

believe it provides a vital source of funds for environmentally sound lending. The bill does provide \$107.5 million for the GEF, which is the amount of our annual contribution. As you know, we did not include the additional \$13 million requested for arrears and that is reflected in the funding levels of other banks as well.

It would be my hope that we could find a way to make up these arrears either in conference on this year's bill or next year. I know of the gentleman's commitment to GEF. I share that commitment. And I want to assure you of my intention to work towards this goal. I thank you for bringing this issue to the attention of my colleagues.

Mr. KOLBE. Mr. Chairman, I yield myself such time as I may consume.

I thank the gentleman from Oregon (Mr. BLUMENAUER) for his dedication to environmental issues and raising the funding for the Global Environmental Facility today.

As my colleague knows, the bill before the House today is bipartisan, as the gentlewoman has indicated, and of course that means that we do not get everything we want here. Given the priorities of the President, the priorities of both sides of the House, we did cut funding for the Global Environmental Facility by \$13 million from the President's request.

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But we did fund the entire regularly scheduled contribution of \$107.5 million to the GEF so that we do not go further into arrears.

Just so my colleague understands that the GEF was not the one that was targeted specifically. The International Development Association, or IDA, which we just discussed in the last amendment, the concessional arm of the World Bank was cut \$211 million from the administration's request.

So I appreciate my colleague raising the issue, and I appreciate his withdrawing the amendment and the bipartisan spirit within which the gentlewoman from New York (Mrs. LOWEY) and I have worked during the course of the year, and I thank the gentleman.

Mr. Chairman, I reserve the balance of my time.

Mr. BLUMENAUER. Mr. Chairman, I yield myself such time as I may consume.

I appreciate both, again, the difficult situation that the subcommittee was facing and the comments from my friend the Chair and the ranking member.

I will withdraw the amendment, Mr. Chairman. I would hope that we could continue to focus on trying to keep this commitment. I appreciate that there were a number of other areas that we simply had to shut the door on in terms of paying arrears where we were in arrears, but this I hope, if we get to the point where there are additional resources, bears special attention because of the global impact of these environmental programs, how

they are targeted at some of the most desperately needy of countries and how this is an area, if we do not continue to make progress, we are going to slide back.

But I appreciate the work that has been done and look forward to working with my colleagues so that hopefully we will be able to restore it and gain the benefit of those important investments.

Mr. BLUMENAUER. Mr. Chairman, I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Oregon?

There was no objection.

AMENDMENT NO. 17 OFFERED BY MR. PAUL

Mr. PAUL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will designate the amendment.

The text of the amendment is as follows:

Amendment No. 17 offered by Mr. PAUL:

Title II of the bill is amended by striking the item relating to "MILLENNIUM CHALLENGE CORPORATION".

The CHAIRMAN. Pursuant to the order of the House of today, the gentleman from Texas (Mr. PAUL) and the gentleman from Arizona (Mr. KOLBE) each will control 10 minutes.

The Chair recognizes the gentleman from Texas (Mr. PAUL).

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

(Mr. PAUL asked and was given permission to revise and extend his remarks.)

Mr. PAUL. Mr. Chairman, my amendment strikes the Millennium Challenge Account. When this program was put in place a year ago, it was originally thought to be a program that would replace old-fashioned foreign aid, but because the votes were not there, instead of a transition from one form of foreign aid to another, it was just added on. That is the way we do things here. We keep adding on in order to satisfy everybody.

So the foreign aid bill now is up to nearly \$20 billion, and that represents \$1.25 billion for the Millennium Challenge Account, and it is a \$266 million increase from 1 year ago. So we are making "progress", if one is a strong supporter of such programs.

The strongest argument of those who endorse foreign aid is a humanitarian argument: We are rich, they are poor, we have empathy, we must help, it is our moral obligation. For the most part, people go along with that. But I have a humanitarian argument, also. Mine is that it does not work and that, if we indeed care about people, we ought to be encouraging free markets and individual liberty, and that is when countries become more prosperous.

But the idea that we can promote humanitarian programs by taking literally money from poor people in this country and giving it to rich, influential leaders in other countries and we

are going to have this miraculous success I think is a myth. It does not work that way, and there are people who are not benefited.

Now, it may be said by those who have promoted the Millennium Challenge Account, that is exactly what we are trying to address. We want to reward countries that are moving in the direction of free markets. Now, that is a nice notion, but it cannot work. It is impossible because when we give money to a government, it is politicized. It becomes bureaucratic, and it has to be handed out to special interests.

When Paul Applegarth, the chairman of the corporation for the Millennium Challenge Account was before our committee, I asked him a question. I said, are there any American companies that will benefit by this type of program? I actually was pretty shocked with his answer, because he was very blunt. He said, I certainly hope so. In other words, even our American corporations benefit from programs like this.

So it would be nice to think that the poor people of these other countries are going to benefit, but I think it is a greater injury to the poor people of this country. My colleagues say the poor people of this country do not pay taxes. Well, that is incorrect, because the inflation tax is borne by the poor and the middle class, and that occurs when we spend too much money. And this is too much money spent the wrong way, and we do not have the authority to do it. Besides, how many of us ever get calls from our constituents saying please vote for more foreign aid? No, they are asking for more help here, and this distracts from it.

When we do not have the money, we run up the debt. Then we go and we literally print the money to pay the bills. We create the inflation and the higher cost of living, and it injures the low and middle income people the most, and they are the ones who are losing jobs.

So this is literally money coming out of our pockets for programs that could help us in this country.

My suggestion is, since I am a moderate here in the Congress, my moderate approach would be when we have a program like this, whether it is 1.25 or the whole \$20 billion, my suggestion is cut it, cut the whole thing. Let us say we cut the \$20 billion of foreign aid. I would take \$10 billion and put it toward the deficit, and I would join my colleagues on the left and say, look, let us fund some of these programs that are needed or are coming up short. Why are we cutting veterans benefits at the same time? Why do we cut the Corps of Engineers? Why do we not fully fund our infrastructure?

This type of spending does not make any economic sense, and it does not make any moral sense.

Mr. Chairman, I reserve the balance of my time.

Mr. KOLBE. Mr. Chairman, I rise in opposition to the amendment and claim the time in opposition.

Because I am going to close, unless the gentlewoman from New York wishes to say something on this amendment, I reserve the balance of my time.

Mr. PAUL. Mr. Chairman, I yield 2 minutes to the gentleman from Florida (Mr. KELLER).

Mr. KELLER. Mr. Chairman, I thank the gentleman for yielding me the time.

Mr. Speaker, today I rise to support the amendment and in opposition to the 2005 Foreign Operations appropriations bill. At a time when our country is facing record budget deficits, I cannot justify voting for the largest foreign aid bill in history. We should not give away billions of dollars in foreign aid in the name of friendship when everybody knows that friendship cannot be bought.

Over the past four sessions of the U.N. General Assembly, 86 percent of the U.S. foreign aid recipients voted against the United States a majority of the time. Now, let me give my colleagues five specific examples.

Egypt is slated to get \$1.836 billion in foreign aid in this bill, even though they voted against us at the U.N. 86 percent of the time.

Indonesia will get \$151 million in foreign aid. They voted against us 83 percent of the time.

Nigeria will get \$68 million in foreign aid. They voted against us at the U.N. 76 percent of the time.

Kenya will get \$67 million. They voted against us at the U.N. 81 percent of the time.

Bangladesh will get \$63 million in foreign aid. They voted against us 82 percent of the time.

Not one of these five countries contributed any money or troops to the war effort or reconstruction of Iraq.

Now, some might say, but what about the money we are giving Israel? Well, I fully and completely support 100 percent of the \$2.58 billion in aid to Israel. They are, by far, our best ally in the Middle East. They are the only democracy in the Middle East, and they face increasing terrorist threats.

But I cannot in good conscience vote for a \$19.4 billion foreign aid bill when only a tiny portion of it goes to support our valuable ally Israel.

I cannot go home to Orlando, Florida, and look waitresses and secretaries in the eye and tell them that we took taxpayer dollars from their paychecks and gave it in foreign aid to countries that do not even support the United States.

I urge my colleagues to support this amendment and vote "no" on the bill.

Mr. PAUL. Mr. Chairman, I yield myself such time as I may consume.

Let me follow up on the point I made earlier about the good intentions of a program like this to promote free market changes in certain countries, but, unfortunately, this backfires because once the money gets in the hands of

the government we then require them to develop partnerships or alliances with businesses, which is exactly the opposite of free markets. This is closer to crony capitalism or fascism when we combine government money with business interests.

At the same time, we know that our corporations will also participate in these programs. So the money once again leaves the people of this country, many times the poor, and goes to these foreign aid programs which subsidize certain governments, solidifying powers of certain politicians, which then allows fungibility of their other funds to do other things and then encourage business partnerships between government and business which is not free markets, which literally is undermining the move that I think is intended and that is to improve the conditions of other countries.

If the conditions of a country are amenable to capitalism and investment, there is never a problem of a lack of investors. The fact that we have to do this, that means there are flaws in the system. This will not improve it. It actually makes it worse. Just because you have partnership with businesses does not mean you are moving toward free enterprise. That means you are moving toward a system of interventionism, or crony capitalism. It is not true reform.

So a program like this actually does the reverse. It has unintended consequences. It makes our problems worse. And, besides, we do not have the right to do it. We do not have the constitutional authority to do it, and we certainly do not have a moral authority to undermine the poor people of this country by making the conditions worse here.

For this reason, I strongly urge my colleagues to vote "yes" on this amendment.

Mr. Chairman, I yield back the balance of my time.

Mr. KOLBE. Mr. Chairman, I yield myself such time as I may consume.

I do rise in opposition to this amendment.

I find it ironic that a few moments ago we had an amendment offered by the gentleman from Minnesota to take money out of IDA and put it into the Millennium Challenge Corporation. Now we are having an amendment to take everything out of the Millennium Challenge Corporation, which suggests to me that maybe the subcommittee is just in the right place here in regards to the amount of the funds that we have.

I also find it ironic that the gentleman from Texas, who is a strong fiscal conservative, is offering this amendment. If ever there was anything in foreign assistance that made sense, it is the Millennium Challenge Corporation. I believe that it is the most dramatic departure from the way we have administered and provided foreign assistance since the Marshall Plan at the end of World War II, and I think it

has a real opportunity to make a difference in the way that countries approach foreign assistance. In fact, we are already finding that to be the case, that countries that are not on the list of those who are eligible yet for consideration for the Millennium Challenge grants are saying what do we have to do to get on that, what kind of reforms do we have to undertake, and this is exactly what this Millennium Challenge Corporation, which we carried in our bill last year, does.

It is different than any other foreign assistance account that we have. It is different for four essential reasons.

First, the MCC will act as an incentive for countries to govern justly, to invest in their own people and create the right policy framework for economic growth. In short, it rewards good governance. No other development or economic assistance administered by USAID or the Department of State currently provides that kind of incentive.

Second, the MCC will offer up a laser focus on economic growth and poverty reduction. That is unlike current development assistance efforts where the U.S. government and other donors try to do a little bit of everything.

Third, the MCC recognizes that successful reforms have to be internally led. As I said a moment ago, this goes to countries where they have made a commitment to rooting out corruption, where they have openness and transparency, where they have a commitment to the rule of law, where they have a commitment to the protection of property rights. So it has to come internally in order to make this work. These are incentive kinds of grants, technical kinds of grants, things that will help the country do exactly what they need in order to have sustainable, long-term economic growth.

Fourth, the Congress has given the program the flexibility to meet the needs of the MCC countries as presented by the countries themselves.

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In other words, it offers countries the prospect of local ownership and accountability for their own development, and that is why I believe this is critically important. The MCC promises to be one of America's best tools to help us address poverty, and I hope we can defeat this amendment. I urge my colleagues to defeat the amendment.

Mr. Chairman, I submit for the RECORD a copy of the letter sent to me by the Board of Directors of the MCC:

MILLENNIUM CHALLENGE CORPORATION,  
Arlington, VA.

Hon. JIM KOLBE,  
Chairman, Subcommittee on Foreign Operations, Committee on Appropriations, House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: As the members of the Board of Directors of the Millennium Challenge Corporation, we greatly appreciate your leadership and support for the Millennium Challenge Account (MCA), a key Presidential priority. The President's request will accelerate growth and opportunity