Thank you very much for allowing me to sit with

your Committee. I will submit for the record a statement that details

the $1 billion shipment of food aid to Russia during this fiscal

year and raises some concerns regarding its accounting, as well as

the Administration’s disconnected approach to handling this food

aid shipment relative to other foreign policy goals. We would just

ask the Committee, and thank them very much, for including this

in the record.

I noted in the summaries that have been provided the word agriculture

is not really mentioned. In this fiscal year alone, we will

provide more in food aid to Russia than we do in all of the other

foreign assistance programs. I thank you for allowing me to sit in.

Mr. Chairman, I thank you again very much for allowing

me to sit in and listen to this important hearing and to sub-

mit for the record testimony that I offered concurrently this morning

at the House Agriculture Committee. I thank my colleagues

just for giving me a couple of minutes here on the agenda.

I have one of the duties in the Congress of trying to integrate the

work of our Agriculture Committee—.

Thank you, Mr. Chairman. I have a summary and

a complete statement and some relevant documents to submit for

the record on the subject of our agriculture policy relative to Russia.

I appreciated Ambassador Swartz’s comments here this morning

where he references some of his own thoughts regarding the implications

of current U.S. food aid to Russia and past food aid to Russia.

Mr. Ermarth made some rather probing statements in his testimony

of how things aren’t working.

The reason I came over here today is to try to indicate that one

thing I have learned in Congress. We cannot succeed alone in the

Agriculture Appropriations Committee in getting focus on food commodity

shipments to Russia, which this year alone will dwarf in

value any other foreign assistance program we have. The latest

shipment totals over $800 million, and its largely monetized proceeds

go to the Russian Pension Fund. There is now an application

for an additional amount that the Government of Russia has asked

us for.

The reason I am here this morning is to try to stress to my colleagues,

and to anyone who is listening, that the United States has

to have a more coherent policy that begins in the State Department,

involves the National Security Council, and links to our

Commodity Credit Corporation. Because what is happening is that

the value of these food commodities—which is enormous and growing—

when it gets inside that economy, ought to go at least to help

with the privatization and reform efforts that we know we need to

make in transitioning the collective farms. Were it not for the

intervention of our Committee trying to get auditors over there and

accountants and field managers and, really, the cooperation of Ambassador

Collins to a level that I did not expect and am most grateful,

the dollars in my opinion would not get where they need to be.

This is not happening fully. The majority of food aid dollars that

have gone there now have gone into the Russian Pension Fund.

One of the questions, and my testimony documents this for the

record, I really think is that we need some type of separate monitoring

mechanism for who audits the Russian Pension Fund. Even

though we can trace commodities going from the Port of Vladivostok

to certain oblasts, when those commodities are monetized

and dollars flow to the Russian Pension Fund, the U.S. Department

of Agriculture and the Commodity Credit Corporation do not audit

those funds.

So I have a legitimate question as to what happened to hundreds

of millions of dollars this year, and we are on the verge of another

such sale in 2000. I think the general sales operations of the Commodity

Credit Corporation have to be tied to the work of this Committee

and the deliberations that occur inside the Executive

branch.

I hope I haven’t made too long a statement there, but I wanted

to ask both gentlemen questions, if I might. I have been totally

frustrated by the lack of focus, I suppose, because agriculture

seems warm and fuzzy, and nobody worries about it. But the whole

system over there, as I understand it looking at history, was premised

on the production of the collectives and the distribution of

their proceeds to social welfare concerns within the State. When

the Soviet system collapsed, there was very little attention given

to the transformation of the collective structure in the agricultural

countryside and, in fact, no credit system exists today. The teeny

credit system we were trying to develop through ACDI/VOCA collapsed

last August; it was only $20 million. Only $1 million has

been restored through this recent food sale to Russia, which means

largely we haven’t done anything.

We have through this food aid largely supported the parastatal

entities that still control the production. Since 70 to 80 percent of

the diet of the ordinary citizen of Russia now is bread and potatoes,

and the caloric intake is going down there, the entire structure remains

so wed to agriculture. I am perplexed as an American and

as a Member of Congress as to why we as a country can’t get a

coherent agricultural reform policy built into these food shipments,

as well as the other policies that we try to implement toward Russia.

Could you comment on why that might be? I have been very frustrated

with the State Department. I can not get them to even spell

agriculture.

How do we get—how do we use the tools of this government

to get proper accounting of that money?

Thank you, Mr. Chairman, very much.