

Russia began its post-communist history as a kleptocracy, which has consolidated its power ever since, but still the Clinton administration's apologists and their IMF counterparts, all frequent travelers to Moscow where they chose to believe three sets of phony government books, insisted that Russia's looters were the latter-day equivalent of America's 19th century "robber barons." A crucial difference was overlooked. The J.P. Morgans, Goulds, Vanderbilts and Villards made their fortunes by building railroads and new industries and creating jobs. They also reinvested their profits in the future of America, such as Thomas Edison's quest for electric light. By contrast, Russia's oligarchs and their corrupt allies in government took over state-owned industries at giveaway prices, bled them white by stripping their assets, and then stashed their loot in tax havens abroad. The IMF's Inspector Javert took a page out of Clouseau's notebook and failed to notice that privatization was camouflage for piracy.

Garry Gasparov, the world chess champion, wrote in the *Wall Street Journal* on Sept. 1 that "the mentality of Al Capone runs rampant among the highest circles in Russia today; Lucky Luciano's clones are filling vacancies at state and municipal levels."

Yet what Western creditors were doing, in effect, was to subsidize the plunder. So it is hardly surprising that Russians who have not been paid in months are venting their anger at the U.S. administration and the International Monetary Fund. Anatoly Chubais, a tacit ally of the criminal class in reformer's clothing, has now conceded that Russia's negotiators had pulled thick wool over the not-too-inquisitive eyes of IMF's Russian "experts."

Russians know their government is now the world's most corrupt, forging ahead of Nigeria and Indonesia in those sleazy sweepstakes, but they blame the United States and IMF for not blowing the whistle on the scandal of the century. It was a gigantic Ponzi racket. What was funneled into Russia by the United States, Germany and international institutions was siphoned out through global money laundering schemes. "Liability" was not in a Russian banker's lexicon. All Western credits were treated as free money to be moved around as the oligarchs saw fit. For a two-year study for the Center for Strategic and International Studies on "Russian Organized Crime," this journalist discovered the same spending pattern from Buenos Aires to Berlin, from Hamburg to Hong Kong, and from Tunisia to Thailand, and including London, Paris, Rome, New York and Los Angeles. Choice properties in the \$5 million to \$15 million range were purchased by Russia's oligarchs and their executives, and assorted crooks, the world over, even a gambling casino in American Samoa, always paid cash—in \$100 bills carried in large suitcases.

The record for private property is still held by Boris Berezovsky, who parlayed a car dealership into a \$3 billion empire in five years and served as Mr. Yeltsin's deputy national security adviser. He bought the Chateau de la Garoupe and an adjoining property, and 50 well-manicured acres at Cap d'Antibes, France's most expensive real estate, for \$70 million.

For several years, Russians were laundering about \$1 billion a month through Cyprus (where some 4,000 Russian shell companies hang their shingles) and another \$1 billion through Israel. Before he was ousted last March as Interior Minister, Gen. Anatoly Kulikov estimated that some \$200 billion had been spirited abroad since the implosion of

the Soviet Union—perhaps not coincidentally the same amount of foreign debt Russia may default on in the next few years. When Gen. Kulikov visited Washington last June, he said he now believed the amount was at least \$300 billion in six years.

It was the age of greed run amok. But apologists in the United States, from left to right, continued to insist the hemorrhaging was no more than a nosebleed—at most \$50 billion—and that it was a healthy manifestation of the growing pains of democracy and market economics. That powerful Russian opposition voices called what was happening a parody of democracy and an economic kleptocracy didn't seem to faze them. Even after Grigory Yavlinsky wrote in July 1997 that the longer "the path which Russia is traveling is concealed, the higher the price will be for everyone," the conspiracy of silence continued in Washington. Russia's oligarchs had hired top-flight legal talent in Washington and New York soon established themselves as the opposite numbers of America's captains of industry. With a straight face, one shady Russian tycoon told a foreign policy group. "There is much more crime in America than in Russia."

Hearing after congressional hearing was held on Russian organized crime, only to be ignored by top U.S. policy-makers. The CIA was even discouraged by the White House from reporting on Russia's covert financial shenanigans around the world. And until recently, George Soros, the international financier who once broke the Bank of England, taking home a cool \$1 billion, sided with the apologists. Now Mr. Soros says, belatedly, the Russia situation is "cataclysmic" and that "we should have done more to prevent the crisis." This was the same Mr. Soros who concealed the truth about the great Russian robbery throughout the 1990s and even assured us that democracy was flourishing.

Vice President Al Gore went out of his way not to embarrass his good friend Viktor Chernomyrdin, the godfather of the oligarchs who was finally ousted as prime minister last March after five years in office—only to be resuscitated by his friend Mr. Berezovsky and foisted on Mr. Yeltsin for a few days before the Duma sent him packing again. Messrs. Yeltsin and Chernomyrdin convinced Messrs. Clinton, Gore and Talbott and anyone else they spoke to that American aid and IMF loans had to continue because Russia still possessed 24,000 nuclear weapons and warheads and hundreds of tons of weapons-grade nuclear materials that could all become vulnerable to theft if Russia were cut adrift. But they were just as vulnerable while Western assistance was being ripped off and scores of millions were pushed below the poverty line.

It was this kind of nuclear blackmail that prodded the apologists to silence FBI Director Louis Freeh. He had testified before Congress in 1996 and 97, explaining that from one year to the next Russia's organized crime syndicates had increased the number of countries where they had established relations with criminal counterparts from 29 to 50.

When CSIS' report on Russian Organized Crime was released a year ago, Mr. Freeh was quick to endorse it. But as he left for Moscow a month later, senior U.S. officials persuaded Mr. Freeh to backtrack and at a joint news conference with Mr. Kulikov he said his congressional testimony had been misunderstood.

The CSIS report found that "Russian organized crime had extended its tentacles throughout Russia's economy," which confers an aura of legitimacy to myriad illicit

activities, including the manipulation of Russia's banking system and financial markets." It concluded that "if the forces of organized crime are not stymied Russia will complete its devolution into a criminal-syndicalist state. The U.S. would then be faced with an agonizing reappraisal of its diplomatic and commercial relations with Russia."

The reappraisal is now at hand. In the debate about "Who lost Russia," congressional hearings should focus on the big coverup. And as a condition for further aid, why shouldn't Congress insist on a full accounting of every dollar of U.S. aid and IMF bailouts?

TRIBUTE TO NICK CANGIALOSI

HON. STEVE R. ROTHMAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Friday, October 16, 1998

Mr. ROTHMAN. Mr. Speaker, I rise today to pay tribute to Nick Cangialosi of Garfield, New Jersey, a man who embodies the American dream.

Having arrived in America at the age of fifteen from Sicily, Nick came to this country with nothing but hope in his heart and a determination to succeed. Like many Italian immigrants coming to America in the 20th century, Nick was a success story waiting to happen. With a remarkable work ethic, soon after his arrival in America, Nick gained the experience and resources to start a business with his brothers. To this day, the firm Nick began, Vinyl Building Products, enjoys a high degree of success.

Parallel with Nick's commercial success, he has established a track-record as a model citizen. In the vibrant Italian-American community in New Jersey, Nick's history of volunteerism is legendary. He is also well-known throughout the entire state of New Jersey for his outstanding volunteerism and philanthropic efforts in support of a number of worthwhile causes and institutions. I know that among his many efforts, Nick is deeply involved as a member of the Board of Governors of the Hackensack University Medical Center, an outstanding hospital that serves the needs of thousands of New Jersey residents. Nick is also a distinguished member of the Steering Committee for Felician College in Lodi, New Jersey and a dedicated member of the St. Ciro Society.

Mr. Speaker, given all that Nick Cangialosi has accomplished in his life, it comes as no surprise that he is to be honored on October 2, 1998, by the Bergen County Chapter of Boys' Towns of Italy. At this event, the Right Reverend Monsignor J. Patrick Carroll-Abbing, who is the founder of Boys' Town, will present Nick with his organization's prestigious Humanitarian Award. This honor rightly serves to recognize Nick's selfless efforts on behalf of needy people throughout the world.

I would like to join Boys' Towns in saluting Nick and the goodness and kindness he represents. The world is a better place because of the efforts of Boy's Towns chapters around the world and the work of individuals like Nick Cangialosi. He is, simply put, an inspiration to the people of the Ninth Congressional District in New Jersey and to our nation.