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SUBJECT: "RUSSIA: IN TRANSITION OR INTRANSIGENT?"

CHAired BY: REP. ALCEE L. HASTINGS (D-FL)

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REP. HASTINGS: Good morning, ladies and gentlemen. I'd like to call this hearing to order.

And, ladies and gentlemen, invited guests, and members of the press and diplomatic corps, I'd like to welcome all of you here today for this hearing on Russia.

I'd particularly like to welcome and thank the members of our distinguished panel for finding the time to share their expertise with us this morning.

But before we begin, I'd just like to note that earlier today, near the Siberian city of Novokuznetsk, 35 miners were killed and others injured in a methane explosion in a coal mine.

And according to the most recent news reports that I saw before coming over here, there are still three miners missing.

Unfortunately, America is no stranger to such accidents, and our hearts and prayers go out to all those affected by this tragedy, and we'll continue to hope against hope that those three miners may yet be found alive.

This is the first hearing that the Commission on Security and Cooperation in Europe is holding in the 110th Congress. And I felt and feel that it is quite appropriate that Russia is the topic of discussion.

As we all know, Russia is an increasingly important and influential member of the international community, playing a key, albeit not always constructive, role in organizations such as the United Nations, the Group of 8, the Council of Europe, the Organization for Security and

Cooperation in Europe.

And I'm the past president of the Parliamentary Assembly of the Organization for Security and Cooperation in Europe, and I'm fond of saying if anybody can say that, they ought to be elected.

And in the not-too-distant future, I expect this list to include the World Trade Organization. It's good that Russia is so involved in these international organizations and has so much potential to make positive contributions to global stability and prosperity.

In the late '80s and early '90s, it appeared that Russia was making a sea change transition, however uneven and tumultuous, to representative governance and a society rooted in the rule of law.

However, since the tragic shelling of the Russian White House in the fall of 1993, and particularly over the last seven years, the Kremlin has moved to recentralize authority and power that it had seen slip away in the wake of glasnost and perestroika.

The result has been a significant limitation on the civil liberties that many of us associate with a legitimately open society.

Despite President Putin's lip service in support of democratic institutions and civil society, we now see a political agenda centrally planned in Moscow.

Now, I fully understand that human rights not only include the ability to hold anti-government demonstrations or write op-eds critical of government policy, but human rights also have some relation to basic social justice concerns, such as having heat in the winter, getting paid on time and having access to hearing.

In these areas, much progress has been made in Russia over the past decade or so, and particularly under President Putin's leadership. And I commend him for working to improve the standard of living of the average Russian citizen.

But these basic needs are also met in some of the world's most repressive regimes, and it is my hope that a great nation like Russia can do better.

A growing economy and the improved living conditions that have resulted, as well as a newfound influence on the world stage help to explain the popularity of the current Russian president. His sober, intelligent and macho image has also been well received by the populace.

I'm also aware of a vocal and growing minority that is deeply concerned at the direction their country may be going in, and I'm thinking of the many people and organizations included in the Other Russia coalition as well as other opposition groups.

Reports of the heavy-handedness and brutality that some of these individuals have faced while attempting to exercise their rights to free assembly and free speech, quite frankly, are alarming.

These basic human freedoms are enshrined in many of the international

agreements that Russia is, at least on paper, committed to.

It's perplexing that the popular and powerful Russian government feels threatened by a few thousand people demonstrating in favor of an alternative point of view. Perhaps the authorities do not feel threatened but are simply used to dealing with protesters in a forceful manner.

We politicians here in Washington are accustomed to such public displays of dissent, as our city is often the venue of marches and gatherings that sometimes number in the hundreds of thousands. And this is normal and desirable, and has been the catalyst for so much positive change in our great country and society.

Concerning some elements of the Russian opposition to the Putin administration, I must note that common dislike for the Russian president may not be the strongest glue for a lasting alliance.

In this case, the cliched phrase "the enemy of my enemy is my friend" does not hold true. I know of many distinguished NGOs and human rights activists that have chosen to participate in the Other Russia movement, but the past rhetoric and actions of some of those leaders involved give me pause.

As we look to the future of U.S.-Russian relations, being best friends does not have to be the measure of successful cooperation.

There's a lot that we can accomplish despite hard feelings in some quarters, and we need to focus our efforts more on bolstering Russia's nascent democratic institutions rather than on the rapidly changing faces of the Russian elite: In other words, principles before personality.

If we are to improve relations, we must find new ways to have more frequent interaction at all levels and with all branches of government.

Additionally, I recognize that a substantive and sustainable bilateral dialogue must also happen at the level of civil society.

This is why I'm such a proponent of public diplomacy and exchange programs such as our own Library of Congress' Open World Program and many other fine initiatives.

These initiatives not only promote understanding, but they also enable us to identify future leaders at all levels of society.

The central question before us today is what kind of leadership will Russia provide at home and abroad, and what can and should the United States be doing to participate and help Russia complete its transition to democracy, especially in the post-Putin era.

I look forward to learning more on this from our truly expert and distinguished panel.

And I'd like to ask staff, did you pass out their biographies to people in the audience? That will cut down on the amount of time that I have to read about how famous they are, and they are that.

I'd like to add that in the interest of a balanced hearing, I extended an invitation to Russian Ambassador Yuri Ushakov, and I'm sorry he wasn't able to take part in this important dialogue.

But in all future hearings that I intend to hold, I intend to continue to invite them to the dialogue. And at some point, I'm hopeful that that breakthrough will occur.

I now turn the floor over to the ranking member from New Jersey, Mr. Smith.

REP. CHRISTOPHER SMITH (R-NJ): Thank you very much, Mr. Chairman.

And good morning, everybody. I, too, am deeply alarmed by many of the trends and setbacks, particularly recent, occurring in Russia today.

But I want to raise one very important issue right now, the unresolved murders of dozens of independent Russian journalists over the past decade.

I have authored a congressional resolution, H.Con.Res. 151, calling upon President Putin to seek competent outside law enforcement assistance in the investigation of those unresolved murders.

Only yesterday, H.Con.Res. 151, with over 30 co-sponsors, was approved by the Foreign Affairs Committee. Congress, it seems to me, needs to raise its voice very, very loud and with a great deal of emphasis on this important issue.

Russia holds the worst position in the world -- second-worst position in the world in the number of journalists killed in the last 10 years, according to the International News Safety Institute.

Reporters Without Borders counts 21 murdered journalists since March of 2000. This is a conservative number. It does include the murders of Paul Klebnikov, Anna Politkovskaya, but it does not include the murder or death under extremely suspicious circumstances of Ivan Safronov.

Many observers think that government officials have ordered most of these murders, or at least were complicit or part of a coverup, because these journalists were investigating government corruption or human rights abuses in Russia.

There is good reason to think that people in very high places are protecting these murderers. We know this: Very few of these murder cases have been resolved.

Journalists fulfill, as we all know, an essential role in every society, and none more than those who uncover the theft of a country's assets by its elected officials or human rights outrages committed in its name.

Journalists who do this do it at great risk of their lives, and they truly deserve to be called heroes.

Make no mistake about it, these journalists knew that they were taking enormous risks, even risking their lives. It seems to me that we owe it to them to raise our voice, and to do it over and over again, to bring the killers to justice. Mr. Putin, sadly, seems not to be making any serious effort to do so.

I am afraid Russia today may be slipping backwards. The Russian economy is booming, but Russian democracy seems to be falling below the level of many developing countries.

Only when journalists can work without fear of intimidation and death will we be able to say honestly that the government of Russia is truly a durable democratic government.

We need to push -- we need to encourage -- we need to demand that the government of Russia cease selling arms to the Sudanese government that commits grave violations of human rights, genocide, in Darfur.

We need a government that doesn't look the other way when local officials harass minority religions and ethnic minorities, which doesn't embrace military brutality in Chechnya, maintain and occupying army in Moldova, and threaten Poland and the Czech Republic for cooperating with the United States in their military defense or foment unrest in Kosovo.

Alexander Solzhenitsyn, the great conscience of Russia, said in his Nobel Prize speech in 1970 that any man who has once proclaimed violence as his method is inevitably forced to take the lie as his principle.

My resolution addresses the violence of the murder of independent journalists and the lie in the claim that their murders have been seriously investigated.

Solzhenitsyn said of Communist Russia in our country, the lie has become not just a moral category but a pillar of the state. We have to ask ourselves and ask Mr. Putin will this terrible statement also be true of the post-Communist Russia.

I thank you again, Mr. Chairman, for convening this important hearing.

REP. HASTINGS: Thank you, Mr. Smith.

REP. SMITH: I yield back the balance of my time.

REP. HASTINGS: All right.

At this time, I would yield the floor to Mr. Butterfield, a new member of the Helsinki Commission and my good friend.

REP. G.K. BUTTERFIELD (D-NC): Thank you very much, Mr. Chairman, to the ranking member.

First, let me thank you for so warmly receiving me on this commission. I've looked forward to it. This is actually my first meeting, and I'm very excited about it.

I don't have a prepared statement to give.

I do want to thank the witnesses for participating today. I've read your written testimony and look forward to your testimony today.

There is no question that we must reach out to Russia and to other countries around the world to make sure that we have good allies and

good relationships.

And so that's one of the goals of this commission, and it certainly is the goal of the Congress. And I thank you very much for coming today.

I yield back.

REP. HASTINGS: At this time, it gives me great pleasure to ask our first witness to make a presentation.

And I indicated and the staff indicated that they passed out Ambassador Daniel Fried's resume. I think most of you in the audience know that he is the assistant secretary of state, Bureau of European and Eurasian Affairs.

But I part company from this prepared biography to add a personal note. Part of what government is about -- it is about access and information.

And I can truly say, as one who has interfaced with Ambassador Fried, with not constant regularity, but with unfailing responses to inquiries that I've made regarding visits that I've undertaken that fall within the ambit of his portfolio.

And then I just want to thank you for your advices and concerns and quick responses.

And I think that that's a better measure than me telling you all of the wonderful particulars of his curriculum vitae.

Mr. Secretary?

MR. FRIED: Thank you, sir.

Chairman Hastings and members of the commission, thank you for the opportunity to appear today. The subject today, Russia today, is critical to the United States and Europe.

Whether Russia is in transition or intransigent, the other part of your question for this hearing, frames the challenge of working with Russia.

Russia certainly remains in transition from its communist past. Its growing assertiveness, spurred in part by high energy revenues, may have stimulated your use of the word intransigent.

Russia does sometimes seem a difficult partner, but we also have important areas of common interests and cooperation. Ours may not be a full strategic partnership, but it includes partnership on many strategic issues.

The administration wants Russia to be a partner in the world, and we want Russia to be strong, but strong in 21st century terms, with strong democratic and independent institutions in and out of government.

We do not exempt Russia from our belief in the universal potential of freedom, and we also have Russia in mind when we say that we seek an open world characterized by partnerships with like-minded countries.

Our preferred tactical approach is cooperation. We seek to work together wherever we can, and we push back where we must, privately when possible, but publicly when necessary, in defense of our values, our interests and friends.

At all points, we seek to work with our European allies and friends to coordinate our approaches.

The United States and Russia cooperate in nonproliferation and counterterrorism. We work closely with Russia to address the nuclear ambitions of North Korea and Iran.

Even if Moscow has sometimes disagreed with our approach to sanctions and other measures, Russia has voted for U.N. Security Council resolutions calling for the denuclearization of the Korean Peninsula and imposing sanctions on North Korea, as well as resolutions imposing sanctions on Iran until it suspends its nuclear enrichment program.

The United States and Russia also participate in the six-party talks on North Korea. We cooperate with Russia through the NATO- Russia Council.

That cooperation can be enhanced through a Status of Forces Agreement, which the Duma ratified on May 23rd. We welcome this and look forward to the Federation Council following suit.

The April meeting of the NATO-Russia Council foreign ministers in Oslo, Norway, however, demonstrated important differences between Russia and NATO.

In his state of the nation address earlier that day, President Putin had suggested that he would consider suspending Russia's obligations under the Treaty on Conventional Armed Forces in Europe, the CFE Treaty, if no progress were made on ratification of the adapted CFE Treaty by NATO allies.

At the NATO-Russia Council, NATO ministers universally responded that we regard the current CFE Treaty as a cornerstone of European security, and Russia's fulfillment of its Istanbul commitments as an indispensable prerequisite to its ratification.

We also seek to advance cooperation with Russia through the OSCE, an organization obviously of deep interest to this commission. Russia's critical attitude toward the OSCE remains a cause of concern.

At a speech in February, President Putin branded the OSCE, quote, "a vulgar instrument designed to promote the foreign policy interests of one or a group of countries."

Under the guise of demanding reforms, Russia has proposed changes to the OSCE, the effect of which, in our view, would be to cripple its democracy promotion efforts.

The United States disagrees with this Russian approach and has defended the OSCE's mandate to advance democratic reforms, including election monitoring.

Indeed, these efforts embody commitments that Washington and Moscow and

other OSCE states undertook when we signed the Helsinki Final Act decades ago.

The United States continues to support the work of OSCE's Office of Democratic Institutions and Human Rights, ODIHR. Its election monitoring mechanisms represent the international gold standard in this area.

We also, Mr. Chairman, hope the ODIHR works well with the OSCE Parliamentary Assembly.

We look forward to the OSCE's Office of Democratic Institutions and Human Rights' involvement in Russia's upcoming Duma elections in December of this year and presidential elections next March.

We value highly, as I said, the contributions of the Parliamentary Assembly in this effort. And we also accept and welcome ODIHR monitoring of U.S. elections.

Differences with Russia over the OSCE reflect broader negative trends on human rights and democracy in Russia itself.

Russia is even today, of course, a vastly freer country than at any time in Soviet history and arguably freer than at any period in Russia's history. But it would be an insult to Russia to hold that great country to such low standards.

So the U.S. government has publicly protested the recent police brutality employed to break up opposition marches in Moscow, St. Petersburg and Nizhny Novgorod. Authorities sought to prevent these marches from taking place at all.

They denied permission to stage the events and harassed and detained Russians traveling to participate in these peaceful rallies as well as journalists reporting on these events.

Similar efforts were directed against members of the Russian opposition and Western journalists seeking to express their opinions ahead of the E.U.-Russia summit in Samara on May 18th.

It is positive that the deputy press spokesman of the presidential administration, Dmitri Peskov, acknowledged that the police response to last month's protests merits review.

St. Petersburg Governor Matvienko and the Russian Federation's human rights ombudsman, Ambassador Lukin, have both called for investigations.

Ambassador Lukin, in reports, has said that his office has received and will investigate complaints about the government obstacles to the holding of these rallies.

President Putin's own chair of the Civil Society Institute and Human Rights Council, Ella Pamfilova, said that the interior minister of Russia should resign.

Such calls show that even within official Russia, views differ on human rights.

But we remain concerned about the increasingly narrow space within which Russian NGOs are forced to operate. The increasing pressure on Russian journalists is likewise troubling.

In Russia today, unfortunately, almost all national broadcast media, the primary source of news, are in government hands or in the hands of entities allied with the Kremlin.

Attacks on journalists, including the brutal and still unresolved murders of Paul Klebnikov and Anna Politkovskaya, among others, chill and deter the press.

Ahead of parliamentary and presidential elections, the Kremlin is shaping the legal and social environment to slant what should be a level playing field.

Authorities have used electoral laws selectively to the advantage of pro-Kremlin forces or to weaken opposition forces. The refusal to re-register some parties appears to have been based on political instructions.

Last year, the Duma redefined extremism so broadly and vaguely as to provide a weapon to wield against and intimidate opponents. And indeed, Dissenters' leader Gary Kasparov has already been questioned by the FSB in its investigation into so-called extremist activity.

Mr. Chairman, we are also concerned by some aspects of Russia's relations with its neighbors, whom it seems to still approach often with a zero-sum mentality, particularly with regard to countries such as Georgia, which chose to pursue closer Euro-Atlantic ties.

We and European countries have spoken out against Russia's use of energy to apply pressure on its neighbors, and we're concerned by apparently political interference with infrastructure to apply pressure on other neighbors.

Russian-Georgian relations, after a period of extreme tension, show tentative signs of improvement. But Russia maintains the economic and transportation sanctions it imposed against Georgia last fall.

Likewise, it continues to support separatist regimes in Georgia's South Ossetia and Abkhazia regions and in Moldova's Transnistria region. We hope Russia ends these policies.

In Transnistria, the United States and E.U. are official observers of the so-called Five-Plus-Two talks, which have been at an impasse for more than a year because of Transnistria's unwillingness to engage.

And we are sorry that Russia's ban against Moldovan wine and agricultural goods remains in place.

The United States and Russia, however, do work well together in attempting to facilitate a resolution of the Nagorno-Karabakh conflict.

Together with the OSCE Minsk Group co-chair countries, France and Russia, I traveled to that region last spring to push this process forward.

We regret Russia's so-far hostile attitude toward U.S. plans to place elements of a limited missile defense system in Poland and the Czech Republic intended to shield the U.S. and European allies against missile threats not from Russia but from the Middle East.

Geography and geometry demonstrate that this very modest system, only 10 interceptors proposed, poses no threat to Russia. We and the Russians simply do not agree on this.

But the United States will continue to work to advance understanding, transparency and greater cooperation on missile defense.

Secretary Gates offered missile defense cooperation with Russia, and that offer stands. We have briefed Russia on our plans for over 18 months.

Mr. Chairman, as you said, Russia has made dramatic economic gains over the past few years. We welcome this economic revitalization, and you are correct that it means a better life for the Russian people.

But we are concerned that Russia's wealth remains more value- extracted than value-added. Russia's economic gains may have fueled a certain assertiveness in Russia's external agenda, but those gains are also fostering the growth of a middle class, whose emergence we hope in time will bring with it modern political reform.

The United States supports Russia's integration into rules-based international organizations such as the WTO as Russia meets WTO criteria.

The range of U.S. and Russian interests are global, and so our countries must work together wherever possible, even in the face of differences.

As I mentioned, Secretary Rice just completed a visit to Moscow last week. The president will meet with President Putin at the G-8 summit in Germany in June. These and other opportunities will provide important moments to try to make progress on our agenda.

Mr. Chairman, members of the commission, I'm grateful for the opportunity to speak before you today, and I look forward to your questions.

REP. HASTINGS: Thank you very much, Ambassador.

And I'll be very brief in light of the fact that Mr. Smith and Mr. Butterfield may have other commitments.

And I do use as a segue your mentioning the distinguished secretary's visit recently to Russia. And I know, as do most of us, that part of the discussion had to do with plans for the missile defense in Europe.

Coincidentally, I leave for Warsaw tomorrow, and I have the good fortune of meeting with the president and the foreign minister, and I certainly will ask them what the climate is from a policy maker's point of view.

But in addition, she discussed the CFE Treaty and Kosovo and the U.S.-Russian relationship overall.

Do you know or did the secretary to your knowledge raise the issue of

civil society in Russia and Moscow's attempt to rein in political opposition through control of the media and legal limitations on the NGO activities?

MR. FRIED: Mr. Chairman, I had the honor of accompanying Secretary Rice to Moscow, and I can affirm to you that she did discuss issues of civil society, democratization and discussed the Russian political scene with both President Putin and Foreign Minister Lavrov.

And these were extensive discussions. They weren't, shall I say, the reading of prepared points. She knows the issue well, and she went into these issues in some depth with both leaders.

REP. HASTINGS: All right.

And there's been much talk lately of a new cold war. On the day that you and Secretary Rice were in Russia, I was speaking here on the Senate side, and I used the term "cold peace" in my remarks.

But even if a cold war doesn't develop, it seems clear that we are entering an era of much competitive undertakings with our Russian friends. Would you agree?

And if so, would you see a familiar stage in a long-established cycle or something new, Secretary Fried?

MR. FRIED: That's a very fair question. I don't have a one-line answer that can adequately answer it, not because I --

REP. HASTINGS: Well, take two lines.

MR. FRIED: It's not because I don't think it's important, but because a quick characterization is difficult. Our relations with Russia are complicated, which is to be expected, given the history of relations between Washington and Moscow.

To answer your immediate question, we were certainly concerned by the frankly shrill tone coming out of Moscow, and one of Secretary Rice's principal messages last week was that the tone needs to be lowered, and that needs to happen immediately.

And it was gratifying to all of us that the Russians agreed and said so in public. I think the Russians understand that some of the more extravagant language used is counterproductive and will only lead to a cycle which makes it harder to cooperate in areas where we do have overlapping interests.

The fact is U.S.-Russia relations are characterized by cooperation in some areas and by troubling differences in others.

And the United States needs to find a policy which enables us to do both at the same time, to cooperate wherever we can, but to do so on the basis of a realistic appraisal of Russia and to push back when necessary in defense of our values, our interests and our friends, and to do both without tying ourselves in knots.

Now, that is easier to say than to do in practice, but that's the nature

of the relationship as we see it.

REP. HASTINGS: Thank you, Ambassador.

The agreement reached last weekend among Russia, Kazakhstan and Turkmenistan, in my view, effectively guarantees that Russia will control Central Asian gas reserves for the foreseeable future.

And we at one time backed the option of a Trans-Caspian gas pipeline, and I would gather that that's flagging at this point, at the very least.

But what is the U.S. doing? And are we working with our partners in the European Union to mitigate the economic and the political consequences of energy dependence on Russia?

MR. FRIED: Happily, Mr. Chairman, I'm able to tell you that we do not think that this agreement in principle reached recently between those countries means that all other sources of gas transport are precluded.

Happily, I do not think it means that Russia has or will monopolize Central Asian gas exports. We believe that there is sufficient gas reserves in the Caspian, Western Turkmenistan, Western Kazakhstan to support multiple pipelines.

Indeed, that is precisely the objective of American policy. We do not believe in monopoly. We do not believe in a closed energy system upstream or downstream.

We believe that an open system is going to be better for the countries of Central Asia, better for the consumers in Europe and, frankly, in the long run, better for Russia itself, but certainly better for the Central Asians and the Europeans.

We are working to open up the upstream gas markets. That does not mean that we wish to exclude Russia. Such a policy would be futile and unwise.

Russia will, under the best circumstances, be a major source of investment and transit for Central Asian gas, and in our view, it should not be the only source.

Open systems with multiple sources tend to be more stable, more subject to market forces, less subject to political manipulation. That's what we favor, and we think we have a realistic opportunity of developing such a system, cooperating with the Europeans and the Central Asians.

REP. HASTINGS: Thank you, Ambassador.

Mr. Smith?

REP. SMITH: Thank you very much, Mr. Chairman.

Let me thank you, Mr. Ambassador, for your exemplary service on behalf of our nation, and we're grateful to have you here today.

A couple of questions, if I could, on the journalist issue. We know one of the reasons why Putin remains popular is the fact that there's

virtually no criticism, constructive or otherwise, coming out of the media.

When it does, very often those people are hunted down, particularly if it rises to the level of criticizing Chechnya or something else.

So you might speak to the issue of the killed Russian journalists and what we are doing to try to assist and offer the FBI or some other investigative arm to assist in tracking down those murderers. And how high do you think it goes?

Secondly, while we all know that China remains the enabler-in- chief of the slaughter in Darfur -- and I've been to the refugee camps in Darfur and have seen the survivors of that genocide. But we know that Russia, too, is selling weapons.

And I'm wondering how vigorously we're raising that issue. What's our assessment of their complicity in the genocide in Darfur?

I've met with Bashir myself. The man is certifiable. He's smart. He's intelligent. But he reminds me of Milosevic and a lot of the other characters who have committed untold atrocities on humanity. And he's right in that category. What are we doing on that?

Thirdly, on the issue of -- I read the human rights report on Russia and was struck -- it was buried in the report -- by a comment about how the FSB routinely monitors the traffic on the Internet, especially e-mails.

I held a hearing last year at which we had Cisco, Google, Microsoft and Yahoo testify.

You might recall that, Mr. Chairman.

And they gave very poor answers as to what their responsibility is in ensuring that dictatorships do not abuse this technology. We know that Cisco sold Policenet to China, giving them the ability to know where every human rights and religious dissident is.

And I'm wondering as to whether or not the FSB has that kind of technology courtesy of U.S. technological corporations.

And then also, if you could, two of our witnesses today speak of the issue of the demographic crisis in Russia. Ms. Mendelson makes the point that it's a very severe problem that's not likely to be solved by the baby bonus.

And Wayne Merry talks about it as the imploding population of Russia. And we know that that leads to incredible dislocations of people.

I mean, I watched Putin's state of the union, the equivalent, on C-SPAN earlier this year and was struck by his talk in terms of the loss of population, and especially their juxtaposition of China, which is also a demographic nightmare, particularly with the missing girls, 100 million missing girls, as a result of their one-child-per-couple policy.

There is a book, as you probably know, called Barren Branches that has as its thesis that adventurism by China is almost inevitable because of its missing girls. They killed them by way of forced abortion since

1979, leading to, like I said, as many as 100 million missing girls.

One demographer said that by 2020, 40 million Chinese men will not be able to find wives because they've been killed over the last three decades.

So I raise that because their proximity, their shared border, their own imploding population raises very serious, I think, issues.

And finally, Sarah Mendelson makes a comment which I find very intriguing and I'd appreciate your comment on that.

She says U.S. foreign assistance is often driven by needs in Washington, with an almost obsessive preoccupation with outcomes. In part because of congressional hearings, assistance has sometimes unwittingly enabled civil society to be disconnected from local populations and instead focused on the donor. Indeed, this criticism has been leveled by President Putin himself.

And I would note that he -- and I like this report that AID put out about democracy. But in a way, he sees it as an affront.

It's almost like in your district or mine, Mr. Chairman, you know, if all of a sudden a foreign NGO showed up and started organizing against us, we might say -- you know, if they were pushing just for democracy, we'd say, "Go for it."

But if they were organizing opposition candidates, we might have a little bit of, you know, pause about their mission.

So if you could address those issues, I'd deeply appreciate it.

MR. FRIED: I'll do my best. With respect to the journalists, we have put a lot of resources into support for the investigation of Paul Klebnikov's murder.

That's a special case. He was an American citizen. We have done what we could. Our ability to actually conduct an independent investigation is obviously limited.

We follow these cases as much as we can. We were all horrified by the murder of Anna Politkovskaya. Many of us knew her. She was regarded as one of the best and most courageous Russian journalists. We honor her memory.

We have looked into these. Frankly, our ability to penetrate the circumstances is very limited. But we are not silent about this, as you know.

I cannot say how high the -- who is responsible for the killing. We simply don't know. It's not that I know and can't say, or delicacy or diplomacy forbids me. We really don't know.

But we would hope that Russia would create a climate in which journalists were not seen as quite as vulnerable.

The Russian government has a responsibility, like all governments, to protect the press and see that the members of the press are entitled to

the same protections that other citizens enjoy.

With respect to Darfur, Congressman, I don't know that it's fair to say that Russia is complicit in genocide there. I think we look at them as a potential partner working to put pressure on the Sudanese regime.

REP. SMITH: With respect, are they selling them arms or are entities over which they could have control selling them arms?

MR. FRIED: I am not saying that I applaud -- that we applaud all Russian actions. I can tell you that Secretary Rice raised the issue at length with Foreign Minister Lavrov last week in Moscow. That was one of the chief topics of their discussion over dinner.

And we are urging that the Russians work with us to put pressure on the regime. It is an issue of great frustration for all of us. We have called it genocide. We feel an obligation to take action as best we can.

The issue of the Internet is a complicated one, and you raise issues of corporate responsibility that I don't feel myself able to answer. But they are fair questions.

They are fair questions because the Internet is an arm of freedom, and governments that look to control the Internet or limit the Internet will use the technology against this instrument of freedom.

We also are looking very closely at the cyber attacks on Estonia, so there's another side to all of this.

What is the responsibility of governments with respect to selling Internet technology? To help a democratic government protect its infrastructure.

But is there a responsibility with respect to more authoritarian governments repressing the Internet or managing, so-called, the Internet? I don't have an answer, but those are fair questions, and they will be worked out, including through the process of hearings and public discussion. It's a fair topic.

The demographic crisis in Russia is well known, and it is an unprecedented rate of population decline in developed countries. I know Sarah Mendelson and Wayne Merry. We've known each other for years. And they're right about the numbers.

It's particularly true in Siberia, where there are, I think, 15 million Russians facing, what, 150 million Chinese just across the border.

It may be, and we hope it is, the case that as a new property-owning middle class that has grown up in the relatively greater freedom of Russia, as opposed to the Soviet Union, achieves power and affluence, it will demand a different relationship between itself and the authorities, and that as Russian institutions stabilize in a democratic way, as we hope they do, that the demography will follow.

That's not a prediction. That's a hope. But the demographic problem is a serious one, and we should keep it in mind.

Demographic problems, I should add, developed in the late Soviet period, and it was, in fact, the demographers, such as the famous Murray Feshbach, who first understood the terminal decline of the Soviet system. And they did so better working with official statistics than many analysts working in more traditional ways.

Finally, U.S. government assistance and NGOs. We are far better now, 17 years after the end of Communism in Europe, than we were at the beginning. We have a better idea of what works and what doesn't.

We do have programs to support civil society. We do not try to make our support partisan. In this country, we are used to foreign NGOs who do operate here, who take very critical -- foreign NGOs are very critical, often, of the Bush administration.

That's part of life. It's the price of doing business in a democracy. Foreigners take issue with American policy, and that's life. That's the way we are.

And we have urged the Russians to show more confidence in themselves. NGOs are not revolutionary organizations. They are organizations that help societies grow strong.

And a strong independent society will be good for Russia. That's our founding philosophy. Our implementation has gotten better over time.

We've had our successes. We've had areas where we could do better.

REP. SMITH: Thank you.

REP. HASTINGS: Ambassador, I'm going to take my leave for 30 minutes and go open another hearing for the Florida delegation. I apologize for working. But I would like for Mr. Butterfield to put his questions.

We've been joined by the most able co-chair, in whose hands I'll leave it, and I'm sure he will have a statement and questions for you as well.

I do want you at some point, if you will, if the question isn't raised, to talk to us about the budget process with reference to OSCE and the secondments. I've raised this with you in our personal visit, but I'd like for you to be prepared when I return, to -- if you have not answered it or are not still here, then please follow up for me with that.

MR. FRIED: Very good.

REP. HASTINGS: All right.

And, Chairman Cardin?

Mr. Butterfield?

REP. BUTTERFIELD: Thank you very much, Mr. Chairman, Vice Chairman and Ranking Member. Again, I want to thank you, Ambassador, for coming today. Thank you very much for all that you do for our country.

Ambassador, some of the scholars that we hear from from time to time argue that the people of Russia are either indifferent to democracy or

they support the Kremlin's campaign to curtail the dissemination of dissenting views on the airways.

And then there are others that claim that Russians are much less enamored of a strong authoritarian hand and that is often supposed.

Would you help me with those views, and tell me where you think the truth lies?

MR. FRIED: There is a lively debate among Russian experts as to the views of -- as to the center of Russian public opinion.

It is natural that the Russian public, after the decade of the '90s which was for many Russians a very difficult period, would welcome the relative affluence and greater stability of this decade.

Now, the '90s were not a period entirely of chaos. It was also a period of democratic flourishing, especially in the beginning. But as the '90s wore on, the problems accumulated.

And many of the structural problems we see in Russia today have their roots in the rather questionable privatizations of the late 1990s. So there is a popular reaction in Russia against some of the problems of the '90s, and that accounts for some of the popularity of the present government.

It's also true that had President Yeltsin enjoyed oil prices as high as they are today, he would have had more money and might have enjoyed greater popularity. So we have to keep this in mind.

I think that President Putin's relative popularity is not made up, but I don't know whether it is sustainable or not.

In any event, it is not the position of the United States government to make judgments about the popularity or lack of popularity of a Russian government. It's our job to develop our relations with Russia, including based on principles of democracy.

And I've expressed some of the concerns we have about the direction of Russia today. But it is true that the government enjoys a degree of popularity, and the causes are debated.

REP. BUTTERFIELD: Well, we are hearing that Putin is going to step down next year, and with that announcement he also made a promise that he's going to stay involved to a significant degree in the political life of Russia.

That's different from what we see from time to time in the West. Would you comment on that?

MR. FRIED: Well, the Russian constitution says that you can't serve more than two consecutive terms, so he is obligated to step down, and he said he will.

I don't know what he means about staying involved in the life of the country. Former presidents in the United States are very active and sometimes quite successfully so. Whether he means this or something

else, we will have to wait and see.

Congressman, like you, I hear the stories, the rumors, and the only thing I know is that we don't know.

REP. BUTTERFIELD: Thank you very much.

I yield back.

MR. FRIED: At least we don't know yet.

REP. BUTTERFIELD: Thank you.

I yield back. Thank you.

SENATOR BEN CARDIN (D-MD): Thank you.

Mr. Ambassador, let me thank you for your leadership on this issue. And I'm sorry I missed your testimony, but I've read your written statement.

And I concur in your observations that Russia today is a more open society than at any time in its modern history, and yet there are very, very troublesome developments in Russia that Russia should be concerned about.

In your statement, you point to the suppression of genuine opposition, abridgement of the right to protest, constrictions of the space of a civil society, decline of media freedom, and then you talk about the imprisoned journalists.

It really represents a dilemma for us. We cannot stand by and let Russia oppress human rights and do the things -- make the type of statements they have about OSCE -- Mr. Putin's comments.

Yet we need Russia if we're going to have an effective diplomatic effort with Iran and North Korea, if we're going to be able to move forward with the implementations in Darfur under the United Nations -- Russia plays a critical role within the Security Council.

If we're going to be able to do a lot of our foreign policy initiatives, we truly need the Russians working with us, if OSCE's going to be able to carry out its important missions.

So I'm sort of at a dilemma to what to do about Russia. I feel I am obligated to speak out about their human rights atrocities and violations.

And yet we need to have a constructive engagement if we're going to be able to use diplomatic efforts to resolve some of the issues that are critically important to U.S. foreign policy.

So what should we be?

MR. FRIED: Congressman, you've described the dilemma that we all share. We cannot be silent and indifferent to the larger problems of values.

This country rejected some time ago the notion that the internal

workings of a government and a country were of no interest and no concern. We gave that up some time in the 1970s, and we were right to do so.

And yet we do need to work with Russia on issues where we have common interests. The trick is to find a way to work with Russia wherever we can, and yet not to sacrifice our values and not to sacrifice our interests where we have differences with Russia.

And American governments have found it easy to be enthusiastic about Russia or very angry with Russia. We have often found it challenging to be able to do both at the same time. And yet this is what is required.

Secretary Rice, I think, has found the right balance of realism about Russia, outspokenness about the problems -- which she has been -- while being committed to a policy of cooperation with Russia wherever we can.

We must not allow our interest in cooperation to deter us from speaking out, but we must not allow the problems we see to prevent us from working on issues where we have common interests -- Iran, North Korea, perhaps the Middle East, Darfur -- if we could.

And to say it is simple. To do it is the challenge. And it is a problem that doesn't lend itself to a simple answer. This is well debated in the Russian watcher community outside of government.

And we will try to do all of these things and work with you as we do so, as we try to find that right spot.

SEN. CARDIN: That seemed like a fairly diplomatic answer.

MR. FRIED: Oh, I'd hope so.

SEN. CARDIN: All right. (Laughter.)

I was at the United Nations this week with a delegation meeting with the secretary general, meeting with the permanent council of ambassadors, and we should be able to move forward, we think, with a Kosovo resolution, but we're not sure Russia's going to allow us to do it.

And it's just one issue after the next that Russia appears to be more aggressive than we are in leveraging their influence rather than us being effective in moving forward with an international agenda as well as reform within the Russian Federation.

What can we expect after Mr. Putin? We don't know what his role will be in the next government, but from what we hear, he's popular. Are we likely to face a more nationalist leadership after the next elections?

MR. FRIED: Senator, you are right when you list some of the differences we have with Russia. We're engaged in a very intense effort in New York on Kosovo, and Secretary Rice engaged on this with President Putin and Foreign Minister Lavrov at great length last week in Moscow.

There are a number of issues where we have differences with Russia, and we will do the best we can to work this out.

With respect to Putin's successor, every Russian leader since Brezhnev -- well, and Gorbachev, has been radically different than the previous one.

It seems to me and seems to the administration that what President Putin is trying to do is create a kind of systemic continuity so that Russia's newfound wealth, its greater assertiveness, particularly in its immediate neighborhood, is not reversed by whoever comes in after Putin.

All of the leading contenders for the transition to the next Russian president seem to be well within the parameters of Putin's general approach. I don't have a reason to expect a major change.

Now, you may conclude from that that there will be areas of real difference with Russia in the future, and that may well be the case. But our policy will remain as steady as we can make it.

SEN. CARDIN: Thank you.

Mr. Smith, any further questions?

REP. SMITH: One final question, Mr. Chairman.

And let me just say to our next panel, I regret -- Milorad Dodik from Srpska has asked to meet -- he's meeting with several of us during the course of his visit, and this was the only time, at 11:15, that he could meet, and so I apologize. I'll have to take my leave.

But let me ask you, Ambassador Fried, about human trafficking. It seems to me that there's one area where the United States and Russia can collaborate even more than we have in years to date.

I remember that the Duma -- and John Finnerty (ph) worked on this, a member of our staff, very, very effectively, to help provide the Russian Duma with what our legislation looked like here, and some of it was replicated by them, and they've done some other things as well.

They're still far short in the area of protection for the women, you know, as part of the three Ps, prevention, protection, and prosecution. That's the real lagger in that list.

But there are groups like MiraMed, and I would hope that the department would be much more favorable than it's been in helping that NGO that has had incredible, extraordinary success in helping women who have been sold into slavery and then, thankfully, found freedom.

They do a great job. I know Juliet Engel very well. But they have not had the kind of reception I think that they ought to get from USAID. And the TIP Office has been supportive but, frankly, the embassy has not been on some occasions.

So I would make a plea to you, go look at their Web site if you just want to get a cursory look at what they do. But they are an extraordinary NGO doing great work.

But what about collaboration further? I know that the FSB has worked with my U.S. attorney, Christopher Christie, on a Russian prosecution case of traffickers. The women were liberated. The traffickers have gone

to prison.

Can we do more? And what are your thoughts on that?

MR. FRIED: Cooperation with Russia against trafficking in persons is one of our top areas of cooperation. We support it. It's going to continue. Obviously, we could do more.

But I had heard about the success and I congratulate you on your role in supporting this. It helped people in an immediate --

REP. SMITH: I'm not looking for that. I just want more collaboration and more -- you know, put these people behind bars.

MR. FRIED: We will do what we can. I'm aware of the -- MiraMed has been very active. I'm aware of this, and I will go ask the assistance people if there's a particular problem right now.

REP. SMITH: I would appreciate it. I'd like to follow up.

MR. FRIED: I will do so. Yes, sir.

REP. SMITH: Thank you.

And thank you, Mr. Chairman.

SEN. CARDIN: One final point. I would like to get your response to Russian Minister Lavrov's comments yesterday in Vienna where he indicated the U.S. concerns over the Istanbul commitments have nothing to do with European security.

And it's my understanding they also have announced that Russia has declared a moratorium on the CFE, the Conventional Forces Europe, Treaty.

I'm just interested in your views as to whether there are modifications needed in that treaty or concerns about their statement.

MR. FRIED: The original CFE Treaty which is in force today was, in fact, a reflection of Cold War Europe. And the Russians are perfectly correct that it needed to be modified.

It was modified, and a new treaty was signed in Istanbul in 1999 which reflected the post-Cold War realities of Europe.

When we signed that treaty, we made very clear that we would seek ratification of that treaty only when Russia had fulfilled side but related commitments it had made in Istanbul, so they're known as the Istanbul commitments.

Those commitments were to withdraw Russian troops and equipment from Georgia and Moldova. This was part of a package. The Russians knew it was part of a package.

All the NATO countries agreed that when Russia fulfilled the Istanbul commitments, we would all ratify the new -- the so-called adapted CFE Treaty. That remains our position.

Russia has carried many, even most, of its Istanbul commitments in Georgia -- not all, but most. It has not done so in Moldova. Our view is that Russia knows what it has to do.

We want to find whatever way is possible to help the Russians meet their Istanbul commitments, but these are commitments. They shouldn't station troops in countries where the governments of these countries don't want them.

So we support the Istanbul commitments and we look forward to Russia fulfilling them so we can, in fact, ratify and bring into force the adapted CFE Treaty, which meets many of the Russians' concerns.

SEN. CARDIN: We will add it to our list of issues when we have bilaterals with the Russian Federation as parliamentarians.

MR. FRIED: Thank you, Mr. Chairman.

SEN. CARDIN: Thank you very much for your testimony here today. It has been very helpful to us.

I think this is one of the principal challenges of OSCE, is how we improve the working relationship between the Russian Federation and the United States and between the Russian Federation and OSCE so that we can engage the problems of the region in a more constructive manner, with leadership rather -- from Russia, rather than having to worry about what's happening within Russia.

Once again, thank you for your testimony.

MR. FRIED: Thank you, sir.

SEN. CARDIN: We will now turn to our second panel, and the first witness would be Dr. Sarah Mendelson, who's the director of Human Rights and Security Initiative as well as a senior fellow with Russia programs at the Center for Strategic and International Studies.

Dr. Mendelson?

MS. MENDELSON: Thank you, Senator Cardin.

Thank you, Chairman Hastings and members of the commission.

It's a pleasure to be here. Today I want to focus on three issues. First, how the decline of U.S. soft power and the increase of Russian insolence is affecting human rights in the international arena.

Two, I do want to touch on the disturbing trends inside Russia.

And three, I want to talk about some specific recommendations for U.S. policy.

At this time, I'd like to submit my prepared statement for the record, and for the remainder of my time I want to summarize the main points.

During the Cold War, the United States represented an alternative for those oppressed by the Soviet Union. By 2007, the vision of the United

States as a countervailing weight associated with human rights has been greatly damaged.

Republicans and Democrats alike now recognize the United States has experienced a steep decline in what Joe Nye has termed soft power, the ability to persuade and inspire through non-military means.

In Russia, this decline began back in the 1990s, but since 2001 it has snowballed, until the United States has lost almost all leverage concerning abuses in Russia, and particularly in the North Caucasus.

Why this is important is because what happened in and around Chechnya has had such an important impact on the rest of Russia.

Now, internationally, Russia has increasingly taken advantage, as you've noted, of the leadership gap left by the decline in U.S. soft power. You're well aware of the attempts to change the rules and norms governing OSCE election observations.

In the U.N. Security Council, Russia, along with China, has blocked international responses to evidence of grave human rights violations in Darfur and Burma.

If U.S. soft power continues to decline, or if there is no change in the current configuration over the next decade, Russia, together with China, can essentially set the table on human rights issues.

Now, human rights abuses inside Russia are not news. I testified before this commission almost seven years ago to the day, and what I wrote then reads as if it were written for this hearing.

The situation inside Russia is, however, in many ways more troubling today because the public demand for something different appears to be so muted.

It's important to understand why this is so, because it often leads outsiders erroneously to think there is nothing to be done or that we should, in fact, do nothing about it.

Putin is popular, and he continues to be seen as the un-Yeltsin: Sober, standing up to the West, presiding over a sort of order. The economy is doing well.

And of course, as has been noted today, there is no critical reporting of politics within the Kremlin. There are no investigative reporters writing about corruption or botched counterterrorism operations, and the few that do risk their lives, and it's important to honor them.

Meanwhile, there is also no protest by the public of the media situation, and I think it's because of how Russians viewed the media in the 1990s. In focus groups in Russia, I hear Russians say, "Look, state control of the media is not ideal, but I trust the government more than I trust the oligarchs who seem to control the media back in the '90s."

But Putin's order is more fragile, I want to argue, when one looks closely inside of Russia. Important public institutions are not functioning as they should. I could be talking about the police or the

army, but I want to spend a moment on health.

Russia today has multiple health crises. The U.S. government has tended to focus on HIV/AIDS. But we know from a CSIS survey that we did of 1,200 Russian doctors, all of whom have treated HIV-infected patients. Only 15 percent of them said HIV was the most important health crisis.

I don't mean to minimize what is going on in terms of HIV inside of Russia. But I think it's important to listen to the Russian doctors. And there we see non-communicable diseases -- alcoholism, cardiovascular ailments, cancer -- as the top health threats.

Elsewhere, in places like the North Caucasus, where we've also surveyed, we found the unemployment rate among young men to be three times the rest of the country. And we think that's very disturbing, given the violence in that part of the region, and we also found very poor social services.

I think it's also important to point out that there is a particular kind of anti-American sentiment that we see developing inside Russia, and it's quite disturbing.

I was recently sent a brochure from a Kremlin-friendly youth group, Nashi, and it is truly frightening. It's addressed to the Putin generation, the young people who've grown up in the last seven years.

And it's filled with rhetoric of traitors, language about Georgia as an American colony, American invaders into Russia, fascists and traitors getting ready to invade and break up Russia.

So what, if anything, can we do about this situation? The decline of U.S. soft power has enabled the authoritarian drift, and it has left human rights defenders inside Russia isolated.

Now, reversing the decline is going to take some time. But there are three specific recommendations for U.S. policy.

Let's opt back into the international legal framework. Let's reorient U.S. assistance to target local Russian needs. And let's recognize the role that history plays in current political developments.

If we want to see a human rights culture develop inside Russia or, frankly, anywhere, we must get our own house in order.

Of late, policy makers have traded compliance with international human rights and humanitarian law for allegedly greater security in their efforts to combat radical jihadists. This is a false and dangerous tradeoff.

The U.S. has historically and in a bipartisan way played an enormous role as a generator of international law. In the coming years, all branches of the United States government, including Congress and members of civil society, need to do what we can to reclaim our role as generators of human rights norms. We need to opt back in.

But we also need smarter assistance strategies. As noted, I believe our assistance is often driven by needs in Washington. Assistance has

sometimes, it's true, unwittingly enabled civil society to focus more on donors than on local populations.

There is no intrinsic reason why this should be the case. Smart assistance can help stimulate demand for human rights when it is informed by public opinion and it's targeted at local needs.

And our work at CSIS suggests that despite the Kremlin campaign against assistance, Russians are not hostile to initiatives concerning health, the environment and human rights.

And we certainly know there are great needs in these realms. And it has been my privilege to work with young human rights activists, who are quite brave, inside Russia.

Now, unfortunately, the Bush administration seems less interested. Congress has a specific role right now to play in rejecting the administration's drastic cuts to human rights funding for Russia.

In FY '08, the administration is poised to spend less than \$1 million on human rights in Russia.

In fact, worldwide, our colleagues from Freedom House have found that the administration has requested a decrease for support for human rights globally by 9 percent.

The only message this sends the Kremlin is that the United States does not stand with human rights defenders.

In closing, whether Russia is in transition or intransigent depends, at least in part, how Russia reconciles with its past.

Among the many mistakes democracy assistance made in the 1990s was the assumption that the past would be quickly forgotten, and instead, today we have much Soviet and even Stalinist nostalgia.

The fact that there is no taboo concerning Stalin, as we discovered surveying young Russians in 2005, reveals a tremendous gap between young people in Russia and elsewhere.

Now, absent memory is not in any way unique to Russia. Our own evolving democracy in the United States has only become more robust when we have addressed our abuses and crimes.

How a country reconciles with its past seems to have a profound but often overlooked effect. Strikingly, this focus is almost completely absent in approaches to foreign assistance. I think the time to change that is now.

Thank you very much.

SEN. CARDIN: Well, thank you for your testimony.

We'll now hear from Mr. Wayne Merry, who is a senior associate at the American Foreign Policy Council in Washington.

MR. MERRY: Thank you, Senator. And let me say it's a pleasure to be

able to call you that.

And as a former senior adviser of this commission, it's a pleasure, always, to return to one of its functions. I see many of my former colleagues sitting behind you.

Mr. Chairman, I think we do need to get out of the habit of thinking of Russia today as being a country in transition. I think the post-Soviet transition has been over for a number of years.

I would put it to you that in Russia what you see now is what you get and what we're likely to get for a good, long while.

This is not a matter of individual personalities but of a new generational ruling elite who have a considerably shared background and orientation and an idea of what they want their country to be.

They also tend to be much healthier and more fit than their predecessors, and they think they're going to be in charge of Russia for a good, long while. I see no reason why that should be wrong.

These are people who tend to believe in a concept which is difficult to express in English and Russians call darazhognest (ph). It's almost the cult of the state and of the greatness of the state to the exclusion of almost all other social and economic priorities. And most of these men, I think, are really darazhogniki (ph).

However, the good news is that these are not extreme Russian nationalists, nor are they irresponsible gamblers on the global stage.

In many respects, I see them as fundamentally conservative individuals in their approach to Russian power, which they wish to increase and husband but not risk. The alternatives, I think, could be much worse.

I don't think Russia is an intransigent country or society. It is certainly a country marked by high degrees of frustration, humiliation, anger and alienation from the outside world, an outside world which it doesn't really understand.

But that doesn't mean that it's immune to rational self-interest or to reasonable compromise.

I think Russia today is undergoing an experience that most other major European societies did during the 20th century, which is loss of empire and great power status. That's something we Americans don't have any experience of yet.

It's a very, very difficult national psychosis. It requires a long learning curve, and Russia is only at the beginning of it.

However, I see absolutely no prospect of a new cold war. The Cold War was based on a Soviet Russia that was at the center of a vast, multinational empire.

Even today, the best Putin could claim in his recent national speech was that Russia has entered the ranks of the world's 10 largest countries economically. That means that it's about the same size as Mexico. That

is not the basis for a new cold war.

I think there's a common misperception that many of Russia's problems today are the result of things that were the result of the breakup of the Soviet Union. With few exceptions, I think that's totally wrong.

Russia's problems today result from precisely those phenomena which brought about the end of the Soviet Union and which were the product of seven decades of catastrophically bad policies in a whole range of areas, from agriculture, industry, garrison state economy, evisceration of civil society, destruction of natural resources and wasted investments but, above all, in health and demographics.

And I want to emphasize that these are not new phenomena. The health crisis in Russia dates from at least the early 1960s, if not before. The demographic crisis started in the late Brezhnev era.

Russia today is in the second generation of a downward demographic spiral, the result of the fact that children were not being born from the late 1980s up and through today.

What this means is that women entering childbearing years now represent an artificially small group, and that with fertility rates at 1.1, which is only half replacement rate, this will mean that the next generation of Russians will be yet smaller, and the generation after that smaller still.

And this ignores even the fact that the health of many of this new generation of Russian parents is extremely poor because of the inheritance of childhood vitamin deficiency diseases, the common problems of tuberculosis, intravenous drug usage and, as Sarah already mentioned, the biggest killer in Russia, which are cardiovascular stress diseases which are related to nutrition and lifestyle.

Now, Russia's got a lot of money from oil and gas, but it's not using this money for that purpose to deal with these problems. Until now, the money has principally been used to pay off foreign debt, which is not a bad thing, and to create a series of centrally controlled vertical combines to ensure political dominance of the productive sectors of the economy.

Up until now, we have not seen any serious resources devoted to the problems of the Russian people, only to the problems of the Russian state. And in fact, all these oil and gas revenues have been something like an intoxicant.

The analogy I use is that Russia's like a gambler who'd been losing, losing, losing, losing, and then wins a couple of rounds at roulette and suddenly thinks he's on top of the world again and is capable of anything.

I think that the manipulation of Russian oil and gas and toward some of its principal customers will continue, but the real problem is that Russian oil and gas industries are themselves heading toward systemic crisis.

And the likelihood is that Russia will have a hard time in years ahead even meeting its domestic commitments, let alone its expanding export commitments.

Within the world in general, Russia's objectively dwarfed by the European Union to the west and China to the east.

What Russia's seeking to do is what any post-imperial power tries to do, which is to punch above its weight using the legacy of its former status to enhance its current influence on world affairs. There's nothing new about that. Many governments have done that in the past.

But the problems that Russia has with Europe are the fact that the European Union is institutionally a whole which is significantly less than the sum of its parts, and that many European governments continue to behave with Russia separately from the European Union. For this, they have none but themselves to blame.

The recent controversy over Estonia is a classic case where the message from every European government should be that Estonia sacrificed some of its national sovereignty to enter the European Union and thereby gain the shared sovereignty of the union, and that any threat to that sovereignty of Estonia is a threat to the sovereignty of all European Union member states.

That should have been the message to Moscow, full stop, nothing else. It wasn't, unfortunately. For this, Europeans have none but themselves to blame.

China is a very different case. China is a whole somewhat greater than the sum of its parts, I would put it to you, and that even though some people in Moscow still like to talk about playing the China card, I'd say the card playing is rather in the opposite direction these days.

While Russia and China have what they call a strategic partnership, it's basically a reflection of a shared concern about the primacy of American power. They don't have a broad, shared bilateral agenda.

China today is one of the world's greatest beneficiaries from globalization and from engagement with America. It's quite different from the Russian approach, which is turning increasingly inward and autarchic.

In dealing with the so-called near abroad, its neighboring states, I think we need to recognize that about half of those countries are really quite comfortable in their current relations with Russia, if only because the ruling regimes of those countries feel more comfortable to be within Russia's sphere of influence than China's or ours. There's nothing unusual about that.

Many ex-colonial countries feel a special sense of relationship with the former imperial metropole, if only because that's where they were educated and because it's the former imperial metropole that helps the new ruling elites in the ex-colony stay in power.

Most of these countries are critically dependent on Russia, economically, in many respects particularly the financial remittances from the many of their workers who are now working in Russia, a higher proportion of their workers than was true in the Soviet period itself.

Only 15 years has gone by since the beginning of decolonialization in the former Soviet Union. If you look at other decolonialized parts of the world, 15 years is not a long time. Real independence takes time.

Let me address three specific questions. In the Baltic states, the basic issue between the Baltic states and Russia, although there is psychosis on both sides, is a refusal of people in Russia -- even, I would say, among many of the so-called Westernizers -- to candidly recognize the shameful history of the forced incorporation of the Baltic peoples into Stalin's empire in 1940 and what came after that.

In the case of Ukraine, I actually happen to think that the peaceful independence of Ukraine and the history of Russian-Ukrainian relations over the past 15-odd years is one of the wonders of the world. It could have been much worse, as we saw in Yugoslavia.

I think the reality of Ukraine is that it is the widest country in Europe, not just physically, but ethnically and culturally, and it must face both west and east at the same time.

Any effort to impose a pro-Moscow or an anti-Moscow policy in Ukraine is doomed to fail. I think the Russians have learned a bit from their experience of the last two years that being too heavy-handed in trying to manipulate affairs in Kiev can redound to their own disadvantage.

In terms of Georgia, well, there's certainly a good deal of mutual psychosis in the bad blood of Georgia's current relations with Russia.

And while there is no doubt that Moscow has sought to exploit the ethnic problems in Abkhazia and Ossetia, I think it's worth pointing out that Russia didn't create those problems. Georgian extreme nationalism did.

And the most effective policy Tbilisi could undertake to try to undercut Russian influence in those two areas would be to publicly and candidly acknowledge the shameful page in Georgia's national history, which unfortunately no Georgian government has yet seen fit to do.

Mr. Chairman, I don't tend to see Russia, as some people do, as kind of a restored neo-imperial power. To me, I look around and I see that except for a few of its neighboring client states, Russia's a country without allies.

For the most part, in international diplomacy, it's a second-tier player, often not even that. I think the circus glitter of Moscow and St. Petersburg doesn't conceal the fact that much of the Russian economy is still in very dire shape, and that an economy that's dominated by commodity exports and politically dictated investments is more characteristic of the third world than of the first.

The imploding population of Russia creates problems that many Russian experts worry whether by mid century they will even be able to hold on to their current national territory, particularly in the far east.

And an emerging middle class that is estimated to be 80 percent government employees strikes me as being not really quite a middle class, and certainly quite different than a true civil society.

I happen to be somebody who thinks that the talent and the genius and the creativity of Russia as a nation and as a people is flourishing today. But I fear that in the future it will flourish increasingly in the diaspora outside of the country rather than at home.

I think that we as Americans should not exaggerate Russia's challenges. I think this is a society still defined more by its problems and its weaknesses than by tangible strengths.

But I would urge that in our relations with Russia we not fall into our own habits of intransigence, something of which we are equally quite capable, and that we would look for opportunities for real engagement.

My own council has been quite successful recently in reaching out to various leading Russian individuals and organizations and finding that the avenues of communication are still open.

I would hope people in the Congress would pursue them as well. Thank you, sir.

SEN. CARDIN: Thank you very much for your testimony.

Dr. Lilia Shevtsova, who's a senior associate at the Carnegie Endowment for International Peace in Washington and Moscow.

MS. SHEVTSOVA: Thank you, Mr. Chairman.

And thank you, Mr. Co-Chairman.

Well, it's team leadership, I see. Well, it's a privilege to be here. I'm here for the first time. And I am still excited. And it's honor, also, and it's fun to be here with the best Russia experts.

And in fact, I will try to give you Russian liberal take on Russia's developments and Russian situation. And in many aspects, my narrative will not contradict what we have heard already.

So very short, in a very short one sentence, my presentation will be the following, responding to the question posed to the panel. Russia is lost in transition.

And Russia has got stuck between past and future -- very uncomfortable position for any political actor. And let's use the metaphor. Russia resembles the skier with his skis pointing in opposite direction.

And many people in Russia think and ponder how long Russia would keep balance in this rather strange and weird position.

What is interesting Russia does not want. It does not have any courage, any resources, no wish whatsoever to return to the past, which is a very optimistic conclusion to make.

On the other hand, Russia has no guts, no courage, no energy to move forward to the future, which, of course, has to more than concern us all, first of all Russia.

In our several points, which it seems to me will be relevant to our

discussion -- and I will try also to follow up what my friends have said, and to edge toward Ambassador Dan Fried as elaborated.

Firstly, what is important with Russian domestic situation? What is the crucial issue? Is it authoritarianism? Is it crackdown on human rights and democracy? Well, yes. But in my view, the most important thing is another key word, and this word is imitation.

Russia survives through imitation, imitating the parliament, the parties, civil society, even a position -- even, you know, youth movements and rallies in the streets. Everything is fake.

And when you scratch the surface, you'll find absolutely totally different alternative substance. That's why for you folks and for the west to implement and to form -- to build any coherent policy toward Russia is very difficult, because we are fine on the (inaudible).

But even during the imitation -- which, by the way, is imitation not by default. This is the imitation by design. And Russian political class and President Putin are amazingly skillful and artful in imitating.

But of course, there's also one major trend. When you have (inaudible) ambiguity, you have one definite trend, and this trend today, as my colleagues have just pointed out, is decentralization of power and crackdown on everything that moves on the political scene.

Why? If they imitate, they can go ahead imitating. But there is one law with this type of system and situation. When you have a hammer in your hand, everything else looks like nail, OK?

And there is another law. As Ambassador Dan Fried discussed, the issue -- we are on the verge of changing the boss of the Kremlin.

And that's why not only President Putin, all Russian political class is so nervous, is so scared, apprehensive, because they have to guarantee continuity of power, self-perpetuation of power.

And you can do that only in one case and under one condition, if you control everything. That's why they are so control freak.

Second issue: What about foreign policy? I essentially agree with the analysis of the foreign policy given by my American colleagues. I would add only maybe several brush strokes to this issue.

After 16 years of retreat, Russia is back. And it has regained its confidence. And Russia wants to redefine its relationship with the west, and first of all with the only superpower, with the United States of America.

Russia politically does not want any more be the younger brother or to be the second tier international actor. And Russia has suggested you folks, Americans and Europeans, are kind of a Faustian bargain.

Russia has succeeded to form at least for itself the formula which could be defined as Russia, a partner of the west and opponent of the west. So Russia wants to sit with you, within G-8, Russia-NATO Council, and on all boards in all international institutions.

And at the same time, Russia wants to have the relationship on its own terms. That means that Russia wants you to not to meddle into its own affairs, and not to meddle in the developments in the former Soviet states. These are the conditions.

And under these conditions, Russia would welcome you, business corporations, and all (inaudible) welcome upstream. But of course, Russia will be waiting for you to let Russia downstream. So these are the terms.

And Mr. Hastings, Mr. Chairman, your, by the way, definition of Russia's foreign policy and relationships with the west was pretty interesting. You said cold peace. I would agree. There is no cold war. There are elements of cold peace. You are totally right.

But there is an irony and paradox in the situation that Russian political class, President Putin and the rest, and all candidates who will follow President Putin -- they hate to be in confrontation with the west.

They don't want any kind of friction with United States of America, because the irony of the situation is they want -- all of them want to be Mr. (inaudible) to have their accounts abroad, to have their families abroad, even to rule Russia from abroad, and to have it both ways and leave the Russian society consolidated on the anti- American platform.

So this is the formula and the pattern -- quite schizophrenic.

While it look like -- while it resembles -- of course, I will use the metaphor like driving, you know, horses in opposite direction, but Russians have succeeded to do.

And unfortunately, west and United States politics very often simply, you know, follows Russian. It's very reactive, because it's simply difficult to walk and chew the gum simultaneously, as Ambassador Fried has explained.

And maybe one of the last points, what do Russians think about Russia and the west and United States of America? Sarah Mendelson -- she's got terrific surveys regarding Russia, and she will prove to you, if you would be interested, that Russian mentality -- Russia's political conscience -- is a mess.

And it couldn't be otherwise, as Wayne Merry said. We just freshly from the totalitarian past. But it is very interesting that we underestimate Russians. Yes, 75 percent of Russians want order.

But if you ask them about democracy, they will say -- 44 percent will tell you that we think that human rights are much more important than the state. And even more important, last week, 65 percent of Russians said that they would like to have the real opposition.

And the most (inaudible) for me at least about Russia's conscience and mentality is Russia's attitude toward the United States.

You'll never guess how many Russians saying the United States is a

benevolent country. Five years ago, 65 percent of Russians thought that United States is a free, positive, benevolent (inaudible) for Russia; today, 45 percent of Russians.

Despite all this, you know, really nasty anti-American climate in the political life, 45 percent of Russians consider United States as a benevolent (inaudible) comparing to -- and here I'm giving you Pew Foundation results -- comparing to 39 French who like you folks, 36 German, and 23 percent of Spaniards. So Russia is a much more pro-American -- benevolent toward American society.

So you can use that. And unfortunately, the trend is becoming worse. But this is the life in Russia, when the elite, having no other national ideas, tries to consolidate Russian society on the basis of the anti-American feelings. But still, Russians do resist.

Well, and I will miss a lot of issues that are defined -- or at least I elaborated on them in my written testimony. I have only one final comment.

Being a Russian citizen, I am not in a position and I have no right to give advice to the U.S. government. But at least tentatively I can tell you what Russian liberals would anticipate United States government and legislature to do regarding Russia.

We would anticipate you folks demonstrate patience and understanding, firstly.

Secondly, we would anticipate you remind Russia about Russia's commitment Russia has done when Russia has become member of the G-8, of the Council of Europe, of Parliamentary Assembly, and when Russia sign the Helsinki Act.

But at the same time, real liberals in Russia anticipate that you stand by your own principles and practice what you preach, because when we listen to Vice President Cheney when he lectures Russia on democracy, and after that he embraces President Nazarbayev -- when I read from the comments of the representative of the State Department yesterday that, in fact, President Nazarbayev's decision to stay forever means a correct move -- well, we start to suspect that you folks have double standards.

And finally, what we would anticipate you to do -- more engagement -- engagement not only with the Russian legislature, with Russian political leaders, but engagement on the level of society, society to society dialogue.

There are a lot of stakeholders in Russia interested in benevolent partnership, cooperation and dialogue with American society. Of course, we Russians have to sort it out.

But in the end, it's up to you to create benevolent atmosphere for Russia's transformation. Thank you, Mr. Chairman, both of you.

SEN. CARDIN: Thank you very much.

And I would turn the chair back over to our chairman.

But let me introduce our last witness, Dr. Jeffrey Hahn, who is a

professor of political science at Villanova University and also serves as director of the Russian Area Studies.

Pleasure to have you here.

* MR. HAHN: * Thank you. I have always tried to avoid speaking after my old friend Lilia Shevtsova. She is a tough act to follow, and for all of the right reasons. But I will try.

I want to begin by thanking Chairman Hastings and Co-chair Cardin for the invitation to testify before this committee. I'm certainly honored to be here.

I have prepared written remarks which I forwarded to Mr. Finnerty (ph) of your staff and which I would ask to be submitted to the record.

In my 10 minutes or so of testimony, I would like to raise and to try to briefly answer three questions which I believe may be helpful to the committee as it considers whether Russia is in transition or intransigent.

The focus of my remarks is going to be on Russian foreign policy and its implications for relations with the United States, but I will be glad to address any questions that might be raised about internal political developments as well.

The three questions are these. Why should we care about Russia? What are the underlying dynamics of Russian-American relations today? Why have these relations deteriorated to a point that the U.S. secretary of state last week had to go to Moscow to deny that there is a new cold war?

Why should we care about Russia? At a briefing by a National Security Council staff member for my students early in the Bush administration, I asked the NSC staffer -- not Ambassador Fried, by the way -- what about Russia, how they viewed Russia.

The answer was that Russia really didn't matter much anymore. It lacked the military or economic capability of the Soviet Union to project itself into world affairs. It could be largely ignored. At worst, Russia could be or would be a nuisance.

This view is no longer valid. Whether we like it or not, Russia has again become a player in international relations and especially in the Eurasian continent, where Putin's goal has been to make Russia a regional superpower.

There are many reasons we cannot ignore Russia today. Let me itemize them. First, Russia can hurt us. They really do have weapons of mass destruction, more than any other country except our own.

Second, they have vast energy resources. They have now surpassed Saudi Arabia in the production of oil. Forty percent of Europe's gas supplies come from Russia.

Third, they are of strategic importance almost everywhere that is important to us. This includes Korea, where Russia is one of six countries trying to persuade North Korea to give up their nuclear bombs; in Israel, where they are a member of the quartet pursuing a road map to

peace.

They are an important part of the nonproliferation treaty process and are the key to resolving the standoff over nuclear power and nuclear weapons in Iran.

Their continued support in the battle against the Taliban in Afghanistan is vital. And as a member of the G-8, they are important players in Europe. In all of these areas, and in many others, what Russia does or doesn't do matters.

Fourthly, they hold a veto in the Security Council, which gives them the ability to thwart measures which might be in our interests but are not necessarily in theirs.

This is likely to become very apparent very soon in the case of the U.N. resolution to make Kosovo independent.

Russian cooperation is also essential to the resolution of important transnational issues like AIDS and environmental protection.

In short, like it or not, Russia has reemerged under Putin's leadership as a force to be reckoned with.

Second, what are the underlying dynamics of Russian-American relations today? And this goes to a question which Senator Cardin asked earlier, I hope.

What history suggests is that Russian and American relations have alternated between periods of cooperation and periods of competition.

My own thesis is that whether these relations have been more characterized by cooperation or competition has depended upon the degree to which the leaders of both sides have perceived a common interest.

This was true after 1933 when the two sides cooperated in the face of fascism in Europe and became allies in World War II.

It was true in the late '60s, early '70s when detente emerged because the two countries found a common interest in putting a lid on the arms race and managing the strategic balance.

It occurs in the '80s when Gorbachev and Reagan sit down and found reducing the number of nuclear weapons and ending the division of Europe was a common interest.

A similar situation would seem to be at work today. Once again, following 9/11, the Russians and the Americans have a telling common interest, this time in confronting Islamist terrorism that threatens the security of both sides.

And initially, cooperation seemed to be forthcoming. Following the attack on the World Trade Center, Putin became the first world leader to call Bush to express sympathy.

More important than sympathy, he followed it up a week later with a concrete five-point plan of assistance in fighting the Taliban in

Afghanistan. Russia at that time had clearly become an important ally of the United States in the war on terror.

Despite the continued apparent existence of this common threat, the close cooperation which was visible in 2001 has given way to tension and competition by 2007, by today.

The last question I wanted to address is what happened and what are the implications for American policy.

What I would like to invite you all to do for a minute is to try to look over westward, to sit on the walls of the Kremlin and look to the west and imagine what you would see.

From the Russian point of view, from the walls of the Kremlin, the benefits of cooperation with the United States have become increasingly uncertain, largely, in my view, because of the other policies pursued by the Bush administration.

Among these, first of all, was the withdrawal of the United States from the ABM Treaty by May 2002. Then there was the expansion of NATO further eastward.

Starting in November 2002, NATO invites seven more former Soviet allies to join NATO, including the three Balkan states that had been former Soviet republics, thereby putting NATO members directly on Russia's borders for the first time.

And what really alarms Russia today, I think, is the discussion in the west, in the NATO ally alliance, over a possible NATO accession by Ukraine. This is what made the competition between the Russians and the western powers so important in the Orange Revolution.

Furthermore, a month after NATO expansion, the European Union invited applications to membership from 10 countries, eight former Soviet allies, again including the three Balkan republics.

Gentlemen, if you are looking over the wall of the Kremlin, what do you see? You see a new division of Europe, only it's further to the east.

The most severe test and the main point, really, that I want to make today about this initially cooperative relationship was Russia's unwillingness to back the United States in the war in Iraq.

In March 2003, Putin made it clear that he would join France and China in casting a veto against any American resolution at the U.N. to use force against Saddam Hussein to comply with sanctions.

But what really seems to have prompted Russian concern was that the Iraq invasion represented the first major application of the Bush doctrine to the conduct of American foreign policy.

From the Russian point of view, again, this departure from the policies of containment accepted by previous American administrations, implied that the United States had essentially abrogated to itself the right of preemption.

That is, from the Russian point of view, we would do what we wanted to do, when and where we wanted to do it, and how we wanted to do it, unilaterally if necessary, to ensure American interests abroad.

For many countries, including Russia, that sounded like the assertion of the right to global hegemony. Recent events have accelerated Russia's discontent.

A shopping list includes American criticism of Russia's assistance to Iran to develop nuclear energy. Another, the U.S. decision to install a missile defense shield in Poland and an early- warning radar system in the Czech Republic.

From the Russian point of view, the Russians threw up their hands to say, "We didn't realize that the revolution -- there was going to be a missile attack. Why Poland and the Czech Republic? Why would they be under a threat from Iran or from Iraq?"

Another is disagreement over the implementation of the CFE Treaty, which has been discussed.

Another thorn is this business of the U.N. Security Council on Kosovo establishing an independent province -- what is currently a Serbian province -- to establish independence there.

When you add to these items, this long shopping list of what the Russians see when they look westward -- when you add to them the Bush administration's persistent and very public criticism of Russian democracy, notably in the summit of February 2005, criticism because Russia has somehow failed to meet American standards of democracy, then Putin's harsh speech of February 10th earlier this year becomes more understandable.

Concluding, where do we go from here? Despite continuing differences over specific issues, many I've mentioned today, the fact is that today, as in the past, Russian-American relations depend on the perception of common interests.

For now, there remains a compelling common interest for both sides to cooperate. But this will not easily be achieved if the U.S. continues to insist on going it alone.

The coming year may offer an opportunity for a fresh start. There will be new presidents elected in both countries next year.

From the Russian point of view, it doesn't matter whether the American president is a Democrat or a Republican; rather, whether that new president will continue to pursue a unilateral foreign policy.

Thank you for your attention.

*_REP. HASTINGS: * You've made it right at your noon deadline. I was told by Senator Cardin that you have to leave at noon, and I certainly understand that.

Senator, do you have any questions? I know you have one --

MR. HAHN: I'd be glad to answer for about -- I can stay for a few minutes if you wish.

REP. HASTINGS: I'll defer to the senator because he has --

SEN. CARDIN: Let me just make a comment about the testimony. I found the testimony extremely helpful.

It's interesting. You give us the perspective from the concerns about our country but also the concerns among the Russian leaders and the Russian people, which I think is very helpful.

There's obviously a different emphasis in Russia with a concentration toward the state, whereas in the United States, our civil liberties we look at as fundamental, and there's a -- I thought that was an interesting observation.

You're not going to get any argument from the chairman or me about the unilateral nature of the foreign policy under this administration and the impact it's having on our relationships not just with Russia but with many of our critical countries around the world.

We pay a price for that type of attitude in foreign policy, which looks more to be unilateral than it does to be a real effort to consult and work with other countries around the world.

Having said all that, the challenges are there. As I said to the ambassador, we need to have a constructive relationship with Russia if we're going to be able to accomplish objectives that are extremely important to this country, and the most recent being Kosovo.

And we've invested an awful lot into Kosovo, and we run the real risk of a veto within the United Nations today. I know that we're working very hard to avoid that, and I hope we're successful, but it just points out the challenges and the stakes that are involved in this relationship.

I'm not yet convinced that Russia is the great economic power that it's claiming to be today. When I look at the future of the United States and economic growth internationally, I look more toward what's happening in China, what's happening in India, what's happening in South Korea.

In trying to repair some of our relationships with Europe, and building our own areas in South America and Central America, and developing new ties to Africa, Russia doesn't look like much of a real opportunity for the United States as far as an economic power is concerned.

So you've helped, I think, give us the perspective that we need in trying to carry out our foreign policy with improving the effectiveness of our relationship with Russia. That's what we want to do. Every country wants to be effective in its international relations.

Within OSCE we have a real opportunity to improve that. The parliamentary participation both by the United States and Russia have been very positive. And I hope that we can build upon that.

Our chairman, Mr. Hastings, has been a real champion and a real trooper as far as traveling around the entire region and has personally, I

think, helped to improve the effectiveness of the relationship between Russia and the United States.

And, Mr. Chairman, I thank you for your patience in allowing me to just make few observations. And I do apologize. We have a vote starting just about now on the Senate floor. Thank you.

REP. HASTINGS: Thank you, Senator. I appreciate it very much.

And, ladies and gentlemen, honestly, I apologize to you, Dr. Mendelson, for being away, and, Mr. Merry, for hearing only a portion of your remarks.

But I can say to you that the level of comprehensiveness from a substantive standpoint that you all presented is helpful.

I'm hopeful -- and if you will just permit me an observation beyond one or two questions I will put to you.

I know that the hour is late, but I would like to say to those that are participating in the audience that I've always tried to be a creative person, and I think congressional hearings -- I'm not talking about the substance from the witnesses, but the fact that there is so little in the way of real meaningful input from people who take up their time to come and sit and listen to these hearings, and that includes staff and interested members of the public.

I'm going to try to figure out some kind of way to have more interactive dialogue with the audience participants.

I also lay my bona fides on the table for our witnesses. I would like for you to know that I think that it would be more informative if we had an opportunity to sit and listen to you exchange your views with each other, rather than us put scripted questions to you. And I'm hopeful of arranging for that kind of dialogue as well. I just offer those.

One very quick observation. It occurred to me as Senator Cardin was speaking. And Dr. Shevtsova had mentioned my observation regarding the possible way of characterizing the present status of Russian-United States relations as cold peace.

It would seem to me that cold peace would require hot diplomacy. And in that regard, I applaud the secretary of state for visiting. But I do urge that all of the United States government's institutions should have coordinated efforts and be often in dialogue with Russia.

And again, I want to lay a little bit of bona fides on the table. I'm not an expert about Russia. But what I do intend as chair for the 1.5 years that I have remaining as the chair of the Helsinki Commission -- the emphasis has been here, rightly, in human rights issues, with great intensity.

That has caused the component of the Helsinki accord having to do with economic security to, at least in the Helsinki Commission, not have as high a priority.

And I'm going to flip the priority and make the economic component be a focus as it pertains to the 55 countries that we interface with. And

that will be my great hope.

So you all have helped kick off for me a very good beginning in that regard. And I might add, I am OSCE-centered in light of having been president of the Parliamentary Assembly, and so my very brief questions likely will touch on that, if you would permit me just five more minutes or 10 more minutes of your time.

Dr. Shevtsova, you write the temptation to demand free and fair elections in Russia in '07 and '08 could prove to be another trap and that the Russian leadership has perfected the art of managing elections. And I was fascinated with your display of them and their imitation factor.

But you also have profoundly said that no amount of western monitoring is going to alter the result. And my question, after I lay out other bona fides -- I've witnessed two Russian elections.

And I had the distinct privilege of witnessing the Russian election at the same time that the Florida elections had just occurred here in the United States.

And a lot of folks were offended when I said, after being an observer of the Russian elections, that their elections on election day are more open and fair than the elections on election day in Florida.

Example: I can walk in the polling place and sit down and talk with the -- if you walk in a Florida polling place and ask a whole lot of questions like we do, you get put in jail. And I found that to be fascinating.

But what I also knew, because I got there a week earlier -- and I also knew that the elections were cooked, and therefore, you know, it was easy to have a fair election when you knew what the result was going to be.

But I would ask you, would you then say, for example, in the run- up to '08, that there'd be no use for ODIHR and the Parliamentary Assembly or the OSCE to do electoral monitoring in that election? What's the benefit if it isn't going to make a difference?

MS. SHEVTSOVA: Well, Mr. Chairman, I do believe that -- well, nobody's perfect, first of all. Secondly, it seems to me that Russian forthcoming parliamentary elections will be several Floridas.

Thirdly, we always have to try. But according to the new legislature, election legislature, I don't believe that, according to the Russian law, monitoring, foreign monitors, will be allowed to monitor closely the elections.

But all the same, do come, and your presence will be appreciated by the teeny, teeny, tiny minority in Russian society that I represent, but which, in fact, accounts for 30 percent of the population.

REP. HASTINGS: I follow you clearly.

And I had some fascinating sidebar conversations with a number of people there. I was just absolutely fascinated with that.

But I also want to go back to my history. When I was elected president of the Parliamentary Assembly, the first place that I chose to visit was Russia. And I met with Foreign Minister Lavrov, the very first meeting that I had.

And in that meeting, I knew that I went there to listen, but I also went there to say to him that my belief is that there should be mutual respect. And I think just the use of that tone struck a fair enough chord for me to receive invitations to return to Russia from time to time.

But then there was a disappointment. I had established, as did others in the Parliamentary Assembly, a fairly good relationship with Gennady Seleznev when he was speaker of the Duma. And he came regularly. He was an elected officer in the Parliamentary Assembly.

So after meeting with Foreign Minister Lavrov, I met with Mr. Gryzlov, the new speaker of the Duma, and invited him personally as president to come to our meeting in Denmark, which he attended. And then he never came again since that time.

And the Russian delegation, albeit wonderful people, had been a powerful force in the organization and were developing camaraderie and rapprochement, and they reduced the Russian delegation substantially.

I'm sorry I'm taking so much time, but only minor players rather than the people that were on the move started to come to the Parliamentary Assembly.

If I could change the subject and ask either of you, when I was here I asked Secretary Fried about his assessment of the recent Russia-Kazakh-Turkmenistan pipeline deal, and I said that it would monopolize Central Asian gas reserves for Russia, and he said that multiple pipelines could be built.

Perhaps, Mr. Merry, your thoughts on that.

I understand you have to go, Doctor.

MR. HAHN: I also have comments on it, if you would --

REP. HASTINGS: Please.

MR. HAHN: I think I would probably respectfully perhaps disagree with the ambassador about the -- I think his expectation may be sanguine with respect to the fact that the deals which have been cut in the last week between Turkmenistan, Kazakhstan and Uzbekistan regarding gas -- that these are not going to have an impact in terms of precluding the shipment of gas through other channels.

I think that the Russians are delighted with this deal precisely because it gives them a handle on the control of the flow of gas that they didn't have before.

And I do think that it's the first step in the direction of something that's been under discussion for the past year, which was an initiative from Iran, actually, to create a gas cartel, which would enable them in the long run to exercise much greater control over the price of gas abroad.

So I'm not sanguine, and it's about what's called the Prikaspisky (ph) Pipeline, I believe, if I'm correct. And I think that the short- and long-run effects of these agreements are going to be to increase dependency of these five, especially the three gas countries in Central Asia, on Russia, and they will depend on Russia for getting their gas out.

Russia gives them concessionary prices for that gas, but in return they get to use the pipeline. So as long as that kind of arrangement remains in place, it's hard for me to see that these countries are going to have more flexibility in developing other ways of getting gas. I think they're going to have less.

REP. HASTINGS: Right.

I personally was stunned at Russia's actions with reference to Belarus, getting away from this. I had been the lead monitor of the elections in Belarus, and when they manipulated the pipelines or oil in that area, it really did surprise me.

I'd ask, Mr. Merry, if you had comments on that same subject. Do you?

MR. MERRY: Yes, sir. Let me just say three things about pipelines. First, since the Central Asian countries -- Central Asia is the most geographically landlocked region on earth.

Hydrocarbon exports are going to have to transit somebody. That's reality. What the countries themselves and the major international companies originally wanted to do with Caspian oil and gas was to take it south through Iran to the existing international infrastructure of transport.

The United States government prevented that. The fact that the primary routes to the western markets are now going through Russia is largely a result of that.

The alternative pipeline route the United States sponsored was never going to be commercially competitive with what the Russians could offer.

The second point is that most of the hydrocarbons from Central Asia over the decades of their exploitation, I believe, are not going to go west. They're going to go east. The primary market's going to be China.

And the size of the deals that Kazakhstan, Turkmenistan, increasingly Uzbekistan are already making with the Chinese indicate that. And that's partly because the Chinese market does not require them to transit any third country.

And the third point about Russia's own export pipelines -- people forget that when Russia became a major exporter in the post-Soviet period, it looked around and saw that it was the only major hydrocarbon exporting country in the world that was dependent on transit pipelines through other countries.

Canada, Mexico, Venezuela, Norway, Algeria, Nigeria, all the Gulf states, Indonesia could all, either with pipelines or tankers or some combination of the two, export directly to their principal customers and

didn't have to depend on transit pipelines.

The Russians, because of the series of pipelines that had been built in the Soviet period through the former Soviet Union and the Warsaw Pact countries, was so dependent.

What they have been trying to do in building pipelines and export routes through the Black Sea and the Baltic is to give themselves the kind of export independence that every other major hydrocarbon exporting country in the world had enjoyed.

Now, are they using those also for political purposes? Yes, they are. But I find it difficult to believe that any other commodity exporting country in a similar situation would not have done so.

REP. HASTINGS: Yes. I thank you so much.

Dr. Mendelson, one of the areas in the humanitarian sphere where the Russian government appears to be working in a cooperative spirit is in the campaign against human trafficking. Do you agree with that assessment?

MS. MENDELSON: I think it's tremendously important that U.S. and Russia work together on trafficking. I think that there is a lot more that could be done.

We are engaged in a survey, actually, of young Russian females to understand what they know about human trafficking. It's my experience, working with very experienced human rights activists, that they don't know very much about trafficking.

So while I would say that the efforts that have been done to support NGO work in Russia to date -- we have much more to do.

We need to listen to the most vulnerable communities and organize our prevention campaign around what they know and what they don't know, and really get at root causes that have to do with education, and how people think about what their opportunities are, and whether or not they feel that the risk of moving abroad for employment is worth it, because that's when they get into vulnerability.

REP. HASTINGS: Right.

I'm not going to keep you all any longer, but I do want to share a little bit more anecdotal information.

I also monitored the elections in Montenegro, and welcomed and swore in Montenegro to the Parliamentary Assembly of the Organization for Security and Cooperation in Europe. I guess you all say well, when do I work in the United States Congress.

But while there, I took a car ride to the capital, and I just looked at all of the land, and I began to make inquiries about the cost of the land and who was purchasing it.

I wasn't at all surprised -- I think I knew the answer in advance -- that Russians were buying significant parts of the land in Montenegro. But now I come to home and why I think that there will always be, as you

pointed, Doctor, that group of people that have positive views of America.

I'm too old to do much nightclubbing, but every now and again I go to South Beach with my daughter and son and girlfriend, and when I do, what I find there is some of those nightclubs and restaurants are owned by Russians. And that's increasingly more the case.

So they like South Beach, at least, and Montenegro, so I suspect that we will have opportunities for real, meaningful dialogue.

You all have been most gracious with your time and informative, and I thank you so much, and I hope that you will receive our invitations in the future in a favorable way. Thank you so very much.

This hearing is adjourned.

END.

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