U.S.-RUSSIA RELATIONS IN PUTIN'S SECOND TERM

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U.S.-RUSSIA RELATIONS IN PUTIN'S SECOND TERM

THURSDAY, MARCH 18, 2004

House of Representatives, COMMITTEE ON INTERNATIONAL RELATIONS, Washington, DC.

The Committee met, pursuant to call, at 10:42 a.m. in Room 2172, Rayburn House Office Building, Hon. Henry Hyde (Chairman of the Committee) presiding. Chairman Hyde. The Committee will come to order.

Our hearing today concerns the evolution of relations between the United States and Russia in President Putin's second term. Our countries share many interests and our ability to cooperate will bear directly on our fortunes.

The admirable record of cooperation to date has recently come into question as President Putin has taken actions that unfortunately appear to have undermined democratic institutions, practices, and guarantees in his country.

Today, we will hear from two panels of very distinguished individuals on this subject. I, for one, am looking forward to what I assume will be omniscient analysis and predictions, but first I would like to directly address the question of democracy in Russia.

The mere fact that we can speak of the possibility of democracy in Russia as a reality in the present, and not as some dim prospect in the hazy future, is one of the many wonders of the past 2 decades with which we have grown familiar and which many now take for granted. However uncertain, its existence is a testament to the deep commitment to fundamental values shared by people all over the world.

The United States and the West as a whole owe an immense debt to all the men and women of Russia who have struggled to establish and defend a democracy in their country and thereby create a new era of freedom after 1,000 years of autocratic rule.

The benefits of that freedom, of course, are most directly felt by Russia's own citizens. But the West has benefitted enormously as well. A half century of effort by the United States and its allies to contain and undermine Soviet imperialism enjoyed many successes but it was only with the advent of democracy in Russia that the Soviet empire was finally destroyed.

The emergency of democracy in Russia must be counted as one of the great achievements of the past century. However, for all of its accomplishments, that democracy is not yet firmly established. The civil society on which all democracies ultimate rest remains weak; much of the legacy inherited from Russia's authoritarian

past is still to be overcome; the institutions of democracy are largely untested; the habits of freedom have yet to become universal. Given these and other concerns, the government's stated goal of creating a guided democracy, where the parameters of permitted dissent are significantly narrowed, is very troubling.

Why is this our concern?

Because the strengthening of Russian democracy and advancing Russia's integration into the West are unquestionably in the long-term strategic interests of the United States. These are necessary if we are to make permanent the gains we have derived from the liberation of Europe, a commitment that stretches unbroken for half a century, from the landings on the Normandy beaches to the final dissolution of the Soviet empire.

To this, and even broader motivation can be added. By helping other people share the benefits of liberty, we demonstrate a continuing commitment to the universal principals on which our country was founded and the promise these represent to all who endure oppression.

Thus, our own interests, together with our hopes for the world, argue that we should provide direct and ongoing assistance to secu-

rity democracy in Russia.

If we are wise, we will focus our attention and assistance on the establishment of the prerequisites of a free and prosperous society, including the creation of a resilient civil society, the strengthening of an independent press and the establishment of the rule of law.

Yet, even as we assist Russia's democrats in their unfinished tasks, we must recognize that the building of a free society in that country can only be accomplished by the Russian people themselves. We cannot do it for them and neither do we need to. Although there are many in this country and elsewhere who would despair of the fate of democracy in Russia, I am certainly not among them. Its course may occasionally surprise and concern us, but the ultimate destination aimed at by Russia's democrats should never be in doubt.

The depth of their commitment to freedom has been demonstrated by the enormous obstacles they have already overcome. Freedom was not handed to the Russian people; they freed themselves. Lacking direct experience of liberty in their past, they nonetheless have continued to lay the foundation necessary to secure it for themselves and their countrymen, even as they have encountered the inevitable setbacks.

It is for these reasons their efforts to strengthen democracy in their country deserve our assistance and our respect, and it is my hope that Russia's assumption of its rightful place among the free nations of the world shall prove to be a permanent one.

I know turn to my esteemed friend and colleague Tom Lantos for any remarks he may wish to make.

[The prepared statement of Mr. Hyde follows:]

PREPARED STATEMENT OF THE HONORABLE HENRY J. HYDE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF ILLINOIS, AND CHAIRMAN, COMMITTEE ON INTERNATIONAL RELATIONS

Our hearing today concerns the evolution of relations between the United States and Russia in President Putin's second term. Our countries share many interests, and our ability to cooperate will bear directly on our fortunes.

The admirable record of cooperation to date has recently come into question as President Putin has taken actions that unfortunately appear to have undermined democratic institutions, practices, and guarantees in his country. Today we will hear from two panels of very distinguished individuals on this subject. I, for one, am looking forward to what I assume will be omniscient analysis and predictions—but first I would like to directly address the question of democracy in Russia.

The mere fact that we can speak of the possibility of democracy in Russia as a reality in the present, and not as some dim prospect in the hazy future, is one of the many wonders of the past two decades with which we have grown familiar and which many now take for granted. However uncertain, its existence is a testament to the deep commitment to fundamental values shared by peoples all over the world.

The United States and the West as a whole owe an immense debt to all the men and women of Russia who have struggled to establish and defend a democracy in their country and thereby create a new era of freedom after a thousand years of autocratic rule. The benefits of that freedom, of course, are most directly felt by Russia(s own citizens. But the West has benefited enormously as well. A half century of effort by the United States and its allies to contain and undermine Soviet imperialism enjoyed many successes, but it was only with the advent of democracy in Russia that the Soviet empire was finally destroyed.

The emergence of democracy in Russia must be counted as one of the great achievements of the past century. However, for all of its accomplishments, that democracy is not yet firmly established. The civil society on which all democracies ultimately rest remains weak; much of the legacy inherited from Russia(s authoritarian past is still to be overcome; the institutions of democracy are largely untested; the habits of freedom have yet to become universal. Given these and other concerns, the government(s stated goal of creating a (guided democracy,(where the parameters of permitted dissent are significantly narrowed, is very troubling.

Why is this our concern? Because the strengthening of Russian democracy and advancing Russia(s integration into the West are unquestionably in the long-term strategic interests of the United States. These are necessary if we are to make permanent the gains we have derived from the liberation of Europe, a commitment that stretches unbroken for half a century, from the landings on the Normandy beaches to the final dissolution of the Soviet empire.

To this, an even broader motivation can be added. By helping other peoples share the benefits of liberty, we demonstrate a continuing commitment to the universal principles on which our country was founded and the promise these represent to all who endure oppression. Thus, our own interests, together with our hopes for the world, argue that we should provide direct and ongoing assistance to securing democracy in Russia.

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Yet, even as we assist Russia(s democrats in their unfinished tasks, we must recognize that the building of a free society in that country can only be accomplished by the Russian people themselves. We cannot do it for them. But neither do we need to. Although there are many in this country and elsewhere who would despair of the fate of democracy in Russia, I am not among them. Its course may occasionally surprise and concern us, but the ultimate destination aimed at by Russia(s democrats should not be in doubt. The depth of their commitment to freedom has been demonstrated by the enormous obstacles they have already overcome. Freedom was not handed to the Russian people; they freed themselves. Lacking direct experience of liberty in their past, they nonetheless have continued to lay the foundation necessary to secure it for themselves and for their countrymen, even as they have encountered the inevitable setbacks.

It is for these reasons that their efforts to strengthen democracy in their country deserve our assistance and our respect, and it is my hope that Russia(s assumption of its rightful place among the free nations of the world shall prove to be a permanent energy of the strength of the s

I now turn to my esteemed friend and colleague, Tom Lantos, for any remarks he might wish to make.

Mr. Lantos. Thank you very much, Mr. Chairman.

First, I want to express my appreciation for your holding this very timely hearing on the heels of Russia's presidential elections. It is my strong hope that this is the first of several hearings we

will have on this once all important currently much less important

but soon again very important country.

Let me preface my remarks by stating, Mr. Chairman, that I am a true friend of Russia and the Russian people to whom I am profoundly grateful for liberating my native city of Budapest in 1945, a liberation that soon turned into a communistic dictatorial nightmare.

I have traveled to Russia on countless occasions, beginning in 1956 and I have tremendous respect and admiration for the

achievements of the Russian people.

In November of last year, in the face of very disturbing trends in the new Russia, my good friend, a distinguished Republican colleague, Chris Cox, and I founded the Bipartisan Russian Democracy Caucus and we did so to focus congressional attention on the

vanishing democratic aspect of Russian society.

As we prepared to discuss the agenda for United States-Russia relations for the next few years under Mr. Putin's second though not necessarily last term, I am deeply troubled by the arrival of so-called managed democracy in Russia, which I trace to the rise to power of a small junta of former KGB officers, a trend that all but reversed the democratic achievements of the Russian federation in the previous decade. It is a very sad development for the civilized world, for the United States, but most particularly for the people of Russia.

And while we are nowhere near omnipotent in our relations with Russia, we must do whatever we can to counteract this very troubling trend, not only for the benefit of the Russian people but for

the future of the entire region.

As you correctly pointed out, Mr. Chairman, the fall of Soviet communism was a watershed event of the 20th century and what emerged was by no means a Jeffersonian democracy, only a fool would have expected that, but for the first time in over 7 decades the citizens of the former Soviet Union could freely express their views, practice their religions, open private businesses and travel outside what we used to call the Iron Curtain.

Western investment flowed into the country and in a little more than a decade Russia was on a path of becoming a normal Euro-

pean country.

But recent events compel us to think hard about Russia's future, both political and economic. Police state tactics are making a comeback and prominent Russian business and political figures are

fighting for their very survival.

When the best known Russian business leader who has pioneered transparency and western style corporate governance is summarily arrested, when a prominent figure from the world of finance is shackled in handcuffs and shuttled from a hospital bed to prison, when massed and armed policemen without a proper warrant storm and search businesses premises for nearly 24 hours, when bogus tax evasion investigations are used to silence and win compliance of independent minded prominent Russians, the future of Russia as a normal country is less than certain.

Nobody is safe from the far reaching arm of the Procurator General and his cohorts in what used to be called the KGB. These people loathe pluralism, they loathe independent foci of power and

they are determined to bring Russia's wealth under their own control.

Only President Putin would be able to reign in his security services and so far he has chosen to remain on the sidelines.

When Mr. Putin first took office in March 2000, he compared the Russian economy to that of Portugal and said that it would take Russia 10 years to reach Portugal's gross domestic product. If Russian entrepreneurs continue to face threats from the corrupt judicial system and the very selective application of the law, we can anticipate the Russian economy will be dwarfed by Portugal for the foreseeable future.

Mr. Putin announced on Monday that during his second term he will strengthen democracy and the rule of law.

Mr. Chairman, I fear that the chances are he will consolidate the power of the state and increase state control over civil society and economic activities, much like the Soviet state that existed for 7 decades, minus the ideology of the Soviet state and without the social safety net provided by the Soviet state.

In fact, when I hear Mr. Putin promise that during his second term, I quote:

"Democratic achievements will be ensured and guaranteed, his government will strengthen the multi-party system and civil society and do everything to ensure freedom for mass media,"

I have an eerie feeling that I am listening to a recycled speech by a Secretary General of the former Communist Party of the Soviet Union, rhetoric that is totally divorced from reality.

Congress must provide our moral support to Russia's democratic forces by making it clear that we are opposed to Mr. Putin's crackdown. In this vein, together with my friend Congressman Cox of California, I have introduced a resolution in the House calling on the United States and our partners in the industrialized democratic world to revisit the wisdom of Russia's membership in the G8. I am very pleased that Senators John McCain and Joe Lieberman introduced identical legislation in the Senate.

As the preeminent forum for the world's leading free market democracies, this group of industrialized nations has promoted economic growth and served as a beacon for economic development. When the United States and our then G7 partners invited Russia to join our ranks in the mid 1990s, President Yeltsin committed to implementing far reaching democratic and free market reforms.

Under Mr. Putin, democratic reforms have been rolled back, breaking Russia's commitment. For this reason, Russia no longer deserves a seat at the table and Putin no longer deserves the recognition he so powerfully craves from the industrialized and democratic world

Mr. Chairman, Russia's declared policy of support for the United States in the fight against terrorism represents nothing less than a tectonic shift in international affairs. Russia made a critical choice to support the struggle of the civilized world against the forces of barbarism. However, Russia's recent actions speak louder than its words and Russia's continuing nuclear cooperation with Iran defies comprehension.

When a year ago I visited with Russia's Minister of Atomic Energy, I had a long and singularly frustrating and unproductive conversation with him. In this I join the President and Dr. Rice and

Secretary Powell.

When all the leadership of our Administration is incapable of persuading the Russian leadership that cooperating with Iran in its development of nuclear weapons is not in its interests and not in the global interest, we really have very little else that we can do.

Acting as a responsible world power would give President Putin

legitimacy and boost his prestige on the international stage.

Mr. Chairman, in conclusion, I firmly believe that democratic, culture and civil society still have a fighting chance in Russia and should civil society revive in Russia, economic prosperity and a responsible foreign policy will soon follow.

When it comes to our relations with Russia, the United States must put democracy first. Our interests and our values demand it.

Thank you, Mr. Chairman.

Chairman HYDE. Thank you, Mr. Lantos.

The Chair will entertain brief opening statements and recognizes Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

First of all, let me note that I share the Chairman's long term optimism about the course of events in Russia and I do not believe that we see as sort of backsliding in terms of democratic should be taken with the same pessimism as Mr. Lantos has just expressed, although I think we have to certainly maintain our standards and keep pressuring people in the right direction. But let us not forget and I would say contrary to what my dear friend and colleague, Mr. Lantos, has expressed, after the fall of communism, the Russian people did not experience an increase in their standard of living. In fact, the Russian people after the fall of communism were impoverished.

What replaced communism was not democracy as we know it. What replaced communism was a kleptocracy in which we in the West were accomplices to the wholesale robbery of the Russian people and I am not proud of that because I did everything I could to make sure that communism disappeared in Russia and afterwards I did not feel that what was happening under Mr. Yeltsin was any-

thing we should have been product of.

In fact, we froze the Russians out of the western markets where they could compete. For example, in my district, we manufacture rockets, Delta rockets, and other space equipment. We froze the Russians out of the international rocket market for rocket launchers. We froze them out. There is one way they could have earned money legitimately in a competitive situation and we froze them out.

When they have done things like with Iran, of course, what are they going to do with their scientists? If we are not allowing their scientists to produce and to compete on the western market, yes, they are going to go to Iran. And instead of complaining about that, which I think that we would need to take a stand, and I am one of the co-authors of the Iran non-proliferation act here when we are talking about the Iranians and the Russians building a nuclear plant, we have not offered the Russians an alternative.

We need to offer the Russians alternatives where they can make money with their science rather than just complaining when they do things that we do not like. Again, I am not in favor of allowing them to go into Iran, but let us give them a good alternative and I do not see where we have done that. For example, the Russians have firefighting equipment that they have designed and were premier in the world. They have airplanes that they have designed, taken their military aircraft and turned them into great firefighting equipment and we have frozen them out of this market in the United States.

Here we have had huge fires and have not permitted them to come in and sell their services to the United States. I do not think we have treated the Russian people fairly and I would hope that Mr. Putin as he moves forward would not backslide into more repression and would have a more democratic approach, but he did have a mess to clean up and let us not ignore that he had a mess to clean up.

Now, that does not mean we are at all suggesting that the standards that we have for democracy and human rights, that we expect to compromise our stand and our standards. No. We would hope that they measure up and we would encourage the Russian govern-

ment to go in that direction.

But one last thing, Mr. Chairman. Let us remember the Russian people have suffered so much. In World War II, they suffered more than others and now in the development of democracy they have suffered more than others. We, for example, have insisted that the Russians pay their full debt. We encouraged them to go in the democratic direction, but yet we have insisted that they pay the full debt to western countries, to our friends over in Belgium and Germany, to their banks, for Soviet era debt.

Now, they have had this millstone around their neck and we have been bragging when we give them a couple billion dollars worth of assistance, but we have expected them to pay back these people who gave money to a communist dictatorship 20 years ago.

I hope the Russian people struggle their way out of this and I think we should help them, but I think we should focus on trying to have positive alternatives and finding ways of giving them a way out of the morass and helping them build their democracy rather than being pessimistic about it.

Chairman Hyde. The gentleman's time has expired. Mr. Berman of California?

Mr. Berman. Just listening to my friend from California, I wonder what the relationship is between Russia's staggering foreign debt, the lack of opportunities from policies that restrict their ability to market their skills to the rest of the world, and the Russian government's decision to essentially kick out any independent voices from Russian television in a fashion that prevented opposing candidates for President to get any air time on the most important media outlets for the Russian people to make informed decisions. Chairman Hyde. If there are no further opening statements—

Mr. Lantos. Mr. Chairman? Chairman Hyde. Mr. Lantos?

Mr. Lantos. May I ask unanimous consent to insert in the record a White Paper detailing the constitutional due process violations in Russia recently; a statement by the Secretary General of Amnesty International on human rights in Russia; a statement by 28 human rights and civil rights activists on illegal arrests in Russia; a letter by a former political prisoner in the Soviet period, an open letter; and, finally, a Human Rights Watch statement of questions and answers concerning the recent Russian presidential elections?

Chairman Hyde. Without objection, so ordered.

Mr. Lantos. Thank you, Mr. Chairman. Chairman Hyde.

[The information referred to follows:]

NOTE: The material submitted for the record is not reprinted here but is on file with the Committee on International Relations

Chairman Hyde. I would like to welcome Assistant Secretary A. Elizabeth Jones. She was sworn in as Assistant Secretary for European and Eurasian Affairs May 31, 2001. She has over 30 years of experience in the State Department and has served in Kabul, Islamabad, Baghdad, Beirut, Berlin and Bonn. She has also served as U.S. Ambassador to the Republic of Kazakhstan.

We are honored to have you appear before the Committee today, Ambassador, and we ask you to proceed with a 5-minute, give or take, summary of your statement. Your full statement will be made a part of the record, but first I am informed that you have two very special guests here and while we do not usually do this, certainly in your case we make an exception. If you would introduce your guests?

Ms. Jones. Mr. Chairman, thank you very much. I am very honored to appear before you. I am also very honored to introduce my daughter, Courtney Homan Jones, and her fellow student, George Aguilar, who are here on spring break.

Thank you for allowing me to do that. Chairman Hyde. Would both of those ladies stand so we could see them? One of those ladies and one gentleman.

Thank you very much. Please proceed.

STATEMENT OF THE HONORABLE A. ELIZABETH JONES, AS-SISTANT SECRETARY, BUREAU OF EUROPEAN AND EUR-ASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. Jones. In summary of my statement, Mr. Chairman, I would like to begin by pointing out the tremendous work that President Bush and President Putin have put into developing a strategic relationship between the United States and Russia. We have made a lot of progress, they have made a lot of progress in areas of common interests.

The nuclear standoff is over, we are cooperating on securing nuclear weapons. Terrorism is a new threat, the Moscow metro and the Madrid bombings being the most recent examples of that.

Russia is a strong ally in the global war on terrorism and also on working against proliferation of weapons of mass destruction.

The dialogue with Moscow on Iran is more fruitful than it has been before. We are doing a lot of good work in the IAEA vis-a-vis Iran and Russia's role in North Korea has been very productive.

On geopolitics, the Russians are a partner with us in the Middle East peace process. We have worked well now on Iraq and on Afghanistan. We have also developed quite a good partnership with the Russians and the NATO Russia Council that is now not quite 2 years old and we are consulting with the Russians on our, the United States, force posture review, something that is not aimed at Russia, but is focused on regularizing our presence overseas, our military presence overseas.

In the former Soviet space, while we recognize that Russia has interests, our goal there is to cooperate rather than compete. We talked with the Russians about this with great intensity and to a great extend. We do not want to see a new great game developing in that region and work very hard to secure Russian cooperation.

We do have some concerns about the new Russian assertiveness in what they consider their near abroad. It is what the European Union now considers it near abroad also, a further demonstration of European interests in this part of the world.

On Georgia, we are working toward getting an agreed time table for Russian troop withdrawals in Moldova. We need a viable settlement, withdrawal of Russian forces and material there. This is all

part of the Istanbul commitments under the CFE.

Russian domestic developments is an area in which obviously we are very interested. We consider this part of our strategic relationship. We cannot have a genuine strategic relationship without addressing those issues as well, particularly pressure on the media, the difficulties in the two recent elections and in the rule of law.

We believe that if we do not have a sense of shared principles it is much harder to achieve the full potential of the relationship and we cannot have a genuine strategic relationship without that.

Chechnya remains a problem. It is time to get a political settlement there, it is time to stop the killing, it is time to rebuild there, it is time to end the human rights abuses.

On the economic side of the relationship, there is good potential, especially in energy. While engagement is good, it could be better. There is some Russian investment that is coming our way. It is very interesting, the Russian investment in the Rouge Industries saved about 2000 jobs in Michigan and as all of us have noticed that Lukoil bought Getty and we can see evidence of that in Georgetown.

Growth of the Russian middle class is very important to the development of democratic principles and the democratic habit in Russia. We look to the new Russian government to carry any number of reforms on the economic side as well as on the political side.

Foreign investors are wary given the development with regard to Zhukov and Mr. Khodorkovsky and given the announcement that Sakhalin-3 will be retendered, there are issues related to corruption, very difficult issues, that need to be addressed related to corruption, to the tax system; revenue collection needs to be improved. There is unpredictability in the courts in some sense that there is political use of the judicial system.

We think people-to-people contacts remain very important. For instance, the new Russian Deputy Premier, Alexander Zhukov studied at Harvard. This is a good thing. We want to continue our exchange programs on the education side.

Visas are an issue in this connection as well as other connections. It is something that we are very well aware of, want very much to figure out how to address while at the same time making sure that homeland security issues are addressed as well.

Trafficking in persons is a very big issue for us in the United States, it is a very big issue in Russia. Secretary Powell addressed a trafficking in persons conference in Moscow when he was last

there a few weeks ago.

We think in short that our relationship with Russia is on track. Intensive engagement is the way to address these issues, both in terms of continuing the cooperation on some of the strategic issues I have named, but in particular to continue to help the Russians understand that the strategic relationship requires engagement in all of these areas, including in the near abroad and including on democracy and human rights issues.

Engagement will help us overcome these difficulties, overcome the irritants. One of the methodologies that we are using, it is something that we developed fairly recently, we call it the checklist. It is a very long list of issues that we address together with the Russian government, it is an agreed list. It goes through military-to-military issues as well as some of the democracy in human rights issues. Engagement is absolutely essentially.

I think on the issue that is greatest interest to all of you and all of us at the moment, Secretary Powell got it just right on Sunday when he answered some of these questions on the talk shows. He said that the recent presidential election was not the demise of Russian democracy, but they just need to do a better job of it and our goal is to participate in a way that that can happen.

Thank you very much, Mr. Chairman. I look forward to your

questions.

[The prepared statement of Ms. Jones follows:]

PREPARED STATEMENT OF THE HONORABLE A. ELIZABETH JONES, ASSISTANT SECRETARY, BUREAU OF EUROPEAN AND EURASIAN AFFAIRS, U.S. DEPARTMENT OF STATE

Mr. Chairman, Members of the Committee, I am delighted to be with you this morning to discuss the current state of U.S.-Russian relations and the prospects for their evolution. Hardly a day goes by without our addressing aspects of this important relationship in one way or another, and yet the occasions for reflecting seriously on its entirety are surprisingly few. I especially value the chance to share my thoughts with you this morning on where we are in the relationship and where we are headed—and to hear your comments and questions. The time is certainly right, now that the Russian presidential election is behind us and the shape of the new Russian administration has become clear.

Let me begin with a brief assessment of where we are at present.

As I reported to your Sub-Committee on Europe earlier this month, we have made remarkable progress with the Russians on a broad range of issues on which we share a common interest. It is easy, but shortsighted, to take for granted the most notable achievement of the past decade: we have essentially eliminated the threat of global nuclear annihilation. No longer are Russian and American missiles targeted against our respective homelands. Instead, valuable work has been underway to make drastic reductions in strategic arsenals, to secure nuclear and other weapons-of-mass-destruction related materials on the territory of the former Soviet Union and to improve our cooperation in the area of nuclear and WMD non-proliferation. In my view, there is no more important area of common interest between Washington and Moscow, and these cooperative efforts, which have enjoyed the strong support of the Congress, must continue.

Since the tragic events of 9/11, our consciousness of new threats to American security and the security of our friends and allies has been heightened and refined. The fact that President Putin was the first foreign leader to call President Bush on that horrific day has been widely commented on. The fact of the matter is that Russia and the United States have become strong allies in the global war on terrorism.

A decade ago, it was inconceivable that the United States and the Russian Federation would exchange actionable intelligence on terrorism, but now we do. While there is much more that needs to be done before the scourge of terrorism is erased from our lives, our partnership with Russia in this area constitutes an important

weapon in our struggle.

Because the prospect of terrorists' obtaining weapons of mass destruction is such an appalling one, we have been working hard to keep that danger from becoming a reality. Russia shares our basic goal of stemming the proliferation of weapons of mass destruction and the means to deliver them, and is cooperating with us to an extent that previously would have been unimaginable. Russia is playing a constructive role in multilateral fora such as the G–8, the Asia Pacific Economic Cooperation forum and the Wassenaar Arrangement. Russia is also working closely with us to combat the threat to aircraft posed by MANPADS (Man Portable Air Defense Systems) proliferation. While there remain some differences of perspective with regard to the nuclear programs of Iran and North Korea (the DPRK), we have enjoyed an increasingly satisfactory level of cooperation with Moscow on these problems.

Let me be more specific.

Our dialogue with Moscow on Iran's nuclear programs has become more fruitful since just over one year ago, when previously suspected but unconfirmed nuclear activities came to light. We are now working intensively with Russia and other partners in the IAEA to compel Iran to bring its nuclear programs into compliance with IAEA rules. Although some differences remain between the Russians and us over the Iranian nuclear program, the Russians are taking a more serious approach and the gap between us has narrowed. Russia's civilian nuclear industry views the Bushehr reactor project as an important source of income; we understand that, but will continue to urge that Russia keep further nuclear cooperation with Iran on hold until it is clear that Iran is committed to suspending indefinitely enrichment and reprocessing activities.

reprocessing activities.

On North Korea, I am pleased to report that Russia has played a productive role in the process of organizing and carrying out the six-party talks aimed at ensuring the complete, verifiable and irreversible dismantling of the DPRK's nuclear programs. Moscow has a degree of access in Pyongyang that is unique, and we will continue to urge the Russians to use their influence to ensure that the Korean Penintune to urge the Russians to use their influence to ensure that

sula is free of nuclear weapons.

We are exploring with the Russians how they might play a constructive role in support of the President's Proliferation Security Initiative (PSI), including possible membership in the Core Group. Russia has been receptive to the concept of practical

cooperation in interdicting illicit WMD shipments.

Another area of cooperation is in space. Since the loss of the shuttle Columbia, Russian capability to lift payloads has supported the operations of the International Space Station. As we define future challenges in space, we believe that continuing our cooperation and combining Russian and American resources, technology and experience will benefit both nations and accelerate space exploration.

Our international cooperation with the Russian Federation is by no means con-

Our international cooperation with the Russian Federation is by no means confined to arms control and non-proliferation matters. On a number of geopolitical issues, in the Middle East and South Asia, for example, we and the Russians are headed in the same direction, despite occasional divergences of view on tactics.

headed in the same direction, despite occasional divergences of view on tactics.

As a member of the Middle East Peace Process "Quartet," Russia is an important partner, bringing to the table access and influence in Middle Eastern capitals that nicely complements our own. We are consulting with the Russians about the President's Greater Middle East Initiative, whose basic goals of bringing greater democracy and prosperity to the Middle East they support, although they naturally have, with their long and sometimes tragic historical experience in that part of the world, lots of questions.

Putting behind us last year's disagreement over Iraq, Russia has expressed a willingness to work with the United States and our Coalition partners to restore stability to Iraq and to help in that country's reconstruction. During his visit to Moscow in late January, Secretary Powell discussed with Russian leaders how the United Nations might play more of a role in the process of returning sovereignty to Iraq. Russia favors a strong U.N. role, including assistance in writing the new constitution, drafting new legislation, and designing the future electoral system.

Russia has not yet pledged major economic assistance to Iraq, but Russian companies are eager to participate in its reconstruction on commercial terms, and are already doing so under contracts already funded under the Oil-for-Food program, to the tune of almost two billion dollars. We have assured Russian leaders that Russian firms are welcome to bid on sub-contracts associated with U.S. tenders. Moscow has also expressed its willingness to reduce Iraq's Soviet-era debt of approximately

\$8 billion in accordance with its memorandum of understanding with the Paris Club.

Of all the areas where U.S. and Russian interests most closely overlapped in the months following 9/11, Afghanistan is perhaps the one where U.S. and Russian actions dovetailed most neatly. Already prior to 9/11, we were partners in what was then the Afghanistan Working Group. Today we continue our discussion of possibilities for cooperation through the Counter-terrorism Working Group, which will meet again at the end of this month. In the weeks prior to the start of U.S. military operations in Afghanistan, President Putin worked behind the scenes to smooth the way for U.S. access to bases in Central Asia.

We have encouraged Russia to help us stabilize Afghanistan by contributing equipment to the Afghan National Army, police and border police. We are encouraging Russia to forgive Afghan debts and provide Soviet-era geological survey results to the Afghan Government. We share Russia's growing concern about the increasing trade in narcotics that originate in Afghanistan, and are working with the United Kingdom, the lead nation for that problem, to increase the effectiveness of counter-narcotics programs there, including poppy eradication and crop substitution. With its border forces in Tajikistan, Russia can support interdiction efforts and help cut the flow of drugs into Central Asia and Europe. NATO has accepted Russia's offer to provide blanket overflight and transit rights in support of NATO's ISAF operations.

We are working hard to develop NATO's partnership with Russia. The NATO-Russia Council is only two years old, but has already taken relations to a new level. Russia now interacts with the Allies as an equal at the table, discussing concrete cooperation programs, and security issues, but having no veto authority over NATO decisions. I would like to single out the NATO-Russia military interoperability program, which is laying the foundations for possible joint military actions. Since last May, the Russian Ministry of Defense has completed an impressive 80% of interoperability tasks identified by NATO's military headquarters (SHAPE). A Russian military liaison branch at SHAPE and a Status of Forces Agreement with Russia are in the works. These are modest steps in the direction of a genuine security partnership between NATO and Russia. The NATO-Russia Council still has great untapped potential, and we will continue to explore ways of enhancing our cooperation in such key areas as combating terrorism, civil emergency planning, missile defense and airspace management on the continent of Europe.

NATO will shortly be enlarging its membership by seven new countries, some of which border on the Russian Federation. NATO's new focus is on confronting new threats to security, not on perpetuating the Cold War. We have made clear to the Russians that NATO poses no threat to Russia. In fact, we are also consulting with Russia about the global review of our military posture that is underway, so that the Russians will understand that this review aims at dealing more effectively with new threats, not "encircling" Russia. Given the new threats to our common security, we want lighter, more readily deployable forces, not an expansion of Cold War Era garriagns further to the Fest.

risons further to the East.

RUSSIA AND THE FORMER SOVIET SPACE

The United States recognizes that Russia has legitimate interests in Eurasia based on geography, economics and history. We support good relations between Russia and its neighbors, and we have no desire to compete with Russia in a modern version of the "Great Game." Indeed, we hope to find ways to cooperate in addressing some of the problems of the region. But we also look to Russia to respect the sovereignty and independence of the other former Soviet states.

Certain developments over the past few months have given rise to concerns in this regard. Russia has become more assertive in its relations with many of the countries that formerly made up the Soviet Union. The pressure exerted on Georgia through the separatist regimes there, unilateral efforts to resolve the Transnistrian conflict in Moldova and heated rhetoric directed at certain of the Baltic States have caused concern, and not only in Washington: our European allies have also noted Russia's more assertive behavior in the region, which soon will be a "near abroad" for the European Union as well. We are still scratching our heads over the spat with Ukraine involving Tuzla Island and the Kerch Strait last fall.

Secretary Powell, while emphasizing that we favor deepening our partnership with Russia, raised these concerns with Russian leaders at the end of January. He emphasized that our preference was to cooperate, not to compete, with Russia in the former Soviet space. Our policies and programs in Eurasia aim to promote economic, political and military reform, to encourage the development of democracy, and civil

society, and to help the people of the region become prosperous and stable partners. This is a goal, we believe, that is as much in Russia's interest as it is in ours.

The Russian leaders Secretary Powell talked to heard his message loud and clear. On certain issues they provided immediate feedback. For example, they stressed that they fully recognized Georgia's sovereignty and supported its territorial integrity. We believe that Russian-Georgian relations now have an opportunity to take a turn for the better. Newly elected Georgian President Saakashvili has invited President Putin to visit Tbilisi in the fall to sign a Russian-Georgian framework cooperation agreement that should be ready by that time. In the meantime, we are urging the two sides to agree on a timetable for the withdrawal of Russian forces from their bases in Georgia, in accordance with Russia's 1999 Istanbul commitments. How Russia approaches these negotiations will be an early indicator of how Russia intends to deal with the new Georgian leadership.

Another problem area the Secretary discussed with the Russians in Moscow was the separatist conflict in Moldova. After differing in our approaches to that problem last fall, when the Kremlin attempted to engineer a solution on its own rather than within the established OSCE process, we are now working to get the process of resolving the remaining questions back on track, including the matter of returning the weapons and materiel stockpiled in Transnistria to Russia, and completing the withdrawal of Russian military forces, in accordance with the 1999 Istanbul commitments. We will be holding bilateral consultations with the Russians in a few days, and hope formal talks on a settlement will resume shortly under OSCE auspices. In this regard, we note that Russia has significant influence with the Transnistrian leadership, which Moscow should use to expedite the withdrawal of its forces and a political settlement.

RUSSIAN DOMESTIC DEVELOPMENTS

The American public has long nurtured a special interest in Russia's domestic development. This is in part because so many American citizens trace their origins to that part of the world, in part because of the heightened focus on the Soviet Union during the Cold War, and also because of the enormous hopes we invested in Russia after the fall of Communism. Americans are genuinely interested in the fate of human rights, the rule of law, freedom of speech, assembly and religion and democracy in Russia. It is in our interest, but most of all in the interest of Russia's own citizens, to see political reforms take root. Yet it is precisely in this sensitive and important area that we have seen some erosion.

In particular, the pattern of official pressure on journalists and the independent broadcast media, irregularities in the Duma elections as noted by the OSCE, missed opportunities from last year's referendum and presidential election in Chechnya, and the arrest and lengthy pre-trial detention of Mikhail Khodorkovskiy have raised questions about the strength and depth of Russia's commitment to democracy and the rule of law. Reports of violence and human rights abuses in Chechnya continue to appear, despite the virtual news blackout from that unhappy, war-torn province. And there has been a continuing stream of reports of unsolved crimes of violence, from terrorism to assassination and crimes against foreigners, often not pursued with sufficient vigor by the investigative organs and law enforcement authorities. All of these factors give us pause.

We wish Russia and Russians well. We would like to deepen and strengthen our partnership. But as Secretary Powell noted in an article he published in *Izvestiya* during his Moscow visit in January, "the capacity of any two nations to cooperate rests on a convergence of basic principles shared broadly in society. . . Without basic principles shared in common, our relationship will not achieve its potential."

basic principles shared in common, our relationship will not achieve its potential." Let me say a word about a most difficult issue, Chechnya. We sympathize with Russia for having suffered from terrorist attacks, such as the bombing of the Moscow metro in February. We recognize Russia's right to defend itself against terror, and we support its territorial integrity. We do not support Chechen separatism. Nothing can justify acts of terror, whether in Russia or elsewhere around the world, and we condemn such acts in no uncertain terms. At the same time, we fear that the cycle of violence in Chechnya is sustained by continuing human rights abuses on the part of Russian federal and local security forces. These cannot be justified by the abuses—and even acts of terror—committed by the other side. We do not underestimate the difficulties inherent in bringing the hostilities there to an end. But enough is enough. More than enough blood has been spilled in Chechnya.

Despite repeated statements that the situation in Chechnya is normalizing, we

Despite repeated statements that the situation in Chechnya is normalizing, we continue to hear that killing goes on, and that everyday life is overshadowed by acts or threats of violence. We deplore the absence of a political process. While we would be happy to be proven wrong, we do not believe the Kadyrov government has gen-

erated the legitimacy and credibility it needs with the Chechen people to bring about a political solution. For the last four years, the fighting has intensified in the spring. On the threshold of this spring, with renewed urgency, we call on all sides to this increasingly senseless conflict to desist from further hostilities and begin the work of rebuilding Chechen society. The time for peace and reconciliation in

Chechnya is long overdue.

On the economic side, our engagement with Russia is steadily deepening, although it is not problem-free and has not reached the level it could. Our engagement is broad and varied, and has already created a wide range of commercial and institutional relationships between our countries. Trade, investment and other commercial links are essential if the Russian economy is to be fully integrated into the global market. Broad-based economic growth is essential for the development of Russia's small, but expanding middle class, whose development is essential to the

Russia's small, but expanding middle class, whose development is essential to the growth of democracy and civil society in Russia.

The Russian economy, stimulated by high oil prices, is performing well, having posted a growth rate of 6.7 % in 2003. The state budget is in surplus, a stability fund has been established to cushion against oil price shocks, and a strong balance of payments and good fiscal management have increased investor confidence. In addition there has been growth in the consumer sector, as real incomes rose in 2003 by about 140%

The Russian Government continued its economic reforms in 2003, passing legislation connected with World Trade Organization accession, including a new Customs Code, a deposit insurance law, pension reforms and a restructuring of the electric power and rail industries. Yet President Putin and his new government understand that Puggie still has major economic reform work to accomplish. The new Prime power and rail industries. Yet President Putin and his new government understand that Russia still has major economic reform work to accomplish. The new Prime Minister, Mikhail Fradkov, has the profile of a tough-minded trade expert. The ministers named last week include known reformers, whose hand seems to have been strengthened in a slimmed-down governmental structure. With a strong popular mandate and a sizable working majority in the Duma, President Putin is well positioned to press a program of substantial economic reform. Businessmen and investors, both Russian and foreign, are looking to see such a program.

We support Russia's continued economic reform efforts, including its push for

We support Russia's continued economic reform efforts, including its push for WTO accession. There is a direct connection between Russia's integration into the world trading system and internal reforms. Rule of law, respect for the sanctity of contracts, independence and effectiveness of the judiciary and curbing government corruption are all part of what is needed for Russia to become a major destination for investment. The sad fact is that U.S. investment in Russia is lower than it could be and the reasons are clear: official corruption, doubts about the quality of justice available in Russian courts, disregard for the sanctity of contracts, unpredictability of the tax system, excessive bureaucracy and lack of transparency. We hope the new government will be successful in grappling with these problems.

Russia's energy sector holds great promise for Russia and the world. Russia's 2003 oil production rose eleven percent over 2002 levels to 8.45 million barrels per day, oil production rose eleven percent over 2002 levels to 8.45 million barrels per day, second only to Saudi Arabia's. Oil exports also rose, to nearly 4.65 million barrels per day, but export pipeline capacity hindered export growth. Russia's gas exports were also profitable. Encouraging Russia to bring more of its energy to export markets enhances the world's energy security through increased supply diversity, but such cooperation should take place within a commercial framework, and with an understanding of the geopolitical benefits, including regional stability, that come with energy cooperation. Not only is government control—as opposed to regulation—fraught with the perception of manipulation for geo-strategic goals, but those countries that modernize their energy sectors along free market lines stand to benefit most overall most overall.

We hope Russia will embrace a thoroughgoing market reform of both its oil and gas sectors. Given the prospect of increasing natural gas shortfalls that we now face in North America, we believe that if Russia developed a capacity to export liquefied natural gas, it would find a receptive market in the United States. The success of such projects will depend heavily on Russia's commitment to building a stable investment climate and openness to competition that encourages private investment in this sector. The U.S. Government and major international energy companies are looking to Russia for a clear signal that foreign investment is welcome in developing

No discussion of U.S.-Russian relations would be complete without a mention of people-to-people contacts. When Secretary Powell visited Moscow in late January he met with alumni of the many exchange programs that have been conducted since the collapse of Communism. There are now some fifty thousand Russians who have visited the United States on some kind of U.S.-sponsored exchange, and they constitute one of the brightest factors of hope in our relationship over the long term.

For example, the new Russian deputy premier, Alexander Zhukov, studied management at Harvard in the early 1990s.

But this picture is not free of clouds. Our goal is "secure borders but open doors," and yet the more stringent visa processing policies mandated by the USA Patriot Act, Enhanced Border Security and Visa Entry reform Act and other regulatory changes designed to enhance border security have generated concerns as some Russian businessmen, scientists and students have experienced visa delays. We recently held consular talks with Russian experts aimed at streamlining procedures as much as possible and bringing expectations into line with realities. For those relatively few cases that require special screening, this screening is being completed more quickly and predictably than immediately after 9/11. Consular Affairs is developing an electronic system that will establish better connectivity with clearing agencies to further improve the visa clearance process. In Russia's interior, distant from our consular offices in Moscow, St. Petersburg, Yekaterinburg and Vladivostok, we have developed online "virtual consulates" that help inform would-be travelers of the procedures that need to be followed and also promote understanding.

A negative phenomenon of the past few years is trafficking in persons. During the past year the Russian Government has intensified its efforts to combat this global problem. In October, President Putin called on Russian law enforcement authorities to "use all means and opportunities the law provides to combat this evil," and shortly thereafter the Duma unanimously passed amendments to the Criminal Code that criminalized trafficking and expanded criminal liability for related activities such as child pornography. More remains to be done in the area of victim assistance and protection. During his trip to Moscow, Secretary Powell appeared at a U.S.-Russian conference on trafficking in persons at which he recommitted the United States to working with Russia to defeat the traffickers, and to rescue and rehabilitate the victims. A Russian delegation will be in the United States later this month to build our partnership in combating trafficking.

THE FUTURE OF U.S. RUSSIAN RELATIONS

It is not easy to talk about the future of a relationship as complex as that we now enjoy with the Russian Federation, but let me hazard some educated guesses.

I believe we are on the right track with Russia, though the track is not without its bumps and occasional setbacks. We have gradually moved the relationship from one based on confrontation and competition to one marked by cooperation across an expanding range of issues. There is more that can and should be done to remove barriers to greater cooperation, to repeal or amend out-dated legislation, and to eliminate irritants in the day-to-day relationship. Some Cold War stereotypes and reflexes still persist on both sides. This should not surprise us; after seventy years of Cold War, it would be remarkable if this were not the case. On balance our mutual interests outweigh our differences and our relations hold great potential. One of our challenges, as we expand cooperation on issues where we have had good interchange, is to find ways to address more successfully the more difficult issues on the agenda.

The U.S.-Russian relationship is already much more broadly based than at any time since the end of World War II But the government administrations on each end still play an important role, and we are taking seriously our responsibility to improve the conditions for the overall relationship to flourish. At the Camp David meeting last September—I purposely do not call it a "summit" because such meetings have now become so routine—our two Presidents approved an action "checklist" that identifies a number of the issues the two bureaucracies need to work on resolving. They range from resolving remaining agricultural trade issues to implementing more effective intellectual property right protection, from consulting on regional issues such as Afghanistan to exploring closer cooperation on non-proliferation of weapons of mass destruction.

Our policy toward Russia must in the future, as today, be one of engagement. We are already engaged economically in Russia, and Russian investment has come to our shores as well. One thinks of the two thousand jobs in Michigan saved by the Russian purchase of Rouge Industries, once part of Henry Ford's historic Rouge River complex. At the far end of Pennsylvania Avenue in Georgetown there is now a Lukoil gas station. Over time, and given the reforms that we hope the new government in Moscow will promote, our economic relationship with Russia will grow. Expanding commercial and investment links will benefit both societies and give greater ballast to the overall relationship.

We must also stay engaged with Russia on the great issues affecting the regions of the world. Russia still has much to offer diplomatically and in terms of knowledge and access in various parts of the world, especially in some places where we are

at a comparative disadvantage. To the extent that we can cooperate for the common

good, we both will be better off, as will the greater global community.

Finally, we need to stay engaged in the never-ending business of building better societies. Russia faces serious demographic and health challenges over the next few decades. We already cooperate in fighting HIV/AIDS, and Russian science has much to offer in combating the diseases we are likely to see in the twenty-first century. Building better societies also means strengthening civil society, instilling and refining democratic habits and practices, and creating conditions that will support free and independent media. In the United States, we are constantly perfecting our democracy. We have already contributed much to Russia's young civil society and to individual Russians in this area, and we are prepared to do more, even given declining assistance budgets, if Russia wants our assistance.

But, Mr. Chairman, let me say one cautionary word about the future of democracy in Russia. We want to see Russia become a full-fledged democracy, but we must be patient. As Secretary Powell said in his *Izvestiya* article, "We hope that Russia's path to mature democracy and prosperity is cleared soon of all obstacles. We both have a large stake in that journey, and we trust in its eventual completion." And when Russia does become a democracy in the fullest sense, it will be because Russians have built it. The United States can help, and has already done a lot. But foreigners cannot build Russia's democracy: only Russians can. We need to keep this

fact firmly in mind.

Mr. Chairman, I would be pleased to take your questions and comments.

Chairman HYDE. Thank you.

Mr. Lantos?

Mr. Lantos. Thank you, Mr. Chairman.

I read your prepared statement, Secretary Jones, very carefully and I detect a degree of unwarranted optimism that I would like to question you about, if I may, because I find some of your statements almost incomprehensible.

I quote on page 3:

"While there remain some differences of perspective with regard to the nuclear programs of Iran . . . we have enjoyed an increasingly satisfactory level of cooperation with Moscow on these problems."

Will you enlighten me as to what that "increasingly satisfactory" cooperation is? Because my impression and the impression of all the Russian experts I have talked to, unanimously, is that the Russians have stonewalled us. They have stonewalled the President, they stonewalled Secretary Powell, they stonewalled Members of Congress, they are proceeding with cooperation with Iran, when it is self-evident Iran is hellbent on developing nuclear weapons with Russian assistance.

Ms. Jones. I am happy to do that. The reason I say that is that for the first time the Russian government acknowledges that what Iran is undertaking in terms of its nuclear weapons development program is dangerous. For the first time the Russians acknowledge that that is what is going on.

For the first time they are participating with us and with others on the IAEA Board of Governors to find ways to persuade the Iranian government to end its nuclear weapons program, to suspend all enrichment-related and reprocessing activities and to ratify the additional protocol of the NPT. This is new, this is important.

We do differ with the Russians——

Mr. Lantos. If I may stop you for a minute?

Ms. Jones. Please.

Mr. Lantos. I do not think it is revolutionary to recognize that developing nuclear weapons is dangerous and the fact that they

have not until now recognized that is absurd, but it is not a sign of progress that they now say Iran's desire to develop weapons of mass destruction is dangerous. I do not consider that an achievement.

Secondly, it is dangerous because they are helping them. They are the prime supplier of Iran's nuclear program and beginning with the President of the United States down to lowly Members of Congress like myself, we have made it clear to them their relations cannot improve, they cannot become normal as long as their support and assistance to Iran to develop weapons of mass destruction continue.

This has been going on for years and most recently at IAEA they have sided with the west Europeans in watering down the measures we proposed.

Your State Department proposed much stronger measures than were finally adopted and the weak measures were adopted because the French and the Russians, among others, insisted on them.

Am I wrong?

Ms. JONES. Let me put it this way.

Mr. Lantos. Am I wrong in what I just stated?

Ms. Jones. I would not quite describe it that way, actually. The important thing that has changed—you and I can agree that Iran was developing nuclear weapons. We had no question about that. We had a very difficult time persuading our European friends and allies and the Russians that that was the case.

However, the recent inspections that the IAEA did persuaded others in the IAEA and others on the Board of Governors that what we had believed for some time was in fact the case. That was the breakthrough.

Mr. Lantos. But the Russians knew it because they were the principal suppliers. This was not a revelation for them, this was something that was discovered which they knew because they supplied the Iranians.

Ms. Jones. On the diplomatic level, however, it was very important that they made a formal acknowledge of their recognition of this desire or this intent on the part of the Iranian government because that permitted us then to engage with them in a very productive way in the IAEA, in the Board of Governors meeting, to put the kind of pressure on Iran that we thought was appropriate.

In terms of the negotiation that just took place——

Mr. Lantos. If I may stop you again, we wanted to put significant pressure on the Iranians and the French and the Russians prevented us from doing so and in an attempt to attain apparent unanimity we caved. That is exactly what happened. We had much stronger proposals. Am I correct in saying that?

Ms. Jones. We had different language.

Mr. Lantos. Did we have stronger language?

Ms. Jones. The language that we ended up with, the compromise language, we believe achieves the same goal. The point was to make sure that by the next set of meetings for the IAEA there would be a recognition that Iran had to accomplish and implement the undertakings that it had made to the IAEA.

Mr. Lantos. At the outbreak of the Iraq war, we had high hopes that the Russians would side with us as did the Brits and others and not with Germany and France. Putin chose to side with the Paris-Berlin axis.

Would you view that as a friendly gesture to the United States? Ms. Jones. There was definitely a difference of opinion, a serious difference of opinion, about whether or not we should go to war in Iraq. The point now is, though, the important thing now is that the Russian government as well as European governments have said as much as we disagreed last year, now it is in our interests, in all of our interests, the Russian interests, the European interests, the American interests, to make certain that we have a successful result in Iraq, a democratic government, a peaceful turnover, an effective turnover from CPA to Iraqi authorities in Baghdad and that is the goal that Secretary Powell and President Bush are working toward with good cooperation and good understanding with the Russian government.

Mr. LANTOS. Thank you, Mr. Chairman.

Chairman Hyde. The gentleman's time has expired.

Mr. Bereuter?

Mr. BEREUTER. Thank you, Mr. Chairman.

Secretary Jones, thank you very much for your testimony. We look forward to seeing you on occasions like this, as well as in the

Europe Subcommittee.

I wanted to focus my questions and remarks to you on the Caucuses region. I notice in your testimony on pages 9 and 10 that you discuss the pressure that has been exerted on Georgia through separatist regimes, Russian support for separatist movements in Abkhazia and South Ossetia and, of course, their failure to remove the troops from Georgian territory, as well as threatening military intervention, ostensibly to thwart the cross border operations by Chechyn rebels.

I understand and note what you said about Secretary Powell's recent discussions with the Russians concerning Georgian sov-

ereignty and their support for its territorial integrity.

I would just urge that the Administration continue to be not provocative but forward leaning on the support that we give Georgia and the insistence and repetition of our concerns about the Russian troops leaving Georgia and about the actual recognition of their sovereignty.

Their excuses in the past perhaps have been in part related to President Edward Shevardnadze, but those excuses should no longer apply and I think all of us were impressed by the new President and the new cabinet that he has brought to office and we have expectations that he can make a difference if the Russians will stop

their counterproductive activity in Georgia.

I am also concerned about the ever closer relationships between the Armenians and the Russians and whether or not the Russians are not simply continuing to foster the armed standoff between Azerbaijan and Armenia. I think they play a very destructive role in that country and I hope that we are going to continue to pressure them to stop that kind of activity.

I would welcome any responses you might have on these two sub-

jects.

Ms. JONES. Congressman, thank you very much. We would certainly agree with the sentiments that you have expressed. There

are several elements that I think are important as we move forward in trying to work with the Russians on issues related to Georgia, Moldova as I mentioned earlier, but also Armenia with the

Nagorno-Karabakh question.

The argument we make to the Russians is it must be in your interests, in Russia's interest, to do everything possible to increase and enhance stability around the outside of Russia. It cannot be in Russia's interests to perpetuate the secessionist areas of Georgia, to perpetuate the frozen conflict in Moldova, to perpetuate the Nagorno-Karagakh thing, as well as Chechnya.

All that does is it provides territory and opportunity for terrorists, for criminals, for traffickers in persons, for proliferators to use that territory against Russian interests, against European inter-

ests, against international interests.

Furthermore, we have been steadfast in making sure that it is clear to our Russian colleagues that there will not be ratification of the adapted CFE treaty without full completion of Russian-Istanbul commitments that involve agreement on a date for removal of the Russian troops from the two bases in Georgia, as well as completion of the removal of material from Transnistria.

Mr. BEREUTER. And, as you know, Madam Secretary, that

Istanbul commitment goes back to 1999.

Ms. Jones. Absolutely.

Mr. BEREUTER. And I think we ought to insist on a time table for completion of the removal of troops from Georgia.

Ms. JONES. Absolutely. Mr. BEREUTER. Thank you.

Chairman Hyde. The gentleman's time—

Mr. Bereuter. It is not expired, but I yield it back.

Chairman Hyde. Has not expired. I am sorry.

Mr. Bereuter. I yield it back. Chairman Hyde. Thank you.

The gentleman from California, Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

Ambassador Jones, initially, I would like to try and enlist your help. There are a number of American small businesses which have invested in Russia, Films By Jove, Sawyer Research, Euro-Asian, Kola River, for example, one of them a constituent company in my district, that have been virtually expropriated despite sincere and constant efforts by Ambassador Vershbow and his staff

constant efforts by Ambassador Vershbow and his staff.

Two previous members of the Putin Administration, German Gref and Dmitri Kozak, have tried to help the Ambassador resolve these so-called disputes and their efforts were stymied by forces in the Russian government that are no longer in power. Apparently, both of these people are now playing an active role again in the new government and I was wondering if you could help make sure that they are enlisted to begin new efforts to make these small businesses that have had in a sense their value expropriated by the Russians whole again.

How do we move issues like this higher up on the agenda of the United States-Russian relationship? That is one thing I would like you to respond to.

On your dialogue with Mr. Lantos, has Russia acknowledged publicly or to the United States that there is no other explanation

for what Iran has been doing as found by the recent inspections and the information we have received from some of the organizations of Iranian opposition, other than Iran is pursuing a nuclear

weapons program?

Has Russia actually acknowledged that? Because the IAEA has not acknowledged that. They have talked about non-compliance and the importance of complying with additional protocols, but they will not acknowledge that Iran is pursuing a nuclear weapons program, I am wondering if Russia has.

And what is the situation in terms of Russian commitments in

terms of supplying materials for the Bushehr reactor?

Ms. Jones. On the question of the assistance to the companies who are having such difficulties in Russia, certainly Ambassador Vershbow and his Embassy are extremely aggressive with the Russian government in advocating on behalf of American companies.

I will reiterate to him your interest in that. I imagine, I do not have the latest briefing on that from the Embassy, but I have every expectation that they are on this and will be on this with the new government as well. I appreciate your mentioning the assistance that Minister Gref and Mr. Kozak have already provided. They are still in the government, although Mr. Kozak is in a slightly different position, but I am sure that the Embassy will pursue that and I will reinforce that with him.

On the question you raised on Iran, I am not a nuclear expert and I may not be using the exact right words that Under Secretary Bolton or somebody who knows these issues in far greater detail and specificity than I do, but on a political level, a level in which I work, there has been an acknowledgement by the Russian government for the first time of their concern that Iran was developing, had developed, wanted to develop a weapons program. They acknowledged its danger.

Like I say, I am not sure I know the details and exactly what has been said in public or what has been said to the Board of Governors, but we would be happy to get you the exact detail on that.

In terms of what the Russian government has pledged to do, they have pledged that they will not ship nuclear fuel for Bushehr until there is full implementation of the additional protocol of the NPT.

Mr. BERMAN. Thank you, Mr. Chairman. I yield back.

Do I have more time?

Chairman Hyde. I guess you do not, no. Time flies, Mr. Berman.

Mr. Berman. Yes, it does. Especially when you give it up.

Chairman Hyde. Mr. Rohrabacher?

Mr. ROHRABACHER. Thank you very much, Mr. Chairman.

First, let me go on record as being 100 percent in agreement with Mr. Lantos about the outrages that he expressed and I would be happy to sign on to documents expressing that outrage over various violations of human rights and freedom of speech, et cetera, democracy, that have happened in Russia under Mr. Putin.

Let there be no mistake when our friends in Russia are looking at the transcript of this hearing that this is unacceptable and that we are united in that not only expression but demand that this type of violation of human rights cease and that Putin reverse his

course and start going in a more pro democratic direction.

With that said, let us look at the Iranian challenge that we face

with Mr. Putin and the Russian people.

Mr. Lantos, I remember about 3 years ago talking to this Administration as well as the last Administration about offering the Russians an alternative, rather than just trying to punish them and expressing our outrage that they were helping the Iranians, and I think this is outrageous, that they are helping the Iranians build a nuclear facility in Iran in a regime that is hostile to everything, the stability of the world, and having them have possession of nuclear weapons is a threat to the entire planet and I agree with that 100 percent.

What alternative have we offered them, Ms. Ambassador?

I remember suggesting that we go to the Russians and offer them a deal that if they can go into construction on various projects elsewhere that we could help finance through the World Bank that we would do that if they would withdraw their support from this Iranian project.

Was any offer like that ever made to the Russians?

Ms. Jones. Congressman, I would have to double check to be sure of the accuracy of what I might respond. I would hesitate to try to guess and try to bring back to mind what the specifics were.

Mr. Rohrabacher. This is so important you should not have to guess. The bottom line is if we have been putting pressure on the Russians, it should have been a positive pressure, saying here is your alternative. It should not be something you have to guess about. If this is high on your priority list, we should have said here is your alternative.

Instead, at a time when their standard of living is going down 25, 30 percent in Russia, their people are suffering, we are telling them just to eat it, throw away the contract, go ahead and suffer

some more?

Ms. Jones. What I am saying is I cannot tell you that there is an explicit offer made that if you do not do this, we will do that.

At the same time, we have quite a number of programs, scientific exchange programs, in order to provide opportunities for scientists who might otherwise be involved in programs that we do not think are good programs, to use their expertise and have a decent income, shall we say, through these scientific exchange programs.

Mr. ROHRABACHER. And let me note that during the Yeltsin era when we put money into some of those programs which I am a senior Member of the Science Committee as well, I oversaw some of that, and it went into a big black hole. I know that NASA put money into Russia during the Yeltsin years and it disappeared. Surprise, surprise.

We gave money directly to their government run space program rather than making contracts specifically with the industry in Russia and it disappeared. Well, I do not think that we handled our-

selves in a competent way.

What I am trying to say, Mr. Chairman, some of this fault lies with the United States as well, that we have not offered positive alternatives and if Russia is slipping back into less than democratic government, yes, we should express our outrage, but at the same time, let us give them some alternatives to be part of the world economy.

For example, at the beginning of the Iraq war, we wanted the Russians to be on our side, but yet here is a question to you Madam Ambassador: Did we go to the Russians and say, look, we know that there is a debt involved here, Iraq owes you so much money and if you will forgive that Iraqi debt and support our operation, we will support a diminishing of the Russian debt that is owed to western banks?

Was anything like that ever approached?

Ms. Jones. Let me address some of the programs that we do have. We have a very good cooperation on space programs. There is a tremendous amount of work being done in that direction, a lot more discussion about the kinds of things we might do.

Mr. ROHRABACHER. I am the guy who oversees that. I am the guy

who oversees that, by the way.

Ms. Jones. In terms of Iraqi debt, I do not believe anything like that was done. It is a very considerable question about what to do with Iraqi debt.

Former Secretary Baker is very engaged with that now, but that kind of quid pro quo was not under discussion at the time because

it was not really our place to barter Iraqi debt at that point.

However, there was a considerable amount of work done through the U.N. with the Russians to ensure that the contracts that they had under the Oil-for-Food Program would continue and be honored for a period of time. There was a lot of discussion about how to capture that in new Security Council resolutions to make sure that Russian companies would not in some way be disadvantaged and that the contracts would be cut off for exactly the reason that you state.

It is very important to develop the middle class. We have excellent economic reform programs under way to do that.

Mr. ROHRABACHER. Offer alternatives rather than just complain.

Ms. JONES. Absolutely.

Mr. ROHRABACHER. Thank you very much.

Chairman HYDE. I believe the gentleman's time has expired.

The gentleman from Texas, Mr. Bell. Mr. Bell. Thank you, Mr. Chairman.

And thank you for your testimony here today.

I am curious, I would have to agree with you and I read your statement and I do think that there is cause for optimism, but when we get to the part of your statement, and I would share Mr. Rohrabacher's and Mr. Lantos' concern as to the backsliding that we have also seen and you state in your statement here Americans are genuinely interested in the fate of human rights, the rule of law, freedom of speech, assembly and religion and democracy in Russia and I think you would agree with me that that is somewhat of an understatement as to our concern and then you go on to point out, "Yet is precisely in this sensitve and important area that we have seen some erosion."

I would like to take it from two fronts as to what we are doing about it and also what are they doing about it? And if you could enlighten us to some degree as to the overall climate in Russia. What is the opinion of the Russian people? Is there any type of pushback? Are they demonstrating any kind of concern as to this move toward totalitarianism that we are seeing in Russia?

Ms. Jones. There is no question of our concern. As I outlined in my statement, Secretary Powell was very forthright on this subject in his meetings in Moscow at the end of January. His op-ed piece that he placed in *Izvestiya* the day he was having his meetings with President Putin, the foreign minister and the defense ministers was probably unprecedented in terms of its frankness. And it did set the stage in a positive way for the kinds of discussions he had and allowed him to have very frank discussions with his Russian colleagues.

Mr. Bell. Well, let me stop you because you are taking it from a little bit of a different direction, frank discussions are great and I think we would all agree with that, but what is the result of

those frank discussions if we continue to see erosion?

Do they indicate any likelihood that they are going to start mov-

ing away from this new era of totalitarianism?

Ms. JONES. The government is very new. This is all against the backdrop of President Putin just having won a landslide election, so it is very hard for me to say the Russian people do not like his policies.

That said, we think that there is very strong support in civil society in Russia for the kinds of programs that we promote, the kinds of programs that we work together with the EU on to support NGOs, to support civil society, to support free media, to work on anti-corruption measures, the kinds of things that we think are im-

portant.

It is hard to know what President Putin's new administration will be like, it is hard to know for sure, but there are some interesting indications. The first is that the reappointment of two of the economic reformers to the government, Mr. Gref and Mr. Kudrin, are very good signs, we think. They have a good reformist track record and we expect that reformist track record and the engagement with us on those issues to continue.

The new Deputy Prime Minister, as I mentioned in my opening comments, had a period of time at Harvard. He has experience in economic reform as well in the Duma, was head of the Budget Committee, in a positive way. So that also gives a sense of the di-

rection that we think the new Putin government will take.

The new Prime Minister also has a long track record, long experience in foreign trade, as minister and in various other capacities. He was most recently Putin's Ambassador to the European Union, an unusual kind of position, but in any case, that gave him good experience with the EU, which is an important economic indicator, as well as an important forum in which the kinds of concerns that we have that you have just expressed on democracy, civil society, human rights, free media are expressed equally well. There are equal concerns on the part of the European Union for this kind of moving away of what we thought the Russian government was headed for over the last 8 or 9 months.

I cannot tell you that President Putin is going to proceed along the path that Secretary Powell outlined in his conversations in January. We certainly hope so, we certainly have been clear that this is part of the strategic relationship. It is not something that is hidden behind some curtain as a secondary issue, it is part of the whole deal. We cannot have the kind of trust on strategic issues if we do not have a common understanding of these kinds of values. And that

is what we will keep working toward.

Mr. Bell. Let me ask you to comment on the election results, because you did mention them, you pointed out that it was a land-slide victory. Are you all taking that to mean that there is wide-spread support or is that just because the deck was so stacked in their favor?

Ms. Jones. There is no question that there were abuses in the election process and we have discussed those with senior people in the Russian government as well in terms of limited access for other candidates to the media, overwhelming use of administrative controls, administrative processes, budgets, for the President himself and for presidential candidates.

There is no question about that, but nevertheless, it would be unfair to say that had there been a free and fair election, one that we and the OSCE and others would have called a free and fair election, I doubt that the result would have been overwhelmingly

different.

Chairman HYDE. The gentleman's time has expired.

Mr. Bell. Thank you, Mr. Chairman.

Chairman Hyde. Mr. Amo Houghton of Hew York.

Mr. HOUGHTON. Thank you, Mr. Chairman.

Thank you, Madam Ambassador. That was quite a statement you made, I have read it and you covered two key areas, one obviously the international, the other domestic.

I have three pretty simple questions and I do not know that they would develop a reasonably simple answer.

First, is Russia more or less a danger in the world to us?

Secondly, is Russia moving increasingly toward or moving further away from democracy as we would like to believe it?

And, third, should we be more or less concerned with our rela-

tionship with Russia?

Ms. Jones. On the question of is Russia more or less a danger, it is definitely far less a danger. We have agreed in NATO and bilaterally that Russia is not a danger to NATO, NATO is not a danger to Russia, the United States is not a danger to Russia. That is the foundation of the conversation that we have with the Russians when we are talking about the near abroad, when we are talking about our own force reposturing in Europe. So the answer to that is no, Russia is not a danger to us or to NATO.

Is Russia moving toward or away from democracy? It has been moving away from democracy. There is no question about that, that is why Secretary Powell had the very explicit, direct discussions he had in Moscow, that is why he put forward the op-ed piece in *Izvestiya*, because to describe and illustrate our concern that the balance among the executive, the judicial and the legislative in Russia has not been developed to the extent that it should be.

There is far too much imbalance in favor of the executive, there is not nearly enough credence and respect for the rule of law. These are the kinds of things that we will be discussing and pushing for.

Again, as I said to your colleague, because this is part of the strategic relationship, we cannot have a genuinely strong strategic relationship without that balance being put back in place.

I am sorry, your last question? I did not write it down quickly enough.

Mr. HOUGHTON. Should we be more or less concerned with our

relationship with Russia?

Ms. Jones. I think the best way to answer that is that we should be as engaged as we possibly can be with the Russians about the relationship. We should be completely open every time we have a concern, every time we would like their cooperation on a issue. We should treat them as colleagues that have an open door to us, which they do, and we should not be afraid to sit down with them or hesitate, not be afraid, hesitate to sit down with them, even though we know that they have a view that may be in complete disagreement with us.

We have a relationship now where we can sit down and talk through the issues and try to come to a common understanding, if we can, at least to clarify what the disagreement is actually about.

Mr. HOUGHTON. Well, in terms of the first two questions, if I understand it, you feel that under the usual structure of one on one the bilateral relationship, the relationship with NATO, Russia is less a threat, but obviously it is a greater threat if you throw in the Iranian nuclear possibilities and that is a worry to me.

Secondly, what you are saying about the internal democratization, that it is moving away and that is not good for us. The question is, is it on a course which is immutable and you cannot change

it?

Ms. Jones. On your last question, I think absolutely that can be changed. That is why we are engaging with the intensity that we are. I cannot honestly tell you exactly why the trend seemed to be going away from our original understanding of this element of the strategic relationship, but it is certainly clear to the Russian government through resolutions passed by Congress, through conversations that we have had through public statements, that this issue is as important to us as any of what used to be called the traditional strategic issues.

Mr. HOUGHTON. Thank you.

Ms. Jones. On the question of is Russia a greater threat because of Iran, for the reasons I have explained already, it is not. We have a much, much better understanding with Russia about Iran and about how we should cooperate about Iran than we had just a year ago.

Chairman HYDE. The gentleman's time has expired.

The gentlelady from Minnesota, Ms. McCollum.

Ms. McCollum. Thank you, Mr. Chair.

Madam Ambassador, I want to take the discussion on page 2 where you have a couple of lines talking about securing nuclear and other weapons of mass destruction related materials on the territory of the former Soviet Union and ask you a couple of questions about that.

I with all my colleagues think all the citizens of the United States are very concerned about terrorism and access to easily developed dirty bombs.

I had the opportunity with Congressman Schrock, myself and some members of this staff to go to Norway last year and then with the Norwegian delegation, we went to the Kola peninsula and we were going to look at the shipyards in Murmansk.

Now, the Russian government had my passport, other people's passports, for close to a month, if not over a month. We were in Norway for a week and then lo and behold literally an hour before we were to tour the facility at the shipyard, the Russian government starts picking off who out of the Norwegian delegation and who out of the U.S. delegation can go.

Now, this is of concern to me because we are putting dollars into an effort for decommissioning nuclear weapons and the Norwegians are working on removing nuclear waste out of ships from an environmental standpoint, but there is also the terrorist standpoint with having these lighthouses out unprotected and terrorists could—quite frankly, I am alarmed—could very easily, should they choose to do so, go in and harvest nuclear material and create a dirty bomb.

So my question is what is the Russian government doing about this? It is great to see it on paper here and I am very concerned about Iran and other issues, but what is the Russian government doing in taking responsibility itself and really engaging in working with the international community and making this world a safer place? Because we need to win the war on terrorism.

Ms. Jones. There is no question that we need to win the war on terrorism. It is my very, very firm belief that President Putin and his administration are equally concerned to win the war on terrorism, specifically because they are the targets of terrorism almost as much as anybody else is because of Chechnya.

They are equally concerned about the situation in Iran, they have become awakened to those kinds of dangers.

I very much regret, all of us do, that the situation happened with your trip from Norway to try to visit the shipyards. That should not have happened. There has since been a successful trip to visit those shipyards and to take a look at the programs that the Norwegians have there.

We have quite extensive cooperative threat reduction programs that we would like to continue with the Russians. They are very effective. We are very concerned to make sure that we have good control of those programs, good control of the money that goes into those programs, and make sure that the accounting for those programs is as accurate as it possibly can be so that everything that is supposed to be done with that money is actually accomplished for exactly all of the reasons that you outlined.

But I am completely assured that the Russian government is as concerned about the possibility of nuclear materials falling into the wrong hands.

Ms. McCollum. Madam Ambassador, I am going to follow up with a comment.

Ms. Jones. Please.

Ms. McCollum. I would like you to provide Chairman Hyde not just concerns, but I would like to see what is actually diminishing, both in the lighthouses and what the Russian government is putting toward this.

Ms. Jones. Absolutely.

Ms. McCollum. And then, Mr. Chair, I serve on the Education Committee as well as this Committee and I am hearing from our Ambassadors all over the world about their concern about what is happening with our international foreign exchange students. We just heard it from Ambassador Johnson.

At some point, Mr. Chair, I think it might be helpful if you and the Chairman of the Education Committee either before the election or after the election visit this issue so that we can address our Ambassadors' concerns on this.

Thank you. Thank you. I certainly will take that under advise-

Mr. Tancredo of Colorado?

Mr. TANCREDO. Thank you. Mr. Chairman.

There are several things you can look at to try to determine how a country is progressing toward a more pluralistic society and we have, of course, discussed many.

The one thing I would like you to address is the issue of human rights within Russia, in a couple of areas in particular and let me know your thoughts on whether or not there has been progress

and, if so, exactly how much and what kind.

The trafficking in human beings, for one thing, women and children in the sex trade. That has been a growing problem in Russia. Some would suggest it is even more profitable to certain parts of the Russian mafia than is the trade in narcotics.

I visited places, orphanages, where busses would actually pull up, people would get off, select children out of an orphanage and take them away after having paid a certain amount of money to the people in the orphanage simply as slaves, really. To traffic these children.

I have also witnessed and we have discussed every time I go over to Russia, I talk to members of the Duma about the murder of Galina Starovoitova. She was a reformist member of the Duma, she was killed as she was coming home one evening, she and a friend of hers who was coming back with her, they were both killed as she went into her apartment.

Speculation has always been that the murder was actually ordered by somebody in the government, other parts of the Duma.

We know that. We keep asking them, I have asked the speaker of the Russian Duma several times and he always tells me that the investigation is still underway.

Do we press this issue, these kinds of issues, with them? Do you have any information at all in terms of what kind of progress, if any, has been made? Because this is certainly one way we could tell just exactly how committed these folks are toward moving to-

ward a more pluralistic society.

Ms. Jones. We have spent a tremendous amount of our policy effort to promote the importance of addressing the trafficking in persons issue in Russia. Russia is a major source country for trafficked women and children, just as you have described. There is a very strong advocate and a very strong leadership role, Mrs. Mazulina, who has really been a great force for improving Russian performance on the trafficking in persons issue.

The Russians have just now passed legislation that criminalizes trafficking. Secretary Powell when he was in Moscow opened a conference on trafficking persons as a way to bring further weight and political attention to the trafficking issue in Russia. President Putin addressed the conference through a written statement which was further recognition of the attention that i now finally being

given by senior Russian officials to this scourge.

The important thing now is to get good implementation, arrests and prosecutions under the new legislation, as well as to continue our programs and expand the programs that we have to educate girls, to educate women about the dangers of being trafficked, especially out in the oblasts, out in the countryside, and to address ways to protect women who have been returned from being trafficked.

It is a very, very big undertaking we have and we are very hopeful that with the energy that is now being put behind the legislation that we will be able to get finally some progress in this area.

Chairman Hyde. The gentleman's time is dwindling but has not

elapsed.

Mr. TANCREDO. Just a last thing. Could you make inquiries as to the developments in the case of Galina Starovoitova?

Ms. JONES. Yes. Absolutely, I will do that.

Mr. TANCREDO. I sincerely thank you.

Chairman Hyde. The gentlelady from California, Ambassador Watson.

Ms. WATSON. Thank you, Mr. Chairman, and welcome, Ambassador Jones.

We have been reading just lately about the new President of Russia, the reelected President of Russia, and we have heard that there has been prosecution of prominent businessmen, which is of great concern.

What I want to know from you is what is your characterization of Putin? Who is determining the foreign policy? Does he work alone? What about the hardliners? Are there independent groups now building up influence and what do you see will be the role of the military under his new term and security services? So you can

respond to any part of that question, just go at it.

Ms. Jones. On the first part of the question, with regard to the businessman who was arrested, Mr. Khodorkovsky, there, the focus, we believe, should be on application of the rule of law and with the added element of being sure that the application of the rule of law is in the judicial process and that the judiciary is not being used for political ends. In other words, are the crimes that Mr. Khodorkovsky is being accused of crimes that only he has committed or only he is alleged to have committed or are there other business people with other political connections that might equally be brought before the bar of justice?

That is the question, that is the way we have pursued this issue, without making any judgment on whether or not this person has

committed any of the offenses that he is charged with.

In terms of Mr. Putin himself, President Putin himself, who is determining foreign policy, the military, et cetera, it is too early to say in the new administration, but, as I mentioned earlier, I think it is important that the focus of his new cabinet seems to be on economic reform. This is a good track for him to be on. It seems to have at least at first blush diminished the role of some of the more

prominent security service leaders, but it still is early days. It is hard to know for sure.

In terms of the military, it is hard to know. The former Defense Minister has been reappointed as the new Defense Minister. He is not a military officer, just as he was not before, and so I cannot honestly tell you if there is a different relationship that will develop between President Putin and the military or Sergei Ivanov, the Defense Minister, and the military.

There is military reform underway. That is one of the areas that President Putin has put emphasis on. He has put emphasis on what I would call the human rights aspects of the military.

How do you treat soldiers?

How do you develop a non-commissioned officer corps that is responsible for the treatment of soldiers?

How do you make sure that mothers can find their sons once

they join the military?

How do you make sure that soldiers do not freeze on trains when they are being transported from one part of the country to the other? There was a huge scandal over that, rightly so, and President Putin insisted on an investigation, rightly so.

So the focus seems to be in a direction that we would consider completely appropriate and it is an area in which we have been working with the Russians on in our military-to-military capacity, the development of a non-commissioned officer corps, for exactly the reason of assuring the welfare, the housing, the clothing, the proper treatment of a Russian soldier.

In terms of independent groups and who has influence in terms of foreign policy, the new foreign minister is someone we know very well. He has been the Russian Ambassador to the U.N. for the past 10 years. Secretary Powell, of course, has dealt directly with him on several occasions as we have negotiated Security Council resolutions, some with very good Russian cooperation and assistance in terms of formulating compromises, including vis-a-vis Iraq.

I cannot honestly tell you what changes he will make in the foreign policy structure or the foreign ministry structures, but it is, I think, a positive element that we do have ongoing relationships with many of the people that are in the new Russian government and it will facilitate our desire to have very intense engagement on

all of the issues that are important to us.

Other groups, we do a lot of outreach. Ambassador Vershbow is one of our very best in terms of outreach to civil society, to every possible kind of interest group in Russia, because of the importance of so many groups understanding United States foreign policy, understanding what we are doing and what we are not doing, because there is an awful lot of assumptions about what the United States is about, which are absolutely incorrect in Russia.

Secretary Powell met with a group like this when he was in Moscow in January. These are think tankers, people who have been around a very long time, who have rather traditional ideas of what the relationship should be with the United States and he did his best to describe to them how different our relationship is now, how much intensity there is in the conversations and how much we do not really need to have formal treaties any more in order to have

a good relationship or good understanding about this issue or that issue.

Ms. WATSON. I see the red light, Mr. Chairman, but just one question, you can answer it on somebody else's time.

Do you see Mr. Putin moving his country more toward democracy or moving back toward repression and socialism? You can answer.

Mr. TANCREDO. Yes. Why do you not go ahead and supply that answer, but on somebody else's time.

I am going to go to Mr. Smith.

Mr. Smith of Michigan. Maybe that could be my last question. In 1991, I was in Moscow on a trade mission and just at the time of the coup, we met with Mr. Gorbachev, we met with the mayor of Moscow. I asked the question as you move toward privatization, how are you going to deal with the criminal element and essentially in all cases they said, well, we have never had a problem with the criminal element and we do not expect to.

Give me your analysis of how that problem is being dealt with

in Russia today?

Ms. Jones. My sense is that there is very strong appreciation that the criminality is a serious issue that must be addressed. I have that sense.

I have the sense that President Putin appreciates that as much as the rest of his government does. I think this is part of what is behind the arrest of Mr. Khodorkovsky, is to try to get at some of the abuses of the system that had been allowed to flourish over the past 10 years. And what I am talking about is tax evasion, corruption, use of huge budgets for political purposes inappropriate ways. But I cannot tell you exactly how the Putin government will go after criminality.

I have addressed it to a degree in terms of the new focus on trafficking in persons, that is a very good element of the work that is underway to address that kind of criminal behavior and we are also working strongly with the Russian government to address export controls. This is very important with regard to non-proliferation, particularly with regard to Iran, for instance.

Mr. Smith of Michigan. A question. A little over 2 weeks ago, I was one of an eight-member delegation that went to Libya, celebrating the 27th anniversary and I met with Colonel Gadhafi, which really has had a tremendous change of heart. It seems to me that Russia has been an important participant in a lot of the regional groupings, such as the six-party talks involving North Korea, et cetera.

Is there an effect of the decision of Libya on the actions of what Mr. Putin and Russia are going to do in the future?

Ms. Jones. I cannot say that Libya in particular has had a particular effect on President Putin's outlook, but there is no question that he and the Russian government very much appreciate being included and having a strong role in regional groupings.

The six-party group is a very good example, the one you mentioned. The others, the quartet on the Middle East, which includes us, the U.N., the EU and the Russians as co-chairs of the Middle East peace process. We try to work as cooperatively as we can with the Russians in the OSCE, for example, another regional grouping.

The Russians are co-chairs with us and France in the Minsk

group to try address the Nagorno-Karabkh issue.

The more the Russians are involved in these kinds of regional groupings, the more they are invited to play a productive role, the more they are willing to play a productive role, is the way I would characterize it.

Mr. SMITH OF MICHIGAN. And they have been part of the effort

on the dismantling of some of those weapons of Libya.

And the final question, I will sort of state it in a different way. With the overwhelming vote in this election, does that tend to move President Putin in the direction of being a more dictatorial

type regime?

Ms. Jones. I hope, all of us hope, that the kinds of discussions we have had with President Putin and others in his administration that the pressures from civil society in Russia, the pressures from the middle class in Russia, demands from the middle class in Russia, will move him toward re-instituting and enhancing the democratic institutions, free media, that kind of thing, civil society in Russia.

Mr. Smith of Michigan. Mr. Chairman, thank you.

Mr. Tancredo. Mr. Schiff?

Mr. Sherman?

Mr. Schiff. Madam Ambassador, I want to thank you for your testimony today. I wanted to ask you about——

Mr. TANCREDO. Hold on, Mr. Schiff, just 1 second.

Mr. Sherman, you have a question?

Mr. Sherman. Yes. I thought I was here before Mr. Schiff.

Mr. TANCREDO. I understood from staff that Mr. Schiff preceded you.

Mr. Sherman. That may be and I look forward to hearing his remarks.

Mr. Schiff. I thank my colleague from the San Fernando Valley. Ambassador, I wanted to ask you about one central tenet in the war on terrorism and that is that this is essentially a war of ideas and one of the ideas that is the battleground is the idea of democracy itself and the propagation of democracy.

Now, the President outlined a few months ago his view that propagation of democracy was a pillar of a successful war on ter-

rorism, I think that is absolutely correct.

Tony Blair in his speech to Congress 6 months or a year ago outlined the spread of liberty as being essential to winning the war on terrorism. I think he was correct.

But at times, I wonder whether we are moving forward or backward in that struggle and certainly that question has been raised many times today with respect to Russia.

I wonder if you can tell us what do the Russian people think of democracy? Have you seen any polling done of the Russian people

and their views on democracy?

It seems to me that notwithstanding there is support in Russia, in the institutions in Russia, for democratic ideals, that part of what the Russians were saying in their overwhelming vote for Putin was that they value stability and strength over greater liberty.

At the same time we see in the Middle East and in Iraq people questioning whether democracy means anarchy, it means lawlessness, or whether it means the cover that is given to the propagation of western values and western civilization or even more pejoratively western imperialism.

What are the Russians' view of democracy? Have you seen any kind of a sampling of what the Russian on the street views of this and are we winning or losing that battle around the world right

now?

Ms. Jones. I believe we are winning that around the world. I think what happened in Georgia recently is a very good example

of that, just one.

In terms of Russia, the issue with democracy is partly that democracy is not as well understood all around the world as we understand it. Democracy does mean liberty, but it also means responsibility and that combination is one that I think is harder to help people understand.

Democracy also means a trust in rule of law, a trust in the judiciary, but you cannot ask people to trust a judiciary that is not as

well formed as we know it.

Mr. Schiff. If I could interrupt, I guess two specific questions. One is have you seen any kind of polling or indication of what the Russian people think of democracy and, second, it was not so long ago that Charlotte Beers appeared before this Committee with a Madison Avenue strategy for changing the public view of America and part and parcel of that changing the public view of democracy, of what constitutes democracy, that it is also responsibility.

That mission does not seem to have gone very far and if you can tell us both whether you have seen data on what the Russians feel

about democracy and, second, what are we doing about it?

Ms. Jones. Yes, there are any number of polls that discuss democracy and various aspects of democracy, which is why I discussed all the different aspects of democracy, because it is hard to know what it is that the poll was actually getting at. But one of the most important things that we hear from Russians and that is reflected in these polls is the combination of democracy with economic prosperity, which is why we put equal emphasis on economic reform, along with political reform, because it is clear that those have to go together, the development of the middle class is critical to the development of democracy.

Mr. Schiff. When you are saying that you are hearing this, what are you hearing? That they are craving democracy with economic improvement or that they are making an inequation, that the

greater the democracy the lesser the economic prosperity?

Ms. Jones. They are equating it. If you have a Russian who is in poverty, they are saying what has this democracy brought to us. If you have a Russian who has made it into the middle class, they are much more capable and much more willing to see that democracy is a benefit and it is much easier then to bring the two together.

Mr. Schiff. And on the whole, what is the Russian view? Is democracy bringing economic prosperity or do most Russians now feel that democracy brought them further economic degradation from

the old days and lesser prosperity?

Ms. Jones. I am not sure I can characterize it to that specificity. The goal is and something that we work on with our programs is to increase economic prosperity because of the link that is made not just in Russian live but in others with democracy.

Mr. TANCREDO. The gentleman's time has expired.

Mr. Sherman?

The over anxious Mr. Sherman.

Mr. Sherman. Yes. First, I would want to comment that I believe it is the Pew poll that shows that support for America on the war on terrorism is down everywhere in the world except Russia, so we

must be doing something right.

I would urge us in every opportunity to show great modesty and respect for Russia. For example, you mentioned political prosecutions of one particular oligarch and that does trouble me because I do think he was singled out because he was financing opposition parties, but we would also have difficulty explaining why Martha Stewart is doing the perp walk and Mr. Lay, AKA Kenny Boy, is living in luxury in Texas. Our criticisms of other countries should

begin with a confession of our idiosyncracies.

I also think that it is important that we show incredible deference and respect to Russia because the entire world will be more comfortable if they view the world as more bipolar or multi-polar. Only Russia can match us in terms of nuclear weapons and if they are treated as a triviality by the United States or a nation whose concerns are limited to its own borders and maybe immediately adjoining countries, that sends a message to the entire world that it is unipolar world and the natural tendency of human beings is to unite in opposition to one person at the top of the hill.

My focus in every matter of foreign policy is the Iranian and North Korean nuclear weapons development programs. I would like you to comment briefly about whether Russia is playing a major role in the six-party talks dealing with North Korea, but the real

focus for Russian involvement is Iran.

How much money are they getting? Do they view it as good foreign policy to help Iran develop nuclear weapons because they get to tweak us and naturally they, as perhaps the entire world, get some joy out of that, versus do they see a geopolitical risk to themselves? After all, Iranian nuclear weapons could just as likely end up in the hands of Chechyen terrorists as in the hands of al-Qaeda.

So if you could address Russia's role with regard to what I think is the key problem facing the United States in our national secu-

rity.

Ms. Jones. Let me address first the question of the court cases. We have addressed the Khodorkovsky case in terms of the rule of law, application of the rule of law, and equal application of the rule

of law to him or maybe any other potential indictee.

I think that is something that frankly applies completely in the United States. I do not have any hesitation whatsoever in defending that the rule of law obtains in the United States on these cases. All we are asking is that the same kind of strong judicial system apply in Russia as well.

Mr. Sherman. Excuse me. Are you saying that you have no prob-

lem admitting that we have huge problems in this area?

Ms. Jones. On the contrary.

Mr. Sherman. Or no problem? Oh, my God. When it comes to enforcement of tax and securities matters—I headed the number two tax collection agency in this country. The idea of setting an example is an established part of tax enforcement. The fact that Ken Lay is being treated one way and Martha Stewart is being treated another way is at least anomalous and for us to assert that there are no anomalies when it comes to business crimes and how we deal in the United States is to misunderstand our own country and to assert a level of perfection or near perfection that is both false and I would assume irritating to others.

Ms. JONES. I am not asserting perfection, I am asserting that the rule of law applies and that it is applied without political over-

tones.

Mr. Sherman. Perhaps those in the State Department need to spend more time studying our own country, but perhaps you should go on.

Ms. JONES. On the question of Iran and North Korea, I do not understand the question. You asked how much money are they get-

ting; I do not know what you mean by that.

Mr. Sherman. What are the economic benefits to the Russian government and Russian enterprises in payments made in return for nuclear information, technology, materials, whether they are characterized or mischaracterized as civilian military energy or bomb related?

Ms. JONES. The Russian government is not involved in development of nuclear weapons in Russia. That is something we discussed earlier in the hearing.

Mr. SHERMAN. You mean not involved in developing nuclear weapons in Iran.

Ms. Jones. In Iran.

Mr. Sherman. Yes.

Ms. Jones. In Iran.

Mr. Sherman. But for purposes of this question, if you could just—anything nuclear they are doing for Iran, I just put in the category of nuclear and I am not willing to regard it as exclusively civilian.

Ms. Jones. And President Putin has halted the shipments or has pledged not to ship fuel to the Bushehr reactor. We have good cooperation with Russia in the IAEA and the Board of Governors on putting pressure in Iran to end its nuclear program, to suspend enrichment, and to do the kinds of things that Mr. El Baradei and the IAEA have demanded.

Mr. Sherman. Thank you.

Chairman HYDE. The gentleman's time has expired.

Well, you will be happy to know, Ambassador, that we have reached the end of the questions for you and, as you can see, you have worn out the panel, but we thank you very much for your cooperation and we will be in touch if there are any unanswered questions, we will send you a note.

Ms. Jones. Mr. Chairman, thank you very much. I appreciate your interest and appreciate the intensity of your questions and we look forward to continuing our collaboration to address all of these

issues.

Chairman HYDE. Thank you so much.

We have a second panel and I would like to welcome Leon Aron, Director of Russian Studies at the American Enterprise Institute. He has written extensively on Russian politics and society. One of his most recent works is Yeltsin: A Revolutionary Life, the first scholarly biography of the former Russian President.

Mr. Aron is a frequent contributor to *The Washington Post, The* New York Times, The Wall Street Journal and The London Times.

We welcome Mr. Aron.

Stephen Sestanovich is a Senior Fellow at the Council on Foreign Relations and a Professor of International Relations at Columbia University. From 1997 to 2001 as Ambassador-at-Large and Special Advisor to the Secretary of State for the Newly Independent States, he was the primary State Department official responsible for United States policy toward the states of the former Soviet

Mr. Sestanovich is a graduate of Cornell University and received his Ph.D. from Harvard University.

Nikolas K. Gvosdev is a senior fellow in Strategic Studies at the Nixon Center and is also the Executive Editor of The National Interest. Prior to coming to the Nixon Center, he served as Associate Director of the J.M. Dawson Institute of Baylor University, as Associate Editor of the Journal of Church and State, and as a Contributing Editor to the magazine Analysis of Current Events.

Welcome to you, Mr. Gvosdev. We are honored to have you all appear before the Committee today and if you would proceed with a 5-minute summary, your full statement will be made a part of the record and we will start with Mr. Aron.

STATEMENT OF LEON ARON, PH.D., RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

Mr. ARON. Thank you very much, Mr. Chairman. The full statement has been provided and distributed and I will just summarize it. Before I do, though, I wonder if I could take a couple of minutes to address an issue raised by Mr. Berman concerning the television time in Russia in this presidential election because I think it is a fairly misunderstood issue.

It is true that the three television networks did skew the news to play up the President and say as little as possible about the other candidates. It is also true, however, that in the month preceding the election the six—initially six, then subsequently five presidential candidates had a total of 40 free hours on two stateowned television networks for uncensored political advertisement and debate.

Russian newspapers carried long interviews with them and published their platforms. Their election posters and leaflets were all over Russia. And, incidentally, one of those contract drawings, Irina Khakamada, took out and paid for a full-page ad in a leading Russian business newspaper, Kommersant, in which in essence she called the President of Russia, Putin, a liar and a murderer for his role in the resolution of the hostage crisis in October 2002 in which several hundred people died, including over 50 Chechyn terrorists.

Now, let me proceed with my brief statement.

In the next 4 years, Russian policy toward the United States as well as Russian domestic and economic policy, will be shaped largely by the components of a powerful and complicated social and political trend which along with the best economic growth in the past quarter century is responsible for most of President Putin's popularity and for his victory, incidentally, in the presidential elections.

This trend, well familiar from the histories of other great revolutions, is a post-revolutionary stabilization, attendant with a conservative or even reactionary retrenchment and a drift to the core

of the national political and cultural tradition.

It is to his remarkable fit into what amounts to a new national consensus that Vladimir Putin owes a great deal of his extraordinary popularity. Instinctively or by design, or perhaps both, he has come to embody and symbolize to millions of Russians a unifying synthesis, a stabilizing but still very precarious balance between the old and the new.

The same balance, it seems, will apply to Russian foreign policy

in general and policy toward the United States in particular.

Early in the 1990s, post-Soviet Russia adopted a tri-partite division of the country's core foreign policy and defensive objectives: First, Russia as the nuclear super power; second, Russia as the world's great but no longer super; and, three, Russia as the hegemonic or regional super power.

It means, briefly, that while insisting on maintaining a nuclear parity with the United States, Russia has given up the Soviet messianic globalism and ideologically driven worldwide competition

with the United States.

From the world's leading revisionist power, that is, the one that relentlessly seeks to change the balance of forces, Russia has become a status quo power.

At the same time, Russia's new popular sentiment that I mentioned is strongly in favor of greater service of national interests. Russians are no longer desperate to be liked by the West or the United States, they realize that the latter are not going to protect them from Islamic terrorists who have killed over 500 people in Russia in the past 18 months. As a leading Russian expert, Dmitry Trenin, put it recently, Russia wishes "not to belong, but to be."

There is likely to be a great deal of sabre rattling and chest beating in the territory of the former Soviet Union. Like big continental powers have done for millennia, starting from Babylon, China, Persia and Rome, so will Russia and, incidentally as the United States has done for most of this country's history in Latin and Central America, Russia will seek to maintain or enforce stability by securing friendly policies by friendly regimes on its borders.

She will do so by seeming to exert pressure and control over the so-called near abroad and some of that control will come from supplying its impoverished neighbor states with electricity, oil and gas essentially for free, or at the prices that are orders of magnitude below the world prices, particularly in Ukraine, Armenia and Geor-

gia.

Thus, the recent United States-Russia tensions over Moldova and Georgia will not be last, yet such conflicts are likely to be contained by the overarching mutual strategic agenda, especially the war on terrorism that has been discussed here extensively by Ambassador Jones.

Moreover, a more aggressive Soviet-like anti-Americanism with a global reach would reverse this post-Soviet tradition and directly challenge Mr. Putin's key domestic objectives.

Since the Yeltsin-Gaidar government cut the military spending by 90 percent in 1992 in a unilateral disarmament that is unprecedented in history, Russia kept its defense spending at no more than 3 to 4 percent of the GDP through the 1990s. Putin has generally hewed close to that parameter.

Last year, he rejected the calls to use the country's swelling hard currency reserves for defense because, as he put it, that money "provided the basic foundation office for our economic development" and, as a result, in the 2004 budget, the spending is set to between 3.5 to 4.6 of the Russian GDP or at least six times smaller than defense's share was during the Soviet era.

So in addition to the radically skewing national priorities and breaching the consensus, a pro-defense restructuring of the budget would spell the end to Mr. Putin's declared objective of doubling the country's GDP between 2000 and 2010.

In conclusion, while increasing Russian assertiveness, especially on the territory of the former Soviet Union, is definitely the case, Russia is not likely to undermine the United States strategic interests, provided that such interests are clearly demarcated and communicated to Russia in no uncertain terms.

Thank you.

[The prepared statement of Mr. Aron follows:]

PREPARED STATEMENT OF LEON ARON, Ph.D., RESIDENT SCHOLAR, AMERICAN ENTERPRISE INSTITUTE

"Stabilization and a New Consensus" In the next four years, Russian policy toward the United States (as well as Russian domestic politics and economic policy) will be shaped largely by the components of a powerful and complicated social and political trend, which, along with the best economic growth in the past quarter century, is responsible for most of President Putin's popularity (and for his victory in last week's presidential election).

This trend, well familiar from the histories of other great revolutions, is a post-revolutionary "stabilization" attendant with a conservative or even reactionary retrenchment, and a drift to the core of the national political and cultural tradition.

This phenomenon consists of two occasionally overlapping but distinct components. First, formerly dominant pre-revolutionary political and economic elites seek to stage a comeback, to regain their power and possessions. In the Russian case, they are the secret police (KGB/FSB), law enforcement functionaries, and the federal bureaucracy—the groups that effectively owned Soviet Russia's politics and economy.

The other part of the "stabilization," well established by many polls and last year's parliamentary elections, is an intense and widespread longing for predictability, security, and continuity—after a decade of political and economic revolutions, the relentless and dizzying onslaught of the new, and the taxing choices and responsibilities of freedom—even at the expense of some (although by no means all) newly-gained liberties.

As in all previous post-revolutionary "restorations," there is a shift in popular sentiment from a near total negation of and shame for the *ancien régime*, to the desire for a partial recovery of traditional polices, institutions, and symbols. Unlike the radical liberal intelligentsia, a plurality of Russians over forty years old is not ready to dismiss the entire Soviet past. While condemning the crimes of Stalinism and the repression and corruption of the Brezhnev era, they continue to take pride in the Soviet Union's role in defeating the Nazis, in its nuclear parity with the United States, and the pioneering achievements in space.

It is to his remarkable "fit" into what amounts to a new national consensus that Vladimir Putin owns a great deal of his extraordinary popularity. Instinctively or by design (or, likely, both), he has come to embody and symbolize to millions of Russians a unifying synthesis, a still very precarious balance between the old and the

As a result, in the next four years Russia's direction foreign and security affairs will be determined largely by the interplay of three sometimes overlapping but distinct and occasionally clashing factors: the bureaucratic reactionary "restoration," a new national consensus on "stability," and President Putin's interpretation of and mediation between them.

THE FOREIGN POLICY CONSENSUS

Early in the 1990's, post-Soviet Russia adopted a tri-partite vision of the country's core foreign policy and defense objectives: Russia as nuclear superpower, as the world's great—but no longer super—power, and as the regional superpower.¹ It means that, while insisting on maintaining a nuclear parity with the United States, Russia has given up the Soviet messianic globalism and ideologically-driven worldwide competition with the United States. From the world's leading "revisionist" power (that is, one relentlessly seeking a change in the "balance of forces"), Russia has become a status-quo power.

Secondly, during the same period, there has occurred a startling departure from traditional Russian criteria of national greatness. Asked recently how Russia can best assert its place in the world, 46 percent of the respondents in a national survey named "becoming more competitive economically" and only 21 percent mentioned

"maintaining or rebuilding a strong military."

Thirdly, not one reputable poll since 1991 has shown a majority of Russians longing for the re-creation of the unitary Soviet empire in its pre-1991 form. No matter how nostalgic millions of them feel, most reject out of hand a recreation of the empire because the enormous economic, political and military burden that such a project would entail. The past ten years have demonstrated that barring unlikely sudden threats to its strategic interests, Russia appears to be interested most of all in the preservation of a status-quo in the post-Soviet space.

At the same time Russia's new popular sentiment is strongly in favor greater assertiveness of national interests. Russians are no longer desperate to be liked by the U.S. (or "the West" in general): they realize that the latter are not going to protect them from Islamic terrorists who have killed over 500 people in Russia in the past 18 months. As a leading Russian expert, Dmitry Trenin, put it recently, Russia wishes "not to belong but to be." 2

Finding themselves in a very rough neighborhood and sharing thousands of miles of borders with China and North Korea (and with only a string of unstable Central Asian states between them and Iran and Afghanistan) after a decade of unprecedented unilateral disarmament, most Russians support a strong, efficient and mod-

ern military.³ *Enter the "Restorationists"* In foreign and defense policy, the "restorationists" are likely to go outside the consensus and seek to restore Russia as a global superpower counterbalancing the United States. They will go beyond assertiveness and to a tougher, even provocative stance toward the U.S. especially in what they consider Russia's "sphere of influence": the Caucasus, the Central Asia, the Far East, and North Korea.

Another item on the agenda is a massive re-armament and expansion of conventional and nuclear forces. The reactionaries have already succeeded in slowing down and diluting the progressive military reform, which couples modernization with a sharp reduction in the number of soldiers, the abolition of the draft and the creation of all-volunteer armed forces.

Finally, on the territory of the former Soviet Union, the "restorationists" are likely to push beyond the current Russian position of a strongest economic and military power and toward that of an overlord and, perhaps, an imperial master.

Putin Given the obvious disjoint between the popular and the restorationist versions of foreign and defense policies, Putin's position is critical to policy-making.

¹For details see Leon Aron, "The Foreign Policy Doctrine of Postcommunist Russia and Its Domestic Context," in Michael Mandelbaum, ed., *The New Russian Foreign Policy* (New York: Council on Foreign Relations, 1998), pp. 27–42.

²Dmitry Trenin, Lecture at the Carnegie Endowment for International Peace, February 25, 2004, Washington DC.

³Description of the regulatory of the International Middle Clear, Functional Peace, Polynomy 26, 2004.

³ Natalya Arkhangel'skaya, "The Inscrutable Middle Class", *Expert*, February 26, 2004 (www.expert.ru)

He may, of course, surprise us, but there is little in his past behavior to indicate

that he will adopt an extreme reactionary agenda.

The Russian President is not a man of abrupt changes and risky policies. He is obsessed with and addicted to his popularity. He is thinking of his place in history, and, as far as we can glean from his public statements, he sees his legacy as that of economic revival, restoration of law and order, and the reduction of incompetence, over-bureaucratization and corruption in the Russian state. In the end, Mr. Putin is most likely to stay within the consensus or never deviate too far or for too long.

In addition to such policies' being outside the consensus⁴, an aggressive, Soviet-like anti-Americanism with a global reach would reverse the post-Soviet tradition and directly challenge Mr. Putin's key domestic objectives because of the a massive increase in the share of national income devoted to defense that such a policy would

After the Yeltsin-Gaidar government cut military spending by 90 percent in 1992, it was kept at no more than 3 percent of the GDP during the 1990's. Putin has generally hewed close to this parameter. Even in the booming economy and state flush with tax receipts and bursting with gold and hard currency (and even with a 19percent increase in defense appropriation this year, the first such increase in eleven years), Russia spends 2.8–3.7 percent of the GDP on defense (344 billion rubles or an equivalent of slightly over \$11 billion in a \$300–\$400 billion economy). Last year, President Putin rejected calls to use the country's swelling hard-currency reserves for defense because that money "provided the basic foundation for our economic development." In 2004, the spending is set at 411 billion rubles, \$14billion or 3.5–4.6 percent of the GDP—or at least six times smaller than the defense's share during the Soviet era.

In addition to radically skewing national priorities and breaching the consensus, a pro-defense restructuring of the budget would spell the end to Mr. Putin's declared objective of doubling the country's GDP between 2000 and 2010.

"Near Abroad": a Potential Area of Tension At the same time, there likely to be a great deal of saber rattling and chest beating on the territory of the former Soviet Union. Like big continental powers, from Babylon, China, Persia and Rome, have done for millennia (and as the U.S. did in Latin America for most of this country's history) Russia will seek to maintain, or enforce, stability by securing friendly policies by friendly regimes on its borders. She will do so by seeing to exerting pressure and control over the "near abroad"—and by continuing to keep some of its impover-ished neighbor-states with electricity, oil and gas free of charge or orders of magnitude below the world prices in what amounts to perhaps the world's largest bilateral economic aid program, particularly in Ukraine, Armenia, and Georgia.

Thus, the recent U.S.-Russian tensions over Moldova and Georgia will not be the last. Yet such conflicts are likely to be contained by the overarching mutual stra-

tegic agenda, especially war on terrorism.6

In developing Russia's strategic posture toward the United States, President Putin is likely to mediate between the national consensus and the "restorationists" agenda. In end, the resultant policies are likely to be closer to the former rather than the latter. The anti-American impulse is likely to be constrained both by the over-arching mutual strategic agenda and by the cost of neo-globalism and massive re-armament that such an impulse would dictate. While increasing Russian assertiveness on the territory of the former Soviet Union, Russia is not likely to undermine the U.S. strategic interests—provided such interests are clearly demarcated and communicated to Russia in no uncertain terms.

Chairman Hyde. Thank you, Mr. Aron. Mr. Sestanovich?

⁴After dipping to around 30 percent in the aftermath of the U.S. invasion of Iraq, the favorable views of the U.S. in Russia have been restored to their 10-year norm of around 50–55 percent. For example, the most recent (February 19–March 3) Pew Research Center country-bycountry survey found 47 percent of Russians viewing the U.S. favorably-second only to Britain

among the major European countries polled.

⁵RFE/RL Newsline, November 19, 2003, pp. 3–4.

⁶Another traditional item on the U.S.-Russian strategic agenda, nuclear non-proliferation, has been significantly weakened by Russia's material and technological assistance to Iran's nuclear program and Russia's continuing defense of Iran from tougher sanctions in the International Atomic Energy Agency. Additionally, as recent discoveries in Iraq have shown, the Kremlin cannot (or will not) establish control over Russia's private companies aggressively peddling both advanced conventional weapons and missile technology.

STATEMENT OF THE HONORABLE STEPHEN R. SESTANOVICH, SENIOR FELLOW, COUNCIL ON FOREIGN RELATIONS

Mr. Sestanovich, Mr. Chairman, thank you. It is a pleasure to be here again as your Committee takes stock of Russia-American relations. Let me just begin with a few simple observations about

the state of this relationship. You have my full statement.

First, we should recall the high expectations for Russian-American relations and for President Putin that we all felt on September 11, 2001. We should not look back on these hopes as defuded or misguided. Those expectations defined what it would mean for Russia—in words that were very common at the time—to join the West. They are still the right benchmark.

Second, some of these expectations have been fulfilled, but we have to recognize considerable disappointment as well. The Bush Administration's view seems to be that the principal shortfall involves the authoritarian direction of Russian politics. I agree that this is a disturbing trend, but I would argue that the disappointment of our expectations has in fact been somewhat broader.

Third, these disappointments can be seen in many different areas of Russian-American relations: In the incomplete support of Russia in handling the hardest cases of nuclear proliferation, in Russia's continuing aloofness from the problem of Iraq, in Russia's still underdeveloped relationship with NATO and its objections to making NATO militarily more capable, in its continuing resentment of security relationships between western countries and states of the former Soviet Union, in its inclination to see challenges to Russia's interests where none exist and, finally, in its belittling of the sovereignty of small neighbors.

Fourth, the broadest cause of these disappointments is one that those who deal with Russia on a daily basis, like Ambassador Jones, are aware of, but that we rarely speak of, and that is the fact that the institutions that are responsible for Russian and foreign and defense policy have barely changed since the collapse of the Soviet Union. These institutions have received no sustained infusion of new ideas, new people or new ways of doing business. One of the results of this is an inclination to see in many United States actions a desire to weaken Russia.

Finally, while our policies cannot transform institutions that the Russians themselves have left untouched, we can make a difference. We want President Putin to see that the unreformed national security establishment of Russia is a drag on his aims to modernize Russia and its relations with the outside world.

We can help to achieve this first through candor, by making clear at the highest level that Russian old thinking is making it harder for us to work together. Boosterism does us no good.

Second, we can make a difference through firmness. President Putin should see that efforts to muscle smaller states on Russia's

periphery can bring no advantage.

Finally, we should make sure that our own policies look beyond the Cold War as fully as we think Russia should. The strategic nuclear standoff we have inherited helps to preserve a Russian national security establishment and does not serve Russia's interests or ours.

Mr. Chairman, President Putin gives every indication of recognizing many of his country's most severe problems. He is witheringly realistic. He gives no indication, however, of recognizing others. One of the most important problems that he does not recognize is Russia's national security establishment.

We should recognize it, however, not because we want to weaken Russia, but because we want Russian-American relations at last to

realize their potential.

Thank you.

[The prepared statement of Mr. Sestanovich follows:]

PREPARED STATEMENT OF THE HONORABLE STEPHEN R. SESTANOVICH, SENIOR FELLOW, COUNCIL ON FOREIGN RELATIONS

Mr. Chairman, I appreciate the opportunity to discuss the state of Russian-American relations with you and your colleagues today. With at least four more years of President Putin ahead of us, it's the right moment to take stock of how well this

relationship has met our expectations and our interests.

Over the past dozen years Russian-American relations have had their share of ups and downs, regularly raising hopes but often disappointing them as well. We have now seen this same pattern repeat itself since September 11, 2001. At that time, President Putin's offer of support to the United States was generally believed to signify more than just personal sympathy or common interest in a war against terrorism. Policymakers, experts, and other commentators—American and Russian alike—regarded his action as, in the words of one experienced Russian analyst, an act of "strategic self-definition."

President Putin's famous phone call was understood—and many Russians said, intended—to reflect his conviction that Russia must "join the West," and that it should make its membership real in every possible way. Soon thereafter he went to Germany and addressed the Bundestag in German. He was even rumored to be learning English! Putin was compared to Peter the Great, to Ataturk, and to other visionary modernizers determined to bring their countries into the European main-

stream

Putin's decision to support the U.S. was further expected to enable him to cut through the hesitant and often contradictory approaches that Russia had taken on many international issues. If this was going to be his political style—steady, low-key, but absolutely determined—there were clearly many opportunities available to him to expand cooperation with the United States and its allies. He could build a collaborative relationship with NATO (even with a NATO that was launching a second round of enlargement) and make it meaningful for the first time. He could make sure that shared interests in fighting terrorism overcame any inhibitions that Russia might feel about the establishment of a Western military presence on its periphery. He could avoid letting himself be drawn into petty and irrelevant disagreements over old nuclear arms control issues. He could get really serious—at last—about non-proliferation. He could see what was necessary to promote rapid economic growth on the basis of integration into the world economy. He could exploit convergent Russian and American interests in expanded energy development. Finally, he could reach out to Russia's progressive politicians and businessmen, making stronger ties to them a further basis for good relations with the U.S.

This was a long list of hopes, and two and a half years later, we should not ignore what has been accomplished. Russia did join an American-led anti-terror coalition and provided on-the-ground support for the war in Afghanistan. It did upgrade relations with NATO. It did recognize that both Iran and North Korea had active nuclear weapons programs. President Putin accepted the demise of the ABM treaty and signed a new treaty on offensive arms allowing both sides valuable flexibility in making cuts. He got his government seriously engaged in talks on WTO accession, and by hosting periodic "energy summits" elevated energy cooperation with the

U.S. to a strategic plane.

And yet not all our expectations for a new Russian-American relationship are being fulfilled. The Bush administration describes its disappointment this way: on the one hand, the overlapping strategic interests of the two countries continue to provide a strong foundation for cooperation on major international problems; on the other, what our ambassador in Moscow has called a "values gap" may limit the mutual confidence that is necessary if the relationship is to thrive.

There is no denying this Russian-American "values gap," and the Secretary of State deserves praise for his somewhat undiplomatic decision to set out American

concerns publicly in an article in Izvestiya when he visited Moscow at the end of January. Secretary Powell is right about Russia's authoritarian direction and its implications. The relentless choking-off of media freedom, election campaigns marked by a grossly uneven playing field, politically-tainted law enforcement designed to si-lence opponents of the government—these and other developments make it hard to treat Russia under Putin as an emergent American ally. Nevertheless, I believe that this assessment of what's wrong with Russian-American relations is too narrow, and

this assessment of what's wrong with Russian-American relations is too harrow, and that it understates the disappointment of the Administration's own hopes.

Even if there were no "values gap," there would be other reasons for dissatisfaction with Russian policy. On some of the most important issues of international security, Russian and American positions seem only marginally closer today than they were three years ago. This seems particularly true of the effort to prevent the acquisition of nuclear weapons by Iran and North Korea. Admittedly, Russia has become more forthright in urging these states to renounce their nuclear ambitions; it has joined other governments in expressing concern about covert programs that would substantially enhance Iranian and North Korean capabilities; and it has supported diplomatic efforts to constrain these programs, including through expanded international inspections. But what we still don't see from the Russians is the kind of "zero tolerance" approach that will in fact be necessary for any of these efforts to succeed.

This is not a matter of nuance, emphasis, or style. Iran, for example, has recently indicated that it is about to end its "freeze" on nuclear enrichment. Throughout the brief period of this freeze, Russian officials have not warned that their own nuclear cooperation with Iran would be put at risk if the freeze came to an end. In general, Russia has disapproved of what potential proliferators are doing, but it has not used the prospect of international pressure and isolation to get them to do the right thing. It is no wonder that Moscow is the only member of the G8 that has not

signed up to the U.S.-proposed "Proliferation Security Initiative."

There are other examples where the U.S. should be dissatisfied with the state of cooperation with Russia. Like many other governments Russia expresses the hope that American policy in Iraq will succeed. Yet when I ask American officials what Russia is doing to help promote this success, they have no satisfactory answer. Russian policy on this issue fits the overall pattern that we see: a relatively acceptable

odeclaratory position, with far too little behind it.

NATO is another example of the same pattern. Two years ago Britain and the U.S. strongly supported an upgrading of Russia's institutional relationship with NATO. Today many of the goals that justified such an upgrade—in particular, creating the real possibility to do joint peacekeeping—are no closer to being achieved. (In fact, with its withdrawal from Balkans peacekeeping, Russia is contributing less

to this goal than it did in the past.)

The Administration is right that the weakening of democratic and legal norms will affect Russia's international standing. But authoritarianism in Russia does more than that: it also affects our interests. Standard and Poor's emphasized this connection last week when it expressed fears about the impact of "political intrigues, personal power plays and ineffective or parasitic bureaucrats" on the ability of foreign businessmen to operate successfully in Russia. In S&P's view, the rule of law is not a matter of dewy-eyed idealism but of a businessman's bottom line. The same is true of foreign policy: how Russia is ruled is important to us not just as a matter of democratic solidarity. It affects our strategic bottom line. The further apart our values are, the less likely we are to see our interests in the same way.

Let me give two simple examples. Russian officials continue to object to the fact

that the U.S. is exploring the possible advantages of locating troops and equipment in Bulgaria and Romania, two of our new NATO allies. To us, the idea that these potential deployments are directed against Russia is almost laughable. That this idea can be taken seriously within the Russian national security establishment re-flects the fact that this establishment has not been restructured in any significant way since the collapse of the Soviet Union. And because it has not been, the idea

that the United States wants to weaken Russia lives on.

Similarly, Russian diplomats and military officials continue to resent the fact that the United States has a military training program in Georgia—even though the purpose of this program is to help the Georgian government keep armed Chechen bands from using Georgia as a staging area against Russia. Why do Russian officials resent this if Russia benefits (as it clearly does)? It is not enough to say that this is simply how they see their national interest. Apparently they do, but why? The answer, again, is that in Russia such thinking is dominated by the same national security establishment, whose instincts remain heavily influenced by Soviet ideas.

Mr. Chairman, I do not think it is an exaggeration to say that most of our disappointment with Russian-American relations over the past decade is traceable to

one cause above all, and that cause is the failure of Russia's leaders to refashion the institutions responsible for foreign and defense policy. Unlike the other institutions of the Russian state and of Russian society, the national security establishment has gotten no sustained infusion of new people, new ideas, or new ways of doing business. We should see this lack of change for the large factor that it is in limiting the cooperative potential of Russian-American relations. We should see the rise of the so-called *siloviki*—the alumni of the intelligence services who have assumed such a large role in the presidential entourage—as making future change still less likely. And we should understand that Putin's own worldview is powerfully

influenced by his background in this establishment.

We should not however, think that these factors permanently block a better Russian-American relationship. President Putin is a practical man, and for the most part when these institutions serve him ill—as they do—he is going to notice it. When the military brass invite him to a missile launching and then embarrass him on international television because the missiles misfire, we should assume that he goes away mad. Similarly, when the institutions that make foreign policy create sit-uations in which Russia is isolated or made to look ineffectual or needlessly bullying, we should assume that even President Putin is unhappy with the result and

will eventually try to find out who is to blame.

The past six to nine months brought a series of examples of just such counterproductive policies. In dealing with Georgia, Ukraine, and Moldova, for example, Russia aroused the suspicion and hostility not just of these neighboring states themselves, but of almost all European governments and the United States as well. This pattern is likely to repeat itself many times, and it may have a positive effect. We want President Putin to see that the national security bureaucracy is the weak link in the chain of his program to modernize Russia, that it burdens him with outdated

approaches that do not in fact serve his country's interests or his own.

Can the United States do anything to promote this result? I believe it can. The first step is candor. It is essential for our own officials—including at the presidential level—to make clear to their counterparts when the "old thinking" of the Russian national security establishment is making it harder to work together. This has a much bigger payoff than boosterism, than pretending our cooperation is greater or

smoother than it is.

The second step is firmness. President Putin is more likely to suspect that his siloviki are getting him into trouble if the U.S. and its allies consistently, and with no apologies, support Russia's neighbors when Moscow muscles them. Putin may not renounce the goal of dominating small neighbors as a matter of principle; he may

do so as a matter of prudence.

The third step is to define a long-range agenda that highlights the backward-looking preferences of the Russian national security establishment. If we think it bizarre, for example, that the Russian navy is starting a new round of expensive investments in its strategic nuclear submarine force, we might take a harder look at plans for our own forces. The longer Russia's cold warriors can sustain the cold war nuclear standoff, the longer they will retain their grip on Russian foreign policy.

Even if president Putin began his second term fully committed to refashioning the Russian national security establishment, he would hardly be able to complete the job by the time-God willing-he leaves office in 2008. It is not clear that he regards this task as one of his goals, or that he sees it as a matter of reform at all. But we should—not because we want to weaken Russia, but because it is only in this way that Russian-American relations can at last realize their potential.

Thank you.

Chairman HYDE. Thank you.

Mr. Gvosdev?

STATEMENT OF NIKOLAS K. GVOSDEV, PH.D., SENIOR FELLOW IN STRATEGIC STUDIES, THE NIXON CENTER

Mr. GVOSDEV. I would like to thank Chairman Hyde for the invitation to present my views on this important subject to the distinguished Members of this Committee. In the interests of time, I will summarize my remarks and ask that my full statement and supplemental materials be entered into the record.

Mr. Chairman, I am concerned about the tendency to view Russia in black and white terms. We underestimated Russia's vices during the 1990s. Today, we underestimate Russia's virtues when evaluating the Putin Administration. We can shape a policy best suited for our American national interests only if we are prepared to see shades of gray.

I have four points.

First, Russia is neither a liberal democracy nor an authoritarian dictatorship. I believe it is best characterized by what I have termed managed pluralism. Within limits set down by the Kremlin, there is a genuine zone of political and economic freedom and while the December 2003 parliamentary elections and last week's presidential poll had serious flaws, the nonetheless demonstrate that most Russians trust Vladimir Putin and his team to manage the country's transition in a stable and orderly fashion. And here I would note that Putin did not receive a 96 percent vote in his favor. Nearly 30 percent of voters chose other candidates, but most Russians cast ballots for Putin last Sunday because they are better off today than they were under Yeltsin and attribute that to Putin's policies.

Secondly, he signaled on election night that in foreign policy Russia will "show flexibility in reaching compromises that are acceptable for us and for our partners." Putin believes that partnership with the United States can help Russia realize its foreign policy goals, increased investment, modernization of the Russian economy, improving Russia's security and returning Russia to full membership in the club of the world's great powers.

Putin believes that shared interests, the fight against terrorism, the search for a solution on the Korean peninsula, promoting stability in the greater Middle East and the United States-Russia energy partnership can build "common ground that is strong enough to overcome disagreements," as he told Secretary Powell in Moscow this past January.

But Putin has made it clear that Washington cannot ignore or oppose Moscow's concerns while expecting the Kremlin to accommodate American priorities. Thus, his reference to partners in the plural. We should not forget that nearly $\frac{2}{3}$ of Russia's trade is with the European Union and that for Russia, China is a larger trade partner than the United States.

Both the EU through its "wider Europe" policy and China via the Shanghai Cooperation Organization are actively engaging with Russia.

My third point. Given Russia's size and its economic potential, it will play the leading role in Eurasia and since restoration of the U.S.S.R. is not a goal of the present leadership, it is not so clear why Russian predominance within appropriate limits in the region threatens any vital United States interests.

Some of Russia's neighbors may not be satisfied with this, but the realities of geography cannot be overturned by rhetoric. The belief that the United States can try to pressure Russia to abandon the pursuit of what it considers to be its vital economic and security interests without truly having to invest much time or effort is naive.

The bottom line is this: If the United States so desires, it can roll back Russian influence in Eurasia, but I see no enthusiasm here for shouldering the immense burden that this would require, say, by creating a guest worker plan that would allow millions who now

live and work in Russia to reside in the West and send remittances home or for the billions of dollars in aid to construct new communications and trade infrastructure that would bypass Russia.

So the challenges for the United States to reach a modus vivendi with Russia to secure its own interests in the region as a reviving

Russia assumes a greater political and economic role.

This brings me to my final point. The government-to-government relationship can only go so far in generating mutual benefit for both parties. Certainly as we have seen coordination between intelligence services assisted our campaign against the Taliban in Afghanistan and in disrupting terrorist plots around the world. We undertook a joint mission to retrieve nuclear fuel from a civilian reactor in Serbia, but the relationship will remain limited as long as it is confined to the two Presidents and a few top officials on both

For the Russian-American relationship to flourish, it is necessary to build broader constituencies on both sides that are invested in its success. First steps have been taken, especially in business and in education, but more needs to be done.

Isolating Russia is a counterproductive strategy. Even under current conditions, there are many ways in which Russia can be successfully engaged and for the United States to positively influence developments in Russia.

Russia's desire for access to capital and markets gives it a stake in promoting regional security. As commercial and political ties mature, Russia's own national interests will become increasingly tied to those of the larger Euro-Atlantic community. And as its interests become more secure, Russia's behavior, especially in Eurasia, will become more predictable and transparent.

We must avoid one pitfall, however, and with this I close. To get Russia right, we must seek to understand it as it understands itself, not as we might wish it to be.

Thank you for your time and I am happy to answer your ques-

[The prepared statement of Mr. Gvosdev follows:]

PREPARED STATEMENT OF NIKOLAS K. GVOSDEV, Ph.D., SENIOR FELLOW IN STRATEGIC STUDIES, THE NIXON CENTER

I would like to thank Chairman Hyde for the invitation to present my views on

this important subject to the distinguished Members of this Committee.

For the last decade, we have swung from extreme to extreme in characterizing our relations with Russia. Either Russia is an ally, a vibrant democracy and free-market system, one of the Great Powers; or it is a failed state, descending into authoritarian dictatorship; "Zaire with permafrost." We underestimated Russia's vices during the 1990s; we underestimate Russia's virtues when evaluating the Putin Advisor of the Company o ministration. Russia is not a liberal ally of the United States, but this need not preclude the development of a genuine partnership based on shared vital interests

Having said that, let me make the following observations.

First, contemporary Russia is a mixture of democratic and authoritarian tendencies. What has emerged in Vladimir Putin's Russia is what I have termed "managed pluralism." There is some room for competition and choice but the central authority regulates the available social, political and economic options by design, with an eye to preserving stability. While the negative aspects of Kremlin "management" should not be minimized, it should not be forgotten that Russia today is far more pluralistic and free than it was 15 years ago.

And the results of the December 2003 parliamentary elections and last Sunday's presidential poll, despite their many flaws, basically reflect the will of the Russian people. While Putin can be criticized for his methods, the elections were not "stolen."

The opposition parties do not speak for some sort of silent Russian majority whose will was bypassed due to fraud or harassment. Most Russians are better off today than they were four years ago, and attribute this to the policies of orderly reform associated with the Putin Administration. So the popular legitimacy of Putin's government should not be called into question, even if we find faults with the conduct

of the elections. Most Russians support Putin's vision of state-guided reform for Russia, and they trust his handling of foreign affairs.

This leads to my second observation. On election night, Putin re-iterated his vision for foreign policy. "The main goal . . . is not to demonstrate imperial ambitions but to ensure beneficial conditions for Russia's development," he noted. "We will show the right procedure compresses that are accortable for us and for our part show flexibility in reaching compromises that are acceptable for us and for our part-

ners.

Putin has two main foreign policy objectives. The first is obtaining Western investment and technology and further integrating Russia into the global economic system in order to modernize Russia in a timely fashion. The second is resurrecting Russia's position as a major world power, in part by creating a Eurasian economic and political zone where Moscow sets the overall agenda.

and political zone where Moscow sets the overall agenda.

Just as Putin has embraced reform as a way to revitalize the Russian state, he believes that partnership with the United States can help Russia realize these foreign policy goals. He has proposed expanding some areas of U.S.-Russia cooperation for the mutual benefit of both parties, including cooperation in the war against international terrorism, efforts to stem the proliferation of weapons of mass destruction, and the creation of a partnership for energy security that would assist the United States in weaning its dependence on Middle Eastern sources of hydrocarbons. Putin has also stressed the benefits of Russian support for reconstruction efforts in Iraq and Afghanistan, in defusing the nuclear crisis on the Korean peninsula, and in promoting stability throughout the greater Middle East. It is his hope that these shared interests "have built a common ground that is strong enough to overcome disagreements," as he noted during Secretary Powell's successful visit to

Moscow this past January.

And so, in Putin's second term, I believe that Russia will expect the United States to take Moscow's concerns into account if it wants the Kremlin to accommodate American priorities. But if a closer relationship with the United States does not help to realize Putin's objectives, then the Kremlin is prepared to utilize an alternative strategy: not only raising the cost for the United States by declining to offer active support for U.S. initiatives but working with other powers—France, Germany and China, in particular—to counterbalance the United States.

And here it is important to note that, at the current moment, the United States has limited influence over Russia. Europe, not the United States, is Russia's primary trade partner. By 2005, it is estimated that sixty-seven percent of all Russia's exports will be absorbed by the European Union. EU countries currently account for 62 percent of all foreign direct investment in Russia. China's volume of trade turnover with Russia is also larger than America's. So Washington is not the "only game in town" for Moscow if it wants to seek help for rebuilding its economy, modernizing its institutions and playing a major role on the international stage.

My third observation is that the United States has not really conceptualized what role it expects Russia to play in the international order and more specifically in European Control of the contro

One Russian commentator observed: "The United States has no need for the revival of a strong Russia, whether or not it is a democratic Russia." But given Russia's size and its economic potential, it is to be expected that Russia will play a leading role in Eurasia. Certainly it is in American interests to ensure that the other states of the former Soviet Union are not forcibly reintegrated with Russia. But the restoration of the USSR is not a goal of the preset leadership. It is not so clear, however, that Russian predominance in the region, a Russian version of the Monroe Doctrine for Eurasia, threatens any vital U.S. interests.

And the reality of geography cannot be overturned by rhetoric. A Ukrainian newspaper opined, "Moscow will not go anywhere. The old debts and old links that determine mutual dependence will stay." The belief that the United States can try to pressure Russia to abandon the pursuit of what it considers to be its legitimate interests without truly having to invest much time or effort is naïve. And for Moscow to provide implicit social subsidies for the citizens of other Eurasian states (for example, a discounted price for natural gas, or rights to live and work in Russia) so that their governments can ignore Russian commercial and security concerns is an illogical policy for any government to adopt, especially when nothing substantive is

offered in return.

Let me be blunt: if the United States so desired, it could roll back Russian influence in Eurasia. But I see no enthusiasm, either here or in Europe, for shouldering the immense burden this would require, say, by creating a guest-worker plan that would allow millions to reside in the West and send remittances home or for billions of dollars in aid to construct new communications and trade infrastructure that would bypass Russia.

So the question is whether the United States can reach a modus vivendi with Russia to secure its own interests in the region as a reviving Russia assumes a

greater political and economic role in Eurasia.

This brings me to my final point. The government-to-government relationship can only go so far in generating mutual benefit for both parties. Certainly, as we have seen, coordination between intelligence services assisted our campaign against the Taliban in Afghanistan and in disrupting terrorist plots around the world. A joint operation removed fissile material from a nuclear reactor in Serbia. But the relationship will remain limited as long as it is confined to the two presidents and a few top officials on both sides. For the Russian-American relationship to flourish, it is necessary to build broader constituencies on both sides that are invested in its success. These would be both intra-governmental constituencies—extensive and deep linkages between government agencies—and extra-governmental, encompassing the business, education and social worlds.

And even under current conditions, there are many ways in which Russia can be successfully engaged and for the United States to positively influence developments in Russia. Russia's desire for access to capital and markets gives it a stake in promoting regional stability. As commercial and political ties mature, Russia's own national interests will become increasingly tied to those of the larger Euro-Atlantic community. And as its interests became more secure, Russia's behavior, especially in Eurasia, will become more predictable and transparent.

Thank you for your time and I am happy to answer your questions.

NOTE:

In preparing this testimony, I have drawn upon several of my presentations and published essays on Russian affairs, including:

"The Sources of Russian Conduct," The National Interest, Spring 2004.

"Moscow Nights, Eurasian Dreams," The National Interest, Summer 2002.

"High Expectations, Realistic Appraisals: The U.S.-Russia Relationship." Presentation for the World Affairs Institute, Pittsburgh, PA, November 20, 2003.

"Cautious Optimism: Russian Election Results," National Review Online, December 9, 2003, at http://www.nationalreview.com/comment/gvosdev200312090832.asp.

"Russian Ruse? Putin, Re-Elected," National Review Online, March 15, 2004, at http://www.nationalreview.com/comment/gvosdev200403150844.asp.

SUPPLEMENTAL MATERIAL

The Sources of Russian Conduct, by Nikolas K. Gvosdev *The National Interest*, Spring 2004 (used with permission)

The political personality of Russian power today is the product both of ideology and circumstances. George Kennan's observations, made nearly sixty years ago, are just as valid today when considering Vladimir Putin's Russia.

Too often, outside observers have first created their image of Russia, and then located the appropriate facts and personalities to support their construction. To get Russia right, we must seek to understand it as it understands itself, not as we might wish it to be.

During the 1990s, we underestimated Russia's vices in order to maintain the fiction that a post-Soviet Russia under Boris Yeltsin was firmly on the path to Western-style liberal democracy and free-market economics. As Russia moved further away from its Soviet past, the assumption ran, so its interests would converge with those of the United States. The desire to anoint Russia as a liberal ally of the West covered over a multitude of sins, most notably the rampant corruption that continues to devastate the Russian economy.

Today, we underestimate Russia's virtues to depict the country as a neo-Stalinist, authoritarian dictatorship bent on subverting freedoms at home and recreating its empire abroad. Russia is no longer seen as a partner to be engaged, but an emerging threat that needs to be contained. Jackson Diehl of the Washington Post concludes that we are witnessing "the consolidation of kgb-style authoritarianism" in Russia, while Senator John McCain accuses President Putin of mounting a "creeping coup against the forces of democracy and market capitalism." Yet renewing the

Cold War image of Russia as an evil empire precludes the development of a genuine

partnership based on shared vital interests.

Both of these positions miss the numerous complexities of post-Soviet Russia. Contemporary Russia is a state that "completely mixes, functionally and territorially, important democratic and authoritarian characteristics." It can desire close and meaningful relations with the West, particularly the United States, yet strive to maintain its influence, especially in its immediate Eurasian neighborhood. So, a realistic evaluation of what Putin and his regime stand for is needed—as is an explanation of why the course that is being set for Russia enjoys such overwhelming domestic support.

Stolypin, Not Stalin

It is difficult to summarize the set of ideological concepts that guide Putin and his team—"Putinism" remains a work in progress. Nevertheless, from the inception of his administration, he and his team have sought

to replace the disorder of the Yeltsin period with order and stability. A primary component of Putin's policy of strengthening vertical power in Russia is the reeling in of the power of the oligarchs and local bosses.²

This platform has won Putin a great deal of support, especially among the emerging small business community, which looks to a strong central government for security against both the oligarchs and power-hungry local politicians.

And it is clear that Putin has no desire to create a democracy for democracy's sake, especially if the result is an economically weak, politically impotent entity. Russians have no interest in becoming another "El Salvador and Jamaica . . . two excellent examples of relatively poor but inclusive societies with above-average social welfare" 3 but scant influence in the world.

Yet the rejuvenated Russian state the Putin team has in mind has more in common with the late-tsarist era conservative reformer Peter Stolypin (prime minister, 1906-11) than with Joseph Stalin. After the chaos unleashed by the 1905 Revolution, Stolypin emphasized political stability with an eye to promoting rapid economic growth. A dynamic market economy and modernized, efficient institutions would enable the Russian state to exercise power in the world, he argued, especially after the defeat of the Russo-Japanese war.

Stolypin, who as a regional governor freely employed harsh tactics to crush revolutionary unrest, nonetheless recognized that the command methods of the autocracy were not capable of generating the economic and social development Russia needed to advance. Some degree of political and economic pluralism was necessary and needed to be accommodated. Stolypin's most famous reform plan was to break up the traditional Russian peasant commune in favor of individually-owned farms, in an attempt to create a new middle class supportive of his policies. His manipulation of electoral laws kept many radical democratic elements out of the Third and Fourth Dumas but also transformed the fledgling legislature from a pulpit for revolutionary orators into a working parliament. Many Russians today believe that if Stolypin's reforms had not been interrupted by his assassination and the onset of World War I, he would have transformed the Russian Empire into a modern state with social and political institutions comparable to those found in Western societies.

It is not accidental that Stolypin's motto, "You want great upheavals, but we want a Great Russia", has been resurrected as a slogan of the United Russia party. I suspect that another Stolypin truism, "First establish order, then start the reforms" would resonate very strongly with the current Kremlin.

Like Stolypin, Putin wants a regime that, while ensuring political stability, will promote economic growth. Yet the Putin team grapples with a paradox: while recognizing the immense value created by a pluralistic, competitive society, it fears that unrestrained pluralism—especially in the absence of strong, mediating institu-tions—will be destructive for Russia. In December 1999, Putin declared that "Russia has had more than its fair share of political and socioeconomic convulsions."

¹To borrow Guillermo O'Donnell's description of Latin America in On the State, Democratization, and Some Conceptual Problems (A Latin American View with Glances at Some Post Communist Countries), Working Paper 192 (Notre Dame, IN: Helen Kellogg Institute for International Studies, 1993), pp. 10–1.

²Christopher Marsh, Russia at the Polls, (Washington, DC: CQ Press, 2002), p. 1.

³Bruce Bueno de Mesquita and Hilton L. Root, "The Political Roots of Poverty", The National Interest (Summer 2002), p. 33.

His administration believes that Russia can best avoid further destructive convulsions by a system "where state and public principles are not antagonists." ⁴ Franz Klintsevich, deputy chair of United Russia's fraction in the Duma, concluded recently: "We seek a broad alliance between the authorities and society to achieve a goal that everyone understands, which is to ensure decent living standards in Russia and make people again be proud about their Motherland."⁵
Putinism or neo-Stolypinism does not subscribe to the notion that Kennan identi-

fied as an institutional and psychological foundation of the Stalinist system, that "no opposition . . . can be officially recognized as having any merit or justification whatsoever." And the Russian government does not have absolute freedom to set the agenda. The Putin Administration must contend with "domestic interest groups and

constituencies" in crafting policies.⁶
What emerges is what I have termed "managed pluralism." In such a system, there is some room for competition and choice but the central authority consciously regulates the available social, political and economic options by design, with an eye to preserving stability or consensus.7 In Russia, most of the organizations of civil society-from media outlets to religious organizations-rely on either the state directly for funding or private corporations that are sensitive to the regime's concerns. (This prompted the noted Russian journalist Vladimir Pozner in January 2002 to observe, "Do not think about your independence if you are not economically solvent.'

In the political realm, there are elections, political alternatives and the opportunity to replace leaders. However, the state plays a role in controlling the number of groups allowed access to the public square, as well as delineating the limits of debate and deviation from the social norm. The system, therefore, is democratic—but only to a point. The Kremlin has not been shy to use "administrative resources" to "place impediments in the path of opposition candidates" 8—as the December 2003 parliamentary and the March 2004 presidential elections made clear. Yet, when evaluating the parliamentary poll, it is important to recall that more than half of the members of the Duma were replaced. Opinion polls confirm that the election results, however unwelcome in the West, reflect popular preferences.

In economic terms, managed pluralism favors state-directed capitalism, similar to public-private partnerships found in contemporary Japan, South Korea or Singapore. The Putin Administration has on many occasions made it clear that there will be "no revision of privatization", no re-nationalization of assets. 10 They recognize that when private owners (including foreign investors) exercise managerial control over assets and are able to reap the profits, the economy prospers. But Putin's associates advance the argument that the government should have a consultative role in the development of the Russian economy. In their mind, the right to own prop-

try to be a democracy, these defects must be sufficiently contained so that, in elections at least, the will of the voters can be reflected in the outcome and, in particular, unpopular incumbents can be booted from office." "Universal Democracy", Policy Review (June/July 2003).

10 Sergei Mironov, the chair of the Federation Council, the upper house of the Russian parliament, made an "official statement" in this regard when speaking at the Carnegie Endowment for International Peace on November 4, 2003. This position has also been reiterated by other senior Russian officials.

⁴Comments of the governor of the Penza region and a Putin ally, Vasily Bochkarev, as cited in Nikolas K. Gvosdev, "Managed Pluralism' and Civil Religion in Post-Soviet Russia", Civil Society and the Search for Justice in Russia, Christopher Marsh and Nikolas K. Gvosdev, eds. (Lanham, md: Lexington Press, 2002), p. 75.

⁵Quoted in Nikolay Krivous, "We Are Not Going to Create Another CPSU", Rossiyskaya

⁵ Quoted in Nikolay Krivous, "We Are Not Going to Create Another CPSU", Rossiyskaya Gazeta, October 26, 2001.
⁶ Paul J. Saunders, "The U.S.-Russia Relationship After the Iraq War", Russia in the National Interest, Nikolas K. Gvosdev, ed. (New Brunswick, NJ: Transaction Press, 2004), p. 263.
⁷ See Nikolas K. Gvosdev, "Tolerance Versus Pluralism: The Eurasian Dilemma", Analysis of Current Events (December 2000); "Managing Pluralism: The Human Rights Challenge of the New Century", World Policy Journal (Winter 2001/02); and "Constitutional Doublethink, Managed Pluralism, and Freedom of Religion", Religion, State, and Society, no. 2 (2001). I would argue that my conception of "managed pluralism" would correspond with Thomas Carothers's "dominant-power" system, where there is "limited but still real political space, some political contestation by opposition groups, and at least most of the basic institutional forms of democracy." Carothers, "The End of the Transition Paradigm", Journal of Democracy (January 2002), no. 11–2.

pp. 11–2.

*See Marsh, Russia at the Polls, especially pp. 101–19 and 137–8. This ranges from manipulation of the media to marshalling civil servants to canvass in favor of pro-government candidates and the use of fraud to massage final tallies.

⁹ Incumbents lost not only in the party-list vote, but in the single-mandate constituencies as well. Under such conditions, Russia could be considered a democracy. Larry Diamond, co-editor of the Journal of Democracy, notes: "Electoral democracy can exist in countries with significant violations of human rights, massive corruption, and a weak rule of law. But in order for a country to be a democracy, these defects must be sufficiently contained so that, in elections at least,

erty-economic assets, natural resources and so on-is balanced by the duty of the business community to work with the state to promote the common good. "Take care of the welfare of other people, the nation and the country when seeking personal

welfare", sums up their attitude.11

Under managed pluralism, actors have the ability to pursue their interests in Putin's Russia—within the limits that have been delineated by the Kremlin. And the regime has formidable tools at its disposal to try and ensure that social actors remain within bounds. Steps taken by the Kremlin over the last few years—reining in oligarch-controlled media outlets, creating no-go zones between business and politics, ¹² tinkering with electoral procedures—do not represent regression from an idylic liberal democracy, but consolidation of the managed pluralist system—especially if we recognize that the goal of the Putin Administration is not to establish liberal democracy at all costs but rather to continue with orderly reform.

The Collapsed Superpower

The desire to promote stable reform is an outgrowth of the Putin team's recognition that Russia is a collapsed superpower and a declining great power. Unlike Boris Yeltsin, who still clung to the illusion that post-Soviet Russia was a near equal to the United States on the world stage, the current regime recognizes that Russia can neither compete with the United States nor serve as co-guarantor of any new world order. Its greatest fear is that a de-industrializing and de-populating Russia will be transformed into a resource-and-raw-materials appendage to the more developed world, leading to the complete erosion of any Russian influence in the world, even in their immediate Eurasian neighborhood, and possibly even loss of control over parts of Russia itself. They reluctantly agree with Kennan's analysis that "Russia, as opposed to the Western world in general, is still by far the weaker party.... and that [Russian] society may well contain deficiencies which will eventually weaken its own total potential.

Contemporary Russia has a weak hand to play in international affairs. Following a classic strategy in the Russian version of the card game "Preference", the Kremlin team engages in "defensive bidding" at this time, seeking to build a stronger hand. In matters such as the termination of the abm Treaty or America's decision to go to war in Iraq, the Putin team calculated that Russia had nothing to gain by engaging in fruitless attempts to forestall American action. Its overall foreign policy objective has been to give Russia the breathing room it needs to complete its reform process, which is, after all, a very Stolypinesque policy. 13

Putin has no illusions about the country's weaknesses. In November 2001 he castigated the Russian defense establishment, describing it as "archaic" and unable to "meet modern military and political challenges." A more open Russian society—and one that is more integrated into the global economic system—is the only way Russia can obtain the funds and investment needed to conduct "technical and technological modernization" in a timely and efficient manner.

Yet Russia does possess several valuable geostrategic cards—oil and natural gas, geographic location and intelligence assets, among others. And the current regime is not gambling for the world as did its Soviet predecessors. It has more modest and achievable wants—restoring Russia and the regional hegemon of Eurasia and retain-

ing membership in the club of the world's great powers.
Unlike the Stalinist Soviet Union after World War II, contemporary Russia is prepared to accept a role within an American-led international system, provided it has the ability to influence the agenda. Putin is not seeking to return to any sort of su-perpower rivalry with the West, but he also does not believe that Russia should

have little or no influence in the world.

Indeed, when one looks at the major foreign policy is-sues that bedevil the United States, Moscow believes that Russia has the contacts, the network and the infra-structure that can facilitate positive outcomes for the United States in support of its vital interests. Winning the War on Terror, achieving a non-nuclear Korean peninsula, stemming the proliferation of WMD technologies, putting the Western world's energy supply on a more secure footing—Russia is an integral part of the solution.

¹¹ This is the "first commandment" of a new code of business ethics presented at the 8th session of the World Russian People's Council (February 2004), a civil society conference bringing together representatives of religious, cultural, political and business organizations. The fifth commandment calls for government, society and business to "join their efforts" to improve the

standard of living.

12 The seventh commandment of the above-referenced code for business proclaims, "The polit-

ical authority and the economic authority must be separated."

13 See, for example, Damjan de Krnjevic-Miskovic, "Why Russia Did Not Veto", Izvestiya, November 20, 2002.

In the immediate aftermath of 9/11, the Kremlin hoped that the United States would recognize Russia as a "regional superpower" and provide appropriate levels of support so that Moscow could act as Washington's proxy in Eurasia. Many in the Russian foreign policy establishment were heartened by Secretary of State Colin Powell's proclamation that the war against international terror, beginning in Afghanistan, would be a joint effort. Some even envisioned a "special relationship" with Russia as America's interlocutor to Central Asian and continental European states alike.

Yet, if a closer relationship with the United States does not help to realize these objectives, the Kremlin is prepared to utilize an alternative strategy: raising the cost for the United States to act unilaterally by declining to offer active support for U.S. initiatives and by working with other powers—France, Germany and China, in particular—to try to counterbalance U.S. actions. Here, Putin's policy is designed, in part, to force the United States to prioritize its own strategic interests. The Russians want to make it clear that the United States cannot take their country's acquistans want to make it clear that the United States cannot take their country's acquirescence for granted. In particular, Washington cannot ignore or oppose Moscow's concerns while expecting the Kremlin to accommodate American priorities.

Putin believes placing the U.S.-Russia partnership on a firm footing is a desirable goal—but only if both sides benefit. Should partnership not be forthcoming, however, Proceed with long other partiests. While the United States may be the world's only.

ever, Russia still has other options. While the United States may be the world's only remaining superpower, it cannot be everywhere at once or at all times—and this is

especially true in Eurasia, Russia's traditional backyard.

The Near Abroad

It should be clearly stated: restoration of the USSR is not a goal of the present leadership. Yet there is a reason Russians of all political stripes refer to the other Eurasian states as "the near abroad." Russia's lines of communication to the rest of the world pass through these states. They, particularly the Central Asian states, shield the Russian heartland from hostile forces, especially Islamic radicalism. There is an intricate web of markets, infrastructure nodes (such as pipelines and railways), cultural institutions and even shared personal ties that define a "common

Eurasian space." 14

There is almost universal agreement with the proposition advanced by the former foreign minister, Igor Ivanov, in his 2002 book The New Russian Diplomacy that "it is natural to suppose a pivotal role for Russia in [Eurasia] by virtue of its size, its population, and its economic capability." Even if Russia is poor and under-developed by Western standards, it remains the metropolitan power of Eurasia. And as the leading power of the region, it is committed to a strategy that prevents any outside actor from undermining Russian interests. On this point, the liberal demooutside actor from underliming Russian interests. On this point, the interial democratic parties are in accord with the Kremlin, even if they differ over means. On September 25, 2003, speaking at a commencement ceremony in St. Petersburg, Anatoly Chubais, one of the leaders of the Union of Right Forces, proposed the creation of a Russian "liberal empire" through the wholesale expansion of Russian business interests throughout the Eurasian space. "Russia should provide assistance to other CIS [Commonwealth of Independent States] countries as it has the highest standard of living and is the natural leader among cis countries." In this view, Russia can remain a great power and a peer of the United States, China and the European Union only by reconstituting a Russian-led Eurasian zone. Washington's favorite Russian politician, Yabloko leader Gregory Yavlinsky, has been more circumspect-warning that the aggressive promotion of Russian interests in the CIS might lead to conflicts with other states—but even he acknowledges that a revived Russia would nonetheless "become the center of gravity" within Eurasia.

Thus, "the problem of creating a new system of international relations in the

space of the former USSR continues to be one of the highest foreign policy priorities for the Russian leadership", Ivanov observes. Of particular concern to Russia is when other Eurasian governments seek to involve outside powers as a way to exercise leverage against Russia—a Russian version of the Monroe Doctrine, if you will.

And a leadership that embraces managed pluralism at home applies this mindset in structuring its relations with its Eurasian neighbors. Just as the Putin Administration has no desire to renationalize economic assets (and thus take over direct management), there is little enthusiasm for re-incorporating the other states into a new Soviet Union. No responsible figure in Russia wants to divert the country's

¹⁴LUKoil is an excellent example of this phenomenon. It is a Russian energy company that owns critical assets in Azerbaijan, Kazakhstan and Ukraine; its CEO, Vagit Alekperov, is an ethnic Azeri, and, although a Russian citizen, he maintains close ties with the leadership in Azerbaijan. Similarly, the Moscow Patriarchate of the Orthodox Church spans the territory of the former user, knitting together congregations made up of Russians and other nationalities.

precious resources to recreate the failed Soviet empire. Maintaining independent states suits Russian interests, since it means that other Eurasian governments must take upon themselves primary responsibility for meeting the social welfare needs of their populations. (Why should it be Russia's problem whether citizens in Tbillisi, Tashkent or Kiev have sufficient power and heat during the winter, or an effective healthcare and educational system?)

So, within limits, Russia has no objection to other Eurasian states developing supplemental political and economic ties to other states—so long as Russian vital interests are respected. But Russia wants to create a Eurasian economic and political

zone where Moscow sets the overall agenda.

The recovery of the Russian economy from the 1998 crash coupled with high oil prices over the last several years have given Russian economic conglomerates a good deal of cash with which to purchase key economic assets in Ukraine, Moldova, Georgia and the Central Asian states, as well as in the former "Soviet bloc" countries of eastern Europe. In some cases, this process has been aided by the departure of U.S. and European firms which have sold assets—in Georgia, Lithuania and Bulgaria, for example. Russian influence has also grown in the last several years as leaders in other Eurasian states uncertain of their own position have sought to improve relations with Moscow. For the first time since the Soviet collapse, Russia now has real opportunities to shape everything from the composition of governments to the promulgation of economic policies in the other Eurasian states.

Russia has been using these levers to try to bring about the following outcomes. Its principal goals are to ensure that no other Eurasian state can obstruct Russian engagement with the outside world through its territory and that no foreign troops are based anywhere in Eurasia unless such a deployment occurs with Russian blessing (for example, to combat international terrorism). No Eurasian state should belong to a military bloc or alliance of which Russia is not also a member. In this regard, Russia has promoted the development of the Shanghai Cooperation Organization (SCO)—bringing together Russia, China and the Central Asian states—as a more preferable alternative for enhancing collective security in the region than the U.S.-sponsored GUUAM (Georgia, Ukraine, Uzbekistan, Azerbaijan, Moldova) grouping. (And there is sufficient evidence to suggest that the SCO has been more effective, from promoting anti-terrorist cooperation to laying the groundwork for closer economic cooperation among its members, than GUUAM, despite active U.S. assistance to the latter organization.)

The Russian Federation also wants to create a single economic zone—not unlike the original conception of the European Community—so that Russian capital and goods can move more efficiently across boundaries. While it does not seek isolation from the larger world, particularly the developed West, Russia wants to be the

motor driving further integration with the Euro-Atlantic community. The slogan often heard in Ukraine, "To Europe, with Russia", sums up this approach.

There are limits, of course. Both the United States and the European Union made it clear to Russia that the Baltic States did not fall within the "Eurasian space." They backed this claim up not only by vigorous diplomatic protestations, but by committing substantial resources to enforce their rhetoric (and finding governments in those states receptive to undertaking real reform). What puzzles the leadership in Moscow is why they should accept changes in the geostrategic situation elsewhere in Eurasia in the absence of any such concerted Western effort. What astounds them even more is that they should be asked to subsidize the erosion of their own interests, as in Georgia. Keeping the lights on across the post-Soviet space and providing implicit social subsidies for the citizens of other Eurasian states (a discounted price for natural gas or rights to live and work in Russia) so that their governments can ignore Russian commercial and security concerns is an illogical policy for any Russian government to adopt—especially when nothing substantive is offered in re-

The American Response

Many Americans—both Democrats and Republicans—are not pleased with contemporary Russia. It is neither a fully liberal state nor a "reliable" ally. A variety of domestic U.S. interest groups-from religious freedom advocates to press monitors—are not happy with the restricted zone of civil and political liberties in Putin's Russia. There is also unease that a reviving Russia seemingly has no interest in promoting a 21st-century version of the "Open Door" in Eurasia—allowing other states to pursue their own agendas with no considerations whatsoever for Russian interests. Yet even with all these disappointments, is this a Russia with which we

Consider the anecdote about an exchange between an American businessman and an unidentified member of the St. Petersburg government in 1992. "Right now, Rus-

sia may be on her knees", the man said. "But when she gets up, she'll remember how she was treated." American policy, however, seems predicated on the assumption that Russia will remain in the debilitating condition of the 1990s and will have no choice but to accept Washington's diktat. If Russia does "get up" in the next decade, any policy that assumes that Russia will accept a status quo in Eurasia and the world predicated on Russian weakness is foolhardy and dangerous.

Of course, Putin's revival may prove to be ephemeral. The high oil prices that have sustained Russia's economic recovery might crash. Russia itself may prove unable to cope with its severe demographic crisis. Putin's gamble that managed pluralism today will produce social harmony and economic prosperity tomorrow might fail. Plainly put, it is very possible that the "Russia question" could be solved by the complete collapse of the Russian state.

Yet the United States needs to evaluate seriously whether such a Russian decline is in its vital interests. The spillover effects of Russia's disintegration to the rest of the Eurasian space and beyond could be contained if there was a cordon sanitaire of strong, effective states on the periphery. But there isn't, and it's unlikely to be created in a few short years: Ukraine, Georgia and Uzbekistan hardly fit the bill. All indications are that the United States and its Western partners are unwilling to spend the vast amounts of funds and energy that would be needed to transform policy wishes into on-the-ground realities. The United States has poured more than \$10 billion into Georgia over the last decade, yet this massive amount of aid has done little to solve that small state's protracted ethnic and regional conflicts or ease its massive energy and economic dependence on Russia. While some advocate vigorous and bottomless American support for romantic visions of Black-to-Baltic Sea Commonwealths or Silk Road associations, the plain truth is that the costs are simply too great to bear. The United States has other more pressing matters to attend to in East Asia and the Middle East and even desires Russian assistance to achieve these objectives. If Eurasia was the only item on the agenda, things might be different. But it isn't. 9/11 made sure of that.

To put it bluntly, there is no policy of rolling back Russian influence in Eurasia that can be had on the cheap. The United States cannot expect to have the Russia/Eurasia policy equivalent of a five-star dinner at Maxim's for the price of a Happy Meal at McDonald's—and expect Russia to pick up the check to boot. At present, U.S. efforts appear to be designed to strengthen Eurasian states—but the long-term impact of such programs will only be to give the states of the periphery more lever-

impact of such programs will only be to give the states of the periphery more leverage vis-a-vis Russia, not to break them out of the Russian sphere altogether. The cultural, economic and political links that tie the Eurasian states to Russia are too strong to be sundered by small-scale "Train and Equip"-style programs.

The word "appeasement" easily drips from the lips of those who dislike this analysis. They believe that selling out the "freedom-loving" countries of Eurasia for Russian support constitutes a latter-day Yalta. But the United States, if it so desired, and the recovery to reproduce the Eurasian states and hold. could marshal the resources necessary to renovate the Eurasian states and hold Russia at bay. The problem, as Robert D. Kaplan concluded, is that "remaking this part of the world . . . would take both the resolve of a missionary and a sheer appetite for power that the West could probably never muster, especially given the difficulties it was having in the relatively nearby and less challenging Balkans." ¹⁵ The belief that the United States can try to pressure Russia to abandon the pursuit of what it considers to be its legitimate interests without having truly to invest much time or effort is naive at best and counterproductive at worst.

And the notion that the countries of Eurasia can be folded simply into an everexpanding European Union-especially on the heels of this year's massive enlargement-and thus removed from the "Russian" sphere, is not rooted in reality. Romano Prodi, President of the European Commission, made this perfectly clear at the

close of 2002:

The integration of the Balkans into the European Union will complete the unification of the continent. . . . I do not deny that this process has worked very well. But we cannot go on enlarging forever. We cannot water down the European political project and turn the European Union into just a free trade area on a continental scale.16

To the extent that the EU engages Eurasia in the coming years, it will be within the framework of the Common European Economic Area and the Common European

 ¹⁵ Kaplan, Eastward to Tartary (New York: Random House, 2000), p. 302.
 ¹⁶ A Wider Europe—A Proximity Policy As the Key to Stability. Speech delivered at "Peace, Security And Stability International Dialogue and the Role of the EU", Sixth ECSA-World Conference, Jean Monnet Project, Brussels, December 5, 2002.

Social Area, both of which have been generated from the dialogue between Moscow and Brussels.

So the question is whether the United States can reach a modus vivendi with Russia to secure its own interests in Eurasia as a reviving Russia assumes a greater political and economic role in Eurasia. And here, it is important to note a fundamental difference from Kennan's time. In 1947, Soviet domination of Eurasia gave the USSR the ability to threaten war-ravaged Western Europe and East Asia. Today, even if Russia were to achieve total control over Eurasia—an objective far too costly for Moscow to envision—it would nonetheless be hemmed in by the EU, China and Japan.

It is also essential to draw a clear distinction between American interests and the interests of the other Eurasian states. Georgia, Ukraine or Uzbekistan (and their American advocates) may want the United States to do everything necessary to neutralize Russian economic and political influence. But a level-headed policy toward Russia should be based on analysis, not advocacy. And the deployment of U.S. forces to Eurasia after 9/11 to support operations in Afghanistan demonstrates that when a vital U.S. interest is at stake, the United States can undertake a targeted, limited and successful intervention into the Eurasian space and obtain Russian acquiescence 17

The United States is not pleased with the Russia that is emerging. Yet for all the defects, there are many ways in which Russia can be successfully engaged. Isolating Russia is counterproductive at this juncture. Even under present conditions, there remain significant openings through which the United States and other Western states can influence and shape developments in Russia. Russia's desire for access to capital and markets gives it a stake in promoting regional stability. As commercial and political ties mature, Russia's own national interests will become increasingly tied to those of the larger Euro-Atlantic community. And as its interests become more secure, Russia's behavior, especially in Eurasia, will become more predictable and transparent.

Kennan concluded more than fifty years ago that "it is a sine qua non of successful dealing with Russia that the foreign government in question should remain at all times cool and collected and that its demands on Russian policy should be put forward in such a manner as to leave the way open for a compliance not too detrimental to Russian prestige." When considering the sources of Russian conduct in the 21st century, this remains sound advice for us to follow.

Chairman HYDE. Thank you very much.

Mr. Tancredo?

Mr. TANCREDO. Thank you, Mr. Chairman.

I have a couple of questions. One is what do you see as the way in which Russian hegemony will be expanded to the remnants of the old Soviet Union Eastern block countries?

Is it possible that it will be simply an economic force, an economic hegemony that will go—I guess I do not foresee any sort of actual military action on their part that would do that, but certainly there is a desire, it is still in the Russian psyche and part of the Russian political system to regain that empire, they have talked about it, so how will that happen and what should we do about it, if anything? How concerned should we be about it?

And then my second question deals with programs like Nunn-Lugar. There has been a lot of speculation, I am not sure, I think even an IG report that suggests that there has been an enormous amount of fraud in the program, that we have not only ended up wasting a lot of money over there in the program, but some of it

¹⁷ And in a democratizing Russia, no government can afford completely to alienate public opinion—introducing a new and unpredictable element in the Russo-American relationship.
¹⁸ The presence in Moscow and other parts of Russia of subsidiary branches of U.S. firms and

his the presence in Moscow and other parts of Russia of subsidiary branches of U.S. firms and think-tanks—something that would have been unheard of not only in Stalin's time but even during the Brezhnev years—allows for the transmission of American "best practices" in a variety of areas. The fact that many outspoken critics of the Putin Administration—some employed by American institutions—are free to publish, lecture and travel makes it clear that, whatever its faults, current Russia is emphatically not a "neo-Stalinist" state.

has actually gone to building some sort of nuclear capability as opposed to the reverse.

How should we address this? Should we consider it just as part of an economic aid plan or what is your guess, and these questions are for all of the panelists, how should we handle these two things and think about them?

Mr. ARON. As much in Russia today, the question that you ask, the policy that will eventually emerge will be a product of all kinds of clashing priorities. This is the country that it still sorting out what it really wants, what its place in the world should be and what it would like to do with itself and its neighbors.

My sense is that the two major clashing priorities in the near abroad or the former Soviet territory are these: (A) there is a nostalgia for Russia's role as a leader and, as I mentioned, it is clearly unquestionable in the Russian elite and popular opinion that Russia should remain the strongest power in that neighborhood.

On the other hand, the priorities have changed drastically. The Russian country itself, Russia, used to exist to support the state and the state wanted to expand and to conquer and to enslave. It has changed. The state now in many parts exists in order to facilitate the development of the country. Putin said that, Yeltsin said that and I think largely it is true. Economic prosperity, raising the standard of living.

And so when those two things clash, my sense is that Putin will go with the latter, namely, he would not undertake any kind of imperial obligations that would lead Russia toward shouldering enormous economic burdens that such imperialism would entail. I already mentioned in my statement the drastic diminution of the share of Russian GDP that goes to the military. Without military, you cannot build an empire. That is obvious.

Let me give you one example of Belarus, an impoverished authoritarian nation that was dying, or at least its President was dying to join with Russia. Yet this project, while both President Yeltsin and President Putin tried to mollify the leftist nationalists and a significant portion of the population that would like to reunite with Belarus, under one pretext or another this project has been going on for almost 10 years and, of late, the Putin government more or less announced that there is not going to be any merger of the two states in any foreseeable future.

Thank you.

Mr. Sestanovich. There is no doubt that Russia's economic strength gives it a lot of advantages in dealing with its neighbors and the effort has been made by the Russians to use the debts of the neighbors to acquire assets in those countries. That is probably a trend that there is nothing anybody can do anything about. There is a kind of economic preponderance that is going to continue to be exercised.

However, it is not true that you do not see any political or military intimidation of neighbors and that this is just the natural exercise of economic magnetism. In the last half of last year, you had an interesting conjunction of pressures against several neighbors at once: Encroachment on Ukrainian territory, an apparent sponsorship of separatism in Georgia, the continuing refusal to withdraw Russian bases from Georgia. You even see it this week in the sup-

port that Russia has given to a Georgian leader who is defying the central government. Mayor Luzhkov of Moscow flies immediately to Batumi, where there is a Russian base, by the way, and calls this Georgian leader his brother. In terms of their shady commercial activities, they may well be brothers.

So there is a readiness to make use of some of the vestiges of residual political and military strength in ways that are adverse to these countries and that lead them to seek by way of protection an integration into European institutions, into Euro-Atlantic structures. The Russians can hardly be surprised by this tendency, given their long history and recent history of trying to muscle some of these countries.

It has been American policy since 1991 to try to support the independence of these states and I am sure it will continue to be.

Mr. GVOSDEV. On the question about Nunn-Lugar, to address that one first, my sense is that with the new government that is in place we should insist on a very strict quid pro quo of accounting and I think that you have people there that will respond to that, but that if the attitude would simply be that the suitcases of money come from the United States and we do not really ask for strict accounting, then the response has been, well, you got what you paid for in that. So I would think that that the program should continue but I think we can insist upon stricter accounting standards and I think we have people now in the government that will respond to that.

With regard to the first question, I think that the Russian Ambassador to Romania about a year and a half ago summed it very clearly when he told the Romanians you cannot expect us to invest in your country and for you not to take into account our interests and I think that as has been stated previously the questions about Russian economic investment therefore leading to Russia seeing this is a way to have countries on its periphery take its interests into account is an issue that needs to be looked at, but, again, the emphasis is not to reintegrate territories into a new type of Soviet Union for the simple reason that Russia simply does not want to bear those burdens and it is a question, I think, in the coming years of how Russian influence should be managed.

I think that any kind of approach that starts from a baseline that says that Russia has no interests in these areas and therefore any Russian investment or involvement is therefore bad and has to be automatically resisted is a bad beginning. I think we should start from the premise that Russia should have its interests taken into account by these countries, but then drawing the line at behavior that we think crosses over form what should be legitimate consideration of those interests into force.

And I also think it is important for us to keep in mind that a lot of these issues that on the surface seem very cut and dry can have very complicated undertones. For example, with the "Russian forces" that are in Batumi, in Ajaria, we talk about withdrawing those fores. However, half of those Russian troops that are there are local Ajars who are local citizens, local residents, who are engaged in contract service with the Russian Army, since there is a provision allowing for nationals of other former Soviet states to en-

list in the Russian military the same way as Filipinos and others

could enlist in the American miliary.

So when you are arguing about withdrawing Russian forces, closing a base is one thing but then there will also be an issue of what happens to the half of that Russian force which actually lives there and then they want to know where their employment will come from or who will step into employ them or what happens to them in terms of their weapons and I think that has been a very real issue of concern in this standoff that perhaps some of these local Ajar volunteers in the Russian army may decide to cross over and support Abashidze against the central government and it is not as easily black and white.

Mr. Sestanovich. If this were the Russian government's concern or the Georgian government's concern, there are plenty of ways to

deal with it. This is a non-issue.

Mr. GVOSDEV. I am not saying that it is a non-issue, but I am saying when people say Russia should withdraw forces, we should keep in mind that it is not as cut and dry as people leaving as much as that there are going to be local people there who will want the Russians to stay and will use techniques to try to make sure that those bases stay there. The same thing also with the base in Akhalkalaki in Georgia a well. You have locals there who very much want that Russian base to stay and are using that as pressure against the Georgian central government.

Chairman Hyde. The gentleman from Texas, Mr. Bell.

Mr. Bell. Thank you, Mr. Chairman.

Thank you all for your testimony here today. I am somewhat struck by the contrast between some of your statements and what we heard earlier from Ambassador Jones and I would like to pursue that, primarily a line of questioning that Mr. Schiff and I were pursuing as to what is the state of mind in Russia today and perhaps you all might be in a little better position to address that.

Mr. Aron, I know that you write quarterly on those types of sub-

jects.

The reason I see it as important is that I think we all know that change is oftentimes more possible when pressure is coming from within instead of pressure just coming from outside from the United States, and especially in the area of human rights and the issues regarding the freedom of the Russian people.

What do you see, and we can start with Mr. Aron, as the state of mind of the Russian people today? Do you believe that they are satisfied with the Putin government or do they want to see change and how do you read the election results, et cetera, et cetera?

Mr. Aron. Let me start by saying that it is a very complicated situation. We have a country that has undergone three revolutions, economic, political and empirical. It rid itself of its empire, both domestic empire and the empire it kept in eastern Europe. And then there was this dazzling, relentless onrush of new things, new freedoms, new responsibilities. So clearly it is all being sorted out.

Now, one of the keys to Putin's victory, and I think it ought to be realized and it was raised here tangentially, but let me cite a few numbers to you. I think it would not be too risky to suggest that any President under whom the country's economy grows by at least 30 percent, real incomes increased by an average 10 percent

a year, the average monthly salary doubles, and the number of people in poverty shrinks by over $\frac{1}{3}$ is likely to be reelected.

Mr. Bell. We should be so fortunate here.

Mr. Aron. You got it. Yes. So, you know, this big mystery about why this man was reelected just—but there are other reasons. I alluded to them in my oral statement, there is more of it in my full

There is a drift in Russia and it is post-revolutionary drift which occurred after every great revolution. We had restoration in Britain, we had Napoleon directing an empire in France. Every revolution has this sort of slide back where people long for continuity, where they seek to recover sometimes the institutions or the symbols. Even the symbols of the past regime.

And it is particularly strong for the Russians over 40 or 50. In fact, one of the greatest divides in Russia today is by age. Everything is different. Those younger than 30 and those older than 45 or 50 vote completely differently. They give completely different an-

swers to the same

Mr. Bell. Such as?

Mr. Aron. Such as do you support private property? those under 30, it is in the 70 or 80 percent. Those over 60, it is the reverse. We saw that statistic, by the way, in exit polls after the Yeltsin-Zyuganov vote in 1996.

So it is a mixture. They are willing to surrender some of their liberties for stronger government, more effective government that would protect them and that would enforce laws. On the one hand.

On the other hand, every poll shows with those age differences that the Russians are not willing to surrender what they consider the key points of the democracy, freedom of speech, freedom of election, freedom to canvass for independent candidates and have more than one candidate on the ballot, a chief executive elected by the popular vote and not appointed by the Politburo, the freedom to travel abroad, to emigrate and to come back, and the freedom to say what you wish.

The press in Russia is uncensored and, of course, you know with all the shenanigans and the pressures that are applied the Russians believe that the press should be free and that the meetings, both political and otherwise, and the freedom of association should

exist.

This is a very unstable, unresolved mix. Many of those things are contradictory, but I believe that that would be the best description of what I understand the sort of Russian state of mind today.

Mr. Sestanovich. Leon is right, it is not a mystery why Putin was reelected, although it goes a little deeper than mere prosperity.

Polls typically show that Russian voters all think Putin agrees with them whatever they think and that you could call a political gift or you could call it duplicity or you could call it ambiguity or you could call it confusion and it is probably some combination of

Leon is also right that you often see a pullback after revolutions, although you have not seen this in the great revolutions in eastern Europe. It is particularly scary for Russians, even those who want a certain kind of reassertion of order to think that they may be getting the old regime back because the old regime was kind of scary.

The old regime was odious. The old regime imposed enormous suffering and privation, even with pension guarantees and the victory in World War II.

So what polls tend to show is a readiness to give Putin and his colleagues some leash to put things back in order. There is a lot of anxiety about where that is going to go and whether they are going to have a chance, whether other forces will have a chance to

express their disagreement.

The phrase managed pluralism has been used. It is probably a prettifying phrase or it may turn out to be a prettifying phrase for some trends that are genuinely authoritarian. Putin does not take criticism well. He does not thrive on the give and take of politics. He did not conduct his campaign as though he thought it was good for the voters to have a real debate about which direction the country should go in, as though he were interested in hearing what they thought.

He did not act as though he thought it was actually a sign of democratic legitimacy to have anybody get more than 15 percent

and so nobody did.

Mr. GVOSDEV. On the question of the state of mind, and I understand that Congressman Schiff has already had to leave, but there are, of course, some very good poll data that is available, there is the world values survey, which has very good data. One site that I use quite a bit is Romir.Ru in both Russian and English which has basically every week a different poll question and I think it is a good way of at least beginning to get at some of these issues so that there are hard numbers out there, we are not speaking in guesswork or just simply because of who we talk to there is in fact a growing amount of research and data. And I do not really have anything to add on that in the sense that you are seeing that the people on the one hand—I think the polling data are comfortable with the ideas of democracy and the form, sort of the ideal forms, but then have questions about applicability. There are also questions about depending on where you fall personally and how you are affected by developments in Russia so that when you ask people, for example, questions about freedom of religion, it is going to depend very much on whether or not you are belonging to a religious group that is seen as being part of the mainstream which has no difficulty in functioning and operating in society versus one of the newer religious movements which may find that it has more social pressure directed against it so that there is going to be a spectrum of how people respond to that.

And then again the age difference I think is the critical one that you do see, that among the older generation a sense that the old system provided more security; to the younger generation looking

ahead to opportunities that this provides.

I think that what this election also demonstrated and I think will be the critical test is the 2008 election. I think that most people accepted that the course that Putin has set is what will take place for the next 4 years, but what they are really interested in is what comes after him in 2008 and will there be institutions in place, political parties, that are viable and can put forth candidates and most people are, I think, focused on that election and whether the 2008 election will be a genuine competition between different vi-

sions for Russia or whether or not what is moving for Russia is sort of a Mexican style system where each sitting President essentially appoints his successor and I think that is where the real test will come in.

Chairman Hyde. Mr. Smith?

Mr. SMITH OF NEW JERSEY. Thank you very much. Thank you

very much, Mr. Chairman.

Just let me ask our very distinguished panel if they would to touch on three issues. The first would be the issue of anti-semitism. As I think you know, the OSCE will be holding a historic conclave in Berlin at the end of April. High level delegations from all of the 55 countries that make up the OSCE, including Russia will be there and you might want to comment on the status of anti-semitism in Russia. Obviously, we know and have heard much about what is going on in France, Austria and Germany, Holland, that Russia certainly has a problem but to what extend do you think it is a problem?

Secondly, on the issue of Chechnya, I chaired a number of hearings during the first and second Chechyn wars. We heard from Yelena Bonner and other distinguished citizens including people coming out of Russia who called it a terrible offensive action and yet it seems to get down played. Of course, it is not at the same level of warfare and killing that it was during those years, but there is still an issue of refugees who are being forced to return. You might want to touch on that because I wonder if we downplay

the issue of Chechnya too much, especially post-9/11.

And, thirdly, on the issue of trafficking, as you know, Russia was a tier 3 country just a couple of years ago under the Trafficking in Persons Act, the designations that the State Department has established because of legislation passed by the Congress and signed by the President where there is tier 1, tier 2, tier 3, I know you are

very familiar with it.

Tier 3 means they have a problem and they are not making serious and ongoing efforts to change it. They are off tier 3 but many of us have concerns that they are just off of it and perhaps they ought to be on a watch list which we recently created, but the ques-

tion is what is your view on the status of the trafficking?

We know that Putin has said some nice things about law enforcement needs to do more. They have done almost nothing except for NGO work on the victims of trafficking and, frankly, I have met many of the victims from Russia who have been trafficked, including in my own state where just recently 30 Russian women were liberated by our U.S. Attorney Chris Christie in a raid that will lead probably to substantial convictions of the traffickers, but the problem is Russian women are all over the world now because of the mob and organized crime and what they have done to exploit these women.

It seems to me much more needs to be done or Russia goes back on tier 3 and then is liable to sanctions.

Mr. Aron. If I could start in that order again, the first question is a very interesting one and I spent a considerable amount of time studying it. I would like to just—if I am to open this, I would like to state that with the demise of the state anti-semitism that resided and was spread by the Soviet state, in the past 10 years, the

prominence of Russian citizen of Jewish ethnicity in politics, economy, mass media has been unprecedented in Russian history, short of the brief period after the Bolshevik revolution and we could debate, but of course neither Trotsky nor Kamanev or Zinoviev considered themselves Jews, they considered themselves revolutionaries. But these people are many of them self-consciously Jewish, they are not ashamed of it and they act—in other words, as in France, as in the United States, well, less than the United States because this is an exceptional case, every civilized European nation, they participate both as ethnic Jews but also Russian citizens. Examples are found under Yeltsin, there was a first deputy prime minister who was Jewish and many ministers and another first deputy prime minister was half Jewish.

Incidentally, the new prime minister appointed by Putin is half Jewish whose name is instantly recognizable to both Russian neutrals and anti-semites as that of a Jew. His father was Jewish and in Russia, at least in the Soviet Union in the days when I was growing up there, that would bar him from any political pursuit on that level, as well as from attending the Moscow University.

So there is also unprecedented flourishing of the Jewish religious and cultural affairs, which is the same one as other ethnic minorities with the sad exception of the Chechyns for a different reason experienced in Russia.

President Putin takes a considerable interest, in think, in this. He and a former Refusnik, Anatoli Sharansky, attended the opening of the Orthodox synagogue, for example, in Moscow a few years ago where Putin was presented I think a menorah. He said:

"I will take it to the Kremlin and it will provide both light and warmth."

In other words, I think as an issue the state anti-semitism disappeared in Russia, an enormous achievement after 200 years of state anti-semitism.

Now, again, I do not have to tell you that as everywhere the legacy exists. Interestingly, we talked about public opinion polls. When you ask the Russians who do you blame for your problems as well as what is your attitude toward Jews, the level of anti-semitism is certainly not above and in many cases below that of places like France and Belgium.

So I do not think that we should be particularly concerned about that issue. I mean, there is an issue of skinheads, there is an issue of desecration of synagogues, but that is all over. And, incidentally, in terms of the actual instances of violence against Jews and Jewish property, Russia is certainly behind France or Belgium and certainly on a par with places like the Czech Republic, Hungary and way below Romania.

So that is one thing. Let me address Chechnya very briefly. I have written a paper a year ago where I sort of introduce a term that since then has been used rather widely. I called it the Palestinization of Chechnya. The problem is that partly because of the brutality of the Russians but partly for other reasons into which we do not have time to go, there has been a sort of mutation of what started as a national liberation movement into essentially

Islamic fundamentalist movement, which now is the most militant of all the forces.

The Chechyn resistance is by no means a homogeneous force, but this is the most aggressive, best organized, best financed part of it. And you know that a year ago the French magistrates started an investigation of the connection between the radicals in France and Chechnya, that connection has been established. It also came up in the trials in Hamburg of people attendant at least during the meetings when the 9/11 was planned, so that connection is well established.

That plus the unabated Russian brutality in Chechnya makes a resolution extremely hard. We are in a vicious circle where almost every month by now there are victims, sometimes tens of victims to suicide bombings or otherwise, other methods of killing, in Russia, which the Russians attribute to Chechyns and we do not know whether it is true or not, but it certainly is plausible. And that is a vicious circle out of which I do not see any exit in the foreseeable future.

Mr. SMITH OF NEW JERSEY. Does anybody want to touch on trafficking, human trafficking?

Mr. GVOSDEV. I would rather defer.

Mr. Sestanovich. One small point on anti-semitism. Everything that Leon says is right, although he does not touch on the connection between anti-semitism and the offensive against the oligarchs.

Mr. Aron. Correct. I did not touch on that.

Mr. Sestanovich. I do not think anti-semitism is a motive there, but I think it is an unspoken element of the campaign below the surface which makes it easier to win some degree of popular support. In general, the right approach for Putin in dealing with the problem of the oligarchs, which is something that many other leaders without a KGB degree might see as a problem, the approach should have been to try to create a legal framework in which concentrated wealth can be addressed and kept from having undue political influence.

I think that the identification of the oligarchs as a sort of especially pernicious and dangerous class has been easier to make be-

cause many of them are Jews.

On Chechnya, there certainly has been a kind of radicalization of the Chechyns resistance for reasons that the Russians bear considerable responsibility for. They do not want to face that fact. They do not know what to do if they do face the fact, but they are looking at the possibility of an unending terror cycle.

It was one thing when the Russians people simply had to face the fact of their soldiers' brutality and corruption in Chechnya, a small postage stamp territory at the borders of Russia. It is another thing when they look at the possibility that they may have terrorist attacks in downtown Moscow every couple of months.

If that is the case, they will have to come to grips in a more serious way with what they have done, and that is a reason that we should consider it an issue that has to be addressed by all European countries. Chechyns may choose not just to attack in downtown Moscow. Al-Qaeda after all attacked in downtown Madrid.

This is something that can become a threat to us and other European countries. The continuing Russian claim that this is their

business and they will take care of it is incorrect, counterproductive, and should not be accepted.

I am not current on trafficking, except I will say one sentence on it. It is a problem that is made incomparably worse by the corruption of the police in Russia, surely the most corrupt institution of a very corrupt state. One should not expect to be able to address this problem just by saying our enemy is organized crime. Our enemy is the alliance between organized crime and the police.

Mr. GVOSDEV. To start with that, the third question and to echo that, I think that really the solution to this is it has to be reform in the police force and a crackdown on law enforcement that permits this to happen. Unfortunately, though, I think that is the strategy that the government is going to take, is that this is primary to deal with the police and not to deal with some of the larger social issues. As you said, it is being left to the NGO community to deal with victims.

I also think based on some of the things I have read that there is a feeling that, well, an improving economy will solve this problem somehow, once people are employed and prosperity returns, we do not need to worry about it as much. So I think it is something that should still be looked at, it should not be swept under the rug.

On the other two questions, just to add one or two comments. In terms of the question of anti-semitism in Russia, I would just add that one of the things which I think has been quite beneficial that the Putin Administration does, sort of taking a cue from what happens in the United States, is that the President on all major religious holidays of all the major religious groups in Russia issues proclamations, sends greetings, and I think it is a useful step to sort of say that Russia—even if it does not always filter down to the average person and there is the problem of skinheads and other things like that, there is still this idea of not simply recognizing the majority religion in Russia but also Judaism, Islam, Buddhism as contributing to the benefit of Russia and even though these can be boilerplate statements, as they often can be in this country as well, it still I think contributes to an atmosphere of recognizing the importance of Judaism and of the contribution of Jews to Russian society.

On the question of Chechnya, I think the bottom line is that we need a solution there, the problem is that no one seems to have trust that a settlement can be reached that can be enforced because of the Palestinization of the conflict there, which is even if you had complete independence for Chechnya, the question would be would that independent government be able to control its own borders and to control groups within it and I agree, it is a vicious circle and the more that we can do to assist in that in a positive authority in terms of, first of all, helping the Russians come to grip with that conflict in terms of the behavior of soldiers, but also to begin offering more concrete advice and assistance in how to deal with this and I think it is interesting that there have been some contacts between Russia and Israel on this question, that people are trying to trade expertise and how do you deal with these movements and so on and so forth, perhaps more of that kind of concrete technical assistance and how you build up a workable settlement on how a government could be created there that could meet the

aspirations of the people there, but at the same time could address

the security concerns.

Chairman Hyde. I am going to terminate the hearing. The panel has been superb. Most panels we have are very good, you have been superb. Your scholarship and your knowledge of these very difficult questions has made a signal contribution and while we have not had the Members in attendance, your statements will be made a part of the record and have been studied and will be.

I just have restrained myself from asking questions and wisely so because they have all been asked, really, and your answers

apply.

I have a question that you may not want to answer or may feel does not deserve an answer, but it has nothing to do with politics.

I have been told to be a literate educated person one should read the Russian novelists and I grabbed Crime and Punishment and I read it assiduously and for the life of me I cannot figure out why that is a great novel.

Can any of you enlighten me as to why that is a classic?

Mr. SESTANOVICH. Mr. Chairman, there are people who like Tolstoy better than Dostoevski and you may be one of them. I suggest you try a different author for your next sampling.

Chairman Hyde. Well, this has not urged me on, I can assure

you

Mr. GVOSDEV. We have an article in this issue of *The National* Interest where Dr. Aron has written about Russia's favorite new novelist who writes very interesting crime and detective novels and I think that might be a modern Russian author that might appeal

Čhairman Hyde. I do not mean that I am a Mickey Spillane fan, I enjoy good literature, Guerte and some others, although I confess Don Quixote was offputting, too, and I begin to wonder if the fault is my own and I am sure it is. Anyway, thank you so much for a wonderful contribution.

This Committee stands adjourned.

[Whereupon at 1:17 p.m., the Committee was adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

PREPARED STATEMENT OF THE HONORABLE NICK SMITH, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

I want to thank Chairman Hyde for holding this hearing today on Russia. I would

also like to thank our distinguished witnesses for joining us.

Winston Churchill famously said that Russia "is a riddle wrapped in a mystery inside an enigma." As we consider our policy towards Russia, we should keep Churchill's analysis in mind. In some instances, Russia is a strong partner of the United States. In other instances, Russia has worked at cross-purposes with us. And there are a number of reasons to be concerned with Russia's domestic policies. Russia's relationship with us and the rest of the world is clearly quite complicated and evolving.

In certain contexts, Russia is a strong partner. When Libya decided to give up its nuclear weapons, the IAEA gave Russia Libya's nuclear fuel to process and secure. Russia has been an important participant in regional groupings such as the Six Party Talks involving North Korea and the Quartet involving the Middle East Peace Process. Russia was quite helpful in the war in Afghanistan. It had for years supported the Northern Alliance. Moscow also helped secure basing rights for our troops in a number of its neighbors. Finally, Russia's vast oil and gas reserves have had a stabilizing effect on energy markets. There are clearly a number of places where Russian interests intersect with our own.

On the other hand, there are some places where our interests, or at least our actions, clearly differ. Iran and Iraq come most clearly to mind. Russia undermined our attempt to achieve final U.N. Security Council support for the war in Iraq. Perhaps the most troubling aspect of Russia's foreign policy has been its role as a proliferator. Russia has been involved in transfers of both nuclear technology and material to Iran.

At the same time as we struggle to understand our relationship with Russia, we struggle to understand Russia's domestic context. There is little doubt that Russia's recent elections were free and fair, but there is also little doubt that the results reflect the will of its people. They support Putin because has brought more stability and economic development than Yeltsin. I am concerned that Russia's recent actions against the Oligarchs undermine its economic foundation. There is good reason to question the robustness of Russia's property rights and rule of law. Russia should not depend on its natural resources to maintain the interest of foreign investors.

Clearly Russia is evolving, and its role in the world is changing. Several additional factors will be important in the future. The eastward expansion of both the EU and NATO puts these organizations on Russia's borders. The NATO-Russia council will be increasingly important in reassuring Russia about its security interests. The ascending countries to both organizations have legitimate reasons to be concerned with Russia, but some member countries such as Germany and France have fundamentally different views of Russia.

Finally, Russia will undergo significant demographic shifts, which Nicholas Eberstadt of AEI has described as the "Emptying of Russia". If not for 5.5 million immigrants, Russia's population would have fallen by 6.5% in the 1990s, and even then it fell 2%. The US Census Bureau and the UN have estimated that Russia's population will fall an additional 10 to 20 million by 2025. This has long-term strapopulation will fail all additional to the 2015. This has indirected stategic and economic implications that cannot be ignored. During my tenure in Congress, I have argued that we must respond today to the demographic shifts in our own society. The economic impact on our children and grandchildren will be crippling unless we reform our entitlements like Social Security. Russia's problem is much more severe, and the economic impact will affect them much more quickly.

Yet there is no policy response from their government. Over the long-term, this could have strategic significance.

Again, I would like to thank the Chairman for holding this hearing. Our relationship with Russia is a work in progress. It faces many new challenges, and we must address all of its complexities.

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