Today we convene the second in a series of hearings on the impact of organized crime and corruption on the countries of the OSCE region - particularly those former communist states in southeast Europe and the NIS, which are in transition to democracy and market economies.

Widespread corruption in the transition countries threatens their ability to provide strong independent legal regimes, market-based economies and social well-being for their citizens. Corruption has stymied economic reforms in these countries and impeded efforts to improve the status of disadvantaged groups. In the absence of effective civil rule of law, mafias have flourished through their corrupt connections, gaining power over whole sectors of the economy, and derailing legislative reform agendas inimical to their interest. A recent EBRD report identifies these destructive factors and calls for greater efforts among governments and international organizations to "depoliticize" economic activities and develop measures to constrain state "capture" by private interests. As a result of this corruption and the siphoning off of public resources, citizens -- often deprived of government-supported basic support mechanisms and infrastructure -- have developed negative opinions about democracy and free markets.

During a Commission hearing day before yesterday regarding the human rights situation in Turkmenistan -- one of the most authoritarian and repressive regimes in the region, opposition leader Avdy Kuliev cited three components of President Niyazov's internal politics, the first of which is corruption.

This Commission has pushed for a greater recognition of the threat of organized crime and corruption in the OSCE and supported efforts to develop an OSCE strategy to combat them. The U.S. Delegation to the Annual Meeting of the OSCE Parliamentary Assembly last year in
St. Petersburg, Russia, co-led by myself and Senator Campbell, called for the convening of an OSCE Ministerial meeting to develop strategies to combat these threats. I particularly appreciate the leadership of the Co-Chairman on this initiative. At the OSCE PA, we also introduced a resolution condemning the cross-border trafficking in women and children which, along with drugs and weapons, is a major industry for organized crime entities. Our Commission worked closely with the State Department to ensure that combating crime and corruption was on the agenda of our Heads of State during the OSCE Istanbul Summit last November.

I welcome the opportunity to hear the testimony of our distinguished witnesses and will appreciate receiving your recommendations of how best this Commission can contribute to efforts to combat this cancer which chokes economic development, thwarts development of civil society, and threatens stability and security in the region.

Witness Introductions:

Panel I

Our first witness is Mr. Rob Boone, Deputy Assistant Secretary of State, Bureau for International Narcotics and Law Enforcement Affairs. He is responsible for developing and managing major policies of the bureau, with a particular focus as the State Department's policy manager for international crime programs. Prior to assuming his current position, Mr. Boone served as the Senior Advisor to the Assistant Secretary of INL, and as a Special Assistant in the Office of National Drug Control Policy in the Executive Office of the President. Prior to his government service he was a business litigation attorney and negotiation consultant.

Our next witness is Mr. James Weber, Deputy Assistant Director, Investigative Services Division, Federal Bureau of Investigation. He has executive responsibility for all FBI foreign offices and their administration and operation. Mr. Weber began his service with the FBI as a Special Agent in 1975. He has served at a number of posts both domestically and internationally, including as Deputy Legal Attache in Mexico City. Prior to assuming his current duties, Mr. Weber was Special Agent in Charge of the Albuquerque, New Mexico FBI Office then Special Agent in Charge of the San Juan, Puerto Rico Division.

Our third witness is Mr. John A. Tennant, Deputy Assistant Administrator, Bureau for Europe and the New Independent States, USAID. Prior to assuming his current position in 1998, Mr Tennant served as Director of USAID in Bulgaria from 1994 to 1998 and as Director of the Office of Program and Project Development for USAID in Jamaica from 1990 to 1994. His has extensive experience with the Agency's work in Asia, including postings in the Philippines, Thailand, Pakistan and Vietnam.

Panel II

For our second panel of witnesses we welcome Mr. Adrian Karatnycky, President of Freedom House, and Dr. Nancy Lubin, President of JNA Associates Inc., and a Senior Fellow at the American Foreign Policy Council.
Mr. Karatnycky is President of Freedom House, a non-partisan, non-profit organization that promotes democracy, civil society and the rule of law and monitors human rights, political rights, and civil liberties around the world. Before coming to Freedom House, Mr. Karatnycky was Assistant to the President of the AFL-CIO. He also served as Director of Research at the AFL-CIO's Department of International Affairs and for the organization's Free Trade Union Institute. In the 1980s Mr. Karatnycky worked with Solidarnosc. In 1979 he was Assistant Director of the International Sakharov Hearings and later worked with the renowned civil rights leader Bayard Rustin. Mr. Karatanycky has written extensively regarding East European and Post-Soviet issues.

Dr. Nancy Lubin is President of JNA Associates, Inc., a research and consulting firm that works on assessments and projects concerning the new states of the former Soviet Union, especially Central Asia. She has lived, worked, and traveled throughout the former USSR, including throughout Central Asia and the Caucasus, for over twenty-five years, and consults for U.S. government agencies, private foundations, the media, multilateral banks, non-governmental organizations, and companies ranging from Fortune 500 to smaller USAID contractors.

Dr. Lubin is also Director and Principal Author of the Council on Foreign Relation's Project on the Ferghana Valley, directing a working group under the chairmanship of former Senator Sam Nunn to examine conflict prevention in Central Asia; and director of a three year foundation-supported assessment and year 2000 update of U.S. assistance to all of the NIS states. Prior to holding these positions, Dr. Lubin was an Associate Professor at Carnegie Mellon University and a Project Director for the Congressional Office of Technology Assessment. She has been a Fellow at the U.S. Institute of Peace and the Woodrow Wilson Center for Internation