

each and every year to adequately fund the education of students in our State. In actual dollars if special education were actually funded at that 40 percent, Kansas would receive \$181 million from the Federal Government. This means \$143 million in Kansas State and local education funds would be available for other educational needs.

These numbers make it clear that special education costs consume education budgets of State and local school districts. Schools are not maintained properly, teachers do not get hired, and classroom materials do not get purchased. Our schools are not asking for new Federal programs. They are asking for the Federal Government to pay its share of special education costs so that other funds can be freed up for maintaining buildings, hiring teachers and buying classroom materials.

Congress has made significant progress in recent years to increase Federal funding for special education. In my 4 years as a Member of Congress, we have increased IDEA State grants from \$3 billion to \$5 billion. That is a 67 percent increase in just 3 years.

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We still have a long way to go. For far too long, the Federal Government has mandated this program without paying its share. Today let us make the commitment to change all that and support full funding of IDEA.

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The SPEAKER pro tempore (Mr. PEASE). Under a previous order of the House, the gentleman from Texas (Mr. BRADY) is recognized for 5 minutes.

(Mr. BRADY of Texas addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from California (Mr. HORN) is recognized for 5 minutes.

(Mr. HORN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Ohio (Mr. PORTMAN) is recognized for 5 minutes.

(Mr. PORTMAN addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. GOSS) is recognized for 5 minutes.

(Mr. GOSS addressed the House. His remarks will appear hereafter in the Extensions of Remarks.)

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GAO STUDY ON RUSSIAN TRANSITION TO MODERN ECONOMY IS DISPIRITING

The SPEAKER pro tempore. Under a previous order of the House, the gen-

tleman from Iowa (Mr. LEACH) is recognized for 5 minutes.

Mr. LEACH. Mr. Speaker, in June of 1998, the Committee on Banking and Financial Services held a series of hearings on financial instability around the world, including Russia, whose economy was soon to be devastated by the collapse of its domestic bond market and a devaluation of the ruble.

Afterward, I asked the General Accounting Office to conduct a study of the effectiveness of U.S. and other western assistance in facilitating Russia's transition from a failed Communist-style command economy to a modern market economy. The committee's ranking member, the gentleman from New York (Mr. LAFALCE), joined me in that request.

The GAO has now completed its work and the findings are disturbing, indeed dispiriting. Between 1992 and September of 1998, the United States and the West, including the International Monetary Fund, the World Bank and the European Bank for Reconstruction and Development, provided some \$66 billion in assistance to Russia, not counting food aid, trade credits and debt rollovers. Of this, the United States contributed \$2.3 billion in bilateral grants under the Freedom Support Act to address humanitarian needs and support economic and democratization reform. According to the GAO report which was issued today, far from putting post-Communist era Russia on a course of prosperity and stability, these funds were largely wasted. Russia's economic decline has been more severe and its recovery slower than anticipated, the GAO report notes. Progress toward reaching broad program goals have been limited.

The assistance was, in fact, worse than wasted. Because donors lacked clear strategy and coordination, as the GAO observes, the money which was virtually thrown at Russia contributed to the spread of a culture of corruption and the concentration of some of the country's most valuable economic assets in the hands of a handful of oligarchs who operate on the margin of, if not altogether outside, the law.

These politically powerful economic groups have had little interest in reform. Thus, to a significant degree, western aid programs were not only ineffective; they provided fuel to groups that opposed reform.

Consider the Russian banking system. Donors recognized that an efficient and competitive financial system was a basic need if the economy was to prosper. To this day, however, 8 years after the collapse of Communism and the break-up of the Soviet Union, Russia does not have a banking system worthy of the name. There are more than 1,000 banks in Russia, but their total assets are only about \$65 billion, the level of a mid-size provincial bank in the United States.

This is because the Russian public does not trust their own banking insti-

tutions. Most of these banks, particularly the small ones, exist as money laundering platforms to help their clients evade taxes, duties and other legal requirements, and to spirit capital to overseas havens. More than \$100 billion has fled the country, and some estimates place the amount much higher.

The GAO analysis released today underscores an unfortunate but inescapable conclusion: The United States and the West missed one of the great foreign policy opportunities of this century, to bring Russia into the Western family of nations, politically as well as economically. Despite the aid, Russia's economic decline was among the most severe and its recovery among the most limited among transition countries in Eastern Europe and the former Soviet Union. Many Russians have concluded that the West deliberately impoverished their country. Today only 37 percent of the Russian people have a favorable view of the United States, down from some 70 percent in 1993.

Among the key findings of the GAO report are:

One, that the U.S. and the West failed to object strongly to the corrupt loans for shares privatization scheme that consolidated the business empires of Russia's oligarchs.

Two, Russia's primary motivation of borrowing from the IMF was less to stabilize and reform its economy than to become eligible for debt relief from the United States and other creditor countries through the Paris Club.

Three, the IMF was pressured by key shareholders to support new loans for Russia in 1994 and 1996 in an effort to demonstrate U.S. and Western political support for President Yeltsin.

Four, despite compelling evidence of an absence of the rule of law and massive governance challenges, explicit anti-corruption efforts have represented a relatively small share of international assistance to Russia.

And lastly, little or no progress has been made in strengthening Russia's banking and financial system.

The recent rise in world oil and commodity prices has improved the trade balance of Russia, but continuing capital flight indicates major legal reforms have yet to occur. As a result, the business climate in Russia is still unfavorable. In a recent strategy review, the EBRD concluded, severe weakness in the rule of law continues to undermine investment. The power of vested interest to hold back critical reforms must be effectively checked. Standards of corporate governance need to be strengthened. Without demonstrable progress in these areas, Russia's impressive recovery is not sustainable.

Despite these failures and frustrations, the U.S. cannot afford to remain uninvolved with Russia. Stretching across 11 time zones, twice the distance from New York to Honolulu, almost halfway around the world, Russia is a country without which no serious international issue can be resolved.

In recent years, some progress has been made in nuclear weapons reduction and security; and in April, Russia finally ratified the START II agreement. But many other problems remain. Among them is Russia's decision to build nuclear reactors in Iran and transfer missile technology to that country.

In this context, the recent revelations that the U.S. and Russia had entered into a secret agreement to allow Moscow to continue arms to Iran are especially troubling. It would appear that the Clinton-Gore administration, in its relations with Russia, chose to abandon the principles of progressive diplomacy established at the beginning of the century by Woodrow Wilson in his demand for open covenants, openly arrived at.

The still secret Gore-Chernomyrdin agreement not only flouted law, but also failed to safeguard our national interest and security. In what amounted to an inverted arms-for-hostage deal, U.S. policy was, in effect, taken hostage by a Russian arms strategy designed to destabilize the Middle East.

The agreement's apparent purpose was to facilitate a Russian aid policy that resulted in the squandering of American tax dollars for the benefit of a kleptocratic elite, rather than the Russian people.

The legitimization of Russian arms sales in defiance of law is hardly in the interest of a safer world. The naivete of this approach is matched only by the perfidiousness of its execution.

From an American perspective, it would appear that one of the purposes of the Gore-Chernomyrdin Commission may have been to burnish the Vice President's foreign policy credentials and make his management of U.S.-Russia relations a centerpiece of his potential campaign themes.

It is now self-evident that U.S. policy failed, and the Gore-Chernomyrdin Commission is a symbol of that failure.

The question is how the U.S. and the next Administration should proceed from here. Though isolationism is always at issue in our democracy, the American tradition is dominated by pragmatic and compassionate internationalism. Most Americans recognize that what happened in Russia, still a nuclear superpower with a seat on the UN Security Council, is profoundly important to our national security. A peaceful and democratic Russia remains a compelling U.S. interest. Consistent with the strong humanitarian strain in our foreign policy, Americans maintain an interest in helping the Russian people achieve a market economy based on the rule of law.

America need not turn its back on the international financial institutions, but it has an obligation to see that taxpayer resources are not squandered, nor used to enrich the few at the expense of the many. Americans should continue to be prepared to support genuine Russian efforts to help themselves. Here, it must be understood that Russia's economy will remain hapless unless the Russian government begins to deal effectively with corruption and takes the necessary steps to establish an intermediary financial system that services a saving public, instead of a thieving elite.

No nation-state can prosper if it lacks a place where people can save their money with confidence and seek lending assistance with security. Russia, which is the land mass most similar to our own, has been kept back for most of this century by the Big "C" of Communism and is now being kept back by the little "c" of corruption—which may prove more difficult to root out than Communism was to overthrow.

What the Russian people—and those of so many developing countries—deserve is a chance to practice free market economics under, not above, the rule of law. If attention is paid, above all, to establishing honest, competitive institutions of governance and finance, virtually everything else will fall into place.

Unfortunately, over the past six or eight years the basics of law and economics have been ignored for the sake of the politics of expediency and neither the national interest of America nor Russia has been advanced by a mistargeted and mismanaged aid program.

It is time that the symbiotic statecraft symbolized in the Gore-Chernomyrdin relationship that has legitimized and ensconced crony capitalism in Russia be brought to a halt. It is time for the American people to insist that their leaders concern themselves with the plight of the Russian people rather than the well being of a new class of kleptocrats.

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#### IT IS TIME TO PUT PEOPLE BEFORE POLITICS

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Florida (Mr. FOLEY) is recognized for 5 minutes.

Mr. FOLEY. Mr. Speaker, just a few minutes ago I asked a question on the House floor as to the schedule because it seems to me that there is some confusion. We have been asked now vis-a-vis the Senate to have a potential 14-day CR.

Now, to refresh the memory of those listening, we were asked by the President to stay and work day in and day out 24-hour CRs until we get our work done, and we have done that. We have tried to work. We have tried to negotiate. Now it appears that sometime within the last 12 hours, Mr. DASCHLE, the gentleman from Missouri (Mr. GEPHARDT), and Mr. Podesta, the President's chief of staff, had a meeting and decided to take a 14-day CR over to the Senate and place it on TRENT LOTT's desk and ask for unanimous consent, and apparently the Senate has taken them up on their offer for a 14-day CR because the politics of confusion is not working for them.

Many of the Members on my side of the aisle, including one of our most vulnerable members, the gentleman from California (Mr. ROGAN), remained in Washington, D.C. to do the people's business because he believes more in the sanctity of the voting process here than going home to protect his reelection. The courage that he has displayed will ensure his reelection, because he truly represents his district.

Unlike some of the Democratic House leaders featured today in the Hill Magazine, Wednesday, November 1 edition,

and let me read the headline because it is telling. Last night I heard the chants, work, work, work from the minority side of the aisle; gets everybody festered up, ready to do the people's business. Let me read this because it is telling. Democratic House leaders miss weekend votes. Despite President Clinton's pledge to stay here with you and fight for the legislative priorities, not one House Democratic leader was present last weekend for all 7 votes taken on session-ending procedural matters.

The gentleman from Missouri (Mr. GEPHARDT), the gentleman from Rhode Island (Mr. KENNEDY), the gentleman from New Jersey (Mr. MENENDEZ), the gentleman from Michigan (Mr. BONIOR), all missed votes while we worked trying to solve some very, very difficult issues. Some are on immigration. We have heard a blanket amnesty requested by the President, and I am all for letting people stay in America that have been tortured and oppressed from their homelands, but let us get the record straight. We do not want to just give everybody amnesty until we figure out who they are, why they are here, what their backgrounds are, do they have criminal records.

Every time they talk about blanket amnesty, people in Haiti and Cuba and other places decide maybe it is worth risking their life to come on a raft to the United States, because if they just reach our shores they will be allowed to stay because some day a future Congress will blanket amnesty them as well.

So those that go legitimately to the INS process 2 and 3 years at a time, waiting for some response that they may be citizens, are basically shunned and turned away because they do not and are not covered by blanket amnesty.

Now the Republican majority has proven itself capable of staying here in town working until the job is done. We were blamed for the shutdown of government. I remembered some on the other side howling about shutting down the government; it is the Republicans' fault. The Chamber is empty today and the Republicans are talking, I being one, and am prepared to stay through Tuesday, election day, to make certain we deliver a budget that is good for America, good for kids and schools, good for Medicare recipients, good for hospitals.

We have delivered that bill and we have delivered tax relief, and we have done so in a prudent, sensible, cost-effective manner; but we are tied up on a couple of issues and they are refusing to budge. The President is in California, Kentucky, New York, except, excuse me, let me flash back, stay here with you, said the President, until our job is done. Well, he is in New York with his wife campaigning. He will not sign a bill helping women with cervical and breast cancer. He will not do a White House ceremony because it may involve the gentleman from New York