sub-Saharan Africa and reconstruction in Central America should be top priorities for U.S. assistance. These priorities should be reflected in the amount and type of bilateral assistance and in support for multilateral institutions that play an important role in these regions. In as much as Central American reconstruction efforts are being dealt with in separate legislation, we will focus our comments here on programs primarily related to Africa.

Last year Congress recommitted the U.S. government to strengthen African agriculture and food security and to follow people-centered principles in the process by passing the Africa: Seeds of Hope Act (PL105-385). This new law will focus U.S. policy more sharply on support for sustainable agriculture and rural development. It will promote policies that address the needs of African women, small farmers, small entrepreneurs, rural workers and communities; bolster participation in decision-making by affected people, and strengthen Africans' abilities to plan, implement and "own" programs. We applaud Congress for this renewed commitment to African development, and we are encouraged that the Administration is now prepared to expand USAID's Africa Food Security Initiative by 50 percent.

The last three years have marked a period of enormous change in U.S. relations with sub-Saharan Africa. The President's trip to the region along with Congressional consideration of Africa trade legislation, along with concerted efforts to strengthen the U.S. constituency for Africa have all shaped this process. Differences over priorities and approaches have surfaced in the course of debate on these changes. The concerns that we traditionally have raised about equity, democracy, and sustainability in U.S. policy toward developing countries apply in an even greater measure with regard to sub-Saharan Africa. This is due especially to the proportion of the population living in poverty and the enormous environmental challenges

facing the continent. We believe that all policies toward sub-Saharan Africa should be evaluated in light of their likely impact on people-centered development.

Development assistance

Debate on U.S. development assistance to sub-Saharan Africa in recent years has centered on the question of separate funding for the Development Fund for Africa (DFA). The DFA was established in part to increase the priority of sub-Saharan Africa within U.S. development policies and programs and to guarantee funds for its needs. We support the Administration's proposal to restore separate funding of the DFA this year. DFA has served as a visible point of reference and a mechanism for continuing dialogue about U.S. assistance to Africa.

We believe, however, that the relative priority accorded sub-Saharan Africa must be evaluated in relation to all bilateral economic assistance and not just development aid. This is the case because development aid has decreased at the same time that economic assistance to other regions has increased dramatically. Africa's share as a percentage of overall bilateral economic assistance also has decreased from 17.4 percent in fiscal year 1994 to 13.4 percent in fiscal year 1998. We note that aid to Africa accounted for as little as 10.6 percent of bilateral economic assistance in fiscal year 1996. The relative decrease in aid to sub-Saharan Africa relates to our concern about the skewed allocation of U.S. foreign assistance resources among geographic regions.

In particular, we continue to call for a transfer of resources from the Middle East to regions where human development needs are much greater. We commend the Committee for establishing a ceiling earmark in fiscal year 1998 for funding for the Middle East Region. Additionally, we are encouraged by the decision of Israel and Egypt to accept annual reductions of economic assistance over the next nine years, and by the Administration's proposal this year to accelerate this process. However, we would like to see the full amount of these reductions rededicated to development programs, and oppose the proposal that half of Israel's reduction in economic assistance be redirected into military assistance for that state. We urge the Committee to take the next step this year by shifting funds from high-income countries, particularly in the Middle East, to poor countries in that region and in other parts of the world.

Additionally, we are concerned about the Administration's supplemental request that accompanies the budget, to fund implementation of agreements made last fall at Wye River. We are mindful of the disproportionate percentage of foreign aid already going to the Middle East. The request for an additional \$1.9 billion for Israel, Jordan and the Palestinians as part of the Wye arrangements raises many questions for our community. We support development assistance for the Palestinians and Jordan, but are deeply concerned about the \$1.2 billion for Israel. We encourage the Congress to determine how the \$1.2 billion figure for Israel was set, and to verify its need. We request assurances that no U.S. funds will be used to build Israeli bypass roads in the West Bank or for other purposes viewed by the U.S. as inimical to the peace process. The additional assistance to Israel should not be provided if does not implement the Wye River agreement. We support generous assistance for Jordan, and ask that those funds be directed to development and infrastructure purposes rather than for the provision of additional weaponry. We urge Congress to support the Administration's request for continuing aid to the Palestinian people, as well as the additional Wye River commitments to them. Finally, we ask that these peace process related needs not be met at the expense of other regions.

We believe that the policy framework that guides the DFA remains entirely appropriate and relevant. It includes the elements that are essential to fostering people-centered development: an emphasis on participation, on the role and integration of women, on concerns for equity and environment, and support for agricultural production. We note that this Administration has undertaken a number of initiatives and reforms at an organization-wide level and at the regional level that build on these policy concerns. This includes adoption of a Gender Action Plan, a Participation Initiative, a Greater Horn of Africa Initiative, and a new African Food Security Initiative.

International development association

We want to commend the Committee for the role that it played in fiscal year 1998 in securing approval of the full U.S. contribution to the World Bank's International Development Association (IDA), including funding for arrears. This year the Administration has requested \$803 million to fulfill part of its pledge for the twelfth replenishment of this important fund. While we continue to work with other organizations to monitor and press for reforms at the World Bank, we believe that IDA fi-

nancing remains of critical importance to sub-Saharan Africa. At the same time, we have grave concerns about the about the impact of structural adjustment programs and urge that these kinds of anti-development “reforms” be abandoned.

We recognize the importance of IDA as a funding mechanism for creating new opportunities for persons and nations. Congress should maintain and strengthen the provision which it included in the fiscal year 1998 foreign operations appropriation that directed the Administration to use the U.S. voice and vote to encourage the World Bank and IDA to “systematically consult with local communities on the potential impact of loans as part of the normal lending process, and expand the participation of affected peoples and non-government organizations in decisions on the selection, design, and implementation of policies and projects.”

Food security

Promoting food security in Africa is of paramount importance. Rural Africa is the key to equitable economic growth in the predominantly agrarian societies that make up the vast majority of the countries. A recent USDA study projects serious food gaps in sub-Saharan Africa. “The number of people who cannot meet their nutritional requirement is projected to increase from 303 million in the base year [1997] to 526 million by 2007. This means that Sub-Saharan Africa—projected to account for 25 percent of the population of the study countries—will have about 44 percent of the undernourished people.”⁷

We urge the Committee to renew support for the International Fund for Agricultural Development (IFAD). IFAD was created 20 years ago with the specific mandate of alleviating hunger and poverty through assistance to small farmers and the rural poor. It is one of the more effective multilateral institutions in promoting people-centered development. In recent years it has played a leading role in the global initiatives to expand micro-enterprise and to combat desertification. But the Clinton Administration has drastically reduced current funding for IFAD to a mere \$2.5 million this year, and has signaled its intent to withdraw from IFAD in the future. That decision should be reversed.

We also urge Congress to work with the Administration to fully implement PL105-385, the Africa: Seeds of Hope Act, by supporting the Administration’s request for a 50 percent increase in funding for the African Food Security Initiative.

African development foundation

U.S. support for other institutions that are working to promote people-centered development in Africa continues to be an important component of U.S. development policy. The African Development Foundation (ADF) continues to work to support local grassroots development, and development of African leaders and institutions that can more effectively address the complex challenges and opportunities that face the people of the continent. Funding for the ADF was drastically reduced in fiscal year 1999. This should be reversed and the appropriation for ADF in fiscal year 2000 should be restored to at least the 1998 level.

Trade and investment

We note that the President’s request includes \$30 million for an Africa Trade and Investment Initiative. According to USAID, the assistance will be used to help African countries improve the investment environment, promote relationships between U.S. and African businesses, and provide non-project assistance “to help alleviate the budget crunch in nations embracing aggressive, market-friendly reforms.”⁸ Market liberalization, however, should not be seen as an end in itself, but should be pursued selectively as part of a package of reforms designed to achieve sustainable development—especially the reduction of poverty and hunger—in environmentally responsible ways. The United States should seek ways to increase trade with and investment in African nations that can expand economic opportunities for the greatest number of ordinary Africans.

The United States should not press African countries to adopt a rigid and inappropriate “one-size-fits-all” prescription for economic reform. Instead, eligibility requirements for assistance under this program should underscore the U.S. government’s desire to form mutually beneficial economic partnerships with those nations that are making steady progress toward the reduction of poverty and the establishment of open and accountable policymaking institutions that enable all citizens to take part in determining political and economic priorities.

We urge the Committee to:

⁷ USDA Economic Research Service. Food Security Assessment. Washington, USDA, November 1997. Pg. 6.

⁸ Testimony by USAID Administrator Brian Atwood before the House International Relations Committee, March 5, 1998.

1. Approve the Administration's request for \$745 million in development assistance for Africa and to re-establish the DFA.
2. Approve funding for the International Development Association at the President's request level and encourage the Administration to work to expand participation requirements and procedures at the Bank to include policy-based loans, the formulation of Country Assistance Strategies, and Consultative Group meetings.
3. Increase funding for the International Fund for Agricultural Development (IFAD), to be funded entirely out of international operations and program account. We also strongly urge Congress to insist that the Administration reverse its decision not to participate in future replenishment negotiations for IFAD.
4. Increase funding for the African Development Foundation by \$6 million to \$17 million, the fiscal year 1995 level.
5. Direct the reductions in Israel and Egypt's assistance to address development needs and not to support military purposes.

RENEW CONGRESSIONAL LEADERSHIP IN FAVOR OF U.S. PARTICIPATION IN A BAN ON
LAND MINES

The enormous human suffering by innocent people, particularly children, caused by tens of millions of landmines has deeply moved people around the world who joined together to pressure governments to agree to ban the production, stockpiling, transfer and use of landmines. Many of our organizations were among those calling on the President to join with 133 other countries in signing the treaty to put in place such a ban. Our organizations run programs in countries most affected by the plague of these weapons, and see first hand the tremendous costs they continue to inflict. We were deeply troubled by President Clinton's decision not to sign this treaty and we continue to urge him to reverse that decision. We are also disturbed by their request for \$50 million for a new landmine weapons system that will not comply with the Ottawa treaty.⁹ Congress' leadership on the issue of landmines has been critically important. We commend Congress for its 1996 approval of a moratorium on U.S. use of anti-personnel landmines.

We urge the Committee to:

1. Approve the Administration's request of \$40 million for de-mining operations;
2. Support renewed congressional efforts to call on the President to sign the Ottawa treaty and quickly bring the U.S. into full compliance.

REJECT FUNDING FOR INEFFECTIVE AND ABUSIVE ANTI-NARCOTICS PROGRAMS

Funding for international narcotics control and law enforcement activities is one of the fastest growing foreign operations accounts. The fiscal year 1999 combined levels of \$261 million in the Omnibus appropriations bill and an additional \$232.6 million in "emergency" supplemental appropriations resulted in an allocation of \$493.6 million to these programs—substantially more than double the fiscal year 1998 level. Widespread concern about illicit drug production, trafficking and abuse does not justify increases in programs whose effectiveness has been questioned by, among others, the General Accounting Office. The program focuses increasingly on Colombia. Resources for that country from various U.S. anti-narcotic programs nearly tripled between fiscal year 1995 (\$51.4 million) to fiscal year 1997 (\$136.4 million). During the same period coca production in Colombia increased by 56 percent.¹⁰

While largely ineffective in reducing overall drug production, the programs have served to strengthen foreign security forces implicated in human rights abuses. We strongly support the law that prohibits assistance to units of foreign security forces that are believed to be responsible for human rights violations.

Many experts have argued that anti-narcotics efforts focused primarily on treatment of drug abuse are more effective and less costly than those aimed at source country eradication or interdiction. "A 1994 RAND study found that \$34 million invested in treatment reduced cocaine use as much as \$783 million spent for foreign source country programs or \$366 million for interdiction."¹¹

We urge the Committee to:

1. Reject funding for foreign military involved in anti-narcotics activities and approve funding only for activities that:

⁹"Pentagon Seeks Funds for New Type of Land Mine," LA Times, February 22, 1999, p. A1.

¹⁰Statement on certification by Gen. Barry McCaffrey, Dir. Of the Office of National Drug Control Policy, Feb. 26, 1998.

¹¹"Rethinking International Drug Control Policy: New Directions for U.S. Policy," a report of an independent task force sponsored by the Council on Foreign Relations, Feb. 1997.

- a. help to strengthen the capacity of civilian police and judicial systems to carry out effective law enforcement and respect human rights;
 - b. promote development programs that help to provide a viable alternative livelihood for coca producers, especially those in Colombia, Peru, and Bolivia.
2. Enforce the "Leahy law" that currently prohibits assistance to abusive units of foreign security forces and extend it to apply to anti-narcotics and other security assistance programs funded and operated from the Department of Defense.
 3. Monitor human rights abuses in Colombia and make U.S. efforts to curb such abuses a cornerstone of U.S.-Colombian relations;
 4. Work with the Administration to increase the effectiveness of multilateral approaches to illicit drug-trafficking.

We thank the Committee for this opportunity to express our views. We look forward to ongoing discussions with members of Congress and the President on how best to express in law and public policy our common commitment to the values of justice, compassion and human solidarity.

PREPARED STATEMENT OF TIMOTHY L. DICKINSON, IMMEDIATE-PAST CHAIR, SECTION OF INTERNATIONAL LAW AND PRACTICE

Mr. Chairman and Members of the Subcommittee, the American Bar Association (ABA) appreciates the opportunity to present testimony on the fiscal year 2000 Foreign Operations Appropriations bill.

My name is Timothy Dickinson and I am the Immediate-Past Chair of the American Bar Association's Section of International Law and Practice. This written testimony is being submitted for the record on behalf of the ABA at the request of Philip Anderson, President of the Association.

This testimony outlines the numerous projects undertaken by the ABA which embrace the rule of law and democracy throughout the world. The ABA is the largest volunteer professional organization with over 400,000 members. These democratization projects are leveraged by the pro-bono contributions from United States lawyers, judges, law professors, and sister legal institutions. The results have advanced the United States foreign policy goals in a very cost-effective manner. For these reasons, Mr. Chairman and Committee Members, we hope that these programs continue to receive Congressional support.

BACKGROUND

The often maligned and misunderstood issue of foreign aid offers an opportunity for cooperation. Open-ended foreign aid programs can frustrate long-term growth if they allow countries to avoid difficult political decisions, such as how to end corruption and special privileges for elites. However, carefully designed foreign aid programs can make a significant difference for reform-minded governments that are plagued by political instability and corruption. To be competitive in today's global economy, many developing countries recognize that they must embrace private, rather than state, ownership of business. They must open their markets to foreign exports, technology, ideas, and investment and accept the rule of law. The most crucial aspect of democratization is the development of credible and dependable legal institutions rooted in the rule of law.

ABA PROJECTS

Mr. Chairman and Subcommittee members, I would like to briefly layout the ABA's specific programs which focuses on the rule of law and democratization and underscore the ABA's willingness to continue working to assist democratization efforts around the world. All ABA democratization projects have been guided by three principles. First, these projects are designed to be responsive to the needs and priorities of the host countries; the countries, not the ABA, define the need. Second, the design of these programs recognizes that U.S. legal experience and traditions offer only one approach that participating countries may wish to consider. Third, these projects are public service endeavors, not devices for developing business opportunities. The result of these programs has always been to take a modest grant and leverage those sums to yield a much larger benefit for the host governments and people.

A. THE CENTRAL AND EAST EUROPEAN LAW INITIATIVE ("CEELI")

The most comprehensive technical legal assistance project of the ABA is the Central and East European Law Initiative, or "CEELI." Shortly after the fall of the Berlin Wall in 1990, CEELI was organized by the ABA Section of International Law

and Practice to provide technical legal assistance to the emerging democracies in Central and Eastern Europe. By 1992, CEELI began to provide assistance to the Newly Independent States of the former Soviet Union ("NIS").

Through a variety of program components, CEELI is making available U.S. legal expertise to assist countries that are in the process of modifying or restructuring their laws and legal systems. CEELI has focused on work in several critical priority areas: constitutional reform; judicial restructuring; bar reform; criminal law and procedure reform; commercial law; legal education reform; and has helped develop and/or institutionalized self-sustaining indigenous non-governmental organizations (NGOs) in more than 22 countries.

Designed to respond to the needs of the countries, CEELI has emphasized long-term engagement and nurtured projects that facilitate extensive consultations with policy makers, legal scholars, judges, and attorneys in each country. Accordingly, CEELI has developed individual country plans that address the particularized circumstances of each locale. CEELI accomplishes its work primarily through resident liaisons and legal specialists, working pro bono, who spend one to two years working on a daily and continuous basis with local partners. CEELI liaisons often live and work in places where the comforts of life that you and I often take for granted do not exist.

Over the course of the past nine years, CEELI has established itself as a fundamental force for law reform in Central and Eastern Europe and the NIS. To date, CEELI has conducted 519 Technical Legal Assistance Workshops; assessed over 397 draft laws; placed 201 long-term liaisons and 205 legal specialists in the region; hosted 47 Central and Eastern European law school deans; sent dozens of U.S. legal reform experts to assist in law school reform; and has placed a variety of students from the NIS in LL.M. programs throughout the United States. The credit for this remarkable achievement goes to the over 5,000 American attorneys, judges, legal scholars, and private practitioners, who have, as acts of public service, given their time and expertise to make this project successful.

When calculating the in-kind contributions of volunteer legal professionals at an understated rate of \$150 per hour, CEELI has yielded over \$55 million of pro bono service. Considering the modest CEELI budget in comparison to funding allocated to consulting firms, the exceptional programmatic impact and financial leverage that an NGO can achieve by using qualified volunteer professionals in a public service project is indisputable. This model of a volunteer professional assistance project is a viable and cost-effective alternative to other uses of U.S. government funding by, for example, for-profit firms. Congress has voiced strong support for CEELI and its ability to leverage U.S. taxpayer dollars (H.R. Rep. No. 524, 103rd Cong., 2d Sess., 82 (1994); S. Rep. No. 287, 103rd Cong., 2d Sess., 76 (1994); H.R. Rep. No. 128, 104th Cong., 1st Sess., 80 (1995); H.R. Rep. No. 143, 104th Cong., 1st Sess., 31 (1995); S. Rep. No. 143, 104th Cong., 1st Sess., 42 (1995); S. Rep. No. 000, 104th Cong., 1st Sess., 40 (1995); H.R. Rep. No. 600, 104th Cong., 2d Sess., 31 (1996); S. Rep. No. 35, 105th Cong., 1st Sess., 25 (1997); H.R. Rep. No. 176, 105th Cong., 1st Sess., 32 (1997); H.R. Rep. No. 719, 105th Cong., 2d Sess., 39 (1998); S. Rep. No. 255, 105th Cong., 2d Sess., 27 (1998) .

B. THE ABA CAMBODIA DEMOCRACY & LAW PROJECT

The Cambodia Law and Democracy Project ("Cambodia Project") was launched by the ABA Section of International Law and Practice during 1992 at the request of Cambodian institutions seeking assistance with Cambodia's law modernization process. The principal purpose of the Cambodia Project was to assist Cambodia in planning and implementing legal and judicial reforms to promote democracy, a market economy, and the rule of law.

Under a grant from the Asia Foundation in 1993, the Cambodia Project provided a collection of legal materials in Phnom Penh principally through ABA donations. In late 1996, the Cambodia Project established a Legal Research and Documentation Center at the Bar Association of the Kingdom of Cambodia (BAKC) which has now secured over 1,800 donated books and publications, which include Khmer laws and selected translations, the Official Journal of the Kingdom of Cambodia, and foreign and American legal materials. Since its official opening in March of 1997, the Center has been fulfilling requests for information from lawyers, law students, NGOs, and the National Assembly Legal Research and Documentation Center.

During 1993-94, the ABA Constitutional Law Advisors assisted in drafting the new Constitution, and legal education advisors provided a needs assessment of Cambodia's legal education programs and institutions. Short-term advisors traveled to Cambodia to assist in the areas of foreign investment, contract law, and commercial arbitration. U.S. legal experts provided commentary in the areas of border dis-

putes, intellectual property, penal code issues, environmental law, family law, and bar association development. During this period, an ABA resident legal advisor was placed in Phnom Penh to oversee all ABA and Asia Foundation legal initiatives. This action led to a request from USAID that the ABA take on a larger role in the law development process in Cambodia, which resulted in a cooperative agreement between USAID/Cambodia and the ABA in 1995.

Until July 1997 the Cambodia Project had three long-term resident advisors in Cambodia. They assisted the Ministry of Commerce and the BAKC, providing institution-building, teaching, and legal drafting assistance. By working in close coordination with the Ministry of Commerce, the Cambodia Project effectively extended efforts to improve Cambodia's legal system into Cambodia's market economy. The completion of Cambodia's Bankruptcy Law, Business Organizations and Contract Law, Products Liability Law, and Contracts Law is evidence of the project's successful advancement. In addition to their roles in law drafting, the advisors conducted classes at a local university, seminars in the provinces, and daily discussion and training sessions at the Ministry of Commerce. The purpose of these events were to train Cambodian officials and lawyers to understand and utilize the laws created to advance the rule of law and foster Cambodian social and economic prosperity.

In late July 1997 the Cambodia Project was placed on hold by USAID due to the political developments that occurred in Cambodia in early July. The Cambodia Law and Democracy Project is no longer active and was terminated by the U.S. Agency for International Development (USAID) effective September 30, 1998. The termination of the program is a consequence of significant undercutting of rule-of-law program funding in Cambodia by the U.S. government as the result of political upheaval which started in July 1997.

Despite July 1997's political turmoil, the project was effective in expanding the rule of law in Cambodia. Not only because of the legal didactic components that the project had both in the Ministry of Commerce and the BAKC, but also because of its important role in building and strengthening a civil society in Cambodia. The creation of a non-partisan Bar Association independent from government which represents the interests and concerns of the country's legal community is helping to achieve a social and political equilibrium in Cambodia. This project has provided a unique opportunity for ABA members to build the foundation for increasing the rule of law in an emerging democracy.

The outlook to resume technical assistance activities in Cambodia is good. The ABA continues exploring the possibility to reinstate collaborative efforts and technical assistance projects in the near future. The recent political and progressive economic stabilization in Cambodia should attract an increase of aid funds from the U.S. government and other international donors.

As with all legal technical assistance programs, the ABA Cambodia Law and Democracy Project developed all program components at the request of, and in close consultation with, participating country institutions. The bulk of the assistance was provided by U.S. lawyers on a pro bono basis utilizing donated materials, allowing a small grant to be leveraged for the benefit of democracy in the host country. The Cambodia Project received \$1,780,679 over the last five years, and the ABA contributed an additional \$1,033,360 to this project.

C. AFRICAN LAW INITIATIVES AND LEGAL EDUCATION PROGRAMS

In conjunction with the Superior Court of the District of Columbia, the ABA Section of International Law and Practice has completed the first and second phases of a three-phase U.S./Africa Legal Exchange. Supported by the United States Information Agency, this program focuses on Malawi, Tanzania, Uganda and Zambia. It seeks to assist these countries in creating a legal environment conducive for investment and for the provision of more efficient legal services. It entailed a month-long visit to the United States of lawyers and judges from each of these countries. The third phase is currently being completed.

The ABA also has a number of other projects in Africa in various stages of development. For example, the Section of International Law and Practice has taken an active role in securing and coordinating the donation of legal materials for Liberia. It has also completed an International Legal Exchange Program in West Africa. This included taking a delegation of U.S. lawyers to meet with officials in the Ivory Coast and Ghana.

With funding from the United States Information Agency Office of Citizen Exchanges, the African Law Initiative Legal Education Program continues to assist twelve law schools in eight African countries: Eritrea, Ethiopia, Ghana, Kenya, Malawi, Tanzania, Uganda, and Zambia. The program, which was initiated at a major meeting of African and American law school deans in Nairobi in 1994, is adminis-

tered by the ABA Section of Legal Education and Admissions to the Bar. Over thirty United States law schools have participated. The program has created and supported links between U.S. and African law schools and helped to improve the capacity of the African law schools to train lawyers who are responsive to the new needs and opportunities brought about by democratic and free-market reforms in their countries. Solid links have emerged over the course of the program. In addition to bringing African and American law school professors and deans together to lay the groundwork for linkages, the program has assisted with faculty training and curriculum development, with an important focus on clinical legal education. With assistance provided by this program, significant progress is being made on the development of practice-based and service-oriented legal education at African law schools. The program has shipped or facilitated the shipment of many law books and journals, helping to update the collections at the law libraries.

Under the current Law Faculty Curriculum Development Program, the African law schools are being assisted with the development or strengthening of curriculum in women and the law, commercial law and environmental law. Legal educators from Ghana, Ethiopia, Kenya, Uganda, Malawi, and Zambia undertook a study tour to U.S. law schools where they worked to bolster their course syllabi in the three priority areas. A workshop on women and the law was held in Ghana in December 1998 and a workshop on environmental law is planned for March 1999 in Uganda. A commercial law workshop will be held later in the year in Addis Ababa, Ethiopia. In addition, the program is supporting the comprehensive curriculum review being undertaken by the University of Nairobi Faculty of Law.

As assessment of the legal education system in South Africa was conducted for the South African Ministry of Justice and a project is currently under development.

D. ASIA LAW INITIATIVE COUNCIL—ABA PROGRAMS TO STRENGTHEN THE RULE OF LAW IN CHINA

The ABA has initiated several activities to provide leadership in fulfilling the promises made by Presidents Clinton and Jiang for cooperation in the field of law.¹ First, the ABA has signed an Agreement with the All-China Lawyer's Association to collaborate in lawyer training and internships, bar organization and management, continuing legal education, legal information exchange and law practice management. The first step in implementing this Agreement is being initiated through internships for Chinese lawyers to come to this country to receive training in U.S. firms. As part of the agreement between the All China Lawyers Association and the American Bar Association executed last May, the International Legal Exchange Program will implement the exchange portion of this agreement. Up to 10 lawyers from the People's Republic of China will visit the United States each year for individual placements in law firms or law offices. This internship would be for a six-month period following some form of basic training in the United States. The program will begin during the summer of 1999. There will be a rigorous selection process administered by the All China Lawyers Association. The top 15 candidates will be selected by means of this examination for further interviewing by both officers of the ACLA and by a small group of American lawyers resident in Beijing. No more than 10 lawyers will be selected as a final group of candidates.

Second, with Ford Foundation support, the ABA recently concluded a large trial demonstration program hosted by the National Judges College of the Supreme People's Court in Beijing. The National Judges College of the P.R.C. invited the ABA and the Berlin Judge's Association to provide live trial demonstrations. Demonstrations of identical cases, a murder case and a commercial contract case, were performed for comparative purposes by ABA common law and German civil law experts. These trials were accompanied by extensive briefing materials. They were widely-publicized in the P.R.C. and are being considered for replication in other cities in China.

Third, at the request of the Legal Aid Foundation of China, the ABA will sponsor a program of long-term support in the development of a system of legal aid in China. This program, to be initiated through a joint symposium this year, will rely on the services of ABA legal aid experts and comparative law advisors to present various models of legal services delivery as well as to provide training in practical areas to Chinese lawyers and paralegal personnel. The ABA's nearly 80-year history of support to legal services in the U.S. particularly qualifies it for this role.

Fourth, the ABA through its Section of Business Law will collaborate with the Chinese University of Political Science and Law and Temple University to jointly establish a Center for the Study of Business Law in Beijing. The Center will offer

¹Joint Communiqué, October, 1997. Joint Statement, June–July, 1998.

seminars and conferences on U.S. and international business law to Chinese lawyers, judges, government officials and law students. This training will further the establishment of the rule of law and the development of a market economy in China.

Finally, as an indication of the commitment of its leadership to its Goal 8, the promulgation of the rule of law in the world, the ABA has instituted a high-level council consisting of one of its past Presidents and Executive Director, a member of the Supreme Court and esteemed experts in legal education, legal aid and bar development among other areas, to oversee its activities in Asia, specifically China. This is the Asia Law Initiative Council (ALIC). The ABA urges that the U.S. commitment to bringing the rule of law to one-fifth of the world's population receive the priority and attention of this Congress through support to technical legal assistance programs in this appropriations process.

E. UNITED NATIONS DEVELOPMENT PROGRAMME

The ABA and UNDP share a common belief that sustainable development must be based upon the rule of law which fosters democratic institutions, respect for human rights and a vibrant private sector. Specifically, the ABA and UNDP have recently agreed to establish a jointly-funded Legal Resource Unit to provide advisory assistance through UNDP's 132 country offices on the legal dimensions of good governance and the adoption of sound macroeconomic policies. Therefore, to enable UNDP to carry out its important mission, it is essential that funding for the organization be provided at the highest possible level.

The impact of UNDP lending can be gauged by the results of its programs which, over the period 1994 through 1997, convinced many developing countries to fully embrace market economy principles as well as political democratization as a foundation for social and economic development. UNDP's mission is to deliver high quality technical legal assistance to developing countries throughout the world.

CONCLUSION

The American Bar Association encourages continued support for global rule of law projects that, through development of "Legal Infrastructure," promote democracy around the world. The expectation of U.S. foreign assistance leverage should not be to deliver enough money to eliminate poverty and resolve all social-ills, but to provide countries the opportunity to obtain economic independence. Because the ABA's democratization efforts focus on respect for the rule of law and because of the ABA's track record of success, we continue to ask for U.S. support for our technical assistance programs.

These programs encourage democracy and respect for the rule of law, build free markets and free trade, combat corruption and promote sustainable development. A strong commitment to legal and commercial infrastructures supports the ability of emerging markets to purchase U.S. products.

The ABA fully appreciates the difficult task that your subcommittee has in deciding among competing interests in the fiscal year 2000 Foreign Operations Appropriations bill. Notwithstanding, Mr. Chairman, we trust that the interests of the American people will be at the forefront of this decision.

While it is true that the U.S. should not be expected to shoulder the financial burden of the international community, we are the only country positioned to provide international leadership. Hence, Mr. Chairman, the U.S. must embrace the opportunities and realities which the new global world offers.

The ABA believes that its global rule of law projects are a means to this end. Our programs have yielded tremendous leverage on a relatively modest U.S. financial investment. This is largely due to the vast amount of free legal technical assistance available to us. A strong commitment to legal and commercial infrastructures supports the ability of emerging markets to purchase U.S. products.

Mr. Chairman, I would like to conclude by underscoring the significance foreign assistance plays in achieving our international policy objectives. The lives of American citizens and the national interests of our country are far more connected with the global market place and political stability of other nations than any other time in history.

For the reasons mentioned above, American citizens and American business' depend on the success of the global economy for their livelihood, which is fueled by the commitment to the rule of law. The U.S. must keep pace with the growing trend of countries toward economic and political transparency.

Finally, Mr. Chairman, we respectfully urge Congress to support the ABA's technical legal assistance programs through the appropriations process.

PREPARED STATEMENT OF MICHAEL M. CROW, EXECUTIVE VICE PROVOST, COLUMBIA UNIVERSITY

Mr. Chairman and Members of the Subcommittee, thank you for this opportunity to submit a statement for the hearing record for fiscal year 2000 funding for the Agency for International Development. The statement makes the case for continued funding in fiscal year 2000 of \$500,000 for the continued development of the regional climate forecasting capability in the Greater Horn of Africa region, and the development of one other site in the southern portion of Africa. This is the program level of fiscal year 1999.

INTERNATIONAL RESEARCH INSTITUTE (IRI)

The International Research Institute for Climate Prediction (IRI), a joint initiative between Lamont-Doherty Earth Observatory of Columbia University and the Scripps Institution of Oceanography at the University of California-San Diego. The IRI will be in the third year of a cooperative agreement with NOAA to develop long-range forecast models and capabilities related to major climate patterns and events on a world-wide scale. The IRI focuses on the following activities:

- works with an extensive network of existing research centers around the world to provide a multi-national “end-to-end” climate prediction program on seasonal-to-interannual time scales;
- provides forecasting and regional assessments of changing physical conditions (e.g., temperature and rainfall); and
- provides the application of forecasts to support practical decision making in critical sectors like water resources, agriculture, fisheries, emergency preparedness, and public health and safety.

RECENT FUNDING

In the current fiscal year, the IRI is cooperating with the Drought Monitoring Center (DMC) and the World Meteorological Organization in Nairobi, Kenya, to establish a regional climate forecasting capability. The joint proposal has been submitted, and we understand that approval will be granted in a short time.

The IRI-DMC project has the goal of enabling the DMC to make operational high resolution forecasts for Kenya using a workstation version of the Regional Spectral Model and boundary conditions from the IRI model runs. Operational runs of this model can be used to improve the regional climate forecasts for Kenya, and potentially for the Greater Horn of Africa region. This capability will result in enhanced early warning of significant floods and draughts, and their associated impacts in the region. When the project is granted approval, it will take little time to move the workstation to Nairobi and begin the necessary training and model development.

The forecasting efforts of NOAA, the IRI and other cooperating institutions have resulted in greatly improved lead time and capability in understanding Earth’s complex climate system. Our capability could still be improved. The climate-driven events of the past five years have caused tremendous chaos and destruction. This accentuates the need for continued improvement in predictive ability. The back-to-back occurrence of a 100-year El Nino (1997–1998) followed by a 50-year La Nina (1998–1999) demonstrates the volatility of the world’s climate, and the vulnerability of humanity to climatic aberrations.

The IRI develops long range forecasts for NOAA on climate change. IRI modeling incorporates international and domestic data and modeling in conducting long range forecasts and the interpretation of impact. As NOAA and other scientific institutions develop greater capacity and understanding, the IRI can provide more accurate, longer range forecasts. The IRI is now developing projects that focus on three applications areas related to long range predictions: Water, Agriculture, and Health.

WATER

Water and Air are the two most important compounds for the sustenance of human existence. The IRI’s mission focuses on water as a climate agent and water as a resource.

Water availability is determined by weather and climate. Dependence on water, for human use, commerce, and agriculture is predicated on usually reliable annual averages. The reliance on water and its expected availability do not factor extreme climate driven variations into annual planning. As more is learned about the interdependence of extreme climate events and their world-wide effects and implications, we can factor long range predictions on water availability as a function of these events into preparatory and prescriptive actions that will minimize the disruption an otherwise major climate anomaly could cause.

Water use has tremendous applications in society today. Hydroelectric power depends on a stable and predictable source of water at all times. Human use depends on stable supplies of potable drinking water and water for food preparation, hygiene, and for medical purposes. Agriculture, as an industry, depends on the time sensitive supply of water for seeding and growing. Industrial requirements for water range from manufacturing to construction. Transportation needs, apart from barge or river traffic, consume large amounts of water and depend heavily on water availability.

For these reasons, the IRI has developed an application project that concentrates on climate-caused variations in water availability, from the very broad to the very local, or regional, impact. The benefits of this development will be seen in every aspect of man's interaction with the environment. Long range predictive capability coupled with prescriptive courses of action to accommodate and counteract the destructive impacts of climate events on water availability will result in more efficient use of resources, prevent disruption in major capital markets, and minimize human suffering and death.

AGRICULTURE

U.S. agriculture is the most vulnerable domestic industry to extreme climate variation. Genetically designed food and feed crops (corn, wheat, and soybeans) and fruits and vegetables are so refined that the slightest variation in water supply can destroy a season's product. With advance knowledge of the type and nature of a major climate event, appropriate steps can be taken to protect agricultural products and investment from suffering adverse effects due to extreme climate events. This applies not only to the interrelated water availability model for reservoir and irrigation purposes, but also in the decisions concerning which seed strains to use at planting and when the most advantageous planting time might be in a particular year.

Foreign demand for U.S. agricultural products has a direct impact on commodity prices and farm income. If foreign demand for U.S. agricultural products changes significantly, the U.S. economy will reflect the variation from the commodity futures markets down to the level of the farm gate. Climate events such as drought can reduce foreign agricultural production, thereby increasing dependence on and demand for U.S. agricultural products and causing prices and farm income to rise. Conversely, if the U.S. suffered crop losses due to drought or flooding, major crop failures could increase domestic reliance on imported agricultural products, increasing the U.S. negative balance of trade and a concurrent increase in domestic agricultural prices, but loss of farm income.

The advance knowledge of the probabilities related to foreign and domestic growing conditions would aid governments and planters immeasurably. The expected demand for products from non-domestic purchasing would permit farmers to make rational decisions on which crops to plant and in what volumes. The improved decision making structure for U.S. agriculture would provide more confidence, and less guess work, in the agricultural economy.

The IRI focus on agriculture promises to yield returns exponential to the investment in the capability. The applications program is integrated with the water modeling discussed in the previous section. The two assessments are interdependent on one another.

HEALTH

Climate variation can result in dramatic health-related problems. Studies have shown that in years of above average moisture coupled with above average temperature there has been a much higher incidence of malaria and other water related diseases.

The change in environmental conditions conducive to mosquito proliferation or water borne pathogens can greatly impact animal and human health, particularly when naturally occurring diseases and bacterial agents are permitted to grow in regions where inhabitants have not had to develop natural immunities to new pathogens. The reconstruction of some past plagues and devastating diseases can be traced historically to preceding major climatic events. The more reconstruction that IRI can develop through historical modeling, the more IRI will be capable of minimizing the potential threat to other living organisms (plants and crops as well as animals and humans).

Water sustains all life, including microbiological diseases. The forecast of above normal precipitation for a region could result in an increase in the potential habitat for harmful diseases. The increased medium for disease reproduction could then lead to a greater impact on human lives. If both greater than normal precipitation

and greater than normal temperature are forecast for the same region, conditions for new organisms to thrive in that region are greatly enhanced. The new organisms often are harmful to human and animal survival.

The IRI, in conjunction with the water modeling initiative, will integrate regional health modeling and impact assessments in fiscal year 2000. This additional capability will permit public health precautions to be conducted—such as vaccines and preventive water treatment activities—long before the onset of climate-driven health problems begin to occur.

SUMMARY

This statement provides the current capabilities and the planned stages of growth for the IRI. The IRI can bring these capabilities to areas susceptible to extreme climate impact, and improve the quality of life for much of the third world. This, in turn, reduces U.S. disaster relief and foreign recovery costs. The cost in fiscal year 2000 for the continued development of the Nairobi capability for the Greater Horn of Africa region, and one other site within the continent of Africa, is estimated at the continued funding level of \$500,000.

Thank you for this opportunity to present this plan and this statement for the hearing record.

PREPARED STATEMENT OF ROTARY INTERNATIONAL

Chairman McConnell, members of the Subcommittee, Rotary International appreciates this opportunity to submit testimony in support of the polio eradication activities of the U.S. Agency for International Development. Rotary International is a global association of more than 29,000 Rotary clubs, with a membership of over 1.2 million business and professional leaders in 160 countries. In the United States today there are some 7,500 Rotary clubs with 400,000 members. All of our clubs work to promote humanitarian service, high ethical standards in all vocations, and international understanding.

In the United States, Rotary has formed the USA Coalition for the Eradication of Polio, a group of committed child health advocates which includes Rotary, the March of Dimes Birth Defects Foundation, the American Academy of Pediatrics, the Task Force for Child Survival and Development, and the U.S. Committee for UNICEF. These organizations join us in expressing our gratitude to you for your staunch support of the international program to eradicate polio. For the past three years, you have recommended that \$25 million be allocated for the polio eradication activities of the Agency for International Development. This investment has helped make the United States the leader among donor nations in the drive to eradicate this crippling disease. The target year is 2000 for eradication, with certification by 2005.

Fewer than two years remain to defeat this disease in the nations where the polio virus still causes death and disability. With your continued support, soon no child will ever be struck down by polio again.

FISCAL YEAR 2000 BUDGET REQUEST

For fiscal year 2000, we are again requesting that your Subcommittee specify \$25 million for global polio eradication in USAID's budget, through their Polio Eradication Initiative, for the delivery of vaccine and the development of the infrastructure necessary to implement the program. This would maintain funding at the same level as the past three years, providing much-needed stability to the program and ensuring that the USA remains the decisive factor in the success of the global initiative. This support is needed to help meet the enormous costs of eradicating polio in its final stronghold—sub-Saharan Africa. The underdeveloped and conflict-torn countries of Africa represent the greatest challenges to the success of the global polio eradication campaign. USAID's Polio Eradication Initiative is helping many African nations to accelerate polio eradication activities, improve surveillance for polio and other diseases, and support peace-building cease-fires for NIDs. In addition, we are seeking report language similar to that included in the fiscal year 1999 Committee report, specifying that this funding is meant to be in addition to the resources for the regular immunization program of AID, and is intended to supplement other related activities.

Humankind is on the threshold of victory against polio, and we must not miss this window of opportunity. Poliomyelitis will be the second major disease in history to be eradicated. The world celebrated the eradication of smallpox in 1979, and no child anywhere in the world will ever suffer from smallpox again. It is estimated

that today as many as 20 million people around the world are living with paralysis from polio. The eradication of polio, achieved through your leadership, will not only save lives and suffering, but will also save our country's financial resources.

ERADICATING POLIO WILL SAVE THE UNITED STATES AT LEAST \$230 MILLION ANNUALLY

Last year the Chairman of the House Committee on International Relations commissioned the General Accounting Office to investigate the soundness of WHO cost estimates for the eradication or elimination of seven infectious diseases. The United States was a major force behind the successful eradication of the smallpox virus, and the GAO concluded that the eradication of smallpox has saved the United States some \$17 billion to date. Even greater benefits will result from the eradication of polio.

Although polio-free since 1979, the United States currently spends at least \$230 million annually to protect its newborns against the threat of importation of the polio virus, in addition to its investment in international polio eradication. Globally, over 1.5 billion U.S. dollars are spent annually to immunize children against polio. This figure does not even include the cost of treatment and rehabilitation of polio victims, nor the immeasurable toll in human suffering which polio exacts from its victims and their families. Once polio is eradicated and immunization against it can be discontinued, tremendous resources will be unfettered to focus on other health priorities.

PROGRESS IN THE GLOBAL PROGRAM TO ERADICATE POLIO

Thanks in large part to your appropriations, the international effort to eradicate polio has made tremendous progress during the past two years.

- The global eradication strategy is working. In 1985, when Rotary began its PolioPlus Program, 100 nations around the world suffered under the burden of polio. The Western Hemisphere has now been polio-free for nearly 8 years, and today polio is confined only to Sub-Saharan Africa, parts of the Middle East, and South Asia. Five of the six most populous countries in the world are now polio-free.
- Some seventy-five countries conducted NIDs in 1998, immunizing over 450 million children against polio—nearly 75 percent of the world's children under the age of five.
- For 1998, the World Health Organization now expects that some 6,000 polio cases will be reported. While this is an increase over the 1997 number, in fact it is a positive indication of great improvements in the ability to detect polio cases. Acute Flaccid Paralysis (AFP) surveillance, which is critical to the process of certification of a polio-free world, is rapidly improving in Africa, India and many other nations, and health authorities in polio-endemic countries are better able than ever to assess the challenges remaining to eradication.
- Of the three types of wild poliovirus, Type 2 is on the verge of extinction, and is now confined only to northern India.
- During its third year of NIDs, India was able to immunize over 130 million children on one day—the largest public health event in history. Pakistan, Bangladesh, and other neighboring countries coordinated their NIDs with India's to achieve the maximum effect over the entire region. India has agreed to undertake extra rounds of NIDs in 1999 in order to accelerate the drive to eradicate polio by the target date.
- Despite economic difficulties and civil conflict, more than 40 African countries conducted National or Sub-National Immunization Days during 1997/1998, as part of the continent-wide "Kick Polio Out of Africa" campaign championed by South African President Nelson Mandela, reaching nearly 70 million children. Polio-free zones are emerging in both Northern and Southern Africa.
- With the help of the world community, all remaining polio-endemic nations, including those in the midst of severe civil conflict, have now started down the path to polio eradication by undertaking NIDs or Sub-National Immunization Days.
- The three-year "Operation MECACAR" (Middle East, Caucasus, Central Asian Republics) immunization campaign has been deemed a success, virtually eliminating polio from 19 contiguous countries stretching from the Middle East to Russia. For 1998, polio cases reported from WHO's European region have been confined to Southeastern Turkey.
- China has reported no laboratory-confirmed indigenous polio cases for three years, and the last case of polio in the entire Western Pacific was detected in Cambodia in March 1997. We and our partners believe that the Western Pacific can be certified polio-free early in the year 2000.

THE ROLE OF THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

USAID was one of the driving forces behind the eradication of polio in Latin America and the Caribbean. Since the certification of polio eradication in the Americas in 1994, AID has turned its attention to the polio-endemic countries of Africa and Asia, and to finding ways to use American expertise to enhance immunization services globally. A major breakthrough was the development of the heat-sensitive vaccine vial monitor, which is saving an estimated \$10 million annually by reducing vaccine wastage. AID developed the monitor in conjunction with a private U.S. firm, at the request of World Health Organization and UNICEF, and it is now used on every vial of oral polio vaccine produced world-wide.

In April 1996, with the support of the 104th Congress and in response to the strong urging of your Subcommittee, AID launched its own Polio Eradication Initiative, to coordinate agency-wide efforts to help eradicate polio by the year 2000. For the past three years, despite decreases in the overall Child Survival budget, Congress has directed that \$25 million be devoted to AID's international polio eradication efforts. Some of AID's achievements last year, and their planned Polio Eradication Initiative activities in 1999, include:

- As in fiscal year 1998, AID's Africa Bureau will provide \$16 million in 1999 for the Polio Eradication Initiative in Africa. These funds will flow through WHO and UNICEF for NID operational support, surveillance, communication, social mobilization, planning, training, evaluation and cold chain in approximately 23 countries. In 1999, special attention will again be given to polio eradication efforts in the Democratic Republic of the Congo. AID is also concentrating its financial and technical resources on the other major reservoirs of polio in Africa, including Angola, Ethiopia, and Nigeria.
- As in 1998, AID will designate nearly \$4 million to support India's NIDs and strengthen nationwide surveillance. AID's technical and programmatic expertise have been critical to the success of India's National Immunization Days to date. Through grants to UNICEF, WHO, and Rotary, AID has helped support India's cold chain, surveillance, training, and social mobilization efforts. AID has also been taking a leadership role in teaching Indian state health authorities how to use the polio eradication campaigns to improve overall immunization coverage. India remains the world's largest reservoir of the disease.
- An additional \$5 million will again be programmed through AID's Center for Population, Health and Nutrition. These funds will be used for surveillance and training in 4 South Asian and some 10 European countries, through the WHO Regional Offices, and to support communication and research concerning vaccination issues. Support is also being provided to the Voice of America and WORLDNET Television, for broadcasting on polio eradication, surveillance, and other immunization topics, and some funds are also earmarked for emergency vaccine transport.
- AID, through the U.S.-Japan Common Agenda, has encouraged Japan to take a more active role in international polio eradication activities. One result of the Common Agenda is that Japan is now sending trained volunteers into the field to assist with country-level surveillance activities, just as AID has involved U.S. Peace Corps volunteers in these activities. AID has also supported a new initiative to engage Private Voluntary Organizations (PVOs) already active in polio-endemic countries in the polio surveillance effort.
- Through its Polio Eradication Initiative, AID is also helping to build peace. AID has helped both Angola and the Democratic Republic of the Congo in planning and conducting polio eradication activities despite ongoing civil conflict. In the D.R. Congo, the only populous polio-endemic country which has not conducted full NIDs, warring factions have now agreed to "days of tranquillity" in order to allow immunization campaigns to take place in July and August. AID is helping with planning and operational support for these historic NIDs.

OTHER BENEFITS OF POLIO ERADICATION

Increased political and financial support for childhood immunization has many documented long-term benefits. Polio eradication is helping countries to develop public health and disease surveillance systems useful in the control of other vaccine-preventable infectious diseases. Already, much of Latin America is free of measles, due in part to improvements in the public health infrastructure implemented during the war on polio. As a result of this success, measles has been targeted for eradication in the Americas by the year 2000. The disease surveillance system—the network of laboratories and trained personnel built up during the Polio Eradication Initiative—is now being used to track measles, Chagas, neonatal tetanus, and other deadly infectious diseases. NIDs have been used as an opportunity to give children

essential vitamin A, as well as polio vaccine. The campaign to eliminate polio from communities has led to increased public awareness of the benefits of immunization, creating a “culture of immunization” and resulting in increased usage of primary health care and higher immunization rates for other vaccines. It has improved public health communications and taught nations important lessons about vaccine storage and distribution, and the logistics of organizing nation-wide health programs. Lastly, the unprecedented cooperation between the public and private sectors serves as a model for other public health initiatives.

RESOURCES NEEDED TO FINISH THE JOB OF POLIO ERADICATION

The World Health Organization now estimates that approximately \$890 million in external funds is needed to help polio-endemic countries carry out the polio eradication strategy during the critical years 1999–2001. The estimated shortfall for the three years 1999–2001 now stands at nearly \$370 million. In the Americas, some 80 percent of the cost of polio eradication efforts was borne by the national governments themselves. However, as the battle against polio is taken to the poorest, least-developed nations on earth, and those in the midst of civil conflict, many of the remaining polio-endemic nations can contribute only a small percentage of the needed funds. In some countries, up to 100 percent of the NID and other polio eradication costs must be met by external donor sources. We are asking that the United States continue to take the leadership role in meeting this shortfall.

The United States’ commitment to polio eradication has stimulated other countries to increase their support. Belgium, Canada, Germany, Finland, Italy, and Norway are among those countries which have followed America’s lead and have recently announced special grants for the global Polio Eradication Initiative. Japan and Australia are major donors in Asia and the Western Pacific, and Japan has also expanded its support to polio eradication efforts in Africa. Denmark, Germany and the United Kingdom have made major grants that will help India eradicate polio by the target year 2000. In addition, last summer U.K. Prime Minister Tony Blair announced a grant of U.S. \$30 million to ensure that Kenya, Tanzania, and Uganda also meet the eradication goal.

By the time polio has been eradicated, Rotary International expects to have expended approximately \$500 million on the effort—the largest private contribution to a public health initiative ever. Of this, \$334 million has already been allocated for polio vaccine, operational costs, laboratory surveillance, cold chain, training and social mobilization in 120 countries. Over the past 18 months, realizing the increased role which external donors need to play in order to ensure that polio eradication is not jeopardized due to lack of resources, The Rotary Foundation has committed an additional \$40 million to its PolioPlus fund. More importantly, we have mobilized tens of thousands of Rotarians to work together with their national ministries of health, UNICEF and WHO, and with health providers at the grassroots level in thousands of communities.

Polio eradication is an investment, but few investments are as risk-free or can guarantee such an immense return. The world will begin to “break even” on its investment in polio eradication only two years after the virus has been vanquished. The financial and humanitarian benefits of polio eradication will accrue forever. This will be our gift to the children of the twenty-first century.

Thank you for this opportunity to submit testimony.

PREPARED STATEMENT OF ROTARY FOUNDATION OF ROTARY INTERNATIONAL

The mission of The Rotary Foundation is to support the efforts of Rotary International to achieve world understanding and peace through international humanitarian, educational and cultural exchange programs.

The Rotary Foundation of Rotary International was the recipient of one Federal grant in recent years: a U.S. Agency for International Development Child Survival (CSVIII) grant, for the period 1 October 1992 to 30 September 1996. This grant, in the amount of \$2,650,200, was for polio immunization projects in India and Nigeria, as well as administrative expenses, and is now closed. Neither Rotary International nor The Rotary Foundation have received any federal grants or contracts since October 1, 1996. However, for fiscal year 1997 and fiscal year 1998, the India National PolioPlus Committee received U.S. \$400,000 in USAID Child Survival funding, through UNICEF, and is expected to receive the same amount in fiscal year 1999.

PREPARED STATEMENT OF DR. ROB MANOFF

Mr. Chairman and Members of the Committee, on behalf of New York University and the National Press Institute of Russia, the major initiative undertaken by NYU's Center for War, Peace, and the News Media, I would like to take this opportunity to thank you for your previous support of our work.

We have been gratified by this Subcommittee's staunch endorsement of media assistance programs, most recently in House Report 105-719, which, inter alia, supported "training in commercial management with emphasis on financial skills, basic and advanced journalism training, and development of an independent media infrastructure." The continuing interest of this Subcommittee in such programs will remain critical to their continued implementation and success in the years to come.

I very much appreciate the opportunity to provide testimony to this Subcommittee today, and would like to offer the following comments as a journalist, an academic, and the founder and director of an NGO that has been providing media assistance in the former Soviet Union and Central and Eastern Europe since 1985—longer than any other organization operating in the region.

While the fundamental sectoral assistance approach that has been developed over many years by the National Press Institute (NPI) remains valid, the present economic crisis in Russia clearly requires that efforts to assist the independent media be reviewed and refocused. In light of this fact, NPI has been vigorously reassessing its current activity and developing new programmatic initiatives continuously since the crisis began in August. As part of this process, NPI has issued two detailed analytical studies of the crisis and its effects on independent regional newspapers, as well as a comprehensive programmatic Newspaper Crisis Recovery Program.

The National Press Institute believes that the present crisis will continue to impact the independent press for many years to come. Moreover, as Russia moves into the upcoming national election season, new dimensions of the media crisis will emerge, presenting new challenges that bear upon the fate of the entire political-economic transition of the country. As a permanent media-assistance organization that is on the ground throughout Russia every day working with the entire media sector, NPI has undertaken continuous monitoring of the media crisis and the implications of this crisis for the future of Russia and the success of American policy, and I would like to share some of our findings with you today.

THE SIX CRISES OF THE RUSSIAN MEDIA

These findings are striking taken individually, but the cumulative impact of the collapse of the advertising market, the dramatic drop in subscription sales, the decline in the size of papers and their frequency of publication, the laying off of key journalistic and editorial staff, and a raft of other crisis consequences that NPI has documented—this cumulative impact is even more fraught with danger for the processes of democratization and marketization in the country. In the aggregate, in fact, the Russian media—and with it the country itself—are now facing six crises of fateful import:

The Economic Crisis.—Like all sectors in Russia, the newspaper industry has been rocked by the economic effects of the post-August crisis, as described above.

The Information Crisis.—The economic crisis has forced newspapers to reduce staff and to cancel subscriptions to information sources such as news agencies. As a result, the economic crisis has become a journalistic crisis and newspapers are less able than ever to provide the information that society needs. NPI seeks to develop a variety of mechanisms (on-line journalism, database development, briefings and press conferences, publications, establishing contacts among newspapers in different regions, etc.) to increase the volume and quality of information available to Russian journalists and the public. NPI understands that simply helping publishers resolve their business problems will not enable them to survive if they are not able to produce products that readers need and want.

The Social Crisis.—Such a dramatic collapse of the economy as Russia has experienced inevitably will have serious social consequences. This is especially true in a country like Russia which is composed of many ethnic and religious communities and which has a long, troubled history of intolerance and xenophobia. Since August, observers have noted with alarm a dramatic increase in anti-Semitism and in profascist activity. NPI has observed intensified ethnic conflict in many regions and has received, for instance, a heart-rending appeal from publishers in the Northern Caucasus for assistance in helping to diffuse ethnic tensions before violence again engulfs that part of the country. In this region at least, publishers feel that social unrest is more immediate threat to their newspapers than the economic consequences of the crisis. While these are not issues that can be resolved by effective and responsible journalism, they certainly will never be resolved without it.

The Political Crisis.—NPI and the publishers with which it works recognize that the upcoming parliamentary (1999) and presidential (2000) elections represent a significant threat to the independence of the regional media. A threat that looms larger because of the economic, political and social turmoil provoked by the crisis. NPI believes that journalists must be given guidance and resources to enable them to resist both political pressure and financial incentives during the campaigns, and to keep the needs and interests of their readers at the center of their election coverage.

The Legal Crisis.—As a result of their weakened financial position and the strained political atmosphere engendered by the crisis, newspapers are more subject than ever to intimidation through legal action by the authorities and other interests. Publishers have repeatedly told NPI that they need organized and systematic assistance in such areas as business law, advertising law and the registration of organizations.

The Professional Crisis.—The overall weakness demonstrated by independent newspapers in the present environment points to significant shortcomings in the level of journalistic professionalism throughout the country. Newspapers cannot recover from their economic difficulties, cannot resist political and criminal pressure and cannot play a stabilizing social role if they are unable to win and retain the confidence of the public. The National Press Institute emphasizes the importance of targeted programs designed to improve the professional and responsible presentation of information, such as the NPI Nuclear Security Program, its ethics programs and its long-running initiative on the coverage of ethnic conflict.

WHY MEDIA ASSISTANCE DOLLARS WILL NOT BE WASTED

Most experts agree that it will be many years before Russia recovers from the shock of the present crisis. However, they also agree that new opportunities may have been created to correct the structural flaws that provoked the crisis in the first place. In this context, it is impossible to exaggerate the importance of the non-state regional press. Commercial newspapers play an active role in stimulating local economic development, in ferreting out and eliminating corruption and other obstacles to investment and, perhaps most importantly, in keeping the public informed and engaged in democratization and the economic transformation process. Although it is clear that the present crisis in Russia represents a serious, long-term setback for privately owned newspapers, publishers have not thrown up their hands in despair. Instead, they have rolled up their sleeves and responded to the situation with reasonable and well-considered crisis-management measures, although most of them will have a very hard time bearing further shocks and recovering from the present one without assistance. They are putting their available resources to excellent use and making heroic efforts with precious little support. They are more than ever ready to learn from the experience of other countries and from one another, more than ever taking themselves seriously as entrepreneurs and seeking sensible, market-oriented solutions to their problems. They are now acutely aware of the need to rebuild their businesses by increasing revenue, cutting costs, and providing a better product, and are more eager than ever before to do what is necessary to finally establish their newspapers on the basis of sound business practices, aggressive marketing, and quality journalism that truly responds to the public interest.

The publishers of non-state newspapers in Russia belong to the emerging class of Russians who neither seek nor expect assistance from the state. Their confidence has been badly shaken by the present crisis, but their determination to overcome remains strong. It is indicative that only a tiny minority of the papers that NPI works with have approached local authorities for subsidies, while almost all have approached NPI for assistance in managing advertising, circulation, human resources and the like. A publisher from southern Russia recently told NPI, There is no point in waiting for state support or subsidies. I have to rely on myself and to actively seek out market-oriented solutions to my problems.

Considering this frame of mind, it is not surprising that the crisis has actually produced some positive effects. For example: Some publishers have intensified their focus on local advertising sales, looking to increase their base of small advertisers instead of relying on a few larger clients; other publishers have increased their control over single-copy sales and newspaper distribution generally, reducing waste and returns and increasing revenue; and yet other publishers have begun to think actively about how they can make their newspapers essential to readers who now have even less disposable income than before.

However, daunting obstacles remain and another election season is looming in Russia. Publishers fear these elections even more than the economic crisis. They know that with each election, the confidence of citizens in political reform and in the media declines, further eroding their strength. They understand that, no matter

what assurances may be uttered, all too few Russian politicians are deeply committed to the development of an open society. In the wake of the economic crisis, commercial newspapers in Russia enter the election season in a seriously vulnerable condition.

WHAT KIND OF ASSISTANCE IS NEEDED NOW

NPI's analysis of the present situation in Russia suggests a number of concrete actions that could and should be undertaken to resuscitate the non-state regional newspaper industry in the wake of the present crisis and to lay the foundations for a viable independent press in Russia. In order to do so, it is necessary for non-state newspapers with the guidance and assistance of Western media professionals to work together in a concerted fashion to (1) increase revenues by increasing advertising market share and circulation, (2) decrease costs through more efficient management, (3) improve the legal and regulatory environment through lobbying and legal and tax reform, and (4) improve journalistic practices and standards and heighten the media's sense of public responsibility to the public. With these goals in mind, NPI believes that the following specific initiatives are required to assist Russia's regional media in responding to the crisis: Targeted newspaper consulting programs should be expanded and intensified. Experience has clearly shown that Western management expertise in the areas of advertising sales, marketing and promotion, circulation and financial management is directly applicable to Russia and that exposure to these methods brings tangible benefits to Russian newspapers.

- Programs must be developed to expand the share of the national advertising market enjoyed by regional newspapers. A central advertising representation and the development of a coordinated schedule of thematic supplements (health, computers, travel, etc.) are the most promising places to begin this work.
- Advertisers and newspaper managers need much more reliable information about newspaper readership and potential readership. Newspapers must be assisted in designing and executing research programs and in using research to market their newspapers to advertisers. Newspaper managers must be assisted in developing concrete strategies for selling newspaper advertising in competition with other media, especially street advertising, national magazines and radio.
- Methods of increasing the exchange of information among publishers, including especially information about effective marketing initiatives and programs designed to increase reader participation in the community, should be developed.
- A coordinated legal service for independent newspapers, including media law and business law, should be initiated. Special attention should be given to problems faced by state-controlled newspapers seeking to be privatized.
- A detailed lobbying agenda for non-state newspapers should be developed and presented to the industry for discussion and, possibly, action. The primary issues that must be addressed are state subsidies to the media and the unfair competition that they cause, state control over newspaper printing presses, access to information and methods of using tax legislation to stimulate advertising in private newspapers.
- The industry should be monitored carefully in order to assess the impact of the present crisis on subscription revenues. It may be crucial to create emergency mechanisms for infusing working capital into the industry.
- Programs should be implemented to facilitate discussion of the impact of upcoming elections on the media and the role of independent newspapers in covering the political process. Newspapers should be given the opportunity to create programs that increase public confidence in the processes of democracy and reform.
- Concentrated efforts must be undertaken to vastly expand access to high-quality newspaper printing throughout the country. Loan funds, guarantee funds, franchising and especially leasing mechanisms should be considered in order to give newspapers the maximum opportunity either to own their own presses or at least to have a choice of where to print.

THE ROLE OF THE NATIONAL PRESS INSTITUTE

In line with these recommendations, the National Press Institute is now working with the United States Agency for International Development and a range of other funding and programmatic organizations, including the United States Information Agency, to implement an aggressive program in the country. This program builds on NPI's seven years of experience as a permanent, nationwide, Russian NGO dedicated to developing the emerging independent and professional mass media as a pillar of a stable, democratic civil society in Russia

Begun as a project of New York University in 1992, NPI is now an independent Russian NGO with 45 staff members in six sites throughout Russia[2], all but one of whom are Russian nationals. It has organized over 3000 programs in 40 cities across Russia, with an aggregate attendance of over 135,000 journalists, media managers, and other professionals. It applies a unique sectoral strategy based on a comprehensive approach to the economic, political, professional, educational, and legal problems facing the media.

In the years since it was established by the NYU Center for War, Peace, and the News Media, the National Press Institute has provided management training and consulting to thousands of newspapers throughout the country, leading directly in some cases to full financial independence from the local authorities. Through training and provision of information it has helped thousands of journalists to improve their reporting on key issues. It has promoted inclusive and broad-based journalism that both promotes a diversity of viewpoints and encourages civil society. It has championed the cause of freedom of information in Russia. It has arranged lasting partnerships between Russian and American newspapers. In these and a host of other ways too numerous to summarize here, NPI has employed its sectoral strategy to promote the development of a stronger, more democratic, and sustainable independent media sector.

In implementing the strategy that has been adumbrated here, NPI will rely on the consummate Russian media professionals who staff the six departments that will continue to be called upon to design and implement the assistance programs that respond to the sectoral crisis:

- The NPI Business Development Service provides consulting, training, professional information, and other services and support to media organizations seeking to attract financing, develop business plans, improve their management, or in other ways improve their financial viability and attract capital. In the coming year, it will manage NPI's programs to create a centralized advertising representation for regional newspapers in Moscow; to launch a legal service to provide assistance on business-law issues; and to expand its management consulting programs, using both American and Russian media management professionals.
- The NPI School of Media Management and Journalism operates courses on journalism and the newspaper business at all NPI locations, and is becoming Russia's major mid-career training institute for the print media. In the coming year, it will serve hundreds of media professionals with mid-career training to help them manage the aftermath of the crisis through courses in advertising management, newspaper marketing, electoral coverage, legal journalism, and reporting on the economic and political issues involved in the crisis itself.
- The NPI Center for Cyberjournalism is Russia's premiere institution devoted to providing training and consulting in new technology applications for the media. The Center for Cyberjournalism also organizes the only annual conference in the former Soviet Union devoted to promoting Internet use and Web publishing by journalists and publishers; it also offers a range of other information and consulting services and publications. Its Internet Media Service is becoming a prime delivery vehicle for a spectrum of informational and assistance services and resources, and during the coming year the cyberjournalism program will focus on responding to the post-crisis needs of the media through its educational and training programs and Internet resources.
- NPI undertakes Special Projects to respond to particular needs or opportunities in the Russian media sector, such as improving coverage of critical nuclear issues and working with journalists to promote the values of tolerance and pluralism necessary for the success of democratic governance in a multi-ethnic and multi-confessional society. NPI's Nuclear Reporting Program has worked since 1992 to promote coverage of nuclear security and safety, arms control, proliferation, and export issues on the part of the Russian media. The efforts of the program will be enhanced during the coming year, during which time NPI will also be inaugurating a series of initiatives devoted to encouraging informed, honest, objective, and sophisticated coverage of the forthcoming parliamentary and presidential election campaigns.
- The NPI Press Centers organize hundreds of briefings, press conferences, and roundtables every year, featuring a wide range of political leaders, economists, civic leaders, journalists, NGO activists, and a range of other newsmakers and experts. During the coming year it will focus especially on providing information to independent media that can no longer afford to subscribe to non-government information sources; on furnishing information on all aspects of the crisis itself in order to promote complex coverage of the economic and political issues involved; and on providing a forum for candidates, citizen groups, and experts on the issues during the forthcoming campaigns.

—Finally, the NPI Research Center monitors, studies, and publicizes economic, political, and journalistic issues and trends in the Russian media sector. Over the next year the Research Center will continue to monitor closely the impact of the crisis on the Russian media and will examine the efforts of Russia's media managers to handle its consequences and improve the viability of the regional media sector.

As NPI continues to monitor developments in the media sector and in Russian society at large, it is natural that its sectoral analysis and programmatic responses will constantly evolve in response to changing circumstances and the new problems and opportunities they reveal.

Meanwhile, the National Press Institute has crafted its complex of responses to the post-August crisis in Russia with the goal of using limited resources in a way that will have nationwide impact on the key problems facing independent newspapers and Russia's emerging civil society. Nonetheless, it is necessary to keep in mind the tremendous scale of the challenges presented by the crisis. Now is frankly not the moment for pilot projects, under-funded half-measures or programs that do not go to the heart of the issues confronting the media. The present crisis compels us to be bold and imaginative in our thinking and energetic in our response.

PREPARED STATEMENT OF DR. LAWRENCE A. FELDMAN, ACTING SENIOR VICE PRESIDENT FOR ACADEMIC AFFAIRS, UNIVERSITY OF MEDICINE AND DENTISTRY OF NEW JERSEY

Mr. Chairman, I respectfully submit testimony of the University of Medicine and Dentistry of New Jersey (UMDNJ), the largest public health sciences university in the nation. The UMDNJ statewide system is located on five academic campuses and consists of 3 medical school, and schools of dentistry, nursing, health related professions, graduate biomedical sciences and our latest school—the School of Public Health. UMDNJ also comprises a University-owned acute care hospital, three core teaching hospitals, an integrated behavioral health care delivery system, a statewide system for managed care and affiliations with more than 100 health care and educational institutions statewide. No other institution in the nation possesses resources which match our scope in higher education, health care delivery, research and community service initiatives with state, federal and local entities.

I appreciate this opportunity to bring to your attention a priority project of UMDNJ that is consistent with the mission of this committee, and that is to counter the threat of chemical and biological terrorism.

In our complex world of instant communication and ease of global transportation, disaffected individuals or political groups have access to highly destructive weapons of terror. With our open society the United States is particularly at risk to an individual with a grudge, a band of ideologically motivated fanatics, or to nations seeking revenge. The possibility of the employment of weapons of mass destruction on an innocent population has already become a reality with the Sarin nerve gas attack in the subways of Tokyo.

State and local governments and health organizations need reliable information upon which to develop and coordinate response plans for contingencies due to weapons of mass destruction. They need programs to educate planners and response teams on the public health aspects of these threats and how to recognize and respond to them. In addition, they need to understand both the short and long term implications for human and ecologic health. To develop such a plan requires a broad base of scientific and educational expertise. Scientific expertise is also needed to devise approaches for the early detection and treatment of biological and chemical weapons of terror.

As the nation's most densely populated state, we in New Jersey have a particular concern about being targets of bio- and chemo-terrorist activities. Our communities abut each other and our traffic patterns are statewide making us especially vulnerable to infectious disease. There are no obvious geographical boundaries to readily institute a quarantine. Our central location as a transportation hub for the populous Northeast also makes us a prime target.

Terrorists have three types of weapons available to them. For one, explosive devices, although increasingly deadly, our society has developed emergency response approaches to deal with, including explosions caused by sources as varied as factory processes and gas mains. The other two types of terrorist weapons are relatively new and present particular challenges to our normal response processes. These are chemical weapons of terror, such as nerve gas, and biological weapons of terror, such as anthrax bacillus. Chemical and biological weapons differ dramatically from explosions in that for these newer threats early recognition and diagnosis is crucial

for both those initially affected and for others who might yet be affected through spread of infection or contact with the chemical. Education of emergency responders to correctly identify these threats is crucial to minimize the impact of biological and chemical weapons, as well as to protecting the emergency responders themselves. Compounding our problems is the need for a better understanding of the effects of likely chemical and biological agents of terrorism, and of the means to prevent their spread and treat their victims.

We respectfully make four recommendations for the committee's consideration: (1) Provide funding for a major program aimed at improving the recognition of the effects of chemical and biological terrorism weapons by community emergency response elements. (2) Unify the approaches to educating emergency responders about chemical and biological terrorism. These two types of weapons present similar challenge and it would be inefficient to develop separate initiatives for these threats. (3) Take advantage of existing expertise in training emergency responders in medically-related issues that has been developed for hazardous chemicals and wastes through the NIOSH Training Centers. There have already been used for pass through funding from DOE, EPA and NIH to train emergency responders; and, (4) Provide funding for research derived specifically at understanding the health effects of chemical and biological agents of terror so that early diagnosis and treatment becomes more likely.

The nation's foremost program in education and training concerning chemical and physical threats is headed by a UMDNJ faculty member, Dr. Audrey Gotsch, who is currently President of the American Public Health Association. Among her programs is the Center for Education and Training which provides training concerning chemical and physical agents to more than 160,000 police, firefighters, municipal and state employees, as well as to physicians, nurses and industrial hygienists.

Because of its scientific expertise, UMDNJ is uniquely qualified to develop a program to educate state and municipal governments, emergency responders and health and hospital professionals on planning for the response to terrorism and training personnel to deal with threats of terrorism and how they affect public health.

We respectfully seek \$1.5 million through the Agency for International Development (USAID) to expand our research, education and training programs in response to threats of chemical and biological terrorism.

PREPARED STATEMENT OF JIM MOODY, PRESIDENT, INTERACTION, AMERICAN COUNCIL FOR VOLUNTARY INTERNATIONAL ACTION

Mr. Chairman, Senator Leahy, and other members of the Subcommittee, I am grateful for the opportunity to testify before this distinguished Subcommittee about foreign operations spending within the fiscal year 2000 budget proposal.

InterAction is a coalition of over 160 U.S.-based non-profit organizations working to promote human dignity, reduce poverty, alleviate suffering, and help people to help themselves in 165 countries around the world. I am here today to recommend a foreign operations appropriations bill that adequately funds needs for disaster relief, sustainable development, as well as resettlement and protection programs for refugees and victims of civil conflict.

Mr. Chairman, in my allotted 5 minutes, the world's population will have grown by almost twice the number of members in the 106th Congress, or about 1,000 children. In the course of this Congress, the world's population will add approximately 160 million children, mostly in the developing world, who will be faced with deep poverty, little education or job prospects, political turmoil and exposure to preventable diseases. Without intending to disparage the admirable and significant steps taken by this Subcommittee under the able leadership of its Chair and ranking minority member to meet the world's challenges, I desire to reemphasize the weight of the issues at hand as we enter the 21st century.

History shows that debates in Congress surrounding U.S. foreign assistance are highly charged and I suspect the fiscal year 2000 budget deliberations will be no different, which is healthy and welcome in a democratic republic. I believe that efforts to cut foreign humanitarian assistance are not supported by the facts and would be shortsighted. Wise and targeted foreign assistance often carried out in a public-private partnership with NGOs is cost effective, prevents far higher costs later, supports America's other foreign policy goals, and embodies America's best traditions. I would like to emphasize three points:

—U.S. relief, sustainable development and refugee resettlement, protection and assistance programs abroad work and have shown very impressive results to date

- This type of assistance mentioned above is in our nation's direct self-interest and consistent with our country's humanitarian values
- There must be a set of principles that steer the way we deliver foreign aid.

ASSISTANCE WORKS

Those who say wise and thoughtful foreign aid does not work are demonstrably wrong. The facts show otherwise. Over the years, these programs have laid the cornerstones of democracy, created vibrant trading markets, cut child mortality more than in half, protected the fertility and reproductive health of women, doubled literacy rates and helped educate many millions of children. These programs have increased life expectancy 37 percent from 46 to 63 years in the poorest countries, immunized 80 percent of children under two and given more than 1 billion people access to safe drinking water.

InterAction's organizations are directly involved in these successes and continue to provide relief for millions of refugees, internally displaced persons and other victims of natural and human-made disasters. Our members have been instrumental in increasing the poor's access to micro-credit and other financial services and assisting babies and children who sadly have been left orphaned by AIDS and other terrible diseases and events. The list of successfully combating poverty, disease, and other issues is long but one message stands out—these programs work to improve the lives of millions. The best kind of foreign aid has the well-being of people at its center, and there are so many successful programs initiated by our members that help do just that.

WHY HELP THE DEVELOPING WORLD & SUCCESSFUL FOREIGN AID

Some still question the efficacy of humanitarian and development assistance programs, so it is important to articulate why we should continue to make investments abroad. The status of developing nations and of their citizens, directly impacts U.S. national security and economic prosperity. Either we help to equip the world's poor and their governments with the long-term tools necessary to overcome their plight, or we isolate ourselves and lose the opportunity to reduce violence, economic turmoil, political instability, and environmental degradation in the world. While private capital flows are increasingly important to the economic development of some 12–14 nations, our interest extends far beyond the few. As I'm sure you know, according to the OECD more than 75 percent of private capital flow is concentrated in just 12 countries. The problems of rapid population growth, environmental degradation, infectious diseases, mass migration, narcotics, transshipment and terrorism know no borders.

The United States must take leadership in addressing the problems facing the developing world in order to meet our own foreign policy and security objectives. Our children's and our grandchildren's futures will be largely shaped by the decisions made today.

The very fact is this: As nations prosper, their citizens become consumers of U.S. goods, creating new American jobs. U.S. exports to the developing world have more than doubled in the past decade, and these nations represent the fastest growing markets for American goods. The Asian markets that have recently undergone much economic stress indicate the great stake the U.S. has in maintaining the vibrancy of these markets.

United States assistance to developing nations can directly help build peace, prosperity, and democratic values. Democratic societies seldom attack one another, and so heightened security and crisis prevention is preferable to costly interventions and reconstruction. Thus, development assistance to advance wider participation, enhanced democracy, greater accountability, and good governance is clearly in America's national interest.

Finally, assisting developing nations and their people is consistent with our humanitarian values, and wise assistance conforms to the ideals and principles on which this nation was founded. For the InterAction community, the humanitarian imperative comes first. To quote Ronald Reagan, "the hungry child knows no politics." Most Americans feel this way and believe we have a moral commitment to help the over one billion people who live on less than one dollar a day. Studies of U.S. public opinion have found a large majority of Americans do indeed support full international engagement to reduce suffering, prevent crisis, and higher foreign assistance than we in fact provide.

Americans in Kentucky, Vermont, Pennsylvania and across this country give generously to international humanitarian causes and disaster relief, and support channeling government funds through non-governmental organizations as cost-effective providers of humanitarian assistance. Investments in human potential have given

people the skills, knowledge, and well-being they need to help themselves and overcome poverty.

REFOCUSING DISASTER RELIEF, SUSTAINABLE DEVELOPMENT, REFUGEE RESETTLEMENT AND PROTECTION ASSISTANCE—A SET OF GUIDING PRINCIPLES

Let me explain more specifically what principles this dynamic community of non-governmental organizations (NGOs) views as guiding their decisions about aid to the developing world. I believe Congress would be well-served to follow these principles, or criteria, as it weighs decisions related on the fiscal year 2000 budget.

InterAction's community of U.S. non-governmental organizations has decades of on the ground experience designing and carrying out successful development, relief, and refugee assistance programs in very poor nations. Based on this experience, these NGOs have adopted the following principles for development assistance programs:

The primary goals of development assistance must be poverty reduction.—Persistent poverty is the single most critical development challenge. There is no way to isolate poverty. Its impact can be felt across an entire society and—in an increasingly interdependent world—the entire global community. Deep poverty deprives society of the potential of those who are disadvantaged and leads to a host of problems, including hunger, social instability, the spread of infectious diseases, exceptionally rapid population growth, increased migration, and environmental degradation.

People-centered development requires both human and economic development.—Investments that build human capacity (i.e., health and education) are the foundation for economic growth, while broad-based economic growth helps sustain investments in human capacity. The key is equitable growth: research shows that promoting equity strengthens economic growth.

Popular participation in a strong civil society is vital to sustain progress and hold governments and other actors accountable.—For development assistance to work, it must be directed toward efforts that its beneficiaries identify, design, and value. True development must reach beyond economic empowerment toward the creation of a strong civil society in which people have a voice in political and economic decision-making. In countries where governments are not committed to the rule of law and accountability, NGOs may be the only vehicles for effective assistance.

Gender equity should be an integral part of development practice and a key goal of development programs.—Of the 1.7 billion people worldwide living in poverty, 70 percent are women and children. Economic growth has failed many women, who continue to hold jobs with low pay and poor working conditions. They suffer disproportionately from violence, illiteracy, malnutrition, overwork, and injustice. They lack access to health care and education, and are under-represented in official decision-making. Yet all evidence suggests that enabling women to improve their lives is one of the best ways to improve the well-being of their families and communities. Special efforts are needed to remove the legal, cultural, and resource barriers facing women, and to give women more access to credit, land, education, and other resources necessary for sustainable livelihoods. Women need to be more involved in decision-making if they are to become more effective agents of social change.

Partnerships between donors and (1) NGOs, (2) recipient governments, and (3) the private enterprise sector are needed for balanced and effective development assistance programs.—For aid to reach the people most in need, a significant portion should be channeled through international and local NGOs, which have a long record of proven effectiveness in grassroots development, innovation, and civil-society building. Governments play a critical role, however, in fostering a supportive legal and regulatory environment and providing the infrastructure and resources for human development. So too does the private sector, which serves as the engine of economic growth, providing the technology and capital that no other sector can.

Government policy is important: the best development partners are those nations that respect human rights and the rule of law, promote democratic practices, and commit to people-centered development.—A nation's need and governance should both weigh heavily in decisions about aid allocations. Good governance, including appropriate economic policies and commitment of national resources to development objectives, greatly enhances the prospects for effective use of aid resources, particularly in the case of government-to-government programs.

Any effective program must include disaster relief and refugee aid, as well as transition assistance for countries that are emerging from conflict or state-controlled economies.—The humanitarian values held by so many Americans compel the U.S. government to help people suffering from natural or man-made disasters. Our national interest in a peaceful and prosperous world demands that we offer assistance

to war-ravaged countries or those making the precarious transition to democratic governance and free-market economies.

Bilateral and multilateral aid should be seen as complementary programs, and be better coordinated.—Bilateral and multilateral aid programs are not trade-offs, but complementary approaches that make distinct contributions to development. Efforts should be made, however, to reform and streamline these programs to avoid duplication. Aid works best when donors work together, each using its comparative strengths to achieve agreed-upon goals to which both governments and citizens are committed.

Development assistance should be part of a broader policy agenda that includes trade, private investment, debt relief, and other economic programs.—To forge more consistent and synergistic international economic policies, we need to view development assistance in a much broader context. The oft-quoted distinction between “trade and aid” relies more on rhyme than reason. Although it is both possible and desirable for countries to graduate from aid and develop relationships based solely on trade and investment, long-term aid programs are often essential to help the poorest countries cement the foundation for private investment and increased trade.

Having stated the above principles they clearly suggest that U.S. development assistance should focus on four key areas that I hope this subcommittee will use as a guide as it considers the foreign operations portion of the fiscal year 2000 request:

Promoting human development and equitable economic growth.—Both are key ingredients in reducing poverty. The most important investments in this category include education, child survival and health, rural development, and other measures that build human capacity and give the poor greater access to assets such as land and credit. The ultimate goal is to raise incomes among the poor and substantially improve living standards for a majority of the world’s population.

Addressing imminent global threats.—Stabilizing population, preserving the environment, and combating infectious diseases are top-priority objectives in this category. Development assistance also addresses other global issues such as migration, narcotics traffic, and terrorism by promoting economic opportunities and encouraging the development of stable, democratic governments.

Assisting countries in transition.—Helping countries emerge from civil conflict, authoritarian rule, or command economies and develop into accountable democracies with market economies that stress equitable growth is perhaps the greatest foreign policy challenge of the coming decades. The transitions taking place in the former Soviet Union and Central and Eastern Europe should be given particularly high priority. Support to countries like Haiti, Bosnia, Mozambique, and El Salvador is critical to consolidate gains from peace accords.

Supporting emergency relief and refugee programs.—Natural disasters, e.g. Mitch and the Colombian earthquake, and man made disasters, e.g. Sierra Leone, Congo, Sudan, continue to provoke great suffering. Relief and refugee assistance reflects the strong humanitarian values that have always been a part of U.S. international development cooperation. Relief should also help build local communities’ capacity to better cope with future disasters. When disasters are caused by civil conflict and violence, relief should be accompanied by conflict-resolution efforts, then followed by aid that helps the country establish or restore democracy and rebuild its economy. Refugee assistance should be designed to reduce dependency and, when possible, facilitate the voluntary return of refugees and internally displaced persons to their home countries and communities. When repatriation is not a safe or viable option, refugee assistance should be directed toward other durable solutions, including resettlement in democratic and prosperous societies, including the U.S.

A more clearly defined focus is needed to capitalize on America’s comparative advantage and the special value to the development process. Effective government partnerships with NGOs and the private sector are a key element of our comparative advantage. Technical expertise in certain aspects especially financial, health and governance are critical aspects of development and there are countless others. We can sharpen this focus by concentrating resources in countries that have an obvious need for assistance and are good development partners—and thus where the potential for favorable impact is the highest.

CONCLUSION

InterAction recommends that the final fiscal year 2000 budget reflect America’s commitment to the current realities of increasing global interdependence. The natural and man-made disasters and economic turmoil of the last two years indicate that sufficient resources can help prevent the needless death of hundreds of thousands of people. In a time of unparalleled prosperity in the United States we should be offering greater assistance to help prevent conflict, and wise aid to the poor to

prepare them better when conflict and natural catastrophes occur. We encourage this committee to provide bold leadership to adequately fund development assistance, debt restructuring, international organizations and programs, refugee and migration assistance, disaster assistance, food aid, and the environment. The data shows that these investments pay substantial dividends for the United States and the developing world.

Thank you for the opportunity to testify and I wish you well as this process moves forward.

PREPARED STATEMENT OF DR. RAYMOND E. BYE, JR., INTERIM VICE PRESIDENT FOR RESEARCH, FLORIDA STATE UNIVERSITY

Mr. Chairman, thank you and the Members of the Subcommittee for this opportunity to present testimony. I would like to take a moment to acquaint you with Florida State University. Located in the state capitol of Tallahassee, we have been a university since 1950; prior to that, we had a long and proud history as a seminary, a college, and a women's college. While widely known for our athletics teams, we have a rapidly emerging reputation as one of the Nation's top public universities. Having been designated as a Carnegie Research I University several years ago, Florida State University currently exceeds \$100 million per year in research expenditures. With no agricultural or medical school, few institutions can boast of that kind of success. We are strong in both the sciences and the arts. We have high quality students; we rank in the top 25 among U.S. colleges and universities in attracting National Merit Scholars. Our scientists and engineers do excellent research, and they work closely with industry to commercialize those results. Florida State ranks fourth this year among all U.S. universities in royalties collected from its patents and licenses, and first among individual public universities. In short, Florida State University is an exciting and rapidly changing institution.

The Caribbean Law Institute (CLI), a joint project between Florida State University and the University of the West Indies, was formed to promote the reform and harmonization of commercial laws in the Commonwealth Caribbean. Previous projects have included company law, insurance law, insolvency, banking, arbitration, and consumer protection. As a result of CLI's activities, several Caribbean countries specifically Trinidad, Tobago, St. Vincent, Grenada, Antigua, and Dominica—have passed new legislation in a number of these areas.

Mr. Chairman, let me briefly describe the collaborative approach our Institute employs when working in the Caribbean region. There is a close relationship developed among legislators, Attorneys General, and the CLI. This approach has been used in carrying out most of the law reform projects in the region. Participation of both the governments and practitioners in the region is considered vital to the projects, and their input is incorporated at all stages of the projects. Advisory committees are established for each area, legal studies conducted and discussed among members, and draft legislation is developed for discussion among legislators, legal staffs including the Attorneys General, and U.S. attorneys working within the CLI process. Close ties with these groups, along with strong relationships with local universities, has been a key to the success of CLI in the Caribbean region.

For Caribbean countries to have ample opportunity to consider model bills that CLI has produced, continuing resources will be required to continue its work on the current legislative areas that include alternative dispute resolution, environmental law, and fair competition law. Let me say a word about each area in which work is currently being conducted under support from USAID and their Caribbean and Latin American Bureau. Work in each of these areas is progressing well. Alternative dispute resolution is a cost-effective and expedient alternative to full utilization of the legal system for resolving commercial disputes. In the area of environmental law, CLI has made a major contribution in the field through the publication of "Environmental Laws of the Commonwealth Caribbean". CLI has begun the evaluation of a number of international environmental conventions for the purpose and objectives of the conventions, the requirements for accession, and the implications for Caribbean states.

In the next phase of Caribbean commercial law reform, CLI plans to focus on some of the following areas. Intellectual property in the international trade law context is an important area for U.S.-Caribbean commercial relations. In addition, trade in services and antidumping legislation are two additional areas that will be considered for future work. Finally, the area of legislation affecting consumers and their protections should be examined as well. CLI's work in these areas will continue the positive development of commercial activity in the region and will result in model bills for consideration of the CARICOM countries. Reform and harmoni-

zation in these areas will protect national and regional interests, as well as enhance the countries status as trading partners.

Mr. Chairman, the success of the Caribbean Law Institute at Florida State University has led to a close and effective working relationship between CLI and the legislative and legal resources in each of the Caribbean nations. The advantage of such a working relationship between U.S. universities and Caribbean legislative and legal authorities is invaluable for present and future work. Our expanded area of commercial law reform, coupled with a long and successful track record in this region is one that we are justly proud. As a result, we are proposing that the three areas noted above intellectual property, trade in services, antidumping and consumer protection be developed and supported with fiscal year 2000 funds of \$900,000 from the U.S. AID. It will build on successes in the past and will add to commercial legal stability and consistency throughout the Caribbean region.

This is just one of many exciting activities going on at Florida State University that will make important contributions to solving some key problems and concerns our Nation faces today. Your support would be appreciated, and, again, thank you for an opportunity to present these views for your consideration.

PREPARED STATEMENT OF CYRUS M. JOLLIVETTE, VICE PRESIDENT FOR GOVERNMENT RELATIONS

Mr. Chairman and Members of the Subcommittee: I appreciate the opportunity to submit testimony on behalf of the University of Miami in Coral Gables, Florida concerning two important nationally recognized centers located on our campus, the Dante B. Fascell North-South Center and the School of Medicine's International Center for Health Research.

Respectfully, Mr. Chairman, we seek \$1.75 million for the Dante B. Fascell North-South Center and \$1 million for the International Center for Health Research, both at the University of Miami. Please permit me to elaborate on these requests.

The Dante B. Fascell North-South Center, permanently authorized in Public Law 102-138 is the only research, public policy studies, and information center of its type exclusively dedicated to finding practical solutions to problems and policy issues facing the Americas. In carrying out its congressional mandate to promote better relations among the United States and the nations of Canada, Latin America, and the Caribbean, the Center combines programs of public policy, cooperative study, research, and training. The Center's publications constitute a body of scholarly work that is at once timely, non-partisan, and policy-relevant. Publications are clear, accessible, and relevant for diverse audiences, including legislators, government officials, nongovernmental organizations, and the private sector. The Center's Western Hemisphere agenda benefits U.S. citizens by seeking to effect positive change and to address issues of major significance in the Americas.

The Center responds to a hemispheric agenda that directly impacts the American people in the form of jobs and prosperity, drugs, migration, export opportunities, environmental quality, and the promotion of shared democratic values. Programs foster national and international linkages and partnerships through fellowships and collaborative efforts in research and training. The Center's priority research agenda focuses on vital inter-American issues such as trade and investment, migration, security, democratic governance, civil-military relations, corruption, institutional reform, civil society participation, and sustainable development.

Findings of the Center's research reach scholars, policy makers, and opinion leaders in the United States and throughout the Hemisphere through a variety of publications including scholarly books and monographs, the Update and Issues report series, and North-South Agenda papers. This wide range of expertise has distinguished the Center as an invaluable national resource for identifying, analyzing, and understanding the myriad issues that have the potential to impact the United States' future prospects in a region of growing importance to our economic competitiveness and security.

As the new spirit of cooperation in inter-American relations takes root and flourishes, it presents a unique opportunity for the United States to promote critical democratic ideals such as public accountability, transparency in government, and popular participation in the democratic process through active engagement of civil society. Miami, as host of technical trade negotiations during the first three years of the seven-year process for the Free Trade Area of the Americas, will play a major role in the newly emerging North-South order of close cooperation and partnership. Efforts at democratic consolidation combined with the negotiations for an FTAA will create the framework for inter-American relations for decades to come. The Dante B. Fascell North-South Center is uniquely positioned, geographically and academi-

cally, to create constructive input and play an important role in these processes. With a firm research base, an ever widening network of public and private partnerships in the United States and the rest of the Hemisphere, the Center is uniquely placed to facilitate the constructive development and evolution of cross-border relationships among the nations and peoples of the Americas as they work together to establish a new inter-American architecture. The Center's proven track record in facilitating dialogue among hemispheric governments, non-governmental organizations, and business interests will be a vital asset for the United States and its citizens in a new era of inter-American relations.

I would especially like to commend this Subcommittee for its significant and invaluable efforts in providing continuing support for the "Communicable Disease Initiative" at USAID. Like the Subcommittee, we believe that it is imperative that the United States address the threat of infectious diseases by responding to the dramatic increase in, and resurgence of, communicable diseases affecting children and adults, assisting developing countries to strengthen their ability to protect and care for their people, and stopping the spread of these communicable diseases in developing countries. Emerging infections have been defined as those diseases whose incidence has increased in the past two decades, or threatens to increase in the near future. Re-emergence is the resurgence of known infections after declines in incidence. Emerging and re-emerging disease, once thought to be under control, have sharply decreased in recent years around the world. The reasons are multidimensional, including population growth, and increased mobility, environmental and climate changes, urbanization, the evolution of microbes, drug resistance organisms, and modern travel and trade. International commerce, travel, and migration within the Americas are creating new opportunities for disease re-emergence and greater spread, particularly when the movement of people and products is from developing to industrialized nations.

The University of Miami International Center for Health Research is located in Miami, Florida, the major gateway city to Latin America and the Caribbean. The major goals of the Center are to investigate biological characteristics of causative microbial agents, to study the risk factors related to the spread of these infections, including interactions between nutritional status and susceptibility, as well as to develop innovative preventive strategies. An important role of the Center involved collaborative infectious disease control and prevention efforts to broaden expertise of indigenous Latin American and Caribbean health professionals, and link laboratory science and epidemiology with public health strategies and policy making processes. The Center's priority is to strengthen programs for the control of major infectious diseases, particularly malaria, dengue, TB and cholera. Emphasis is also placed on programs aimed at preventing the spread and reducing the impact of HIV infection and other sexually transmitted diseases. There is an urgent need to strengthen the existing research infrastructure and a close collaboration between US and Latin American and Caribbean scientists and policy makers. This enhanced research will lead to development of new effective strategies for control and prevention of these emerging and re-emerging diseases in the Americas.

Infectious diseases are the leading cause of death worldwide, causing 17 million of the 52 million deaths each year. The U.S. has also been adversely impacted by emerging infectious diseases. This is evidenced by the fact that the death rate from infectious diseases in the U.S. has increased more than 50 percent since 1980 and in 1996, infectious diseases in the United States were ranked as the third leading cause of death. This trend will continue in the future since infectious microbes can easily travel across borders from other parts of the world and be introduced into the United States, threatening our national health and security. Controlling disease outbreaks and factors promoting them in other countries is important not only for humanitarian reasons, but also to prevent those diseases from entering the United States. Moreover, U.S. supported research in other countries provides American investigators with the opportunity and capacity to determine the causes, patterns of spread, factors that promote infectivity, and strategies for prevention and control of these diseases in the United States. Emerging infections are particularly serious in individuals with impaired immune systems, including malnourished children and adults. Even subclinical malnutrition or deficiency of individual vitamins and minerals that can only be detected by laboratory means, may predispose populations to infectious diseases. Poor nutritional status has been shown to influence all aspects of the humoral and cell mediated immune responses.

The synergistic interaction of malnutrition and infection has long been recognized. Infectious illness influences nutritional status which, in turn, affects host susceptibility to infection. The interrelationships between infection, nutritional status and immune function are especially apparent in individuals infected with HIV virus, who exhibit impaired immune function and altered nutritional status. The inter-

national dimensions of emerging, and re-emerging infectious diseases are a continuous challenge that call for concerted efforts of the American countries. For example, in 1993 a new hantaviral illness, hantavirus pulmonary syndrome (HPS) was identified in the southwestern region of the United States (CDC, MMWR, 1993). This disease is characterized by a febrile prodrome in young healthy adults and disease progression can lead to respiratory failure. This virus has now been identified from cases around the world.

Cholera, has also returned in epidemic proportions. In the United States, more cases occurred in 1992 than in any other year since cholera surveillance began in 1962. Since 1991, over 1 million cases and 9,000 deaths have occurred in Latin America, and the disease is showing a tendency to become endemic in areas in which basic sanitation is deficient and the educational level of the population is low. Although cholera initially reemerged in Peru, the disease has occurred throughout Latin America. The most profound problem associated with the reemergence of cholera has been the rapid emergence of multi-drug resistant strains. For example, Honduras witnessed its first case of cholera from the new pandemic in October, 1991. Within five years, antimicrobial-resistant *V. cholera* strains appeared in this country (Dubon, et. al. 1997). This may be due to the overuse of antibiotics in this area of the world or may indicate that drug-resistant cholera is becoming the dominant infecting form of the organism. International commerce may play a role in the redistribution of multi-drug resistant *Vibrio cholera* factors in one continent interact with global health by facilitating increased microbial traffic to distant regions. The re-emergence of dengue and dengue hemorrhagic fever (DHF) has been dramatic in the Americas. During the last ten years, five countries in South America have experienced major epidemics, for the first time in 50 years. In the United States, the first indigenous transmission of dengue after 35 years of absence occurred in Texas in 1980. Between 1986 and 1992, the Centers for Disease Control and Prevention (CDC) diagnosed 157 cases of dengue. In 1994, 37 laboratory-confirmed cases were reported, doubling the annual average from the previous years (1987–1993). From 1977 to 1994, a total of 2,248 suspected cases of imported dengue fever were reported in the United States. Both mosquito vectors, *Aedes aegypti* and *Aedes albopictus*, are present in the southeastern part of the United States (8 states) permitting rapid transmission of the virus throughout this region. Most recently, a major outbreak of dengue fever and DHF was reported from Cuba. Nearly 3,000 cases of confirmed dengue fever (including 12 fatalities) were reported during 1997 by the Cuban Ministry of health (Kouri et. al., 1998). Since asymptomatic and sub-clinical dengue cases frequently occur, the number of people infected with dengue virus was probably much higher. There are strong indications that dengue virus infections are currently increasing in several other Caribbean countries as well in several Central America. Thus, there is a compelling need to increase surveillance activities to track the movement of dengue fever and DHF throughout the Americas.

Tuberculosis (TB) appears to be on the rebound. In the United States, TB incidence rose from 22,210 to 25,313 between 1985–1993, with 60 percent of the excess cases attributed to disease in foreign-born individuals. From 1986 to 1993, 40 percent of foreign-born cases were from Latin America. Between 200,000 and 250,000 cases have been reported annually in the Americas since 1980. Eight countries face very severe problems, with incidence rates estimated at over 80 per 100,000: Bolivia, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Paraguay, and Peru. There are four factors that seem to contribute to such a resurgence of TB: the HIV/AIDS epidemic, drug resistance, an increase in marginalized populations, and neglect of public health TB control programs. According to the Pan American Health Organization (PAHO) estimates, 3.5 percent of TB cases in the Region were associated with HIV infection in 1990 and 15 percent will be linked to HIV infection in the year 2000. In several countries of the Americas, including the United States the emergence of multi-drug resistant TB (MDR-TB) has been also intimately related to the HIV epidemic. Thus, drug resistance surveillance can be an important program indicator for policy makers. Support of laboratories for international drug resistance monitoring needs to be considered.

Malaria has had a resurgence in many tropical areas. The disease occurs in more than 90 countries worldwide and it is estimated that there are over 500 million clinical cases and 2.7 million malaria-caused deaths per year. A multitude of factors have contributed to reemergence of malaria, including: (1) insecticide resistance in the *Anopheles* mosquito (2) social instability resulting in movements of unexposed nonimmune individuals into areas where malaria is endemic and (3) the failure to develop an effective malaria vaccine. Compounding the problems of malaria's geographical expansion and of increasing morbidity and mortality are the emergence and rapid spread of antimalaria-drug resistance which necessitate the use of more expensive and sometimes toxic antimalaria drugs and longer treatment course. In

various, parts of the United States, concomitance of competent vectors, suitable weather conditions, and malaria-infecting carriers entering the country have caused isolated cases or small outbreaks of "autochthonous malaria". In the past, these cases were limited to rural settings, but since 1990, indigenous malaria has been reported in urban areas as well. *Plasmodium falciparum*, the hemoparasite which causes the most severe form of disease, has become even more resistant to commonly used antimalarial drugs. Resistant *falciparum* malaria is now present throughout malaria endemic areas of South America.

Antimicrobial drug resistance is perhaps one of the most alarming threats among the problems presented by emerging and re-emerging infections. The problem is well documented in the United States where increasing levels of drug resistance in both community-acquired (e.g. MDR *Streptococcus pneumoniae*) and nosocomial infections (resistant enterococci) have led infectious disease experts to declare the situation a crisis that could lead to a "post-antibiotic" era. Although less well-documented, the threat of antimicrobial resistance in the developing nations of the Western Hemisphere appears to outweigh that present in the United States and Canada. Most of the Latin American countries have conditions that facilitate antimicrobial drug resistance: uncontrolled sale of antibiotics, frequent self-medication, overcrowding and lack of adequate nosocomial infection control programs in many hospitals, along with almost nonexistent surveillance and reporting of antimicrobial resistance patterns.

The HIV/AIDS pandemic continues to increase exponentially.—Reports from the World Health Organization (WHO), the Joint United Nations Programme on HIV/AIDS (UNAIDS), and the World Bank (WB) predict dramatic increases in worldwide HIV infections, particularly in developing nations. Dr. Piot, executive director of UNAIDS recently announced that "We are now realizing that rates of HIV transmission have been grossly underestimated—particularly in sub-Saharan Africa". The WHO has stated that "the growing global HIV/AIDS crisis is reversing decade of progress toward improving the quality of life in developing countries." It is now estimated that more than 30 million individuals are infected with HIV worldwide with as many as 16,000 new individuals becoming infected each during 1997. Nearly 90 percent of all people infected with HIV live in developing countries (Fox, 1998). Clearly, major research efforts need to be focused on the development of HIV prevention programs and more importantly, into the development of an effective vaccine.

The magnitude and gravity of the current emerging and re-emerging infectious disease situation in the region of the Americas is of critical concern.—In order to develop an effective system for disease surveillance control and prevention, a strong and stable research infrastructure and close cooperation between scientists of United States and Latin America and Caribbean countries are essential. Enhanced research and training efforts need to be established in the areas involving the most prevalent infectious diseases including TB, malaria, dengue, cholera, and HIV. The complex interaction between nutritional status and susceptibility, as well as disease progression, and control of these infections needs to be investigated along with basic research on all aspects of disease processes and public health strategies.

Thank you, Mr. Chairman, for permitting me to present these comments for the Subcommittee's consideration.

PREPARED STATEMENT OF THE AMERICAN SOCIETY OF TROPICAL MEDICINE AND
HYGIENE

Mr. Chairman and members of the Committee, the American Society of Tropical Medicine and Hygiene (ASTMH) is pleased to have the opportunity to present its views on the fiscal year 2000 funding levels for programs that fall under the jurisdiction of this Subcommittee.

The ASTMH, founded in 1903, is a professional society of approximately 3,500 researchers and practitioners who are dedicated to addressing the growing global threat of tropical infectious diseases. The collective expertise of our members is in the areas of basic molecular science, medicine, vector control, epidemiology, and public health. ASTMH is the principal voice for tropical medicine research within this country.

ASTMH greatly appreciates the Committee's support last year for restoring the cuts proposed by the Administration for the Child Survival and Disease Programs Fund and providing an additional \$50 million in emergency funding for these activities to strengthen global surveillance and control of infectious diseases. We hope the Committee will continue support of the tropical infectious disease research and control activities of the U.S. Agency for International Development (USAID).

INFECTIOUS DISEASE PROGRAMS

As you know, the globalization and interdependence of world economies has resulted in an internationalization of health problems. A strong U.S. agenda relating to infectious and tropical diseases is critical at this time when the ease of travel and openness of trade increasingly exposes the world's population, including U.S. citizens, to new and re-emerging infectious disease agents. In 1993, more than 27 million Americans traveled to the developing world risking infection from the many emerging and reemerging infectious and tropical diseases. In 1998, an outbreak of severe chicken influenza in Hong Kong publicly raised the specter of another influenza pandemic such as that experienced in 1918, killing several million persons. These diseases are also traveling into the U.S. Two years ago it was *Cyclospora*, a parasite which entered via raspberries and lettuce imported from Central America. And we are all now familiar with the re-emergence of tuberculosis and emergence of new diseases such as Hantavirus respiratory syndrome within the U.S.

More than 30 new human pathogens have been recognized in the last 25 years. It also is evident in our new world economy that, in addition to humanitarian reasons, investments that help ensure healthy populations in developing countries benefit the world's population as a whole.

We must continue to be vigilant in our efforts to control and eradicate infectious diseases through prevention, treatment, and continued surveillance both here and abroad. The 1997 Institute of Medicine (IOM) report entitled, "America's Vital Interest in Global Health," recommended that the nation should engage more actively in global health activities for a number of reasons, including the fulfillment of our humanitarian tradition, the protection of our people, the enhancement of our economy, and the advancement of our national interests.

Globally, infectious diseases have an enormous impact on the lives of millions of people. They disrupt the lives of individuals, their families, and their communities and slow the development of sustainable economies and systems of government. In terms of lives lost each year to infectious diseases, these diseases are devastating. Each year, acute respiratory infections, such as pneumonia, kill 4.4 million people, about 4 million of them children. Diarrheal diseases, including cholera, typhoid and dysentery, spread chiefly by contaminated water or food, kill 3.1 million people. Tuberculosis kills almost 3.1 million adults annually, and malaria kills 2.7 million people every year.

As we approach the 21st century, USAID must continue to partner with the National Institutes of Health (NIH), the Centers for Disease Control and Prevention (CDC), and the Department of Defense (DOD) in their efforts to combat malaria, diarrheal disease, and the myriad of other infections caused by viral, bacterial, fungal and parasitic disease agents.

MALARIA

Malaria is estimated to cause up to 500 million clinical cases and up to 2.7 million deaths each year, representing 4 percent to 5 percent of all fatalities. Malaria affects 2.4 billion people, or about 40 percent of the world's population. Tragically, every 30 seconds a child somewhere dies of malaria. Malaria causes an enormous burden of disease in Africa, and is considered a primary cause of poverty. Malaria kills one child in twenty before the age of five in Africa.

Malaria is reemerging in areas where it had been eradicated, such as Brazil, and spreading to new areas, such as Asia and Eastern Europe. One of the main reasons for its re-emergence is because the malaria parasite has developed resistance. Chloroquine is an inexpensive and effective treatment for malaria, however in Asia and increasing areas of Africa and South America the resistance to this and subsequent generations of anti-malarials is high.

Recently the USAID participated in an effort to build a coordinated global strategy for malaria control, that involved major international entities including the World Health Organization (WHO), the National Institutes of Health (NIH), France's Institut Pasteur, and several private charities. As a result, meeting participants issued a "call to action" letter which states: "The challenge is enormous. New drugs must be found to prevent and treat the disease, and vaccines need to be developed. This requires research at every level. . . . The urgent need is to put malaria on the scientific, media, and political agenda, and in particular to identify it as a priority for research, both in the developed North and in those areas of the South where the disease is endemic."

USAID development activities, including mosquito vector control strategies, improving the capacity of the public health infrastructure through training programs and technical assistance, and establishing communication linkages between developing countries and research institutions around the world via Internet, are making

valuable contributions in countries where malaria continues to spread. Continued support for these activities is not only the right thing to do for humanitarian reasons, but is also the most effective prevention activity we can undertake to protect Americans at home and abroad from this re-emerging threat.

Given the important role USAID has in the global response to malaria, ASTMH believes the Administration's proposal to maintain level funding for USAID's targeted programs to combat malaria and other infectious disease is woefully inadequate. ASTMH urges that these programs receive adequate increases so that ongoing USAID activities are at least maintained, and USAID partnerships with international entities will continue to leverage private and public support for the range of activities dedicated to fighting global infectious disease.

HIV/AIDS

While we have witnessed some success in prevention and treatment protocols for HIV in the United States, the HIV/AIDS pandemic is spreading much faster around the globe. The Joint United Nations Programme on HIV/AIDS (UNAIDS) reports that more than 6 million people became newly infected with HIV in 1998, 10 percent of whom were children, bringing cumulative infections since the beginning of the pandemic to nearly 50 million. This includes major increases in HIV infections in Africa, Asia, and Eastern Europe, especially among young people.

The United States has a vital role to play, as the world's only superpower and leader in biomedical research, in supporting multiple approaches to HIV vaccine development. USAID budget documents report its involvement in over 300 major activities targeted to HIV/AIDS in 47 countries around the world and expect to provide life saving services to over 50 million men and women over the next five years. As our liaison to developing nations around the globe, USAID has a critical role to play in helping these countries prepare for clinical trials and preventive vaccines, and sharing the successful products of U.S. efforts to control this tragic disease. For example, in many U.S. cities HIV transmission from mother to child has been virtually eliminated. By contrast, approximately 600,000 newborns in the developing world contracted the virus just last year due to lack of perinatal treatments. With adequate resources, USAID can help improve access to basic medical care and eliminate health disparities.

ASTMH applauds the Administration's budget proposal of \$127 million for the USAID HIV/AIDS account, representing an increase of \$2 million over fiscal year 1999 levels. We request the Committee's support for this modest increase, and urge the Committee to exceed the Administration's request by providing the largest allocation possible for USAID HIV/AIDS activities.

CHILD SURVIVAL PROGRAM

ASTMH strongly supports USAID's Child Survival Program which has long been at the forefront of international efforts to alleviate morbidity and mortality among the world's most vulnerable populations—children under 5 years of age. This program funds immunizations, oral rehydration therapy, vitamin A supplementation, HIV/AIDS, river blindness, and other important health programs.

Experts estimate that USAID's child survival programs have helped drop infant mortality rates in the developing world to their lowest levels ever, and since 1985, have saved 25 million children's lives. Deaths from measles have been cut in half, from more than two million to about 950,000 last year, and deaths from diarrhea are down by 30 percent, from 4.5 million to about three million last year. In collaboration with the international community, including WHO and UNICEF, tremendous progress has been made. For example:

- Since 1960, infant mortality has fallen from 130 to 60 per 1000 live births, and child mortality has fallen from 180 to 80 per 1000 live births.
- Polio has been eradicated from the Western Hemisphere and there has been an 82 percent decline in reported polio cases from 1988 and 1995.
- In 1980, 76 countries reported less than one neonatal tetanus death per 1000 live births annually; by 1995 this had increased to 122 nations.
- Immunization programs have helped reduce the number of measles cases by 70 percent and the number of measles deaths by 83 percent. Measles is targeted for elimination in the Americas by the year 2000.

CONCLUSION

ASTMH greatly appreciates the Committee's past support for USAID initiatives. In a way, we are preaching to the choir, for you understand the need for greater resources to be directed to infectious and tropical disease programs.

Many opportunities exist to expand our infectious disease programs to target new and emerging diseases. Infectious and tropical disease threats are major health problems world-wide, and the risk of global epidemic transmission increases directly with increased global communication and travel. As we enter the 21st century infectious diseases will continue to threaten the lives of millions of individuals around the globe and here at home, with great cost not only in lives but also in economic impact. We urge your continued support to ensure that this does not happen. ASTMH urges you to increase funding for crucial global infectious disease initiatives above the fiscal year 1999 funding level of \$50 million and to support USAID HIV/AIDS activities to the greatest extent possible, so that programs to predict, prevent, and control the emergence of these threats can be effectively carried out.

Control of global infectious disease threats is not just a development issue, it is also a national security issue for the United States, one of concern to all our citizens. By controlling infectious diseases world wide we not only provide development assistance, but we also reduce the risk of spread of virulent organisms to our own population. Investments in global infectious disease control are clearly a win-win for the USA: by helping others, we protect ourselves.

Thank you for your consideration of this request.

PREPARED STATEMENT OF EUGENE T. ROSSIDES, ON BEHALF OF THE AMERICAN HELLENIC INSTITUTE PUBLIC AFFAIRS COMMITTEE, INC., THE HELLENIC AMERICAN NATIONAL COUNCIL, THE HELLENIC AMERICAN WOMEN'S COUNCIL, THE CYPRUS FEDERATION OF AMERICA, THE PAN LACONIAN FEDERATION OF U.S.A. AND CANADA, THE PAN CRETAN ASSOCIATION OF AMERICA, AND THE PAN KARPATHIAN EDUCATIONAL PROGRESSIVE ASSOCIATION

Chairman McConnell, Senator Leahy and Members of the Subcommittee: I am pleased to present testimony to the Subcommittee on behalf of the organizations listed above on the Administration's foreign aid proposals. The current crisis in Kosovo has focused the spotlight on Southeast Europe.

As the result of the actions of the 104th Congress and the 105th Congress, military assistance and economic grant aid to Turkey are finally no longer part of the Administration's aid proposals. The decision of the Administration finally to eliminate aid for Turkey was due, I am convinced, in substantial part because of the role of the Congress.

The American Hellenic Institute Public Affairs Committee (AHIPAC) believes that the elimination of aid for Turkey was fully justified in the interests of the United States. For many years AHIPAC has argued that U.S. military and economic support for Turkey has rendered our country an accessory to Turkey's aggression against Cyprus, massive ethnic cleansing and genocidal actions against its 20 percent Kurdish minority, and human rights abuses generally against its citizens, including widespread torture. AHIPAC is very pleased that with regard to aid policy this sad chapter in U.S. relations with Turkey has at long last come to an end.

CYPRUS

We support the amount of \$15 million in humanitarian aid for Cyprus. This aid is an important symbol of U.S. support for Cyprus and of the U.S. commitment to achieving a comprehensive solution. We further believe that the Administration should follow the lead set by Congress and publicly call for the immediate demilitarization of Cyprus.

1999 GREEK AMERICAN POLICY STATEMENTS

As the committee considers appropriations for overall U.S. policy in the region for the future, we hope you will take full advantage of the positive opportunities deriving from the close U.S. relationships with Greece and Cyprus. As the 1999 Greek American Policy Statements (Exhibit 1) make clear, Greece and Cyprus are vigorous and stable democracies. Their economies are rapidly modernizing. They are a source of regional political leadership, economic investment, and commercial expertise.

Greece is the only regional state that is a member of both the European Union and NATO. Greece is the strategic and economic key for the U.S. in the Balkans and Eastern Mediterranean to bring peace, stability, economic progress and democracy to the region. U.S. Ambassador to Greece R. Nicholas Burns has stressed Greece's key role for U.S. interests in the region. We commend Greece for its forthright and generous contribution to humanitarian and refugee relief in Kosovo.

Cyprus has established itself as a regional center of international business and finance and started substantive accession negotiations with the EU on November

10, 1998. By basing its policies in Southeastern Europe on close ties with Greece and Cyprus, the U.S. could materially advance its interests in regional stability, economic development, and increase in democratic institutions.

TURKEY: THE CAUSE OF MANY OF THE REGION'S PROBLEMS

These positive opportunities will, however, remain unfulfilled if Congress allows the Administration to adhere to its present appeasement policies toward Turkey. In contrast to the positive roles played by Greece and Cyprus, Turkey plays a negative role and is the prime cause of many of the region's problems.

The kidnapping of the Kurdish leader Abdullah Ocalan put Turkey's human rights record on the front page. More profoundly, his subsequent treatment, the manner of his trial, and the demand for the death penalty have illuminated the disproportionate and anti-democratic influence over domestic and foreign policy exercised by the Turkish military. As set forth in the Turkish constitution, the Turkish military controls Turkish foreign and national security policy and asserts decisive influence in domestic policy.

As with all military dictatorships from Chile in the 1970s to Burma today, military control leads to violations of human rights and the rule of law. Turkey has continued and extended its illegal territorial claims against sovereign Greek territory, prompted new and unacceptable conditions for negotiations about Cyprus, continued its harassment of the Ecumenical Patriarchate, challenged international maritime law over shipping in the Bosphoros, and further stained its already notorious human rights record against pro-democratic forces and ethnic and religious minorities inside Turkey. Turkey is also a government wracked with corruption and a major illegal drug producing and drug trafficking country. Turkey's violations of international law eclipse those of Iraq under Saddam Hussein.

THE COURSE FOR CONGRESS

The immediate reaction by Congress with regard to Turkey should be to mandate an immediate halt to all arms sales and transfers to Turkey. The Administration has under active consideration the sale of advanced attack helicopters that will be used in Turkey's war of terror against its Kurdish minority. In addition to an arms ban, the Congress should eliminate any trade preferences or other benefits for Turkey, freeze any loan programs for Turkey and instruct U.S. representatives in multinational agencies to vote against any aid or loans for Turkey. I urge the members of this committee to take the lead in such efforts and to call for hearings on a critical review of U.S.-Turkey relations.

STATE DEPARTMENT'S COUNTRY REPORT ON HUMAN RIGHTS IN TURKEY

Turkey's lawlessness has been on record for many years. The State Department's 1997 Human Rights report stated: "Despite the government's stated commitment to respect human rights, serious human rights abuses continued." The 1998 report, released February 26, 1999 notes no improvement. Using almost identical language, it states:

"Despite Prime Minister Yilmaz's stated commitment that human rights would be his government's highest priority in 1998, serious human rights abuses continued. . . . Extrajudicial killings, including deaths in detention from the excessive use of force, 'mystery killings,' and disappearances continued. Torture remained widespread. Police and Jandarma antiterror personnel often abused detainees and employed torture during incommunicado detention and interrogation."

Turkey's national torture policy has been a matter of public record for many years. In 1990 the distinguished law journal *The Record of the Bar of the City of New York* devoted a 125 page article to the subject of "Torture in Turkey" (45 *Record* pp. 6-131, 1990). A forty page follow-up article 4 years later found no improvement.

This horrific account of Turkey's oppression of its own citizens pains us all the more deeply as we have no quarrel with the Turkish people. We salute the brave Turkish citizens struggling for human rights and the rule of law. Our dispute is not with the Turkish people, but with the forces in the Turkish military and Turkish government that deny its own people the basic norms of civilization that we take for granted in the U.S.

THE DARK SIDE OF THE UNITED STATES RELATIONSHIP WITH TURKEY

During the Cold War, U.S. relations with Turkey went largely unexamined. Today the dynamics have changed. The Cold War has been over for 9 years. The Abdullah Ocalan case has brought to the front pages one of the most underreported stories

in modern public policy, namely the dark side of the U.S. relationship with Turkey involving Turkey's horrendous human rights record and genocidal war against the Kurds in Turkish Kurdistan.

We now need to confront the grisly reality that in their 15-year-long war against its Kurdish minority, the Turkish military forces have killed close to 30,000 Kurds, death squads have assassinated hundreds of Kurdish leaders, scorched earth military campaigns have destroyed over 3,000 Kurdish villages removing by force over 2,500,000 Kurds from their homes. And the Turks have done so in large part using U.S. supplied arms such as attack helicopters and armored personnel carriers. The accuracy of these facts is attested by objective observers such as Amnesty International, Human Rights Watch, and others. These horrors far exceed anything that has happened in Kosovo. This is a matter of intense national shame to American values and principles.

Mr. Chairman, this should trouble all of our consciences. Our nation's involvement in these terrible acts is an affront to the fundamental issues of our time: freedom, democracy, decency, and human rights, the values we fought for in World War II and against Soviet communism. The fact that the Administration is turning its back on these values is a scandal far exceeding those with which we in Washington and throughout the Nation have been so narrowly concerned over the past year. Despite all their impressive rhetoric of commitment to democracy, in their approach to Turkey, the State and Defense Departments are in fact siding with aggression, tyranny, crimes against humanity, ethnic cleansing and genocide.

YUGOSLAVIA AND KOSOVO AND THE UNITED STATES DOUBLE STANDARD TOWARD TURKEY AND THE KURDS

The Kosovo crisis further illustrates the contradictions inherent in U.S. policy toward Turkey. We share the universal concern about the unfolding humanitarian disaster, condemn the brutality of Milosevic's actions, and support the legitimate aims for autonomy for the Albanian minority in Serbia.

However, we believe the reasons given for the intervention against Serbia raise wider issues. It is only right that the arguments used regarding Yugoslavia should apply elsewhere in the region. With regard to Turkey they apply precisely. Practically everything said by the President and other senior Administration officials (and those by NATO officials and European government officials) regarding Yugoslavia and its Albanian minority applies equally to Turkey and its Kurdish minority. Change Yugoslavia to Turkey and Albania to Kurds in the speeches and statements and they remain accurate.

If, as NATO states, Milosevic is using scorched earth tactics in Kosovo, he has copied them from Turkey's approach against the Kurds. Turkey has followed a brutal policy of ethnic cleansing and their actions meet the criteria for "crimes against humanity" and "genocide." They have employed a policy of dispersal to reduce the percentage of Kurds in Southeast Turkey, which is part of Kurdistan as delineated by President Woodrow Wilson and set forth in the 1920 Treaty of Sevres.

To support autonomy for the Albanian minority in Serbia, while abetting the Turkish military's ethnic cleansing and horrendous human rights violations of the Kurdish minority in Turkish Kurdistan, is a double standard. It is not in the interests of the U.S.

The U.S. should state unequivocally that the U.S. supports autonomy for the Kurdish people in Turkish Kurdistan and that in order to achieve that aim the U.S. is prepared to apply the same political and economic pressure on the Turkish military as it has on Serbia. NATO should do the same, particularly since Turkey is a member of NATO.

We do not call for military action against Turkey but believe that appropriate action, namely economic sanctions and suspension from NATO, should be implemented until Turkey is in compliance with U.S. laws, the UN Charter, the North Atlantic Treaty and customary international law.

THE UNITED STATES, NATO, YUGOSLAVIA, TURKEY, AND CYPRUS: A DOUBLE STANDARD

In making the case for action against Serbia, President Clinton and others have cited the need to oppose aggression. Once again NATO member Turkey is guilty on that count.

Turkey's invasion of Cyprus and occupation of 37.3 percent of Cyprus in 1974 is external aggression and a violation of the U.N. Charter preamble and Article 2 (4), and the North Atlantic Treaty preamble and Article 1, and customary international law. Further, Turkey violated U.S. laws because it illegally used U.S. supplied arms and equipment in its invasion of Cyprus. This clear, unambiguous violation of inter-

national law eclipses in its implications for international order the internal action taken by Serbia in Kosovo.

Ever since 1974, the U.S. and NATO have tolerated and appeased the Turkish military's ethnic cleansing and crimes against the Greek Cypriots in Cyprus.

The actions of the U.S. and NATO regarding Cyprus from 1974 to date are a stain on the honor of both, particularly because of the U.S. accessory role in Turkey's 1974 invasion of Cyprus which the State Department has been attempting to cover-up ever since.

The parallel between Turkey's invasion and occupation of Cyprus and Iraq's invasion and occupation of Kuwait is clear. The U.S. should be as forceful in ridding Cyprus of its aggressor, Turkey, as it was in Kuwait. At a minimum, NATO should suspend Turkey from the alliance until Turkey is in compliance with the North Atlantic Treaty and the U.N. Charter.

The issues involved are discussed at greater length in the 1999 Greek American Policy Statements. Other exhibits attached are:

Exhibit 2.—Op-ed page article in the *Los Angeles Times*, (Nov. 19, 1998) by John Tirman, Executive Director, Winston Foundation for World Peace, which discusses "the savage treatment of the Kurdish population in Turkey for 70 years."

Exhibit 3.—Column in the *Cleveland Plain Dealer* (Feb. 22, 1999, page 9-b) by its foreign affairs correspondent, Elizabeth Sullivan, which discusses Turkey's "brutality and repression against the Kurds" and compares Yugoslavia's crackdown on an armed Albanian insurgency in its province of Kosovo and Turkey's armed repression of a Kurdish insurgency and differing U.S. positions.

This brings home the fact that there is no difference in principle between the Kurdish struggle for autonomy and those of other peoples, such as the Kosovo Albanians whose struggle the U.S. supports today, including negotiations for autonomy on their behalf with the Yugoslav government. As such, the U.S. should stop referring to those who articulate these legitimate aspirations on behalf of the Kurdish peoples as terrorists. To fight against oppression is not terrorism.

Exhibit 4.—My letter to Chairman Sonny Callahan, House Appropriations Subcommittee on Foreign Operations, of April 28, 1998 regarding "The record of Turkey's unreliability as an ally."

THE TWO PRIME DETERMINANTS OF UNITED STATES POLICY ON TURKEY

Mr. Chairman, the Administration's policies toward Turkey remain deeply flawed. AHIPAC urges Congress to demand a critical review of U.S. policy toward Turkey. For this to be successful it will be necessary to focus on the two prime determinants of the policy.

POLICIES DRIVEN BY CAREER OFFICIALS

While the President, Secretary of State and Secretary of Defense have the final responsibility for this policy, they do not drive it. It is driven by a handful of career foreign service officers in State together with their counterparts in the Defense Department and on the National Security Council. Over the years these officials have shaped U.S. policy toward Turkey with the end effect of violating U.S. laws and making our country a direct accessory in Turkey's destabilizing role in the region.

These officials, past and present, assert that the U.S. is acting as an "honest broker" in the region. The truth is otherwise. Laurence Stern, the distinguished foreign affairs correspondent and foreign news editor for the *Washington Post*, punctured that myth in his book *The Wrong Horse* (1977, page 7) when he wrote that: "One of the most important keys to an understanding of the Cyprus muddle is the realization that the United States, far from being a disinterested broker to the disputes of the past, was a deeply involved participant."

STATE DEPARTMENT COVER-UP

The lack of political will and a strong pro-Turkish tilt in the State Department and other agencies have corrupted this vital area of U.S. foreign policy. Instead of open, democratic government we have witnessed a cover-up of the State Department's accessory role in Turkey's 1974 invasion of Cyprus and its pro-Turkish tilt. It has led to an Orwellian denial that the Cyprus problem is one of aggression and occupation by Turkey with the active participation of the U.S. through the State Department. It has led to a failure to act on the U.S.' clear moral responsibility to redress the problem. It has caused our government to abandon the rule of law regarding Turkey.

The State Department's cover-up and other failures have seriously damaged U.S. national interests and cost the U.S. treasury billions of dollars in wasted military and economic aid to Turkey.

TURKEY'S PAID UNITED STATES AGENTS OF INFLUENCE

The second determinant of this pro-Turkish policy is the horde of Turkey's paid U.S. "agents of influence" registered with the Department of Justice under the Foreign Agents Registration Act. Alongside the role of career officials, the Congress should also investigate the role played by these agents. Turkey has spent an average of \$3-\$4 million annually on several lobbying firms for over a decade. This practice apparently enjoys constitutional protection under the First Amendment.

Nonetheless, the impression given is that the foreign policy of this country is for sale to the highest bidder. For citizens committed to a foreign policy based on American interests and American values, it is highly disquieting that foreign money and that former high officials on the payroll of a foreign government should exert an influence of this nature on American policy making. The U.S. lobbyists for Turkey also bear responsibility as accomplices to Turkey's crimes. Congress should demand an accounting.

THE UNITED STATES, CYPRUS, TURKEY AND THE RULE OF LAW

Mr. Chairman, the rule of law, not advanced weaponry, is a core principle of American diplomacy and the surest instrument for advancing American interests in the world. All too often U.S. policies have failed to apply the rule of law in the Aegean and Eastern Mediterranean against persistent violations by Turkey. Despite these violations, the U.S. has given assistance and supplied arms to Turkey far beyond its legitimate defense needs and inconsistent with its role in NATO. This appeasement and application of a double standard vis-a-vis Turkey has damaged U.S. interests. We call upon the Administration and all U.S. government agencies, particularly the State Department, to correct these failures and to apply the rule of law rigorously in all contacts with Turkey.

Nowhere is the rule of law more neglected than with regard to Cyprus where the coddling and appeasement of Turkey by the Administration are the main obstacles to a settlement of the Cyprus problem. The lack of political will is in the State and Defense Departments.

A comprehensive settlement is attainable if the Congress and the Executive Branch were to respond to Turkey's aggression in the same manner as President Eisenhower responded to aggression when he condemned and reversed the invasion of Egypt by Britain, France, and Israel in October 1956. On that occasion he said: "There can be no peace without law. And there can be no law if we were to invoke one code of conduct for those who oppose us and another for our friends."

The following are several examples of the United States, led by the State Department, not applying the rule of law to Turkey, all to the detriment of U.S. interests:

- (1) the failure to apply U.S. and international law to Turkey's ethnic cleansing and genocidal war against its 20 percent Kurdish minority;
- (2) the failure to apply U.S. law and international law to Turkey's several invasions of northern Iraq, for military actions against Kurds in northern Iraq, including massive invasions with up to 35,000 troops;
- (3) the failure to apply U.S. and international law to Turkey's periodic bombing of Kurds in Iraq;
- (4) the failure to apply U.S. and international law to Turkey's continuing occupation of 37.3 percent of Cyprus with 35,000 troops;
- (5) the failure to apply international law to the Aegean Imia islets issue;
- (6) the failure to apply the Iran-Iraq Sanctions Act to Turkey's deals with Iran and Libya;
- (7) the failure to apply U.S. and international law to Turkey's violations of religious freedom against Christians and Jews in Turkey, including the illegal closing of the Halki Patriarchal School of Theology;
- (8) the failure to apply international law to Turkey's illegal embargo on Armenia;
- (9) the failure to apply the Geneva Convention of 1949 to Turkey's 80,000 illegal settlers;
- (10) the failure to apply the terms of the NATO Treaty to Turkey for its invasion of Cyprus; and
- (11) the failure to condemn Turkey's violation of the UN Charter by Turkey's threats of war against Greece in the Aegean regarding Greece's internationally recognized right to extend its territorial waters from 6 to 12 miles.

NATO AND CYPRUS

We have long called for a NATO force on Cyprus under U.N. auspices and acting in full respect of Cyprus' sovereignty as a component of a settlement of the Cyprus

problem. However, under pressure from the U.S. government, NATO has applied a similar double standard to Turkey on the rule of law.

While NATO is taking action to promote Albanian autonomy in the Serbian province of Kosovo, it is conspicuously silent on the aspirations for autonomy of the Kurds. This is a double standard, pure and simple.

NATO's toleration of Turkey's aggression against Cyprus in violation of its own Treaty and the UN Charter is a stain on NATO's record and honor. NATO should call for the immediate removal of Turkey's illegal occupation forces and settlers from Cyprus and the demilitarization of Cyprus coupled with a military force to augment the UN peacekeeping force. If Turkey refuses to cooperate, NATO should consider appropriate action to bring Turkey into compliance.

To conclude, Mr. Chairman, we support the following legislative initiatives:

1. We support the amount of \$15 million in humanitarian aid for Cyprus. We urge the Administration to follow Congress' lead and call publicly for the immediate demilitarization of Cyprus. We call upon the Administration to give full support for Cyprus' accession negotiations with the European Union and to reject any attempt by Turkey to delay or interfere with these. During 1998 we deplored the Clinton Administration's heavy-handed pressure on the government of Cyprus' efforts to acquire defensive weaponry. The State Department manufactured the issue 2 years ago and intimidated Cyprus into altering the contract. We support military aid for Cyprus to purchase the U.S. patriot anti-missile system.

2. Although military aid to Greece was also halted by the Administration, we support military aid for Greece as long as Turkey keeps its illegal 35,000 man army of occupation and its 80,000 illegal colonists/settlers in the occupied territory of Cyprus, and maintains its 125,000 man Army of the Aegean aimed at Greece's Aegean islands. A clear message to Turkey would be sent if Congress appropriated some military aid for Greece. We condemn Turkey's threats on Greece's national sovereignty over the islets of Imia in the Aegean and Turkey's threats of war against Greece in the Aegean regarding Greece's internationally recognized right to extend its territorial waters from 6 to 12 miles. These threats are in violation of the U.N. Charter Preamble and Article 2 (4) and the NATO Treaty Preamble and Article 1.

3. We oppose any sale or transfers of U.S. weapons to Turkey as contrary to the best interests of the U.S.

4. We believe that the Congress should eliminate any trade preferences and any other benefits for Turkey, freeze any loan programs for Turkey, instruct U.S. representatives in multinational agencies to vote against any aid or loans for Turkey, and should consider economic sanctions against Turkey.

5. The Senate Foreign Relations and Armed Services Committees should hold hearings on a critical review of U.S.-Turkey relations.

Turkey is the main security threat to U.S. interests and to Greece and Cyprus in the Aegean and Eastern Mediterranean. A close U.S. relationship with Greece and Cyprus represents the best counter to this threat to U.S. interests. For the White House and career officials in the State Department and Defense Department to deny this is to deny reality.

Thank you, Mr. Chairman.

EXHIBIT 1

1999 GREEK AMERICAN POLICY STATEMENTS

Prepared by the American Hellenic Institute (AHI) and approved by the Order of AHEPA and its Cyprus and Hellenic Affairs Committee, the Hellenic American National Council (HANC), the Hellenic American Women's Council (HAWC) and the Cyprus Federation of America

OVERVIEW AND MAIN THEMES

1. The Southeast European and Eastern Mediterranean region is of strategic importance to the United States. For too long U.S. administrations have failed to follow sensible or realistic policies aimed at addressing the region's long-standing problems. Greece and Cyprus offer an opportunity to break away from this negative pattern of events and make a decisive advance for U.S. national interests in the region.

2. Greece and Cyprus are vigorous and stable democracies. Their economies are rapidly modernizing. They are a source of regional political leadership, economic investment, and commercial expertise. Greece is the only regional state that is a member of both the European Union and NATO. Cyprus has established itself as a regional center of international business and finance and started substantive accession negotiations with the EU on November 10, 1998. By basing its policies in Southeastern Europe on close ties with Greece and Cyprus, the U.S. could materi-

ally advance its vital interest in regional stability, economic development, and increase in democratic institutions.

3. By contrast, Turkey has played a negative role and is the prime cause of many of the region's problems. This is in large part because of the disproportionate and anti-democratic influence of the Turkish military over Turkish governance as set forth in the Turkish constitution. Turkey has continued and extended its illegal territorial claims against sovereign Greek territory, prompted new and unacceptable conditions for negotiations about Cyprus, continued its harassment of the Ecumenical Patriarchate, challenged international maritime law over shipping in the Bosphoros, and further stained its already notorious human rights record against pro-democratic forces and ethnic and religious minorities inside Turkey.

4. The U.S. should recognize and state that the main impediment to progress on the region's problems lies with Turkey and its military-controlled government. Until this happens, the U.S. interests in terms of regional stability, advancement of democratic values and commercial opportunity will languish. We therefore call upon the Administration and the Congress to reinforce the positive developments already under way in Greece and Cyprus and to conduct a critical review of its approach to Turkey.

5. The rule of law is a core principle of American diplomacy and the surest instrument for advancing American interests in the world. All too often U.S. policies have failed to apply the rule of law in the Aegean and Eastern Mediterranean against persistent violations by Turkey. Despite these violations, the U.S. has given assistance and supplied arms to Turkey far beyond its legitimate defense needs. This appeasement and application of a double standard to Turkey has damaged U.S. interests. We call upon the Administration and all U.S. government agencies, particularly the State Department, to correct these failures and to apply the rule of law rigorously in all contacts with Turkey.

6. As the vigorous NATO engagement in the Balkans shows, NATO has the potential to act as a catalyst for the region's problems. We have long called for a NATO force on Cyprus under U.N. auspices and acting in full respect of Cyprus' sovereignty as a component of a settlement of the Cyprus problem. However, under pressure from the U.S. Government, NATO has applied a similar double standard to Turkey on the rule of law. NATO's toleration of Turkey's aggression against Cyprus in violation of its own Treaty and the UN Charter is a stain on NATO's record and honor. NATO should call for the immediate removal of Turkey's illegal occupation forces and settlers from Cyprus and the demilitarization of Cyprus coupled with a military force to augment the UN peacekeeping force. If Turkey refuses to cooperate, NATO should consider appropriate action to bring Turkey into compliance.

DISCUSSION

Greece

Greece is the key for the U.S. and EU to stability and peace in the Eastern Mediterranean and the Balkans. It is the only state that is a member both of the EU and NATO. While holding clearly articulated positions on regional issues affecting its vital national interests, Greece has committed itself to the rule of law and to the principles of non-aggression in seeking solutions.

We call upon the United States to take advantage of this positive reality by developing a "special relationship" with Greece commensurate with the latter's potential to advance U.S. interests. We call upon the U.S. to recognize the integrity of Greek sovereign territory and to uphold international law, especially in relation to the Aegean. We call upon the U.S. to repudiate any unilateral challenges to Greek sovereign territory.

Cyprus

The opening of substantive EU accession negotiations on November 10, 1998 presents a favorable opportunity to make progress on the Cyprus problem, the continuation of which is an affront to international law and to U.S. values, as well as a threat to regional stability. We call upon the United States to intensify efforts to reach a fair settlement based on democratic principles that respect the rights of all Cypriots.

Turkey

Resolution of the issues relating to the Aegean and Cyprus require a reciprocal attitude of statesmanship on the part of Turkey. To date, this has been missing. In May 1998 Ambassador Richard Holbrooke publicly faulted Turkey for its continuing intransigence on the Cyprus problem. Furthermore, Turkey has engaged in a series of destabilizing actions toward Greece and Cyprus and continues to violate inter-

national law. Its military-controlled government and constitution inhibit Turkey's evolution as a modern, democratic state.

For too long the United States to its detriment has followed a counter-productive approach to Turkey. It has overlooked Turkey's violations of the norms of international behavior and thereby encouraged new patterns of Turkish belligerence and intimidation. By its past military and economic assistance to Turkey the U.S. has distorted the balance of power in the region and has acted as an accessory in these and other acts by Turkey against the rule of law in national and international affairs.

The favorable circumstances in Greece and Cyprus provide an opportunity to reverse this approach. The U.S. has the power and duty to bring about a change in Turkey's attitudes. We call upon the Administration to undertake a critical review of United States-Turkey relations.

Pending the outcome of this review we call upon the Administration to halt all arms sales and transfers to Turkey, forbid the participation by U.S. contractors in any Turkish military procurement bidding processes, to freeze any loan programs for Turkey, and to instruct its representatives in multinational agencies to vote against any aid for Turkey.

LEGISLATIVE PRIORITIES

We call upon the Congress:

1. To pass legislation requiring the Administration to conduct a critical review of U.S. policy toward Turkey;

2. To hold hearings into actions by the State Department and other government agencies that contravene U.S. or international law with regard to Cyprus, Greece and Turkey;

3. To pass legislation similar to H. Con. Res. 188 introduced in the House on November 7, 1997 requiring the Administration to apply international law by recognizing the islands and islets of the Aegean described or delimited by the Treaty of Lausanne and successor treaties and agreements as sovereign Greek territory.

4. To pass legislation similar to HR 1361, the Turkish Human Rights Act, introduced in the House on April 17, 1997 by Representatives Robert Andrews (D-NJ) and John Porter (R-IL) to prohibit military and economic aid to Turkey unless the Secretary of State determines that Turkey permits international human rights monitoring organizations to report on the human rights situation in Turkey; has ceased to deny human rights to the Kurdish people; has taken action to demilitarize Cyprus and provide support for democracy there; has ceased to blockade U.S. and international assistance to Armenia; and has ceased its restrictions on religious freedom.

5. To pass legislation providing for economic and trade sanctions against Turkey including the removal of any current trade benefits and MFN status until Turkey has removed all its armed forces from Cyprus including its illegal occupation forces; removed all Turkish settlers from Cyprus; has returned the occupied areas of Morphou and Famagusta to the government of Cyprus under UN auspices for the immediate resettlement of displaced persons; restored churches in the occupied areas illegally converted to mosques in violation of the Geneva Convention of 1949; and agreed to a constitution for Cyprus based on the normal and basic principle of majority rule.

6. To remain seized of the provisions of S. 1067 "The Code of Conduct on Arms Transfers Act" and H.R. 1757 "The European Security Act" as they apply to arms transfers to Turkey and to ensure that no arms transfers take place so long as Turkey continues to violate U.S. and international law, the UN Charter, the NATO Treaty, the 1949 Geneva Convention and relevant treaties and agreements with specific reference to Greece and Cyprus.

7. To remain seized of the provisions of Section 2804 of the 1999 Appropriations bill passed on October 22, 1998 and signed into law calling upon the United States to use its influence with the government of Turkey to guarantee the security of the Ecumenical Patriarchate in Istanbul and to reopen the Halki Theological School and to ensure that the actions called for in the new law are put into effect.

LIST OF ISSUES

The issues facing the U.S. of particular concern to Greek Americans are: Aegean; Cyprus; Greece; Ecumenical Patriarchate and the Halki Patriarchal School of Theology; Turkey; Arms sales and transfers to Turkey.

Other issues including: Albania, Armenia, Former Yugoslav Republic of Macedonia (FYROM), Kurds, and NATO.

POLICY STATEMENTS

The policies set forth herein are based in each case on the question of what is in the best interests of the United States.

Aegean

1. We support the adherence to internationally recognized law, treaties and agreements regarding the territorial integrity and sovereign rights of a state, including the United Nations Charter and the NATO Treaty. Regarding the Aegean, we specifically refer to the Lausanne Treaty of 1923, the Italy-Turkish Convention of January 4, 1932, the Italy-Turkish Protocol of December 28, 1932, the 1947 Paris Peace Treaty, under which the Dodecanese Islands and adjacent islets were ceded by Italy to Greece, and the Law of the Sea Convention.

2. We call upon the U.S. Government to recognize and uphold the aforementioned treaties and agreements and to repudiate any challenge to them, specifically by Turkey.

3. We call upon the U.S. Government to recognize and state publicly that the islets of Imia are Greek sovereign territory in accordance with the 1947 Paris Peace Treaty under which the Dodecanese Islands and adjacent islets were ceded by Italy to Greece, the 1932 Italy-Turkey Convention of January 4, 1932, the Italy-Turkey Protocol of December 28, 1932 in which Imia is specifically named as belonging to Italy, the Lausanne Treaty of 1923, and international law.

On February 15, 1996 the European Parliament passed a resolution (342 to 21 with 11 abstentions) stating the islets of Imia belong to Greece and condemned Turkey's aggressive threats to established sovereignty in the Aegean. In a February 1, 1996 statement to Greece, Italy supported the Greek legal position regarding the 1932 Italy-Turkey Protocol. Also, on February 7, 1996 France stated that it unequivocally recognized Greece's sovereignty over the Imia islets.

4. We call on Congress to pass legislation similar to H. Con. Res 188, a concurrent resolution introduced in the House on November 7, 1997 with twenty-two co-sponsors which stated "That it is the sense of the Congress that the islets of Imia in the Aegean sea are sovereign territory of Greece under international law."

5. In Madrid on July 8, 1997, Turkey signed an Agreement with Greece under the auspices of Secretary of State Madeleine Albright, abjuring the use of force to settle problems between the two countries. Turkey also undertook to respect international law. On December 3, 1997, in Brussels, Turkey and Greece reached another agreement in the NATO framework to respect each other's airspace.

These agreements have been repeatedly violated by Turkey, whether in the form of illegal military overflights, through new territorial claims, or other actions. We call upon the U.S. to insist that Turkey adheres to these agreements, specifically by desisting from territorial claims in the Aegean and from violating Greek airspace. We condemn Turkey for its numerous and continuous threats on the territorial integrity of Greece, including the January 1998 claim to Kalogeri, the January 30-31 1996 incident over the islets of Imia in the Aegean (see above) and the May 31, 1996 Turkish dispute of Greek sovereignty over the island of Gavdos (see below).

6. We condemn Turkey's threats of war against Greece in the Aegean regarding Greece's internationally recognized right to extend its territorial waters from 6 to 12 miles, and note that Turkey itself has exercised this right by extending its territorial waters from 6 to 12 miles in the Mediterranean Sea and Black Sea despite the fact that it is not a signatory of the Law of the Sea Convention. The United States has also extended its territorial waters to 12 miles. The Turkish Grand National Assembly passed a resolution on June 8, 1995, authorizing the Turkish government to use force if Greece extends its territorial waters to 12 miles.

7. We note that Turkish threats of war and the June 8, 1995 Turkish National Assembly resolution are violations of Turkey's undertakings in the Madrid Agreement of July 8, 1997, the United Nations Charter, article 2 paragraph 4, and the NATO Treaty preamble and article 1. The U.N. Charter, article 2 (4) states:

"All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any state, or in any other manner inconsistent with the Purposes of the United Nations."

The NATO Treaty contains similar language.

8. We call on the U.S. government, in its own self interests and as the world's leader, to make a formal protest of Turkey's threats of war (*casus belli*) regarding the Aegean, made on a number of occasions and to state that Greece has the right to extend its territorial waters from 6 to 12 miles in accordance with the Law of the Sea Convention.

9. We refute the Turkish claims concerning the application of the Law of the Sea Convention to the continental shelf and territorial waters, and questions pertaining

to national air space. Turkey is free to go to the International Court of Justice at the Hague, if it thinks it has a supportable case.

10. We call upon the U.S. and the international community to apply the strictest standards of nuclear non-proliferation to Turkey and to ensure that Turkey cannot divert any civilian nuclear facility to military use.

Cyprus

1. We support the unity, sovereignty, independence and territorial integrity of the Republic of Cyprus.

2. We support a settlement for Cyprus based on a constitutional democracy embracing the key American principles of “majority rule, the rule of law, and the protection of minority rights” as called for by former President George Bush in 1988, and upholding the “fundamental principles of human rights and democratic norms and practices” as called for in the 1992 campaign statement of then Governor Clinton. We call for the provision for and implementation of the three basic freedoms, namely, freedom of movement, of property and of settlement. A constitutional settlement in Cyprus should be based on democratic principles that respect the rights of all Cypriots. We support efforts by the international community to reach a practical formulation of these principles.

3. We welcome the opening of substantive accession negotiations between Cyprus and the European Union on November 10, 1998. We further welcome the statement from British Foreign Minister Robin Cook on November 10, 1998 that “we have just completed the accession conference with the Republic of Cyprus and I am very pleased with the progress that is being made. We do not believe that accession of Cyprus should be made conditional on a solution to the division of the island.” Cyprus’ accession to the EU would confer economic, political, social, and cultural benefits to the whole island. We call upon the U.S. to continue its support for Cyprus’ accession to the EU and to insist that Turkey ceases all efforts to interfere with this process.

4. We condemn Turkey’s attempts to hinder these negotiations, and further condemn the Turkish threat of annexation of the occupied part of Cyprus with Turkey if such accession transpires. Such actions, which the international community views as an attempt to dismember Cyprus, were condemned as illegal and invalid by SCR 541 (1983) of November 18, 1983. SCR 550 (1984) of May 11, 1984, called upon all states to refrain from recognizing the occupied areas and from assisting or facilitating them in any way.

5. The Cyprus problem is fundamentally a question of invasion and occupation by Turkish armed forces with the illegal use of American-supplied arms and equipment. There is no legal difference between Turkey’s invasion and occupation of Cyprus and Iraq’s invasion and occupation of Kuwait. We welcome the statement by Chairman Ben Gilman (R-NY) of the House International Affairs committee on June 10, 1998 that “the present situation on Cyprus, a division on the island and 35,000 Turkish troops is a solution, their solution. This of course is completely unacceptable to our nation and the international community.”

6. We call for:

- insistence by the U.S. that Turkey and the Turkish Cypriots comply with the provisions of Security Council Resolutions 1217 (1998) and 1218 (1998) of December 23, 1998 for the purpose of achieving substantive progress toward a Cyprus settlement.
- the removal of all Turkish troops including Turkey’s illegal occupation forces from Cyprus;
- the removal of all illegal Turkish colonists from Cyprus and a census of the illegal Turkish colonists under UN auspices;
- the restoration to their original condition of the churches illegally converted to mosques in violation of the 1949 Geneva Convention;
- the speedy return of the occupied areas of Morphou and Famagusta/Varosha and all other areas under occupation to the government of Cyprus under United Nations auspices and for the immediate resettlement of displaced persons.
- cessation of all efforts by Turkey to interfere with Cyprus’ accession negotiations with the European Union;
- cessation of all measures to integrate the occupied areas of Cyprus with Turkey;
- abandonment of Turkey’s demand for recognition of the occupied areas as a sovereign state.

7. We call upon the Administration to state its support for the immediate and complete demilitarization of Cyprus. We support the use of NATO forces for security purposes in Cyprus upon the demilitarization of Cyprus.

8. Pending demilitarization we support the fundamental right of the Republic of Cyprus to acquire arms to defend itself. We condemn the Clinton Administration’s

campaign, instigated by the State Department, of relentless and unfair intimidation against Cyprus which led to the cancellation of the proposed acquisition of the S-300 defensive anti-aircraft system on December 29, 1998.

9. We call on the U.S. to supply sufficient arms and equipment to the Republic of Cyprus to deter any potential attack by Turkey.

10. We call on the Administration and the U.S. Congress in the interests of the United States to consider sanctions against Turkey if it fails to cooperate with these measures.

11. We applaud the European Court of Human Rights ruling of July 28, 1998, awarding damages to Ms. Titina Loizidou in the amount of an estimated \$608,000 and another estimated \$355,000 in costs and ordering Turkey to pay the damages and costs. This ruling followed from the ECHR's December 18, 1996 decision which found Turkey accountable for the continuing violation of human rights by its 1974 invasion and present day occupation of 37.3 percent of Cyprus. The 11 votes to 6 ruling in the case of Loizidou vs. Turkey stated that the denial of access to the applicant's (Loizidou) property and consequent control thereof is imputable to Turkey, and amounts to a violation of the applicants property rights under Article 1 of Protocol No. 1 of the European Convention on Human Rights.

12. We condemn the actions of the illegal Turkish Cypriot regime, the Turkish military commander in Cyprus, and the Turkish government and military leadership, which regularly result in human tragedy, including:

—October 13, 1996—Turkish troops shot and killed Mr. Petros Kakoullis, 58, a Greek Cypriot who accidentally wandered into the zone illegally occupied by Turkey while collecting snails with his son-in-law. According to eye-witness reports, Mr. Kakoullis was observed standing stationary and with his hands up. He was shot by two Turkish soldiers. After he fell to the ground he was shot again.

—August 11–14, 1996—Turkish Cypriot security forces, led by the Turkish military, murdered two Greek Cypriots during a peaceful demonstration at the Green Line. Tassos Isaac was beaten to death on August 11 by a ravenous gang of Turks, the Grey Wolves, with Turkish security forces looking on. Solomos Spirou Solomou (Isaac's cousin) was shot to death, also by Turkish Cypriot security forces on August 14.

—June 3, 1996—Turkish troops shot and killed an unarmed Greek Cypriot guardsman inside the U.N. buffer zone.

We condemn these horrific and barbarous acts. The 1997 State Department Human Rights report issued January 30 states that "there has not been any significant investigation by the Turkish Cypriot authorities of the killings." We call on the U.S. government take steps to ensure the apprehension and trial of the perpetrators.

13. We note the statement by Turkish Cypriot leader, Rauf Denktash, on March 1, 1996 that members of the Turkish Cypriot militia, which was and is today under his control, in 1974 killed the 5 Americans and the missing Greek Cypriots in their custody. DNA tests have identified the remains of one of the missing Americans. A U.S. government investigation has concluded that the remaining four are most probably dead. We call upon the U.S. government to investigate thoroughly the validity of the Denktash statement and determine the circumstances in which the 5 Americans met their fate at the hands of the Turkish invasion forces and the Turkish Cypriot militia in 1974, identify the responsible parties and bring criminal charges. We further call upon the U.S. government to insist upon a proper accounting for the 1518 Greek Cypriots who have been missing since the Turkish invasion.

Arms sales and transfers to Turkey

1. Despite the end of the Cold War, the Southeast European and the Eastern Mediterranean region remains excessively and dangerously armed. This is highly disadvantageous to regional economic development and the rational allocation of resources.

2. We call upon the United States to halt the sale and transfers of arms to Turkey. Turkey's excessive military inventory, already far beyond its legitimate defense needs, already threatens the regional balance. A cessation of new supplies will reduce tensions and remove the cause of the regional arms race.

3. In as much as Turkey represents the major obstacle to a peaceful resolution of the Aegean and Cyprus issues and is the primary cause of tensions in the region, we oppose any sale of advanced U.S. weapons to the military controlled government of Turkey as contrary to the best interests of the United States and regional stability.

4. We condemn the January 1998 supply of three U.S. Navy "Perry" class frigates to Turkey and the ongoing negotiations to sell advanced helicopters to Turkey.

5. We believe the continued sale of advanced U.S. weapons to the military controlled government of Turkey jeopardizes the balance of military power between Greece and Turkey and threatens regional stability.

6. We oppose the sale of any U.S. arms to the Turkish government as such sales violate U.S. laws because of Turkey's massive human rights violations in Turkey and Cyprus and the continuing illegal occupation of 37 percent of Cyprus, now in its 24th year.

7. We congratulate the congressional and grassroots efforts against arms sales to Turkey. However, Turkey is undertaking a major modernization of its armed forces. Congress and the grassroots community must remain alert to any Turkish attempts to purchase advanced weapons systems beyond the amounts stipulated by U.S. laws.

8. We support the introduction of S.1067 "The Code of Conduct on Arms Transfers Act" and HR 1757 "The European Security Act" in the 106th Congress. This legislation would condition arms exports on minimum standards of conduct, basic respect for human rights, non-aggression, democratic form of governance, and participation in the UN Register of Conventional Arms.

9. We call upon the Administration to ensure and Congress to monitor that no military technology or U.S. arms reach Turkey in violation of end user restrictions as the result of its defense relationship with Israel. We call upon the Administration and Congress to ensure that the Turkish-Israel relationship is not misused for aggressive action against third parties.

Ecumenical patriarchate and the halki patriarchal school of theology

1. Religious freedom is a basic human right as is the right of minorities to practice their religion freely and without interference. We therefore condemn the chronic persecution of Orthodox Christians in Turkey, the harassment of the Ecumenical Patriarch and the attacks on the Patriarchate in Istanbul, including the January 12, 1998 arson attack on the Church of Agios Therapon in Istanbul in which a 73-year old sexton, Vasilios Hadriaopolous, was murdered.

2. We welcome the passage of Section 2804 of the 1999 Appropriations bill passed on October 22, 1998 and signed into law containing provisions calling upon the United States to use its influence with the government of Turkey to guarantee the security of the Ecumenical Patriarchate in Istanbul and to reopen the Halki Theological School. The legislation states:

"It is the sense of Congress that the United States should use its influence with the Government of Turkey to suggest that the Government of Turkey—

(1) recognize the Ecumenical Patriarchate and its nonpolitical, religious mission;

(2) ensure the continued maintenance of the institution's physical security needs, as provided for under Turkish and international law, including the Treaty of Lausanne, the 1968 Protocol, the Helsinki Final Act (1975) and the Charter of Paris;

(3) provide for the proper protection and safety of the Ecumenical Patriarch and the Patriarchate personnel; and

(4) reopen the Ecumenical Patriarchate's Halki Patriarchal School of Theology."

The Patriarchate issue was introduced at AHIPAC's initiative in the 104th Congress through H.Con.Res. 50. This was carried forward in the 105th Congress in the form of H. Con. Res 6. Congressman Mike Bilirakis (R-FL) introduced both resolutions which attracted numerous co-sponsors. We congratulate Congressman Bilirakis for his determination and persistence throughout this process.

3. We condemn the desecration of Orthodox Christian cemeteries in Istanbul.

4. On regular occasions in recent years senior Turkish politicians have threatened that the Agia Sofia Byzantine cathedral should be converted into a mosque. We call upon the Administration to inform Turkey that any such action would be regarded as a clear attack on the religious freedom of and basic respect for Orthodox Christians worldwide.

5. We condemn the restrictions imposed by Turkey on the celebrations of the Saint Nicholas Festival, a saint worshipped by Christians throughout the world.

6. We call on the U.S. government to protest these actions and to call on the government of Turkey:

—to ensure religious freedom in Turkey;

—to provide the proper protection of the Patriarchate and the Ecumenical Patriarch;

—to establish conditions to prevent the recurrence of threats against the Patriarch and to ensure that the Patriarchate is free to carry out its mission; and

—to permit persons to work at the Patriarchate without being Turkish citizens.

7. We condemn the illegal closing by the Turkish Government in 1971 of the Halki Patriarchal School of Theology, which closing is also in violation of Turkey's obligations under the UN Charter and other international agreements, and call on the U.S. government to make a formal request to Turkey to reopen the Halki Patriarchal School.

8. We call for legislation to halt all arms sales and transfer to Turkey and to apply sanctions against Turkey until Turkey removes official restrictions on Christian churches and schools, and protects Christian clergy and property from acts of violence.

9. We call upon Congress to enforce the provisions of all U.S. legislation regarding worldwide religious persecution, including that of Christians in Turkey.

Greece

1. We call on the United States to develop a "special relationship" with Greece as it has with the U.K. and Israel. The United States and Greece share common interests in the Eastern Mediterranean and Balkans. Greece is the key source of stability, prosperity, and peace in the Eastern Mediterranean and the key nation in the Balkans for the advancement of U.S. strategic, democratic, economic and stability interests in the Balkans. Greece played a leadership role in the successful European intervention in Albania in April 1997. In the November 4-5, 1997 Summit of Southeast European leaders in Crete, Greece demonstrated its long-term vision for regional stability. In January 1998 Greece played a mediating role in the volatile situation in Kosovo.

2. Greece, a proven ally since WW I, played a pivotal role in the defeat of Hitler in World War II and an historic turning point role in the defeat of communism in the Greek civil war (1946-49) with U.S. aid under the Truman Doctrine but no U.S. combat troops. Greece, Great Britain, and France are the only nations which were allies of the U.S. in four wars in this century.

3. We support Greece's right under international law to extend its territorial waters from 6 to 12 miles.

4. The main security threat to Greece is Turkey. Foreign military sales to Greece should be sufficient to deter aggression from Turkey and, at a minimum, to ensure a military balance in accordance with congressional policy and the U.S.-Greece Defense Cooperation Agreement.

Turkey

1. We believe that a critical review of U.S.-Turkey relations is long overdue. This need arises from Turkey's undemocratic constitution under which the military strongly influences domestic policy as well as controlling foreign and national security policy. When combined with Turkey's excessive military strength, this strong military influence threaten regional stability. Turkey's continuing violations of international law, its unreliability as an ally, and recent foreign policy initiatives with regard to countries hostile to the U.S. such as Iran, require a critical review of U.S.-Turkey relations.

2. We call on the U.S. government to conduct:

- a reassessment of the thesis that Turkey's strategic value to the U.S. is such that the U.S. must forgo its fundamental principles and values and acquiesce in all aspects of Turkish policies; and
- a reassessment of the U.S. policy of appeasing Turkey in current issues of dispute between Turkey and Greece and between Turkey and Cyprus.

3. We offer the following recent actions by the Turkish government as reasons for such a review:

- In January 1999 Turkish Prime Minister Bulent Ecevit questioned the U.S. right to use Turkish facilities for operations against Iraq;
- In January 1999 the Turkish military barred the majority Virtue party from participating in the negotiations to form a new Turkish government;
- Since the end of the Gulf War and continuing into 1999 Turkey has condoned the smuggling of oil from Iraq into Turkey, thus undermining international sanctions against Iraq and providing Iraq with a valuable source of hard currency to threaten U.S. interests.
- Throughout 1998 senior Turkish officials made repeated territorial demands against sovereign Greek territory in the Aegean;
- Throughout 1998 senior Turkish officials have raised what Ambassador Holbrooke has described as "unacceptable demands" in relation to Cyprus;
- In January 1998 the Turkish Constitutional Court banned the Refah party, barred its leaders from political participation, and confiscated its property;
- In June 1997 the Turkish military carried out a de facto coup to remove the democratically elected coalition government of the Refah and True Path parties;

- In October 1996 shoot-to-kill policies by Turkish troops in Cyprus claimed another Greek Cypriot civilian life (see section on Cyprus);
- In September 1996 Turkey refused to assist the U.S. in its operations against Iraq;
- In August 1996 Foreign Minister Tansu Ciller claimed that the green line between the Government controlled area of Cyprus and the illegally occupied northern zone represented one of Turkey's international boundaries;
- From August to December 1996 Turkey concluded significant commercial contracts with Iran and Libya in violation of U.S. laws and policy; and concluded a trade agreement with Cuba in opposition to U.S. policy; and
- In January 1996 Turkey sought to provoke hostilities with Greece over Aegean territories that are overwhelmingly accepted by the international community as Greek (see section on Aegean).

4. Turkey's numerous and continuing violations of United States laws, the United Nations Charter, the North Atlantic Treaty and international law by its continuing aggression in and occupation of Cyprus, its illegal shipment of arms to the Azeris and to the Balkans, its threats against Greece in the Aegean and Western Thrace, its massive and horrendous human rights violations against its Kurdish citizens and its policy of torture nationwide, must not be tolerated or condoned any longer. The appeasement of Turkey's violations of the rule of law and the application of a double standard on the rule of law and human rights to Turkey must end. Turkey is the source of tension in its region, not the solution.

5. We call for legislation to halt all arms sales or transfers; to implement sanctions against Turkey; and to require U.S. representatives in multilateral agencies to vote against any aid to Turkey until:

- Turkey allows free and unfettered monitoring of the human rights environment within its territory by domestic and international human rights monitoring organizations, including but not limited to the Turkish Human Rights Association, the Conference on Security and Cooperation in Europe, Amnesty International, and Human Rights Watch;
- Turkey recognizes the civil, cultural, and human rights of its Kurdish citizens, ceases its military operations against Kurdish civilians, and takes demonstrable steps towards a peaceful resolution of the Kurdish issue;
- Turkey takes demonstrable steps toward the total withdrawal of its military forces, and illegal Turkish settlers from Cyprus and demonstrates its support for a fair settlement recognizing the sovereignty, independence and territorial integrity of Cyprus with a constitutional democracy based on majority rule, the rule of law and the protection of minority/human rights;
- Turkey lifts its blockade of U.S. and international assistance to Armenia;
- Turkey lifts official restrictions on Christian churches and schools, and offers sufficient protection against acts of violence and harassment against the clergy and vandalism against church and school property; and
- Turkey is in compliance with the United Nations Charter and relevant U.N. resolutions, the North Atlantic Treaty, the Helsinki Final Act of the Conference on Security and Cooperation in Europe, the UN Universal Declaration of Human Rights, the European Convention on Human Rights and is not engaged in a consistent pattern of gross violations of internationally recognized human rights (within the meaning of sections 116 and 502B of the United States Foreign Assistance Act of 1961, as amended).

OTHER REGIONAL ISSUES

Albania

1. We continue to be concerned about the threat to the Greek Orthodox community in Albania by denying and restricting the full legal, educational, religious, and employment rights guaranteed to the minority by international agreements signed by Albania.

2. We call on the United States government, in its own interest and the interest of maintaining peace and stability in the southern Balkans, to undertake an intense diplomatic dialogue with the government of Albania to ensure that the issues of the rule of law and minority and human rights cited above are resolved.

Armenia

1. We support the Humanitarian Aid Corridor Act which was passed by the Congress and signed into permanent law as part of the 1997 Foreign Aid Bill. The act calls for a halt in U.S. economic and military assistance to any country blocking U.S. assistance to another country, which consequently includes the Turkish block-

ade of U.S. assistance to Armenia. The Turkish embargo on aid to Armenia includes U.S. humanitarian and pharmaceutical aid.

2. We believe it is in the U.S. interest to insist that the Turkish government lift its blockade of Armenia.

3. We strongly disagree with the Administration's waiver, on national security grounds, of the Humanitarian Aid Corridor Act as it applies to Turkey. The application of this waiver is contrary to the national security interests of the United States. We urge Congress to pass legislation removing economic aid from the President's waiver authority.

4. We believe it is in the interests of the United States to commemorate on a regular basis the Armenian Genocide of 1915–23 and strongly to urge Turkey to recognize this tragic historical event in its past.

5. We support legislation similar to H. Con. Res. 47 in the 104th Congress and other efforts which commemorate the Armenian Genocide, and call for the recognition of the Genocide by the government of Turkey. This includes initiatives which place sanctions on U.S. aid to Turkey until the Turkish government takes all appropriate steps to acknowledge and commemorate the Genocide committed against the Armenian population of the Ottoman Empire from 1915 to 1923.

Former Yugoslav Republic of Macedonia (FYROM)

1. We call on the United States, in its own self interest, to support a name for this Former Yugoslav Republic which does not include the word "Macedonia."

2. Classical Macedonia's Hellenic Heritage is well documented by archaeological evidence and the writings of internationally known historians. Since antiquity, the name Macedonia has referred to a geographic region and not to a specific nationality.

Kurds

1. The capture of the PKK leader Abdullah Ocalan on February 16, 1999 has focused world attention on the aspirations of the Kurdish people for self-determination. It has also highlighted the brutally repressive measures used by the Turkish military, including genocide and other crimes against humanity, to suppress these aspirations. It is a matter of intense shame for American values and principles that U.S. supplied weapons are used for these genocidal purposes. We call upon the Administration to demand and ensure that Mr. Ocalan receives a fair and public trial in accordance with international norms and that he is accorded the right to defend himself through legal counsel of his choice.

2. The Kurdish people have an equal right to self-determination as the Kosovo Albanians and other peoples to whom the U.S. and NATO has provided support. We call upon the U.S., NATO, and other international organizations to show an equal concern for the Kurdish rights and to take equivalent action as in the Balkans to ensure that Turkey respects these rights.

3. The mass flights of Kurds from Turkey in December 1997/January 1998 demonstrate that Turkey's ethnic cleansing and genocidal war against its Kurdish minority is making their life intolerable in Turkey. We believe the United States should support political and cultural freedom and autonomy for the Kurds in Turkey and Iraq.

4. We believe it is in the best interests of the United States and to stability in the region to support the political rights of the Kurdish minorities in Turkey, Iraq, and Iran. If the popular wills of the Kurds call for a federal solution to their problem, the U.S. government should honor that decision. Such a decision will bring stability to a volatile region, and help establish the foundations of civil society and economic progress. We note that Turkey refuses to give minority rights and human rights to its 20 percent Kurdish minority, while claiming equality for the 18 percent Turkish Cypriot minority.

5. We call for the immediate halt by the government of Turkey of its military and paramilitary operations (with the illegal use of U.S. supplied and produced weapons) against the Kurdish minority and its massive violations of the human rights and ethnic cleansing of its Kurdish minority which is genocidal in nature.

6. We cite the recent reports by the U.S. State Department, Human Rights Watch, and Amnesty International which highlight Turkey's use of U.S. weapons in committing human rights violations against its Kurdish citizens.

7. We call on the United States government to stop supplying arms to the government of Turkey based on the stated reports.

8. We call on the United States in its own self-interest to halt all assistance to Turkey, of whatever nature, until Turkey ceases its military and paramilitary operations and its massive human rights violations against its Kurdish minority.

9. We are saddened that the U.S. military and economic assistance to Turkey over the past fourteen years of Turkey's military and ethnic cleansing against the Kurds makes the U.S. an accessory to Turkey's crimes against its Kurdish minority.

NATO

1. As the vigorous NATO engagement in the Balkans shows, NATO has the potential to act as a catalyst for the region's problems. We have long called for a NATO force on Cyprus under UN auspices and acting in full respect of Cyprus' sovereignty as a component of a settlement of the Cyprus problem. However, under pressure from the U.S. government, NATO has applied a double standard to Turkey on the rule of law. NATO's toleration of Turkey's aggression against Cyprus in violation of its own Treaty and the UN Charter is a stain on NATO's record and honor. NATO should call for the immediate removal of Turkey's illegal occupation forces and settlers from Cyprus and the demilitarization of Cyprus coupled with a military force to augment the U.N. peacekeeping force. If Turkey refuses to cooperate, NATO should consider appropriate action to bring Turkey into compliance.

2. Turkey's invasion and occupation of Cyprus are a continuing violation of the NATO charter. On January 21, 1998, Turkey's banning of the Welfare Party was called "strong-arming" by the Washington Post which described Turkey's membership in NATO as an "embarrassing anomaly." The implication is that if Turkey were seeking to join NATO today, it would not be eligible. We call on the U.S. to encourage NATO members to apply pressure to Turkey to abide by the clear and unambiguous requirements of the NATO Treaty to desist from aggression against other states and to reform the constitution of Turkey to reflect normal Western standards of civilian democracy.

3. We call upon NATO to take appropriate action to bring Turkey into compliance with the NATO Treaty preamble and article 1, the UN Charter article 2 (4) and international law.

EXHIBIT 2

[From the Los Angeles Times, Nov. 19, 1998]

ANOTHER PROBLEMATIC EXTRADITION QUESTION

(By John Tirman)

Europe now faces two perplexing extradition cases. The first and more famous is that of Gen. Augusto Pinochet, accused of thousands of murders during his 17-year dictatorship in Chile. The second involves Abdullah Ocalan, the Kurdish guerrilla leader who fought an authoritarian regime in Turkey for almost 15 years. Both cases present wrenching questions for human right and peace.

While the Pinochet case is not easy to resolve, it looks simple compared with Ocalan's. The prosecution of Pinochet, for example, might have a divisive impact on a healing Chilean society. In Ocalan's case, a bitter civil war still rages.

The 49-year-old Kurd has conducted a violent guerrilla campaign against the Turks since 1984. He was based in Syria, which protected him until Turkey threatened war this autumn. Ocalan fled to Russia and was arrested after flying to Rome last week. Turkey has demanded extradition. Italy, which will not extradite for political prosecutions or if the accused may be executed, is studying the matter.

The cause of the rebellion by Ocalan's Kurdistan Workers Party, or PKK, is indeed political—namely, the savage treatment of the Kurdish population in Turkey for 70 years. The Kurdish people, settled in southeastern Anatolia long before the Turks arrived from Central Asia, lived peacefully under the Ottoman Empire. But under the Turkish Republic created by Kemal Ataturk in 1923, Kurds have been subjected to repeated pogroms. They have been forbidden from using their language and customs. The southeast is impoverished and shortchanged by the central government in Ankara.

These indignities stirred several uprisings, but the PKK's is the most serious. It has led the Turkish military to crack down on all expressions of dissent over its Kurdish policy. No Kurdish political parties can function. Several Kurdish members of Parliament, including the dissident Leyla Zana, are jailed. More than 3,200 Kurdish villages have been evacuated by the military, with 2 million villagers forced out of their homes. Some 35,000 people have died in the fighting between the PKK and the military since 1984. The military will not consider any political solution to the uprising, such as granting full language rights or permitting Kurdish parties, because of its rigid Turkish nationalism.

The evacuation policy and continuing repression are among the worst human rights violations in the world. The extradition of Ocalan to Turkey, which would certainly result in his execution, would reinforce the Turkish military's belligerence.

Without some conditions on extradition, Ocalan's trial and death would accomplish nothing.

Here is where the application of law must be flexible. To their credit, the Italians recognize this. But how to proceed? To flatly deny extradition is wrong: Ocalan almost certainly ordered many executions of noncombatants like Turkish teachers in the southeast. These are vicious, criminal acts. But before sending him back, the Italians should insist on certain conditions.

The most ambitious condition would be an actual end to the civil war, with the Turks granting full political and social rights to Kurds and the PKK demobilizing. Truth commissions and war crimes investigations could follow. But that might be too much to hope for.

Instead, the Italians may choose a less dramatic course: Demand the release of political prisoners such as Zana in exchange for Ocalan. This would be momentous and symbolic, because Zana and other dissidents represent the nonviolent path of reform. By prosecuting Ocalan only for criminal acts of violence and by not imposing a death sentence, Turkey would in effect be saying it, too, is choosing the path of peaceful reform. Ocalan could be persuaded by the Italians to guarantee a permanent cease-fire.

It would then be time for Turkey's friends, like the United States, to insist on the political reforms that would satisfy Kurdish grievances. In fact, the U.S. is crucial to overcoming Turkish resistance to such a bargain.

In these volatile political cases, extradition can be a tool to achieve something larger. For Pinochet, it might be possible to prosecute without imprisonment, establishing an important standard of accountability. For Ocalan, the real goal is to prevent more deaths and refugees and to broaden human rights. In both cases, justice is served imperfectly so that peace is served more generously.

EXHIBIT 3

[From the Cleveland Plain Dealer, Feb. 22, 1999]

KURDS AGAIN ARE VIEWED AS DISPOSABLE

(By Elizabeth Sullivan)

The world's largest non-nation is betrayed again.

The Kurds, a mountain breed with the tribalism and rich hospitality to prove it, just have the bad luck to live on one of the world's great invasion alleys. It has made them tough warriors. They harried Alexander the Great on his way to pillage the Persians, and, before him, Xenophon.

That was a millennium and a half before Turks even showed up on the scene. The Kurdish homeland, mostly in modern Turkey but stretching across Iraq, Iran and Syria, was the bridge between Europe and the Middle East. Today, an estimated 15 million to 25 million Kurds still live in a contiguous land that is not a country. Promised statehood in 1920, they've gotten nothing but broken promises and the abuse only great powers can mete out—arms, succor, funding, then abandonment—in regular cycles. During the Cold War, Soviet-bloc weapons and Marxist safe havens enabled a Kurdish insurgency to kill more than 5,000 Turkish soldiers and make its mountain strongholds no-go zones for NATO's second-largest army.

But the Turks got tough. Since 1984, they have killed more than 26,000 rebels and cleansed traditional Kurdish villages in the southeastern mountain valleys. Half of the Kurdish population of Turkey—about 6 million people may have been displaced. And the military operation continues. And all of this has had the tacit support of NATO, which needs Turkey's Incirlik air base for operations against Saddam Hussein. It's widely believed that U.S. intelligence intercepts, shared with Turkey, got commandos to the very spot in Kenya where the insurgents' mustachioed, ladies-man leader, Abdullah Ocalan, was snatched a week ago. So congratulations, Turkey. Through sheer brutality and repression, you're solving your Kurdish problem.

Contrast this with Kosovo, hundreds of miles to the north. There, the international community is forbidding a Yugoslav security crackdown on an armed Albanian insurgency that has taken 2,000 lives and displaced about 200,000 people. NATO is prepared to enforce the prohibition with bombs and soldiers. Yet both insurgencies are inside sovereign nations. In each, insurgents use imported arms and the ugly tactic of murdering and kidnapping co-ethnics who work for the "oppressor." Kurdish rebels have singled out village schoolteachers in a particularly heinous campaign. Albanian guerrillas pick off court clerks, postal and utility workers. Both insurgencies feed off the profits of drug smugglers—the modern world's

equivalent of Alexander's armies, plying the East-West routes. But there are three crucial differences.

First, Turkey is America's friend, ally and bulwark against Russian disintegration, Iraqi instability, Iranian military expansionism and pan-Arab fundamentalism. Yugoslavia is so demeaned as a nation that America denies it its founders' seat in the United Nations, refuses even to call it Yugoslavia and, as the final insult, has said an "outer wall" of sanctions that has brought Yugoslavia's economy to its knees will not be lifted, even if there is a Kosovo settlement.

Yugoslavia under Slobodan Milosevic is seen as so irredeemable that Washington directs military aid to a neighbor, Albania, parts of which are in a state of near-anarchy. The second difference is that Yugoslavia once treated its Albanians a lot better than it does now. They used to have autonomy, plum state jobs, schooling in the Albanian language and a whiff of statehood. Now, they have nothing they don't provide themselves. So Yugoslavia has gone backwards.

Turkey has had nowhere to go but forward. It wasn't until 1991 that its Kurds could speak Kurdish without breaking the law. They used to be called "mountain Turks." Now a few hardy souls in the media actually call them "Kurdish-origin Turks." Believe it or not, that's a big step forward in Turkey.

Finally, Yugoslav Slavs really do hate Albanians, and vice versa. They have not intermarried, as have Kurds and Turks. They practice different religions. And they hate one another for what has been taken from them. Both have fought for years, without success, to make a nation for all the world's Albanians and Serbs. Only slightly more than half the Albanians in the Balkans actually live in Albania.

During World War II, Albanians in Kosovo sided with the Axis powers. Many Serbs were killed, jailed or expelled from a region that has sacred meaning for them as the cradle of Serbian culture. After the war—and a period of frenzied but sanctioned bloodletting against rebellious Albanians—Yugoslavia's new Communist government prevented tens of thousands of displaced Serbs from reclaiming their land in Kosovo.

And NATO didn't threaten once to bomb.

The moral of this story? Geopolitics runs the world. And the Kurds are on the losing side of its ledger, again.

EXHIBIT 4

AMERICAN HELLENIC INSTITUTE, INC.,
Washington, DC, April 28, 1998.

Re The record of Turkey's unreliability as an ally.

Hon. SONNY CALLAHAN,
Chairman, House Appropriations Subcommittee on Foreign Operations, House of Representatives, Washington, DC.

DEAR CHAIRMAN CALLAHAN: In discussion arising from my testimony on March 31, 1998, on the Administration's foreign aid proposals, you said that in fairness to Turkey that you had been informed that Turkey had been with us "every time." It gave me the opportunity to reply that the facts were otherwise and I gave a few examples.

Turkey has poured large sums of money for decades into efforts to influence U.S. congressional and public opinion. These large sums (averaging \$3-4 million annually) have enabled Turkey's multiple stable of U.S. agents registered with the Justice Department under the Foreign Agents Registration Act to routinely misinform the Congress and the public as to Turkey's reliability as an ally.

Much to my regret, officials in the State and Defense Departments have done little to set the record straight. As I mentioned in our discussion, Turkey's record of support for the U.S. is an inglorious one. The most recent instance was on display in January 1998 at the time of the crisis over inspections of suspected Iraqi weapons of mass destruction sites. On this occasion, Turkey made clear to the U.S. that it would not permit use of facilities in Turkey for military strikes against Iraq.

This record of Turkish unreliability in times of crisis has a long history. In the climactic events of the first half of this century, the two world wars, Turkey either fought against the U.S. (World War I) or was neutral (World War II) during which time Turkey collaborated with Nazi Germany by supplying vital chromium and other raw material supplies. Albert Speer, the Nazi production minister, credited these supplies for fueling the German war machine long enough to prolong World War II for at least seven months. (See Albert Speer, *Inside the Third Reich*).

During the Cold War, Turkey's role was once again ambivalent. Time and time again Turkey gave aid and succor to the Soviet Union. Examples include:

(1) During the 1973 Mid-East War, predating the Turkish invasion of Cyprus by one year, Turkey refused the United States military overflight rights to resupply Israel and granted the USSR overland military convoy rights to resupply Syria and Iraq, and military overflight permission to resupply Egypt. A member of the Turkish Foreign Policy Institute in Ankara wrote: "During the Arab-Israeli war of 1973, Moscow's overflights of Turkish airspace were tolerated. On the other hand, during the same Middle East conflict, Turkey refused to allow the United States refueling and reconnaissance facilities during the American airlift to Israel." Karaosmanoglu, "Turkey's Security and the Middle East," *52 Foreign Affairs* 157, 163 (Fall 1983).

(2) In the 1977–1978 conflict in Ethiopia, Turkey granted the Soviets military overflight rights to supply the pro-Soviet Ethiopian communists under Col. Mengistu, who eventually prevailed. C. Meyer, *Facing Reality—From World Federalism to the CIA* 276–80 (1980).

(3) Over NATO objections, Turkey allowed three Soviet aircraft carriers, the *Kiev* on July 18, 1976, the *Minsk* on Feb. 25, 1979 and the *Novorosiisk* on May 16, 1983, passage rights through the Bosphorus and Dardanelles straits into the Mediterranean in violation of the Montreux Convention of 1936. See generally *Wash. Post*, July 19, 1976, at A 16, col. 1; *N.Y. Times*, Feb. 26, 1979, at A 13, col. 1. The Soviet ships posed a formidable threat to the United States Sixth Fleet.

(4) In 1979 Turkey refused to allow the United States to send 69 marines and six helicopters to American military facilities at Incirlik in Turkey for possible use in evacuating Americans from Iran. *N.Y. Times*, Feb. 13, 1979, at A8, col. 3.

(5) Again in 1979, Turkey refused the United States request to allow U–2 intelligence flights (for Salt II verification) over Turkish airspace "unless Moscow agreed." *N.Y. Times*, May 15, 1979, at A1, col. 3. This position was voiced over a period of months by Turkish officials, the opposition party and the military Chief of Staff, Gen. Kenan Evren. See *id.*

(6) In May 1989, Turkey rejected an American request to inspect an advanced MIG–29 fighter plane, flown by a Soviet defector to Turkey. *N.Y. Times*, May 28, 1989, at A 12, col. 1.

(7) The Turkish government refused repeated American requests for the installation of antennas in Turkey concerning 11 transmitters whose broadcasts would have been directed primarily to the Soviet Union and its eastern European satellites. The initiative by the United States Department of State sought to improve reception of programs broadcast by Radio Free Europe, Radio Liberty, and the Voice of America.

(8) Turkey further damaged NATO by vetoing NATO's effort to put military bases on various Greek islands in the Aegean for defensive purposes against the Soviet navy.

As long ago as 1974 strategic analyst Edward Luttwak explained the nature of Turkey's deal with the Soviet Union. He wrote:

"Eager to normalize relations with their formidable neighbor, the Turks have chosen to conciliate the Russians, and have been able to do so at little or no direct cost to themselves. It is only in respect to strategic transit that Turkey is of primary importance to the Soviet Union, and this is the area where the concessions have been made. . . . The alliance relationship in NATO and with the United States no doubt retains a measure of validity in Turkish eyes, but it is apparent that its supportive effect is not enough to counteract Russian suasion." Luttwak, *The Political Uses of Sea Power* 60–61 (1974).

After the Cold War, Turkey's unreliability as an ally continued. In the Persian Gulf War, Turkey sat on the sidelines throughout Desert Shield, refusing to send any forces to the U.S.-led coalition, refusing to authorize a second land front from Turkey (see *Wash. Post* Jan. 16, 1991 p. A6, col. 5) and refusing to allow the use of the NATO airbase at Incirlik, Turkey.

Desert Storm began on January 16, 1991. It was not until over 48 hours after the air war had begun on January 16, 1991 and only after the Iraqi air force and air defenses had been neutralized and the U.S. had achieved air superiority that Turkey allowed a limited number of sorties out of Incirlik. Only one out of twenty coalition sorties originated in Turkey. The Turkish military and Turkish public opinion opposed the use of Incirlik.

Finally, as mentioned earlier, in January 1998 at the time of the crisis over inspections of suspected Iraqi weapons of mass destruction sites, Turkey made clear to the U.S. that it would not permit use of facilities in Turkey for military strikes against Iraq.

These examples are drawn from the great events of this century. Taken together, they demonstrate that Turkey's support for America has been at best opportunistic. When it suits Turkey or when it can extract a quid pro quo from us, Turkey leans toward us. Unlike our other allies who have stood with us through thick and thin, Turkey looks elsewhere whenever it can.

As a counterweight to the routine misrepresentation by Turkey's U.S. agents and Executive Branch officials of Turkey's reliability as an ally, I am sending copies of this letter to the Congress. I will also send it to the President and the pertinent Executive Branch officials.

As mentioned in my testimony, we congratulate you, the Subcommittee, and the full Committee on the role each played in finally halting military aid and economic grant aid to Turkey, thus ending this part of the U.S. complicity in Turkey's violations of law and human rights in Turkey and Cyprus.

Sincerely,

EUGENE T. ROSSIDES,
General Counsel.

PREPARED STATEMENT OF THE INTERNATIONAL EDUCATION AND TRAINING COALITION

"On a society-wide scale, the denial of education harms the cause of democracy and social progress—and, by extension, international peace and security."—*State of the World's Children 1999, UNICEF*

INTRODUCTION AND SUMMARY

The International Education and Training Coalition (IETC) represents over 60 of the United States' leading organizations in basic education, literacy, higher education, vocational education, and skills training. Members include nonprofit organizations, higher education institutions, commercial organizations, and educational associations with thousands of members in the United States and throughout the world.

The diverse organizations of the IETC share a common mission: to strengthen human capacity within the developing world as an essential component of sustainable and equitable development. The IETC seeks to build a broad base of U.S. support for international education and training activities and to elevate attention and resources to this area within the U.S. development cooperation agenda. The IETC is a source of expertise on the importance of U.S. leadership in international education and training through the following activities:

- Providing accurate and current information to Congress;
- Fostering dialogue between the U.S. Agency for International Development (USAID) and American practitioners on current themes and issues; and
- Assisting in the development of new programs and policies.

The purpose of this testimony is threefold:

- (1) to demonstrate to Congress how U.S. investments in international education and training advance the national interests of the United States;
- (2) to provide a clearer picture of these programs and their impacts on the lives of people in poorer nations; and
- (3) to recommend specific areas where Congress can support international education and training in the appropriation of fiscal year 2000 foreign operations.

With the start of a new Congress and an expected change of leadership at USAID, this is a critical time to reinforce U.S. leadership and recognize commitments made in international education and training. Investments in education and training are critical to reducing poverty, curbing rapid population growth, improving child health, and all other goals for effective U.S. development assistance. An educated populace provides the foundation for the broad-based prosperity that creates new markets for U.S. exports and for the democracy and stability that preclude costly U.S. interventions in crises. Congress should, therefore, provide adequate funding for the programs and staff dedicated to building human capacity in the developing world.

U.S. NATIONAL INTERESTS

Today one billion people in the world's poorest countries are illiterate, with women and girls comprising the majority of this group. This not only translates to an unnecessary loss of potential and productivity but also actively undermines the advancement of U.S. foreign policy, as well as economic and humanitarian interests in the developing world. Investments in education and training are powerful and proven tools for changing this reality. An educated and skilled populace is critical to achieving self-reliance so that countries may graduate from U.S. assistance, to improving the quality of life for millions of children and families, to developing viable partners for U.S. business and consumers for U.S. products, and to creating conditions for sustained peace, democracy, and respect for human rights.

Education and the potential for individual growth are fundamental American values.—An educated populace is essential to our sense of citizenship, culture, and a well-functioning society. We believe that children have the right to education, and adults the right to realize their potential. When U.S. aid programs invest in helping other nations improve their education systems, they pass on American models that focus on democracy and interactive learning. The United States holds a significant comparative advantage in education and training: it has the most respected and extensive higher education system in the world and leads the world in the development and use of modern information technologies. Moreover, the U.S. is involved in a number of education policy initiatives on improving equity and undertaking systemic reform in urban schools that can provide lessons for education problems in other nations.

Education and training build markets for U.S. exports by stimulating broad-based economic growth and increased consumption of U.S. goods, creating new American jobs.—U.S. prosperity in the 1990s is largely attributable to an expansion in overseas trade, and the fastest area of this export growth is to the developing world. Education is a leading contributor to the economic growth that has made this possible. Studies have shown that increased education alone accounts for 12 to 20 percent of annual GNP growth in countries as economically and politically diverse as South Korea, Malaysia, Ghana, and Colombia.

In addition to promoting universal basic education, the U.S. targets training programs that advance market-oriented economic systems. For example, utilizing the skills gained under a USAID training program coordinated by IETC members the Africa-America Institute and the Council of Graduate Schools, the University of Asmara in Eritrea has taken a lead role in training and modernizing the skills of the country's school teachers, journalists, public administrators, and engineers. Through their efforts, the university is developing a work-force with the technological skills to usher in and maintain an export-oriented economy that will directly benefit and attract more American investment to the region.

Education and training enable nations to prevent and mitigate conflicts and crises, avoiding costly U.S. intervention, and contribute to the promotion of democracy, pluralism, and tolerance.—Increased opportunity for education and training acts as a counterbalance to migration and helps hold together the social fabric of divided societies, contributing to leaders with broadness of vision and an appreciation of diversity. For those in refugee camps or other crisis environments, education and training offer a promising means for helping to rebuild their lives. In non-democratic regimes, education and training can lead to broader citizen participation. In nations in transition to democracy, people require new technical skills and governance techniques to build sustainable institutions.

Education and training give people the knowledge and skills necessary to fully participate in their nations' public affairs and are therefore fundamental to sustain democracy. As part of the USAID Community Schools Activities Program in Ethiopia, IETC member World Learning has assisted local communities and administrative bodies in embracing the idea that they can effect change in their children's schooling. This new level of local participation in decision making has led not only to successful initiatives to improve school quality, but also to community involvement in other social and economic domains. Through a partnership with the University of Florida, Makerere University in Uganda established the Human Rights and Peace Center. The Center, the first of its kind in Africa, is devoted to teaching, researching, and compiling local materials on human rights.

Education and training, especially for women, are key to the promotion of broad social benefits, including lower birth rates, reduced infant mortality, and improved child and family health.—The former prime minister of India stated, "Educate a boy, and you educate a person. Educate a girl, and you educate a whole family." Girls and women who are educated are more likely to delay marriage and child-bearing. On average, an extra year of schooling reduces female fertility by up to 10 percent in developing countries. Reducing population growth, in turn, reduces pressures on limited natural resources. An educated woman is also more likely to seek medical help and practice better nutrition and hygiene for her family, lowering infant and maternal mortality. Furthermore, expanding educational opportunities for girls so that they are equitable with those for boys contributes to an increased labor force, productivity and economic growth.

In a region where most girls are married by age 13 and the female literacy rate is less than two percent, an ambitious USAID and UNICEF program in rural Pakistan successfully tackled the low enrollment rate of girls. By involving both the local community and the national government, and by supporting professional development for female teachers, within three years the program has established 122 girls'

primary schools and enrolled nearly 74 percent—4,183 girls—of school age girls in the community.

The relationships formed with Americans and the linkages established with U.S. institutions by participants in training and development programs provide the basis for long-term, mutually productive activities.—These activities help to improve America's image in developing countries with national leaders and ordinary citizens alike. When foreign publics appreciate American values, technology, and know-how, the task of U.S. diplomacy is easier. Furthermore, people who have learned English and are familiar with American culture and products are more likely to establish trade relationships with the United States and create investment opportunities for Americans.

For example, 289 exchanges have occurred between the University of Missouri and the University of the Western Cape in South Africa, resulting in mutual gains in knowledge in areas such as water resource management. Kentuckians have similarly benefited from the over 350 Latin American local officials and community leaders who have come to the University of Louisville for training. St. Louis Community College has trained more than 200 staff from Guyana's technical institutes, thereby assisting Guyana to boost the skills of its labor force.

In sum, investments in education and training are clearly in the U.S. national interest. Americans benefit as the people of developing and transitional countries gain the skills, abilities, and resources needed to address their own nations' problems. A clear commitment from the United States and other nations is needed to avert the tremendous costs associated with the lost human potential and delayed global development stemming from unmet education and training needs. In partnership with the U.S. government, American higher education institutions, non-profit organizations, for-profit firms, and educational associations have the capabilities to make fundamental contributions to human capital development throughout the world.

A CLOSER LOOK AT EDUCATION AND TRAINING IN THE DEVELOPING WORLD

When human capacity is developed to its fullest, people are able to survive and prosper, to realize innate potential and to take their destinies into their own hands, and to participate more broadly in society. This ability to learn and improve is the only way to ensure lasting results, particularly in the age of globalization, with a constant progression of social, economic, and technological changes. In short, education and training build human capital, which serves as every country's most important resource base.

U.S. development assistance is not used to directly educate children and adults overseas; that is the responsibility of national governments. U.S. education aid, together with host country governments, helps shape public policies to improve the access and quality of education and training, and provides technical assistance in areas such as teacher training, curriculum development, and skills training. The delivery of U.S. assistance also focuses on alleviating resource inequities for under-served populations, mobilizing community and parent involvement in schools, decentralizing decision-making and accountability, and applying cost-effective information technology.

U.S. education and training programs encompass a spectrum of lifelong learning opportunities, from classroom-based and informal schooling for children, to adult basic education, to specialized technical training and university scholarship. As the short summaries below illustrate, each makes an undeniable contribution to economic and social well-being.

Basic education.—The acquisition of functional literacy, numeracy and problem-solving skills are the foundation upon which all learning rests and is therefore the top priority for U.S. bilateral development assistance. Investments in universal primary education, particularly for girls, have been shown to be the single most economically productive investment that a country can make for its citizens. Recognizing this, the U.S. and the nations of the OECD agreed to work to achieve universal primary education in all countries by 2015 and gender equity in primary and secondary education by 2005. With 130 million children in the developing world still denied access to basic education—many in situations of exploitative labor—and millions of others relegated to abysmal learning environments, there is much to do.

USAID and its outside partners concentrate on expanding access to quality basic education for under-served populations by helping countries improve education policies, build institutional capacity, adopt effective teaching methods, and encourage the use of improved educational materials and technologies. For example, in a program funded by USAID, IETC member the Academy for Educational Development has assisted more than 1,300 multi-grade schools in the rural highlands of Guate-

mala. By actively involving local communities and training rural teachers, these schools have demonstrated high rates of success in enrolling and retaining poor indigenous students, particularly girls.

Higher Education.—Colleges and universities produce the leaders and skilled professionals needed to run modern societies, from the teachers who provide quality basic education to the public and private sector policymakers and managers who create strategies and policies for sustained growth and progress in every development area. Higher education institutions also work with business and government in solving complex problems, growing market economies, and developing sound policies that respond to local and national needs. Partnerships with U.S. colleges and universities can strengthen institutions of higher education in developing countries, promote research, and facilitate direct problem solving in areas such as agriculture, health, and education.

An agricultural development partnership among Morocco, Israel, and San Diego State University not only strengthened both Morocco's and Israel's ability to export agricultural products, but also expanded the cooperative research efforts of Moroccan and Israeli participants, which directly contributes to the U.S. foreign policy goal of broadening regional cooperation in the Middle East. A mission of the Salesian Catholic order, a member of IETC, provides vocational training to orphans and poor youth in Phnom Penh, Cambodia. The USAID-supported program offers courses ranging from mechanics to food preservation that address local job market demands. The 1,125 graduates to date not only earn more than the national average, but have gained the knowledge and skills required to participate in modern labor markets and citizenship.

Training.—Often cited by beneficiaries as the most appreciated U.S. contribution to sustainable development, training expands a country's capacity to manage and monitor its own social and economic progress. Increasingly, U.S. development assistance is about training people rather than building physical infrastructure. Training can take place in the developing or transitional country, or in the United States where there is the significant advantage of direct access to U.S. expertise and experience. Training contributes to the formation of appropriate policies, the implementation of sound programs and practice, and long-term allegiances with U.S. professionals and institutions.

Cutting across all development objectives, training is absolutely critical to sustainable and successful programs in education, health and population, democracy, economic growth and agriculture, and environmental protection. For example, IETC member Development Associates initially provided training to national legislators and key Ministry of Education officials of El Salvador. The training resulted in an Education Reform law that decentralized classroom instruction and expanded citizen involvement. Training was then provided to hundreds of teachers and community leaders, so that today there are 3,535 functioning community school boards involving 27,000 citizens. One of the original trainees is now President of El Salvador.

Information Technology.—Broad and equitable access to information is also essential to success in building human capacity as well as achieving USAID's other strategic goals. Now there is a heightened awareness of how timely, accurate, and relevant information can help make education and training more effective, strengthen or tear down political regimes, improve health care delivery and other social services, and build vibrant economies. For decades, USAID has applied distance learning approaches through radio and other broadcast media. The growing availability of computers and the Internet offers new opportunities for developing human capacity.

USAID works to ensure that information technology benefits the poor. For example, through "telemedicine" applications, including in-service training for remote health care workers, quality health care is being extended to rural and isolated populations around the globe. Computer-assisted instruction in both rural and urban areas is helping to improve teacher training and enhance student motivation, retention, and learning.

U.S. SUPPORT FOR EDUCATION AND TRAINING

When U.S. funding for international development programs shrank by as much as 30 percent in the mid-1990s, education and training programs and staff were particularly hard hit. For example, Congress annually recommends that USAID target development assistance funds to basic education for children. In 1995, basic education was funded at \$135 million; in 1999, basic education was funded at \$98 million. Training has shifted in emphasis to shorter-term technical training, resulting in a 40 percent decline in U.S.-based training of developing country leaders. More-

over, funding for partnerships with U.S. institutions of higher education has declined in the 1990s.

This erosion of U.S. leadership and capacity was recognized by USAID, Congress, and outside groups such as the International Education and Training Coalition. Along with other organizations that have long worked in the area of international education and training, the IETC understood how important these programs were to American interests abroad. Therefore, we have advocated for rebuilding support for public policy that makes international education and training a priority and for restoring resources to better match the tremendous needs in this area.

At the urging of several members of Congress with long-standing interest in international education, in 1997 USAID agreed, to make a change in its strategic plan, adding "Building Human Capacity through Education and Training" as one of the six priority goals of the agency. USAID Administrator Brian Atwood stated that "investments in people—in human capacity—will bring the most significant payoff over time." He committed the agency to taking full advantage of funding in basic education, particularly for girls, to expanding partnerships in higher education, and to using information technology to support development goals. He also emphasized the high value placed on training and committed the agency to greater consultation with its U.S. partners.

IETC has welcomed and appreciated the expanded cooperation and consultation between USAID and outside organizations, which has resulted in numerous benefits, such as improved planning for education and training policy and programs. However, more needs to be done. The reaffirmation of education and training's role in promoting sustainable development has not been matched with adequate program funding or investments in qualified staff. Consistent leadership within the agency and Congress, as well as active engagement by all who believe in the importance of education and training, is needed to ensure that U.S. investments in education and training provide the tools for lifelong learning and point the way to a prosperous future for all.

Specific ways the U.S. government can demonstrate support for international education and training include the following:

- Increase funding for Human Capacity Development.*—The Administration's fiscal year 2000 request for Foreign Operations Appropriations directs \$148 million toward the goal of building human capacity, including \$110 million for basic education for children and \$38 million for other programs such as adult literacy, vocational training, and post-secondary education. The Coalition recommends a minimum of \$162 million for human capacity development, including at least \$120 million for basic education and at least \$42 million for other education programs.
- Ensure that training and information technology are integrated into USAID's overall development assistance agenda.*—Development assistance is only effective and sustainable if the beneficiaries gain the knowledge and skills to solve their own development problems. Overseas missions must have adequate resources to effectively integrate training and information technology initiatives across the full range of development sectors, from health to democracy. U.S.-based training, which offers hands-on experience with American business practices and culture, remains an important tool for project success and sustainability.
- Encourage USAID to hire and train staff with expertise in international education and training.*—During the cuts to foreign aid in the mid-1990s, USAID lost one-third of its skilled education officers. Internal studies have indicated that the scarcity of qualified technical staff constrains the effectiveness and ability to expand education and training programs. In order for the U.S. to remain a leader in this area, the agency needs to invest adequate funds in skilled education and training staff.
- Support USAID's Human Capacity Development Center.*—The HCD Center is responsible for field support, technical leadership, research, and overall policy coordination on education and training. In fiscal year 1998—the same year USAID established a new goal for "building human capacity"—funding for the HCD Center was cut from \$12.4 million to \$7.5 million. In fiscal year 1999 the level was increased slightly to approximately \$9 million. To ensure that the agency's activities can be supported and shared effectively, the HCD Center should be funded at a minimum level of \$14 million.

In conclusion, it is our hope that the new Congress and new Administrator of USAID will continue and strengthen their long-standing support so that the United States remains a leader in international education and training. Doing so will both promote American values and interests at home and improve the quality of life for millions of people around the world.

INTERNATIONAL EDUCATION AND TRAINING COALITION

Academy for Educational Development	CounterPart Foundation
Africa-America Institute	Creative Associates International
Africare	Delphi International
Aguirre International, Inc.	Development Associates, Inc.
Alliance for International Educational and Cultural Exchange	Development Infostructure, Inc.
American Assembly of Collegiate Schools of Business	Education Development Center, Inc.
American Association of Collegiate Registrars and Admissions Officers	Educational Testing Service
American Association of Community Colleges	Global Vision
American Association of State Colleges and Universities	Howard University International Affairs Center
American Council on Education	Institute of International Education
American Councils for International Education	International Federation of Training and Development Organizations
American Federation of Teachers	International Reading Association
American Institutes for Research	International Research and Exchanges Board
American Society for Training and Development	Juarez and Associates
American University of Beirut	LASPAU: Academic and Professional Programs for the Americas
AMIDEAST	Management Systems International
Association for International Education Administrators	Meridian International Center
Association for International Practical Training	Montana State University
Association Liaison Office for University Cooperation in International Development	NAFSA: Association of International Educators
Association of Professional Schools of International Affairs	National Association of Independent Colleges and Universities
Aurora Associates International	National Association of State Universities and Land Grant Colleges
CEC International Partners	National Council for International Visitors
Chemonics International Consulting Division	National Peace Corps Association
CHP International, Inc.	Partners of the Americas
Coalition for American Leadership Abroad	Plan International, USA
Comparative and International Education Society	RESULTS Educational Fund
Council of Graduate Schools	Salesian Missions
Council on International Educational Exchange	Save the Children
	Sister Cities International
	The Mitchell Group
	Winrock International
	Women's EDGE
	World Education
	World Education Services, Inc
	World Learning
	YMCA International

PREPARED STATEMENT OF ALEXANDER F. WATSON, VICE PRESIDENT AND EXECUTIVE
DIRECTOR, INTERNATIONAL CONSERVATION, THE NATURE CONSERVANCY

SUMMARY

The Nature Conservancy's mission is the protection of the plants and animals that make up the natural world, primarily through protection of their habitat. Our budget is approximately 92 percent from private sources. Our operations in the United States center on creating and running the world's largest system of private nature preserves. We also work in more than 30 foreign countries, in Latin America, the Caribbean, Canada, Asia, and the Pacific region. Overseas, we help local organizations improve the effective level of biodiversity protection, mainly in existing parks and protected areas, by strengthening local institutional capacities, building infrastructure, and engaging local people in community-based conservation. Since the beginning of our international program in 1981, we have helped protect more than 74 million acres at biologically significant sites in the Western Hemisphere alone, as well as critically important marine and forest sites in Pacific countries such as Indonesia and Papua New Guinea.

It is increasingly apparent that the destruction of natural ecosystems can be a major threat to political and economic stability in the developing world, hence of

concern not only to conservationists but to the broader populace. In the Conservancy's international program, we receive the support of the Agency for International Development (AID), which is the primary instrument through which the U.S. Government contributes to biodiversity conservation globally. The Conservancy's Parks in Peril (PiP) program, the flagship of our Latin American and Caribbean efforts, turns "paper parks" into genuinely protected areas with assistance from a multi-year cooperative agreement with AID. We are grateful for that help. Currently, while continuing to implement PiP, we are designing an improved program that we are calling "PiP 2000". The core of that new program is projected to be our work at a number of large "platform" sites, from which we expect to influence conservation practices on a broader "system" level by national and private conservation authorities and groups in the countries where we work.

AID's commitment to international conservation leverages resources from non-U.S. Government sources. For example, the \$32.6 million that AID has invested in PiP since 1990 has been formally matched by more than \$11.4 from The Nature Conservancy, local in-country partners, and governments, but that total greatly understates the real multiplier. Local partners and governments, helped by the expertise, credibility and "brand-equity" of the PiP program, have thus far attracted more than \$180 million of non-AID commitments to conservation.

This Committee has a record of recognizing the importance of defending biodiversity and approving funding for it. The Nature Conservancy appreciates these past endorsements, and urges that the Committee once again strongly support funding for Parks in Peril as well as the rest of AID's biodiversity programs in the fiscal year 2000 appropriations process. In recent years, AID's worldwide biodiversity funding has typically totaled between \$50 and \$70 million annually; we recommend that it be continued at the high end of that range.

We also endorse the proposed appropriations for two other items with great potential for international conservation. First, we strongly support full funding at the Administration's \$50 million request level for the Tropical Forest Conservation Act, (TFCA), an innovative measure that emerged from a bipartisan consensus in the Congress last year. Assuming a reasonable leverage of between 2 and 3 dollars to one, debt reduction deals in fiscal year 2000 under the TFCA should mobilize between \$100 million and \$150 million in local currencies to protect tropical forests. Second, we endorse appropriation at the \$143.333 million request level for the Global Environment Facility (GEF). Projects to help protect biodiversity in developing countries are the largest single beneficiary of GEF grants. We have appended to this written statement some draft report language regarding PiP, biodiversity, the Tropical Forest Conservation Act, and the GEF, which we hope the Committee may find useful.

THE IMPORTANCE OF BIODIVERSITY

The world's population depends on living natural resources and the maintenance of biodiversity for a multitude of economic and social benefits. According to the World Resources Institute, 4.5 percent of the U.S. Gross Domestic Product is due to economic benefits from wild species. Important U.S. industries rely heavily on biodiversity, including biotechnology, agriculture, and pharmaceuticals. One quarter to one third of all the prescriptions drugs in the U.S. contain compounds derived from wild species. One hundred and twenty prescription drugs currently come from about 95 species of plants; of these, 39 grow in tropical forests. Botanists believe that more than 35,000 plant species (mostly native to tropical forests) provide traditional medicines to local peoples and, hence, are candidates for future pharmaceutical research. Modern agriculture also needs biodiversity: genetic diversity used in plant breeding accounted for about one-half of all the gains in agricultural yields in the U.S. between 1930 and 1980.

The conservation of biodiversity is an issue everywhere, but it is especially critical in the poor countries. Here in the United States, and within the economically advanced countries more generally, many high-profile "charismatic" species have improved their status in recent decades. However, many other species have become endangered. In the United States, many species of freshwater fish, amphibians, clams and mollusks, and more than 100 species of birds, are at risk, but there is cause for optimism if we continue to work hard using private and public means. Conditions are much more challenging in the developing world, where the world's highest levels of species and habitat diversity are found. Local population growth, peasant land hunger, unchecked industrial pollution, and continued poverty are having disastrous effects on biodiversity. Many thousands of species of plants, insects, birds, fish, and mammals are being lost in what has been called the greatest mass extinction since the disappearance of the dinosaurs.

These losses are of concern to us as conservationists. They must also be of concern to legislators and statesmen. The destruction of natural ecosystems in the developing world is now viewed widely as a major threat to political and economic stability. Economic development in poorer countries (and, ultimately, the health of much of our environment here) unquestionably is tied to the thoughtful conservation of natural resources.

Coastal wetlands, mangrove forests and off-shore reefs, for example, are essential for healthy fish populations—and fish is currently the leading source of animal protein in the human diet worldwide. The U.S. National Marine Fisheries Service has calculated that destruction of U.S. coastal estuaries between 1954 and 1978 cost our country over \$200 million annually from fisheries. Globally, the losses from damage to marine ecosystems are certainly much larger. Forests are also heavily threatened. Forests buffer heavy rains, help control flooding, retain water for gradual release, and reduce erosion of soil into waterways that provide drinking water, hydropower, irrigation and transportation to billions of people. Forests also help control carbon dioxide buildup in the atmosphere.

The degradation of natural and biological resources often leads to poverty, hunger, disease and civil unrest. Massive shifts in population (both within and among countries) may occur when affected peoples migrate from areas that once were productive but now cannot support them. The social and political effects of natural resource depletion in developing countries can threaten the global security interests of the United States, imposing new burdens on our foreign policy and defense.

AID'S COMMITMENT TO BIODIVERSITY PROTECTION

The Foreign Assistance Act states that the protection of tropical forests and biological diversity is a goal of U.S. foreign policy. AID is active in implementing this goal. Worldwide, its biodiversity conservation activities typically have totaled between \$50 million and \$70 million per year and reach more than 60 countries. AID's biodiversity programs focus on: developing sustainable economic uses of biological resources; building local capacity for the management of biologically diverse areas, including parks, protected areas and buffer zones; supporting innovative programs for non-governmental organizations in conservation and resource use; encouraging participation of stakeholders, including women, indigenous peoples, and local communities at every stage of decision making; and facilitating the setting of conservation priorities at the local, national and regional level.

The Nature Conservancy strongly believes that the U.S. Government should continue to devote significant resources to the protection of biodiversity. Recently, AID's biodiversity funding has tended toward the lower end of its historic range of \$50 to \$70 million annually. This decline should be reversed, and programs should return to the \$70 million level.

THE EXAMPLE OF PARKS IN PERIL

AID increasingly looks to non-government organizations (NGO's) with strong scientific expertise and management experience for long-term cooperation to help achieve its biodiversity goals in a cost-effective manner. The Conservancy's Parks in Peril program (PiP) has been a model of such long-term cooperation. In recent decades, many nations of Latin America and the Caribbean took important initial steps to conserve their living resources by establishing protected area systems to safeguard critical watersheds, coastal and marine ecosystems, wildlife, and scenic and tourist attractions. Unfortunately, for lack of resources too many of these areas remained "paper parks" without effective protection. To address this serious problem, in fiscal year 1990, AID began supporting our Parks in Peril program, a public-private partnership that seeks to protect the most threatened national parks and reserves in this hemisphere.

Parks in Peril was designed to secure minimum critical management for a series of sites, transforming them into functional protected areas. Parks in Peril is administered by the Conservancy and its Latin American and Caribbean partners, under a series of multi-year cooperative agreements with the AID Bureau for Latin America and Caribbean (LAC). The program builds collaborative partnerships among national, international, public and private organizations. It has become the largest site-based biodiversity conservation project in the tropical world and has drawn wide support from other governmental and non-governmental constituencies in the region and around the globe.

Parks in Peril works to build on-site protection and management infrastructure; integrate the protected areas with the human societies inhabiting their surrounding regions; create long-term funding and policy mechanisms to sustain the local man-

agement of the Parks in Peril sites; and use PiP's activities to influence conservation in other sites in the region's most imperiled ecosystems.

AID and the Conservancy have designed a scorecard to measure how well particular sites meet these goals. As they do so, they are consolidated—that is, having achieved the program's original goals, they are phased out from receiving direct assistance from the centralized AID program. This transition to long-term sustainability has been from the outset a goal of the program. To date, AID LAC Bureau funds have supported conservation efforts at 36 PiP sites comprising over 24 million acres in 15 countries. Of those 36 sites, 17 have been consolidated. (The Conservancy also works at 27 additional PiP sites, totaling another 50-plus million acres.)

PiP has provided exceptional leverage for the American taxpayer. The \$32.6 million that PiP has received from AID since its inception in fiscal year 1990 was matched formally by more than \$11.4 million from The Nature Conservancy, local in-country partners, and governments, but that total greatly understates the real multiplier. Local PiP partners and governments have thus far attracted more than \$180 million of non-AID funding. This includes debt-for-nature swaps, carbon sequestration projects with major U.S. utility companies and partners in developing countries, grants from the Global Environment Facility (GEF) and foreign governments including Japan, the Netherlands, and the European Union.

PiP has worked to protect cloud forests, coral reefs, tropical forests, and savannas. PiP funding has supported efforts to demarcate critical boundaries; recruit, train and equip rangers and community extensionists; build protection infrastructure and provide transportation and communication technology; promote compatible natural-resource use in local communities; carry out baseline studies and biodiversity monitoring; and establish sources of long-term financing for reserve operations. At all PiP sites, local peoples' involvement is stressed, including measures to involve them in management decisions, creation of local opportunities for compatible resource uses and tangible economic benefits from the park. Parks will not survive ultimately unless local people value them and take pride in their preservation. Parks in Peril is, thus, fundamentally different from one-time grant programs for park protection, and its methodology has become a model toward which the rest of the world is looking.

Recently, we initiated discussions with AID about a draft plan for the next generation of Parks in Peril, which we are calling "PiP 2000." The approach is evolutionary, not revolutionary. We would remain true to our core methodologies and expertise of science-based conservation and working with local partners. However, as our knowledge of Western Hemisphere biodiversity and the threats to it has become more profound, we realize that hundreds of sites ultimately need some degree of conservation protection. Such protection need not preclude many forms of sustainable, compatible economic development at the sites. No program of assistance can possibly work at all these sites. So, our proposed strategy is to use ecoregional planning methodologies to select a relatively small number of "platform" sites, do excellent work there with local partners, and to emphasize leveraging the conservation practices at those sites to influence actions taken elsewhere by national parks authorities, NGO's, and private landowners. We are optimistic that PiP 2000 will prove even more successful and influential than the original Parks in Peril program has been.

AID has also provided support to the Conservancy's Asia/Pacific conservation programs. We look forward to a continuation of such cooperation, particularly as regards Indonesia, which is second only to Brazil for biological diversity. We are hopeful that AID will support (through the new "Global Program to Conserve Biological Diversity" of AID's Global Bureau) an Asia/Pacific regional program to help protect the world's most extensive coral reefs.

The Tropical Forest Conservation Act of 1998

The Tropical Forest Conservation Act of 1998 (TFCA), a bipartisan Congressional initiative, was signed into law last July. It is based firmly on the precedents and administrative structure of the "debt-for-environment" provisions of the Bush Administration's Enterprise for the Americas Initiative (EAI). Under EAI, Western Hemisphere developing countries can pay, in local currency to national environmental and child survival funds, money that would otherwise have gone to pay some official debts. The debt reduction, swaps and buybacks to be carried out under provisions of the TFCA would operate under rules similar to EAI's, but would focus on tropical forest conservation. Furthermore, eligibility is extended to developing countries worldwide. The Nature Conservancy has strongly supported the TFCA since the idea was first proposed two years ago.

The TFCA has great potential to boost tropical forest protection by creating long-term funds for on-the-ground action. The current status of the world's tropical for-

ests is alarming. Scientific projections show that half of all the remaining tropical rain forests could disappear within 25 years. With them will disappear about 10 percent of all the species currently alive on the Earth. This has implications for the countries where the forests are located, and also for the people of the United States. More needs to be done. The Tropical Forest Conservation Act represents an investment by the American people in the survival of forests that have great economic and environmental value. This is the kind of sensible, results-oriented effort with staying-power that the Conservancy has promoted through the years. We stand ready to promote and cooperate with forest protection initiatives under the TFCA.

We commend the Representatives and Senators who brought the TFCA forward and carried it to passage, the President for approving it, and the senior leaders within the Administration who have now, despite a difficult and complex budget environment, found room for the Act in the Administration's fiscal year 2000 budget proposal. The proposed appropriation of \$50 million in fiscal year 2000 is below the authorized level of \$125 million, but is still enough to have a truly significant impact on tropical forests in such critical countries as Brazil and Indonesia. The Act offers the possibility of good leverage—each dollar appropriated can generate a larger stream of payments in local currencies, normally in the range of 2 or 3 to one. We urge that the Committee appropriate the full request level of \$50 million. Furthermore, we suggest that the Committee allow whichever U.S. Government agency implements the TFCA to keep a small amount (such as two percent) of the total appropriation to cover its management expenses.

The Global Environment Facility (GEF)

The Nature Conservancy supports the proposed appropriation of \$143.33 million to the GEF—enough, if approved, to fund the current U.S. pledge level of \$107.5 million and pay down the United States' arrears by \$35.833 million. The GEF, with 120 members, is an essential financial mechanism. There is just no substitute for the GEF in dealing with the major global environmental issues. The U.S. share leverages grants from many other countries. The GEF has committed more than \$2 billion for over 200 large projects, plus more than 300 smaller projects funded through its successful Small Grants Program and its new Medium Sized (up to \$750,000) Grants Program.

Thirty-eight percent of total GEF funds have gone to support and conserve biodiversity. For example, GEF's Coral Reef Rehabilitation and Management (COREMAP) program in Indonesia is helping to protect key reef fisheries that millions of Indonesians depend upon for food and livelihood—helping to promote economic development and greater stability in that country, while protecting the coral reef ecosystems. Another GEF project is helping to stabilize populations of the Javan and Sumatran rhinos, in Indonesia and Malaysia. GEF's South Pacific biodiversity project has identified and helped establish 14 conservation areas in 11 countries. Trust accounts have been established with funds from income-generating activities. The project launched a regional "year of the sea turtle" campaign which resulted in a four-year moratorium on commercial harvesting of sea turtles in Fiji, and helped develop a whale-watching industry in Tonga. In Central America, eight countries (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, and Panama) are participating in the GEF-funded regional program for the consolidation of the Meso-American biological corridor—a proposed network of protected areas and buffer zones to be linked by biological corridors with a variety of uses and degrees of protection. These are some examples of GEF's importance to conservation in developing countries. There are many more. We urge the Committee to fund GEF at the request level.

As we have done in past years, we have appended to this written statement some draft report language, which we hope the Committee may find useful in its work.

Thank you for this opportunity to submit The Nature Conservancy's views on foreign assistance and international conservation.

APPENDIX TO TESTIMONY BY THE NATURE CONSERVANCY: SUGGESTED LANGUAGE FOR FISCAL YEAR 2000 SENATE FOREIGN OPERATIONS REPORT

Parks in peril

The Committee notes its strong support for the existing AID Parks in Peril program, a partnership with the private sector to promote biodiversity conservation in imperiled ecosystems throughout Latin America and the Caribbean. AID/Parks in Peril has worked at 36 sites in 15 different countries, comprising more than 24 million acres. It has made significant progress at turning "paper parks" into genuine protected areas, to the extent that 17 sites have been "consolidated" from the program; central AID funding is being phased out to those sites, and the program is

shifting its successful methodology to new locations. Since its inception, Parks in Peril has received \$32.6 million from central AID funds, formally matched by more than \$11.4 million from The Nature Conservancy, foreign partners, and foreign governments, and has indirectly leveraged more than \$180 million from non-AID sources. The Committee welcomes the prospect of "PiP 2000", a renewed program that seeks to extend the influence of PiP more broadly.

Tropical Forest Conservation Act of 1998

The Committee welcomes the Administration's decision to seek \$50 million to begin debt reductions under the Tropical Forest Conservation Act, which has the potential to be a significant, cost-effective means for protecting important tropical forests. The Committee recommends that whichever U.S. Government agency implements the TFCA be allowed to keep two percent of the total appropriation to cover its management expenses.

AID's support to conserving biodiversity

The Committee has repeatedly urged that AID make biodiversity a higher priority. The Committee welcomes the initiation of the Global Program to Conserve Biological Diversity. The Committee strongly supports a reversal of recent declines in AID funding for biodiversity conservation, and a return to historical levels of ca. \$70 million per year. Such activities should continue to emphasize the use of non-government organizations (NGO's) through cooperative agreements and other innovative, cost-effective financing vehicles.

Global environment facility

The Committee believes that the GEF should play an essential role in addressing global environmental problems. The Committee further notes that, in many developing countries, NGO's have superior capacity and expertise to implement biodiversity conservation projects, and therefore the U.S. should continue to press for improved access for NGO's to GEF funding, such as through active implementation and funding of its Medium-Sized Grants window with simplified application and accounting procedures.

PREPARED STATEMENT OF THE AMERICAN LUNG ASSOCIATION, THE AMERICAN THORACIC SOCIETY, AND INTERNATIONAL UNION AGAINST TUBERCULOSIS AND LUNG DISEASE

The American Lung Association (ALA) and its medical section, the American Thoracic Society (ATS), appreciate the opportunity to provide written comments to the Senate Foreign Operation Appropriations Subcommittee. The ALA/ATS in cooperation with our international partner, the International Union Against Tuberculosis and Lung Disease (the Union), have a long history of activity on domestic and global TB control. We hope our comments will be of use as the subcommittee considers funding priorities for the fiscal year 2000 budget.

The comments of the American Lung Association and the American Thoracic Society focus on the global impact of tuberculosis and the role of the U.S. Agency for International Development in TB prevention and control.

Even though TB is an easily preventable and 100 percent curable disease, it has become the leading infectious killer in the world, accounting for more than 3 million deaths per year.

- More than one third of the world's population is infected with TB.
- TB is the leading killer of women, surpassing all causes of maternal mortality.
- TB creates more orphaned children than any other infectious disease.
- TB is the leading killer of HIV-positive individuals, causing over 30 percent of AIDS deaths.
- TB already kills more people than AIDS, malaria and tropical diseases combined.
- As the number of TB cases has increased, a multi-drug resistant form has emerged that poses a major public health threat in the U.S. and around the world—in fact, this development, left unchecked, threatens to make TB incurable again.
- The resurgence of TB that began in the U.S. in 1985 has finally begun to slow with the implementation of effective control strategies. However, with the increase in global travel and migration, we will not control TB in the U.S. unless we control it worldwide.

There are big challenges in tackling the global TB epidemic, but because of action taken by the House and Senate Foreign Operations Subcommittees, progress is being made. As a direct result of committee action over the last two years to fund

a new Emerging and Re-emerging Infectious Disease Initiative, some very positive steps have been taken to control the spread of TB. ALA/ATS and the Union are pleased with USAID's response to this new initiative. We also want you to know that the agency has had an open dialogue with key governmental, intergovernmental and NGO's in drafting their TB control strategy.

The ALA/ATS and the Union have helped spearhead much of the dialogue among the many essential partners involved, and we look forward to continuing to work with you and USAID on this vital global health concern.

Developing countries are hardest hit by this disease, sub-Saharan Africa and Southeast Asia in particular. There, tuberculosis is concentrated in the most economically productive age groups, people who are between the ages of 15 and 59. Tuberculosis is the leading cause of disability adjusted life years lost among men ages 45–59 (the most economically productive age group) and the second leading cause among men and women ages 15–44. So, not only is tuberculosis a health problem in these countries, it is also an economic problem. These countries are losing their most productive workers to an easily preventable and completely curable disease.

Despite the highly effective treatments of tuberculosis that are available, only about one-half of the people in the world with tuberculosis are receiving any treatment. Developing nations have inadequate programs for the diagnosis of active tuberculosis, treating cases only when individuals are symptomatic and present themselves for care. Of those who seek treatment, fewer than half complete treatment. Thus less than a quarter of the individuals with active tuberculosis complete treatment. Low treatment rates mean that TB is still being spread unchecked. This also contributes to the emergence of drug-resistant tuberculosis, a dangerous and ominous prospect.

Another factor with a substantial impact on the increasing case rate numbers in developing countries, especially in sub-Saharan nations, is infection with HIV, the virus that causes AIDS. An estimated $\frac{1}{3}$ of the world's 31 million HIV positive people are also infected with TB. The immune suppressing nature of HIV makes its carriers especially vulnerable to developing tuberculosis and has all but eliminated 30 years of progress in the fight against tuberculosis in nations most affected. While the overall number of HIV-TB infected individuals is overwhelming by itself, the impact of this dual infection has devastated tuberculosis control programs. Within a five-year period, the annual cases of tuberculosis in Zambia nearly tripled, in Malawi more than doubled and in Burundi increased by about 40 percent.

As mentioned earlier, another significant problem is the emergence of drug-resistant tuberculosis. Multi-drug resistant or MDR-TB occurs when a strain of the TB bacterium becomes resistant to two or more of the drugs used to treat TB. TB bacteria develop resistance to drugs as a result of incomplete and improper treatment. People with MDR-TB spread MDR-TB to others.

In some countries there is already a concern that the drug-resistant tuberculosis strains have become so common that they may soon replace drug susceptible strains as the main disease cause. It is estimated that globally 50 million people have a TB strain resistant to at least one TB drug.

In the U.S., 1996 was marked by sporadic outbreaks of drug-resistant TB. Sporadic cases of "Strain W," a deadly TB strain resistant to the best anti-TB drugs, originally reported in New York, New Jersey and Florida have now been found in South Carolina, North Carolina, Maryland, Colorado, Ohio, Pennsylvania, Georgia, Nevada, California and Puerto Rico. The strain "W" TB bacterium is resistant to 8 of the best TB drugs. Strain "W" has a mortality rate of 90 percent. Globally, there are already some strains of the TB bacterium that do not appear to respond to any of the current arsenal of anti-TB drugs.

Drug-resistant TB has grown as a global problem despite the well known fact that its spread can be limited by a short course therapy, supervision of DOT or directly observed therapy, and use of adequate treatment regimens. For example, in 1990 in the Republic of Korea, following implementation of such measures, the overall prevalence of drug-resistant tuberculosis decreased to 25 percent from 48 percent in 1980, and primary resistance in patients who had no prior TB treatment fell by 50 percent. In China, a World Bank funded program of DOT has dramatically reduced treatment failure and drug resistance in just a few years.

This worldwide tuberculosis crisis has important implications for the U.S. International travel and migration have created, if not a global village, a global bus station were both people and microbes mix and spread. In the U.S., over 35 percent of all tuberculosis cases occur in foreign born individuals, a figure that has increased more than doubled since 1985. In addition, each year—tens of millions of foreign visitors come legally to the U.S. A recently publicized incident of a Korean tourist spreading multi-drug-resistant tuberculosis to a child in suburban Washington underscores the significance of this issue. Borders cannot be closed to tuber-

culosis, either through mandatory testing or exclusion of tourists from selected areas. The only rational and cost effective approach to this problem is to contribute to the global control of tuberculosis.

TB Control is Cost Effective.—While the facts present a grim picture, the reality is that TB is not only preventable and curable—TB control is cost-effective. The World Bank has determined that modern TB treatments are among the most cost-effective health interventions available today—comparable to that of childhood immunizations. For every dollar of tuberculosis prevention and control funds spent, a nation saves an estimated \$3 to \$4. This savings is even greater when compared to the cost of treating multi-drug-resistant tuberculosis.

The International Union Against Tuberculosis and Lung Disease (the American Lung Association represents the U.S. in this international NGO of 120 member countries) has developed an effective program combining technical and financial assistance for developing nations that results in TB cure rates of over 80 percent. These programs combine the use of modern short course chemotherapy using three of the first line tuberculosis drugs; development and provision of training courses and material for health personnel; and research. It is key that programs have been developed to take into account the less than ideal circumstances existing in most developing countries and are designed to work even in the most poorly developed health service systems.

The Only Thing Worse than NO TB Control Program is a BAD TB Control Program.—To effectively eliminate the global TB threat it is critical to put in place a well-coordinated and adequately funded global effort. If poorly-planned, poorly-managed and under-funded programs are put in place there is considerable risk that more widespread multi-drug resistant TB will emerge—a virtual health and economic ticking time bomb.

We are pleased to report that USAID has funded a global planning process that will help insure that this reality is not realized. This process will develop the framework by which countries, international financial institutions, NGO's and individual TB experts can most efficiently and effectively attack this problem.

Global Health Experts Estimate over \$1 Billion is Needed to Control TB.—Over the last several years global health experts have determined that in order to control TB, efforts must begin in the countries with the highest incidence. A conservative estimate of the cost of this type of effort tops \$1 Billion.

RECOMMENDATIONS

Provide a TB specific appropriation in the amount of \$60 million for fiscal year 2000.—Major barriers to effective TB control programs exist in virtually all of the high incidence countries, including lack of funds, trained personnel and drug supply. The unique circumstances of each country require the development and implementation of country specific programs.

Of the \$100 million you provided USAID for the Infectious Diseases Initiative, some \$24 million has been targeted for TB activities. While this has provided a good start, and has helped to begin a truly global response, much more needs to be done.

The additional \$60 million would allow USAID to:

1. Continue to support for the United States Agency for International Development (USAID) to develop an integrated global tuberculosis control program in consultation with the Center for Disease Control and Prevention (CDC), the National Institutes of Health (NIH), the World Health Organization (WHO) and private voluntary organizations.
2. Significantly expand funding to develop and implement country specific plans for tuberculosis control programs for nations with a high prevalence of tuberculosis.
3. Continue support for an international surveillance network to monitor tuberculosis.
4. Continue support for training of TB control experts with the Fogarty International Center at the NIH.

The American Lung Association, the American Thoracic Society and our international partner, the International Union Against Tuberculosis and Lung Disease, thank you for the support the Committee has shown for efforts to attack this global health problem. With continued support we are confident that the world community will respond to the leadership of the United States and we will show great progress in our battle to control this disease.

The International Union Against Tuberculosis and Lung Disease, the American Lung Association, and its medical section, the American Thoracic Society, are committed to the elimination of tuberculosis. But we cannot succeed without the firm, unwavering commitment from the federal government. Thank you for this opportunity to comment.

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