RUSSIA 2012: INCREASED REPRESSION, RAMPANT CORRUPTION, ASSISTING ROGUE REGIMES

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CONTENTS

Page

WITNESSES

The Honorable David J. Kramer, President, Freedom House 10
Mr. William F. Browder, chief executive office, Hermitage Capital Management 26
The Honorable Steven Pifer, director of the Brookings Arms Control Initiative, Brookings Institution (former U.S. Ambassador to Ukraine) 31
Leon Aron, Ph.D., director of Russian studies, American Enterprise Institute . 44

LETTERS, STATEMENTS, ETC., SUBMITTED FOR THE HEARING

The Honorable David J. Kramer: Prepared statement 13
Mr. William F. Browder: Prepared statement 28
The Honorable Steven Pifer: Prepared statement 33
Leon Aron, Ph.D.: Prepared statement 46

APPENDIX

Hearing notice 64
Hearing minutes 65
The Honorable Gerald E. Connolly, a Representative in Congress from the Commonwealth of Virginia: Prepared statement 67
The Honorable Gregory W. Meeks, a Representative in Congress from the State of New York: Material submitted for the record 68
The Honorable David J. Kramer: Material submitted for the record 80
Leon Aron, Ph.D.: Material submitted for the record 85

RUSSIA 2012: INCREASED REPRESSION, RAMPANT CORRUPTION, ASSISTING ROGUE REGIMES

WEDNESDAY, MARCH 21, 2012

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC.

The committee met, pursuant to notice, at 10:30 a.m., in room 2172 Rayburn House Office Building, Hon. Ileana Ros-Lehtinen (chairman of the committee) presiding.

Chairman ROS-LEHTINEN. The committee will come to order. And before we give our opening statements on today's timely topic, I know that my good friend, the ranking member Mr. Berman has an important announcement to make. Timing is everything.

Mr. BERMAN. Timing is everything. Madam Chairman, thank you very much. I'd like to make a brief announcement about the Subcommittee on Africa, Global Health and Human Rights. We all mourn the loss of our dear friend and colleague, Don Payne, one of our Nation's foremost experts on Africa, and a valued member of this committee.

As all of us know, Don's untimely passing has left a vacancy in the ranking member slot for the Subcommittee on Africa, Global Health and Human Rights. I wanted to take this opportunity to announce that Representative Karen Bass, the next Ranking Democrat on the subcommittee, has been appointed to serve as ranking member of the subcommittee for the remainder of the 112th Congress pursuant to Rule 29C of the House Democratic Caucus rules, a document I'm sure all of you are familiar with.

I'm certain Representative Bass will continue to focus on many of the issues that were important to Don, including Food Aid, Sudan, DRC, and conflict prevention across the African Continent. And I think she'll do a tremendous job. With that, I yield back.

Chairman ROS-LEHTINEN. Thank you so much, Mr. Berman. And you're so right, while all of us continue to miss Congressman Don Payne and everything that he brought to this committee and to the institution, we're thankful for the opportunity to work with Karen Bass in her new role. We look forward to her contributions in the months ahead. So, welcome.

Well, thank you. After recognizing myself and my friend, the ranking member Mr. Berman for 7 minutes each for our opening statements, I will recognize for 3 minutes the chair and ranking member of the Subcommittee on Europe and Eurasia for their opening remarks. I will then recognize other members seeking rec-

ognition for 1 minute. We will then hear from our witnesses, and without objection the written statements of all of our witnesses will be made a part of the record. And members may have 5 days to insert statements and questions for the record.

The Chair now recognizes herself for 7 minutes.

There is an old saying that says the more things change the more they stay the same. I'd give it in French but it's not so good. That phrase is particularly apt regarding Vladimir Putin's recent return to the presidency. Although his stand-in, Dimitri Medvedev, has occupied the post for the past 4 years, everyone knew that Putin still held the real power. And now he has stepped into the spotlight again ending the charade.

Although there was no sign of a significant change in his course, this is a good time for us to take stock of where things stand in terms of the domestic situation in Russia and in its foreign policy, especially regarding U.S. interest.

On the domestic front there is good news and bad. First the bad news. The regime continues to monopolize power with corruption entrenched throughout the entire government structure and reaching far into the economy and the general society.

Moscow persecutes human rights activities and the political opposition including banning parties, forcibly breaking up rallies, and jailing and beating those who dare to defy it.

Several perceived enemies have actually been killed, even murdered, as one of our witnesses will recount today. But there are also hopeful signs that the Russian people have begun to stand up to the regime and demand their basic rights.

The massive demonstrations that followed last December's parliamentary elections which were characterized by open fraud have demonstrated that the people are losing their fear and are demanding fundamental political change. On the foreign policy front, however, I'm afraid there is only bad news.

Putin is escalating his anti-American rhetoric and accuses the U.S. of one anti-Russian plot after another. But it isn't just rhetoric: His actions constitute a direct threat to U.S. interests and those of our allies.

Regarding Iran, Russia continues to block efforts by the U.S. and other responsible nations to force Tehran to halt its nuclear weapons program, thereby encouraging the Iranian regime to press ahead.

In Syria, Russia is helping to prop up the Assad regime by blocking U.N. Security Council Resolutions that are aimed at stopping the ongoing atrocities. Russia is sending warships to Syrian ports, selling weapons to the Assad regime to be used not only against its own people but potentially against Israel and other U.S. allies.

Putin's determination expand Moscow's influence was demonstrated most dramatically by the invasion of Georgia in 2008, and Russia's continuing occupation of major areas of that U.S. ally.

Russia has suffered no significant costs from the West as a result of this aggression which can only encourage it to use force in the future. Not surprisingly, Russia's threat to NATO is growing.

Russia has said that it will aim its missiles at NATO if the U.S. does not abandon its efforts to establish a missile defense shield in Europe against Iranian ballistic missiles.

Independent experts agree that the planned missile defense poses no danger to Russia whatsoever, and Russian technicians know this as well. But Russia's real purpose is to establish a veto over NATO policy, as well as to demonstrate to the countries in Central and Eastern Europe that membership in the Atlantic Alliance will not protect them from Russian influence.

In our hemisphere, Russia has become a friend to a number of U.S. enemies, including selling large quantities of conventional weapons to the Chavez regime in Venezuela.

I don't know of anyone who expects Russia's policy toward the U.S. to change for the better, so what should the U.S. do? The most important step must be to stop giving Moscow one concession after another, and getting virtually nothing in return. In pursuit of this so-called reset the U.S. has handed Moscow a one-sided agreement on strategic nuclear weapons, removed sanctions on Russian companies known to have aided Iran's weapons program, and signed a very lucrative nuclear cooperation agreement, among many other concessions. The most recent gift was U.S. approval last December of Russia's entry into the World Trade Organization, including pressuring our ally, Georgia, to go along despite the fact that Russia continues to occupy its territory.

Russia's entry into the WTO with U.S. support is astounding given that Russia continues to be one of the biggest violators of intellectual property rights, robbing U.S. citizens and U.S. companies of billions of dollars every year. For years, the Russian Government has promised to stop this piracy, but too many of the regime supporters benefit from it, so the theft continues. And now the administration is seeking to give Russia Permanent Normal Trade Relations. This requires lifting the restrictions of the Jackson-Vanik Amendment.

That Amendment has long been a symbol of U.S. commitment to human rights and democracy in Russia. Removing Russia from its provisions would be interpreted in Moscow and elsewhere as a seal of approval from the United States Congress, even as the human rights situation in Russia continues to deteriorate. I hope that Congress will not grant one more concession to Russia without first holding Moscow accountable for actions that run contrary to U.S. national security interests and to such foreign policy priorities as the promotion of human rights and democracy.

There are many more issues with Russia that could be added to this list, and I look forward to discussing these and other issues with our distinguished panel.

I now turn to the ranking member, Mr. Berman, for the remarks of his opening statement.

Mr. BERMAN. Well, thank you very much, Madam Chairman.

This hearing on Russia 2012 comes at an important time in our bilateral relations. During the past 3 years, there have been some important successes in our new engagement with Russia, but there also have been some disappointing setbacks on democracy, human rights, and the Rule of Law, as well as foreign policy. And I'm afraid the return of Vladimir Putin as Russia's President will make further progress more difficult.

In the run up to Presidential elections earlier this month, Putin once again resorted to the anti-American rhetoric that was the

trademark of his nearly decade-long relationship with the Bush administration.

Putin may be the same authoritarian ruler that he was before, but as the chairman pointed out, there are hopeful signs that the Russian people's tolerance for this type of rule has changed since he first assumed the presidency in 1999.

The clearest signs of this change are the protests that occurred after the most recent parliamentary and Presidential elections. Neither of these elections was "free and fair" by international election standards. Both were marred by efforts to deny opposition parties and candidates the ability to run, the use of overwhelming administrative resources in favor of Putin and his United Russia party, known in the Russian blogosphere as the "Party of Cheats and Thieves," and voting day irregularities that have become a hallmark of Russian elections.

In response, over 100,000 people demonstrated near the Kremlin in sub-zero temperatures against the conduct of the December 2011 parliamentary elections. In the months that followed, smaller demonstrations occurred in Moscow and throughout several cities across Russia demanding election reform. It's too early to tell if this movement will continue into the spring, but we should support the Russian people and their renewed civic activism. I, for one, am hopeful that this burgeoning civil society will prove stronger than Putin and his former KGB cronies.

On the international front, I'm troubled by the repeated statements of Russian officials that Moscow will not support additional sanctions at the U.N. Security Council to prevent Iran from developing a nuclear weapons capability. On a somewhat more positive note, the Russians recently reaffirmed their September 2010 decision not to provide the advanced S–300 surface-to-air missile system to Tehran.

Russia's policy on Syria is simply wrong and indefensible, and I share Secretary Clinton's sentiment that the Russian and Chinese veto of the Arab League proposal in the United Nations Security Council was despicable. The Russian Government must immediately cease its supply of weapons to the murderous Assad regime. The chairman's bill, the Syria bill includes an amendment I offered that would sanction those Russian companies complicit in this deadly business.

Russia's accession package to join the World Trade Organization is the toughest ever negotiated for a prospective member, thanks to the perseverance and leadership of U.S. negotiators. But make no mistake, Russia is going to get into the WTO this summer.

Since 1994 successive U.S. Presidents have granted Russia annual waivers from the application of Cold War era Jackson-Vanik trade restrictions. If the U.S. Congress does not completely graduate Russia from Jackson-Vanik and grant permanent normal trade relations, that won't stop Russia from joining the WTO, but U.S. companies and American workers will not get the full benefit of Russia's membership in the WTO, and the tough accession package we negotiated.

Like the chairman, I have serious reservations about the protection of intellectual property in Russia, but believe that the USTR can finish negotiating an action plan to strengthen the rights of

American intellectual property owners before Russia joins the WTO this summer.

Madam Chairman, there is no denying the fact that we have significant areas of disagreement with Russia, including Russia's record on human rights, democracy, and the Rule of Law, its conflict with Georgia, and Moscow's arms sales to dictatorial regimes. But focusing only on these issues creates a distorted picture of a complex U.S.-Russia relationship, nor does it serve our interest to become so fixated on the occupant of the Kremlin that we lose sight of other developments in Russian society.

I look forward to hearing the views of a very distinguished panel and their recommendation for how we can best support the aspirations of the Russian people to build a democratic, stable, and prosperous Russian state. I yield back.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Berman.

Now, we will yield for 3 minutes each to Mr. Burton, the chairman of the Subcommittee on Europe and Eurasia, to be followed by Mr. Meeks, the ranking member on that committee.

Mr. BURTON. Thank you, Madam Chairman.

In December 2011, the Russian people took to the streets to protest what they perceived as an injustice and an affront to their democratic rights. Among allegations of widespread corruption during the parliamentary elections, the Russian people decided that they'd had enough. Since then, we witnessed months of peaceful protests throughout Russia. These protests have not been facilitated by or in support of any one political party. And these protests have not been driven by western influences or special interests. These protests are the work of every day Russians who want a better life through a stronger democracy.

As Americans, we naturally identify with those who seek a strong democracy. We're presented with a special opportunity to help the Russian people as we did during the fall of Communism in the next steps of their natural progression toward democracy and open markets. It's easy to forget that Communism only ended two decades ago. Russia is still a young democracy.

As the Russian people push their leaders toward reform we can make a choice to engage Russia or to confront Russia. Russia, in my opinion, deserves to be engaged. The Russian economy is eager for U.S. investment. The Russia people have a growing appetite for movies, our movies, our music, our brands, and for most aspects of Western culture.

Last July I was in Moscow, and as I was walking the streets of Moscow, I could have mistaken the people shopping, and dining, and commuting as people from Indianapolis.

Let me be clear, I don't want to grant Russia a free pass. The administration's reset has failed. We are no closer to an agreement on missile defense than we were 3 years ago, and Russian peacekeeping troops still illegally occupy portions of Georgia and Moldova, while Russia still supports regimes such as those in Tehran and Damascus.

As we engage Moscow, we must be clear that the status quo on these issues is not acceptable. As part of this engagement, I hope we will continue to look for ways to help the Russian people get the democracy and the human rights that they deserve.

The Russian market really presents an opportunity. I'm convinced of that after meeting with AmCham, the American Chamber of Commerce, when I was over there. As Russia enters the World Trade Organization, growing demand for American goods and services can support over 50,000 U.S. jobs within 5 years, so we need to look for ways to create opportunities for us to be able to work with Russia to solve these problems. That doesn't mean we should not put pressure on them regarding human rights, and the need to really have democratic reforms.

We could work to improve U.S.-Russian relations to the benefit of both the U.S. and Russian people; however, this is only possible through engagement which right now don't really have, have not yet achieved. I yield back the balance of my time.

Chairman ROS-LEHTINEN. Thank you very much, Mr. Burton.

Mr. Meeks.

Mr. MEEKS. Thank you, Madam Chairman.

The U.S.-Russia relationship remains at the top of our foreign policy agenda where it had been for more than half a century. During that time, the United States and Russia have cooperated on important matters, like we were allied in our fight against the Nazis 60 years ago, and our fight against terrorism today.

The reality is, of course, that the United States and Russia do not and have not always seen eye-to-eye on important international concerns. The good news, however, is that our leaders are no longer locked eyeball to eyeball, missiles aimed in each other's directions waiting for one to blink.

My goal as a member of the United States House of Representatives is to do all that is possible to move the relationship toward the end of the spectrum that involves bilateral and multilateral cooperation. I am hopeful that we are headed in that direction despite the many, many challenges that remain.

In fact, on some of the day's most urgent concerns we may be getting closer to an agreement. Yesterday's press reported the Russian Foreign Minister said Russia is ready to endorse a U.N. Security Council statement or resolution backing Kofi Annan's Syrian peace mission.

It has more than two centuries for the United States to achieve the imperfect form of democracy by which we govern ourselves today. As far as I'm concerned, U.S. democracy is still a work in progress. Any African American would agree. We look at a case that's happening now in Florida. Any American woman would agree that we are still a democracy in progress.

In less than 100 years Russia has emerged from the grim control of czars and dictators to a democratic rule, though it is certainly imperfect, and at times even at risk. Let's be realistic, the Russian democracy is a work in progress. Realism does not mandate that we ignore or make excuses for serious shortcomings of our partners, quite the opposite. It means we address them.

In the interest of Russian democracy and the welfare of the Russian people it is our responsibility not to disengage from Russia, not to turn our backs on them because of our own domestic policies. We have a tremendous opportunity to deepen our engagement with Russia to the benefit of U.S. businesses, U.S. jobs, and Russian Rule of Law. It is our responsibility to take advantage of this op-

portunity, and I believe granting PNTR to Russia is one of the most important ways to encourage and support improvements in the Rule of Law. The U.S. has worked for nearly 25 years to that end by assisting Russia's WTO accession process. We shouldn't pull back now.

In closing, I'd like to submit for the record several documents that the committee should consider, the U.S. Chamber of Commerce Russia PNTR Premier, letters from prominent members of Russian civil society and opposition leaders that want to see Jackson-Vanik lifted, and a letter from 171 U.S. companies that are ready to take advantage of Russia's WTO accession.

Chairman ROS-LEHTINEN. Without objection subject to the length limitation in the rules.

Thank you, Mr. Meeks.

Mr. Smith is recognized for 1 minute.

Mr. SMITH. I want to thank you, Madam Chair, for holding this very timely hearing on Russia.

The Russian Government has on many occasions accepted and even solemnly agreed that issues of human rights and the Rule of Law are of international concern and do not belong exclusively in the realm of internal affairs; yet, the same Russian Government never tires of accusing our Government of meddling when we raise human rights issues.

At this moment, allow me to touch on one issue. While the war in Chechnya no longer rages the situation on the ground there and across the Northern Caucuses is far from settled. Journalists and activists in this region continue to be killed, disappeared, beaten, or forced to flee for their lives, so we have very little credible information on what is going on there. I look forward to hearing our witnesses' assessment of that situation and their suggestions for Congressional action. I yield back.

Chairman ROS-LEHTINEN. Thank you so much.

Mr. Deutch is recognized.

Mr. DEUTCH. Thank you, Madam Chairman, Ranking Member Berman for holding today's hearing.

There is no doubt that the U.S.-Russia relationship is facing its share of challenges. Russia is facing domestic challenges as the aftermath of the December parliamentary elections followed by the re-election of Vladimir Putin has spurred opposition protest, the strength of which will likely be determined in the coming months. It's my hope that Russia's leaders choose to meet these challenges with respect for human rights and the democratic process.

Like most of my colleagues, I remain seriously concerned about Russia's sale of weapons to Assad's forces in Syria, and it's outrageous obstruction at the U.N. Security Council. Russia's insistence on watered-down resolutions at the Security Council and at the IAEA on the Iranian Nuclear Program undoubtedly sets it at odds with the U.S. and our western allies.

Last summer I joined Chairman Burton in Russia where I had the opportunity to discuss at length an area of particular concern, the protection of intellectual property rights and Russia's failure to sufficiently take on those who traffic in the sale of American creative content. I also visited the Schneerson Collection, and I believe

that we must continue to press for these important writings to be returned to the Chabad community.

I look forward to hearing from our witnesses about ways we continue to develop our relationship as we simultaneously address these challenges, and I yield back, Madam Chairman.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Rohrabacher is recognized.

Mr. ROHRABACHER. Thank you very much, Madam Chairman, and thank you for holding this hearing. And first of all, I want to say that I was proud to have been on that team under Ronald Reagan that brought down the Soviet Union, probably the thing I'm most proud of in my whole life. But it is disturbing to me that so many decision makers in Russia and in the United States are still locked into a Cold War mentality. We constantly hear exaggerations of Russia's shortcomings, and using the most sinister words to describe imperfections that need to be worked on.

What we are doing this way is we are undermining the broad area of cooperation that would be mutually beneficial to our two countries, not just economic cooperation but also in our national security cooperation in dealing with China, which is a major threat to both of our countries, and dealing with radical Islam which, of course, is a threat to both of our countries.

I am heartened yesterday by the Russian Foreign Minister's statement that they may be cooperating with us in providing supplies to our people in Afghanistan. That's the type of cooperation we need. Let's reach out to the Russians rather than punching them in the nose all the time.

Chairman ROS-LEHTINEN. Thank you very much.

Mr. Connolly.

Mr. CONNOLLY. Thank you, Madam Chairman. And I certainly take our colleague's remarks just now to heart, but I think we have a difficult challenge here. I think that it's vitally important, frankly, that the United States and Russia work out a modus vivendi that works for both of us, and that hopefully adds to international security, whether it be terrorism, whether it be Middle East peace process, whatever.

But I think we can't do that by glossing over some of the stark differences and some of our legitimate concerns about the nature of the Russian Government and its polity, and its foreign policy. It's hurting us in Syria. We have a legitimate reason to be concerned about human rights crackdowns, and jurisprudence in Russia. And, frankly, the recent election is also of concern in terms of its process and the obvious corruption that accompanied it.

So, I think that we have to assert our values while trying to make this relationship work. And I think that's really the challenge moving forward. I thank the chair.

Chairman ROS-LEHTINEN. Thank you.

Mr. Royce is recognized.

Mr. ROYCE. The Obama administration I think is wrong when it says nothing should replace Jackson-Vanik's repeal. The administration's argument is trust us, we'll promote democracy and human rights. But as witnesses will testify this morning the State Department falls far short.

It's clear that human rights and rule of law legislation should follow Jackson-Vanik repeal, in my opinion. For example, in 2008 Sergei Magnitsky uncovered evidence of police corruption and embezzlement. The police put him in prison. Even the Russian Government Human Rights Committee that investigated his death found that he was severely beaten and denied treatment, and recommended that his prison doctors and interrogators be investigated; instead, they were given promotions. So, something needs to replace the repeal of Jackson-Vanik that's focused on the rule of law in Russia.

Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you.

Mr. Turner.

Mr. TURNER. Thank you, Madam Chair, and thank you witnesses.

I, like many Americans, grew up during the Cold War. And in 1991 we greeted the collapse of the Soviet Union with great relief. I've had the occasion to visit Russia seven times, Georgia once, and six times all on business. I've had firsthand knowledge trying to do honest business with partners like PNG and American Entertainment Companies to get a reasonable deal done. It never worked, but I did get some firsthand knowledge and some almost unbelievable experiences in Russia and Georgia.

The disappointment that there is no Rule of Law, that there is no system where people can rely on their courts and justice is most disappointing. And I think this is the way Mr. Putin likes it, crony capitalists stocked with ex-KGB men, industrial oligarchs all combining to make this system unworkable.

I look forward to hearing what you have to say. Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you.

Mr. Chabot is recognized.

Mr. CHABOT. Thank you, Madam Chair.

The modern American-Russian relationship is an important one and should be a constructive one, and a mutually beneficial one. This is particularly true when one considers how far we've come since a decade's long Cold War when we were on opposite sides on virtually every issue, and for the most part bitter rivals. Unfortunately, as my colleagues on both sides of the aisle have already referred to and indicated, and I would agree with, Russia, particularly with Putin continuing to pull the strings is a very challenging partner.

True democracy continues to be suppressed, human rights and Rule of Law are too often an afterthought, and their actions around the globe especially with respect to Syria and Iran are particularly unhelpful; in fact, downright infuriating.

I look forward to hearing from the panel members on how we should deal with this matter. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you, and I thank all of the members, including Mr. Modus Vivendi for sharing that insight with us.

We're not going to forget that any time soon are we, Mr. Chandler?

I'd like to introduce our witnesses this morning. We are very excited to have an excellent panel of experts on the issue of Russia. David Kramer, we'll begin with him, is the president of Freedom House. He joined in October 2010. We all know him in his previous slot as Assistant Secretary of State for Democracy, Human Rights and Labor from March 2008 to January 2009. He was also Deputy Assistant Secretary of State for European and Eurasian Affairs where he was responsible for Russia, Ukraine, Moldova, and Belarus, as well as regional non-proliferation issues. Previously, he served as a professional staff member in the Secretary of State's Office of Policy Planning. Welcome.

We will then hear from William Browder, who is the founder and CEO of Hermitage Capital Management. Mr. Browder was the largest foreign investor in Russia until 2005 November, where he was suddenly denied entry to the country and declared a threat to national security by the Russian Government.

In recent years, he has devoted much of his effort to promoting the cause of Sergei Magnitsky, who was brought up by Mr. Royce a few minutes ago, a lawyer working for him who while investigating high-level corruption was arrested in Moscow in 2008 and later died in prison. Welcome.

Next we will hear from Steven Pifer, who is the senior fellow at the Brookings Center on the United States and Europe, and director of the Brookings Arms Control Initiative where he focuses on arms control, Russia and Ukraine.

From 2001 and 2004 he served as Deputy Assistant Secretary of State in the Bureau of European and Eurasian Affairs with responsibilities for Russia and Ukraine. He also served as a U.S. Ambassador to Ukraine from 1998 to 2000, and as a Special Assistant to the President and Senior Director for Russia, Ukraine, and Eurasia on the National Security Council from '96 to '97. Welcome, Mr. Ambassador.

And last we will hear from Leon Aron, who is the resident scholar and director of Russian studies at the American Enterprise Institute. Dr. Aron earned his bachelor's degree from Moscow State Institute and his Ph.D. from Columbia University. He is the author of many books, articles and essays including the First Scholarly Biography of Boris Yeltsin. His latest work is the forthcoming book entitled, "Roads to the Temple, Memory, Truth, Ideals and Ideas in the Making of the Russian Revolution," which will be published by Yale University Press this spring. Congratulations. And we will start with Mr. Kramer. Thank you.

STATEMENT OF THE HONORABLE DAVID J. KRAMER, PRESIDENT, FREEDOM HOUSE

Mr. KRAMER. Madam Chair, thank you very much. Thanks for the opportunity again to appear before this committee.

When we talk about this, I think it's very important to distinguish Russian's leadership and officialdom from the rest of Russia. The leadership I would describe as thoroughly corrupt, rotten, and rotting. And that kind of leadership, I would argue, poses severe obstacles for the kind of cooperation we would all like to see in U.S.-Russia relations.

Russian officials from the very highest levels to the lowest ranks have become unbelievably greedy over the years and view the State's coffers and assets as their own personal trough. Personal enrichment, the get it while you can kind of attitude, has become the reason to serve in government for many officials. The INDEM think tank in Russia estimates that corruption costs the economy somewhere on the order of three hundred to $500 billion a year out of a GDP of $1.5 trillion.

A growing number of Russians talk about emigrating from Russia as a result of the pervasive corruption. Capital flight last year was $84 billion, and in January alone of this year it was $13.5 billion. All of this, I would argue, explains why Mr. Putin has no willingness to relinquish his grip on power.

Thus, it isn't surprising that the regime shows total disregard for human rights and democracy, and the human rights of its own people, or people in other countries. And the evidence of that, I would argue, comes with the arms sales to the regime in Syria.

For more than a decade, Freedom House has been documenting the decline in democracy and human rights in Russia, a period that overlaps with Mr. Putin's reign, and Russia is deemed no free in our Freedom in the World and Freedom of the Press reports.

The lack of accountability for human rights abuses and the grossly politicized legal system create an environment wherein such abuses are not only condoned but they're expected almost as a demonstration of loyalty to the regime. Essentially, Russian leaders for more than a decade have shown no respect for human rights, accountability, independent institutions, justice, and they refuse to allow a viable opposition to take root. They create an environment of impunity. And we've already seen a crackdown since the March 4th selection, not least the denial of a rally calling for justice in the murder of Sergei Magnitsky that's supposed to take place this weekend.

Vladimir Putin heads a leadership, I would argue, that is assertive, arrogant, and aggressive on the one hand but paranoid, insecure, and hypersensitive on the other. And this is a dangerous and volatile combination. It explains why Putin cannot leave power. In a sense he's become hostage to his own system. He's the glue that holds it together, and were he to step down, he and those around him who have benefitted so handsomely from their positions of power would likely have to face investigations, if not worse. They have too much at stake to allow some new person to be elected President of the country.

And it's the combination of arrogance and paranoia, I would argue, that explained the decision last September 24th when Putin and Medvedev announced they would switch positions. It explains why elections are predetermined before they take place. It explains why opposition parties, such as PARNAS, or opposition figures such as Grigory Yavlinsky are not allowed to complete fairly in the elections, or compete at all for that matter.

And the paranoid side of Putin, I would say, also leads him to blame the United States and even Secretary of State Hillary Clinton for instigating last December's protest. And this is not just a function of Putin's paranoia, but of a likely perception of an emerging threat that he faces within his own country, and he wants to

finger the United States and scapegoat us. And since his early years as President, Putin has always blamed the west for threatening Russia, rather than face the shortcomings of his own leadership.

Now, without giving in to despair, as a number of you have pointed out, there have been some positive developments, not least the impressive turnouts in December and February of this year protesting the rigged elections for the Duma last December and the Presidential elections. And I think these protests have, in fact, been a source of inspiration and optimism as we look at Russia.

The protests were really the loudest and clearest manifestations of ordinary Russians' increasing frustration with the lack of dignity and violations of their rights which have become routine under Putin. And they've said, essentially, enough is enough.

And I would argue that there are three important conclusions to draw from the election; that Putin may claim victory as he did on March 4, but he has lost his unquestioned sense of legitimacy as more and more Russians suspect that he remains in power through illegitimate means. He's also lost his all-important aura of invincibility. That's been badly damaged. And finally, he has seen his use of fear eroded as more Russians come out in protest against his rule.

Now, the future of Russia is going to be decided by Russians but there are things for the United States to do, not least is to speak about the situation on the ground inside Russia very candidly. And I commend Secretary Clinton for her remarks after the Duma elections last December which obviously got Mr. Putin's attention.

I would like to see similar kinds of words coming from the President. The President, after all, has invested a great deal in developing U.S.-Russia relations, and yet his silence since a very good trip to Moscow in July 2009, silence when it comes to democracy and human rights concerns in Russia, I think has been unfortunately rather deafening.

There is something for the Congress to do, I would argue, and I will end with this, Madam Chair, and that is to move forward on the Sergei Magnitsky Rule of Law Act. I strongly recommend its passage, and I know Bill Browder will talk about this more. Thank you very much.

[The prepared statement of Mr. Kramer follows:]

Testimony of David J. Kramer

President of Freedom House

before the

United States House Committee on Foreign Affairs

"Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes"

March 21, 2012

Madame Chairwoman, Members of the Committee, it is an honor to appear before you once again, this time discussing Russia. I'm also pleased to appear with my colleagues, William Browder, Steve Pifer, and Leon Aron.

"Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes," the title of today's hearing, succinctly sums up the kind of leadership – distinct from the country as a whole – we face in Moscow. It is a leadership that is thoroughly corrupt, rotten and rotting. Russian officials from the very highest levels to the lowest ranks have become unbelievably greedy over the years, viewing the state's coffers and assets as their own personal trough. Personal enrichment – "get it while you can" – has become the reason to serve in government for many officials. The INDEM think tank in Russia estimates that corruption costs the country some $300-$500 billion out of a GDP of roughly $1.5 trillion – in other words, between a quarter and a third of the economy is lost to corruption. Plugged-in political analyst Stanislav Belkovsky estimated back in 2005 that then-President Vladimir Putin himself was worth $35-$40 billion.

Against that backdrop, it should not be surprising that Putin oversees a regime that shows utter disregard for the human rights of its own people or for those in other countries, as evidenced most recently by its continued arms sales to the murderous Assad regime in Syria. For more than a decade, starting with the late Yeltsin period and then picking up speed when Putin came to power, Freedom House has been documenting Russia's steep and steady decline in democracy and human rights. Freedom House findings chronicle a grim record of across-the-board decline during the Putin era, including in the areas of judicial independence, media freedom, anticorruption, and the election process. In our *Freedom in the World* and *Freedom of the Press* surveys, Russia is ranked Not Free.

Nonetheless, it has been heartening to see so many Russians turn out to protest against the status quo last December and into this year. Russian civil society has been stimulated in the past few months like nothing we have seen since the break-up of the USSR and is now trying to find its rightful place under extremely difficult conditions. This doesn't mean that democratic accountability for Russia is imminent. It does suggest, however, that American policy makers need to rethink some of the basic assumptions about the future direction of Russia. This should entail a renewed commitment to defending the rights of the NGO community in Russia and a determination to target gross human rights abusers through sanctions. Without these steps, any sort of meaningful democratic reform in Russia is hard to envision.

A Dangerous Mix of Arrogance and Paranoia

At the outset of his presidency, Putin seized control over two nationwide television stations from oligarchs who had fallen out of favor, and these stations still provide the main means of information for most Russians. In October 2003, Putin had Russia's richest oligarch, Mikhail Khodorkovsky, arrested for defying him and did away with gubernatorial elections in 2004 after the Beslan tragedy, ensuring that governors became beholden to the Kremlin for staying in power, not to their constituents. And he created an environment in which certain critics, opposition figures, journalists, and human rights activists -- Alexander Litvinenko, Anna Politkovskaya, Paul Klebnikov, Natalya Estemirova, and Sergei Magnitsky, to name just a few – were murdered and their cases remain unsolved. Others, like journalist Oleg Kashin and political activist and blogger Alexei Navalny, are beaten and/or investigated for critical analysis and probing reporting. And the North Caucasus, while generally less violent than ten years ago, remains a human rights mess, with a climate of impunity fostered and criminality symbolized by, but not limited to, Chechen leader Ramzan Kadyrov (a Putin favorite).

The lack of accountability for human rights abuses and the grossly politicized legal system create an environment wherein such abuses are not only condoned but expected, almost as a demonstration of loyalty to the regime. Essentially, Russian leaders for more than a decade have shown no respect for human rights, accountability, or independent institutions, and refuse to allow a viable opposition to take root.

Amid those hoping that Vladimir Putin's return to the presidency would mark a change from the previous 12 years in which he ran the country, we are already seeing a renewed crackdown on opposition figures and government critics. This began with a massive police presence at protests the day after the election and continued this past weekend with the detention of more than 100 protestors including opposition figures Boris Nemtsov and Sergei Udaltsov by riot police outside the Kremlin-friendly television station NTV. Putin's return to the Kremlin is designed to preserve the status quo and the system he has overseen for a dozen years, not to launch reforms. He has not and will not tolerate anything that resembles a threat to his hold on power, and recent legislative initiatives do not address the core demand for honest elections. Accordingly, many Russians these days despair over the prospect of at least six more years of Putin; they use the Brezhnev-era word *zastoi* or stagnation to describe Russia's current situation and outlook.

Putin heads a leadership that is arrogant, assertive, and aggressive on the one hand but also paranoid, insecure and hypersensitive on the other. This is a dangerous and volatile combination. It explains why Putin cannot leave power. In a sense, Putin is hostage to his own system, the glue that holds it together. Were he to step down, he and those around him who have benefitted so handsomely from their positions of power would possibly be subject to investigations and arrest. They have too much at stake to allow some new person to be elected president.

The combination of arrogance and paranoia explains the decision last September 24 when Putin and lame-duck President Dmitri Medvedev announced that they would change jobs after this month's presidential election. Confident that he could make such decisions on his own and simply have Russians go to the polls and affirm this arrangement, Putin also wanted to nip in the bud speculation that Medvedev and he were feuding. I have never bought into the theory that there was much daylight between Medvedev and Putin, but I do believe that Putin was paranoid about the growing chatter in favor of Medvedev's staying on as president.

It explains why the regime engages in all sorts of actions to predetermine the outcomes of elections. Thus, we saw Golos, the respected and independent domestic election observer organization, kicked out of its office in mid-February to try to disrupt its operations. Ekho Moskvy, the Moscow-based radio station known for its hard-hitting journalism and commentary, found itself under increasing pressure in a board of directors shake-up right before the election; the station's majority shareholder is state-controlled Gazprom Media. On February 16, Russian prosecutors opened an investigation into the independent online television station, Dozhd TV, for its coverage of two major opposition rallies in Moscow late last year.

The combination of arrogance and paranoia is why a serious liberal opposition party, PARNAS, wasn't allowed to run in the Duma election, and why Grigory Yavlinsky was denied registration for the most recent presidential election. The most viable liberal alternative to Putin, Yavlinsky would have been hard-pressed to win the election, but Putin never wanted to take that chance. Russia's regime thinks it can get away with such abuses, and it dares not leave things to chance. This explains why state-dominated broadcast television, whose news and information reaches the largest segment of the Russian public, broadcast slavish, glowing coverage of Putin ahead of the election and largely smeared any dissenters.

Against this backdrop, it is no surprise that neither the parliamentary nor the presidential elections was free or fair. As the election monitoring arm of the Organization for Security and Cooperation in Europe (OSCE) determined on the presidential election of March 4, "conditions were clearly skewed in favor of one of the contestants [Putin]… [T]he Prime Minister was given a clear advantage over his competitors in terms of media presence. In addition, state resources were mobilized at the regional level in his support. Also, overly restrictive candidate registration requirements limited genuine competition."

"There were serious problems from the very start of this election," said Tonino Picula, the Special Coordinator for the short-term OSCE observer mission and Head of the delegation of the OSCE Parliamentary Assembly. "The point of elections is that the outcome should be uncertain. This was not the case in Russia. There was no real competition and abuse of government resources ensured that the ultimate winner of the election was never in doubt."

Added Ambassador Heidi Tagliavini, the Head of the Election Observation Mission of the OSCE Office for Democratic Institutions and Human Rights (ODIHR), "In this election, candidates could not compete on an equal footing. Although the authorities made some effort to improve transparency, there remained widespread mistrust in the integrity of the election process."

And writing in Monday's *Moscow Times*, Tiny Kox, who headed the observation mission for the Parliamentary Assembly of the Council of Europe, said, "More important, the electoral process did not meet the standards of a fair and transparent competition. The choice for the voters was limited, some candidates had been excluded because of overly rigid rules, and the playing field for the candidates was by no means level. Putin received a much larger share of the media attention, and administrative resources were used to his electoral benefit. Not to mention an impartial election referee was sorely missed. The way in which chairman Central Elections Commission chief Vladimir Churov operates is part of the problem, not part of the solution. Without a trusted impartial elections commission, every election's result will be disputed."

The paranoid side of Putin leads him to blame the United States and Secretary of State Hillary Clinton for instigating last December's protests. This is not just a function of Putin's paranoia but of a likely perception of an emerging threat that he then tries to tarnish by charging that those who demonstrated were paid by the U.S. Like many authoritarians, Putin plays the foreign interference card in the hope of manipulating a citizenry into assigning blame elsewhere

for the failures of the regime at home. The latest gambit by Putin is a sign of weakness as much as it is of paranoia.

Since his early years as president, Putin has always blamed the West for threatening Russia rather than face the shortcomings of his own leadership. Whether after the Beslan tragedy in 2004 or in his famous Munich speech in 2007 or his comments in December, Putin sees threats to Russia from beyond the country's borders, especially coming from the West. This, of course, is patented nonsense. The greatest threats to Russia come from the Kremlin's ineffective and destabilizing policies in the North Caucasus, the lack of a sound ethnic and religious policy, lawlessness among the security services and law enforcement sector, an economy dependent on oil prices without the accompanying modernization of infrastructure, and a rotting ruling clique with an insatiably corrupt appetite. To find the real threat to Russia, Putin and those around him would have to buy mirrors. Instead, in citing the West as a threat, they seek to justify their means of ruling the country.

Enough Is Enough!

Before giving in to despair, there have been a number of positive developments worth noting. Let's start with the recent parliamentary and presidential elections. Despite massive voter fraud, tampering, and abuse by the government in support of Putin's United Russia party in last December 4's Duma elections, millions of Russian voted against the party in power and hundreds of thousands turned out across the country in frigid temperatures to register their frustration with the status quo, Putin, and Putinism. The people came alive and came together to demonstrate that they were against the party of "crooks and thieves," a phrase coined by Alexei Navalny. As a result, despite the regime's best efforts, United Russia was unable to muster a majority of the vote, and its official number of 49 percent is thought to be inflated significantly.

The protests last December and again in February were the loudest and clearest manifestations of ordinary Russians' increasing frustration with the lack of dignity and violations of their rights, which have become routine under Putin. They were stirred from their sense of resignation and apathy and moved to make clear that they have had enough of lies and corruption. Many Russians have also come to realize the degree to which their country's wealth has been plundered and that with Putin's return to the presidency for at least six more years, this gross misuse of public wealth will continue unabated. As Navalny, arrested immediately after

the Duma election and sentenced to 15 days in jail, wrote from his jail cell, "We all have the only weapon we need, and the most powerful: that is the sense of self-respect."

A growing number of Russians talk about emigrating from the country, fed up with the political stagnation and the never-ending corruption. It is true that during Putin's reign, many average Russians experienced an improvement in their own standard of living, but the corrupt nature of the regime meant that their enhanced personal situation was never safe from thieving officials, especially if a Russian decided to open up his or her own business. Money that could have been invested in necessary infrastructural improvements, in health care or education instead went to line official pockets. Capital flight last year soared to $84 billion, more than twice the amount from 2010; and already this year, capital flight totaled $13.5 billion in January alone, according to the Russian Central Bank.

But on December 4, many voters decided that it is the authorities who should leave, not they. And this leads to an important outcome from the March 4 election: while Putin may claim victory in the election, he lost in three important respects:

- He has lost his unquestioned sense of legitimacy as more and more Russians suspect he remains in power by illegitimate means;
- He has seen his all-important aura of invincibility badly damaged; and
- He has seen his use of fear to stay in power less intimidating based on the hundreds of thousands of Russians who braved the frigid elements and threat of arrests and beatings to protest against six more years of his leadership.

Thus, a weakened Putin will return to the presidency May 7. This is not to say that Putin will not resort to repressive measures to exact revenge against those who opposed him. Indeed, he is wasting no time in doing so. Dozens of protestors in Moscow were arrested and roughed up over the weekend. The recent prosecution against businessman Alexei Kozxlov, husband of Olga Romanova, a leading civil society activist, is seen by many as payback for her outspokenness and her collection of funds to sponsor the demonstrations. Several members of a punk rock band are in jail for singing an anti-Putin song in a cathedral. Navalny has been summoned in for questioning and another opposition figure, Sergei Uldatsov has been sentenced to 10 days in jail for defying police, but was subsequently let go with a fine. None of this should come as a surprise. This is the only way Putin knows how to rule and reflects his paranoia and

insecurity. The key question is how long he can get away with it before the Russian people will say enough is enough for good.

To placate the population and buy votes ahead of the election, Putin made lots of campaign promises involving increased pensions, wages, and bonuses to, for example, families who have more than two children; he also promised to increase military spending by $700 billion over the next decade. As the *New York Times* reported on Saturday, Russia cannot afford such massive spending increases unless the price of oil, on which the country's economic future is so dependent, rises to $150 per barrel (it currently is at $120). Should he try to follow through on his campaign promises, Putin threatens to put Russia in debt; should he fail to implement his pledges, he might incur growing resentment toward his leadership. Either way, absent a serious reform program that reduces Russia's dependency on natural resources, something Putin promised more than a decade ago, Russia's economy is headed for big trouble. None of his promises addresses the root causes of the country's problems: namely, the plundering of the country's wealth and the absence of accountable governing structures. Combined with a bleak demographic outlook, unrestrained corruption, and a roiling North Caucasus, Russia's future does not look promising.

Compared to the impressive turnouts for the protests after the December Duma elections and on February 4, the demonstrations that occurred after the presidential election were smaller in number and in need of a clearer sense of purpose. While many Russians voted against United Russia in December and against Putin in March, missing for many Russians is what or whom to vote *for*. It is true that the Kremlin has actively worked over the years to ensure that a viable opposition never materialized, just as it has stunted the growth of independent media, civil society and other institutions of accountability and transparency. But the opposition needs to do a better job of offering a serious and united alternative to the status quo for Russia's outlook to improve in a sustainable way. And civil society needs support so that it can translate the momentum that brought many ordinary Russians out to the street to express their desire for a more democratic system into a longer term movement for change.

What Should The United States Do?

Russia's future, it goes without saying, will be decided by Russians themselves, but the deteriorating situation inside Russia will force issues of democracy and human rights higher onto the agenda of the U.S.-Russian relationship, especially with fewer issues on which Russian and

American leaders will see eye-to-eye. Abandoning the Obama Administration's previous reticence at the highest levels to criticize Russian authorities for their human rights abuses, corruption, and electoral fraud, Secretary of State Hillary Clinton took the right approach last December in her clear and repeated condemnation of the Kremlin's efforts to rig the Duma elections. "We have serious concerns about the conduct of those elections," Clinton said in her speech before the Ministerial meeting of the Organization for Security and Cooperation (OSCE) in Europe in Vilnius. "Independent political parties, such as PARNAS, were denied the right to register. And the preliminary report by the OSCE cites election-day attempts to stuff ballot boxes, manipulate voter lists, and other troubling practices. We're also concerned by reports that independent Russian election observers, including the nationwide Golos network, were harassed and had cyber-attacks on their websites, which is completely contrary to what should be the protected rights of people to observe elections, participate in them, and disseminate information. We commend those Russian citizens who participated constructively in the electoral process. And Russian voters deserve a full investigation of electoral fraud and manipulation....The Russian people, like people everywhere, deserve the right to have their voices heard and their votes counted. And that means they deserve fair, free, transparent elections and leaders who are accountable to them."

Clinton's comments were the clearest, strongest language uttered by a Cabinet-level Obama Administration official to date and should have been reinforced by the White House and President Obama in particular. Since a laudable speech in July 2009 in Moscow in which he spoke about Russia's shortcomings in the area of human rights, Obama has been virtually silent on Russia's deteriorating political situation. In Michael McFaul, he did send an outspoken ambassador to Moscow well-known for his concern about Russia's human rights problems. Nonetheless, given how much time he has invested in developing U.S.-Russian relations and given that he has spoken with Medvedev more times than with any other world leader, Obama's own silence when it comes to Russia's human rights abuses and anti-democratic behavior is deafening. Instead of raising questions about the March 4 presidential election, Obama called Putin to "congratulate" him on his victory (in fairness, so did many other Western leaders). The statement from the State Department after the March 4 election was wishy-washy and equivocal compared to Clinton's clear and critical comments after the Duma elections. We need to think

how dispiriting it can be for pro-democracy activists on the ground when the U.S. congratulates an authoritarian leader following a flawed election.

The chemistry that developed between Obama and Medvedev will not be replicated with Putin, and with Obama focused on his own reelection, The U.S-Russian relationship is unlikely to deliver much this year. With disagreements over missile defense and Syria, and possibly Iran, it would be a mistake to downplay our differences over human rights out of a false sense of hope that doing so might win Russia over on Syria, for example. Instead, the United States should stand unequivocally for democratic processes, rule of law, and respect for human rights. A U.S. policy – publicly and privately – that is consistent with American values is one that simultaneously supports democratic accountability in Russia. When Russian officials behave in blatantly undemocratic ways, as they did on December 4 and March 4 and in the lead-ups to both elections, they should not get a pass from the White House because of fear that criticism of their actions might upset the reset.

Pass Magnitsky Legislation

Above I have focused on what the Obama Administration should do. Let me now turn to a very important step the U.S. Congress should take: pass the Sergei Magnitsky Rule of Law Accountability Act of 2011.

The Magnitsky case has become a cause célèbre in the U.S. Congress and among many European parliamentarians because it exemplifies what is rotten in Russia. Jailed unjustly after alleging officers of Russia's Interior Ministry took part in a $230 million tax fraud against his client, Hermitage Capital, Magnitsky was murdered in jail after being beaten and denied medical treatment despite repeated pleas for help. House and Senate versions of the "Justice for Sergei Magnitsky" bill would impose a visa ban and asset freeze against Russian officials suspected of involvement in Magnitsky's murder; the Senate version, which enjoys strong bipartisan support, looks to extend such measures to other human rights abuse cases in Russia as well.

Like no other initiative in memory, this legislative push in both the U.S. Congress and in Europe (the Dutch parliament in late June unanimously endorsed a Magnitsky-like effort, as have the European and Canadian parliaments) struck a chord in Moscow over the summer and forced Russian authorities to reopen the Magnitsky case to further investigation. The lack of recent momentum on the legislation, however, has eased the pressure on Russian officials, who once again announced that Magnitsky himself was guilty of embezzlement and have limited the

investigation to doctors in the prison, not those guilty of putting Magnitsky in jail in the first place or those involved covering up his murder.

In the absence of outside pressure, Russian officials not only show zero interest in providing accountability in this case, but they manifest outright defiance, such as when several Ministry of Interior officials accused of fraud by Magnitsky were not only given awards but promoted last year. More recently, in a disgusting display of a politicized judicial system, prosecutors have reopened the investigation to go after Magnitsky posthumously.

In the absence of accountability and rule of law in Russia, American and European parliamentarians are demonstrating that if Russian officials engage in major human rights abuses, they and their immediate families cannot enjoy the privilege—not right, but privilege—of traveling to or living or studying in the West, or doing their banking in Western financial institutions. This matter demonstrates that the West, including the U.S. Congress, does have leverage over Russia, if we choose to exercise it. After all, corrupt Russian officials place their ill-gotten gains in Western financial institutions; the smart ones don't leave their money in Russia (as reflected in the nearly $84 billion in capital flight last year). Alas, the failure to move the legislation through the Congress has eased the pressure on Russian officials. The only way to have serious investigations and prosecutions in the Magnitsky cases or similar human rights abuses is to keep the pressure on and pass the bill.

Claims by Obama Administration officials that the legislation is unnecessary because the State Department has already banned certain Russian officials implicated in the Magnitsky case are not sufficient. The administration must also place these officials on an asset freeze list, which would be publicly announced, as would those on the visa ban list under the legislation. The point is to make clear to Russian officials that if you don't murder journalists, lawyers, and opponents or engage in other gross human rights abuses, then you have nothing to fear from the bill. But in the absence of accountability in Russia, this draft bill has already done more for the cause of human rights there than anything done by the Obama Administration (or by the Bush Administration in which I served).

The other concern raised by Russian officials and apparently shared by some in the U.S. is that passage of the Magnitsky legislation would sink the reset policy and end cooperation on issues like Iran, North Korea, and Afghanistan. If that's the case, then the reset is extremely shallow and on its last legs, its successes grossly oversold. Russia presumably is cooperating

with us on these strategic challenges because it's in their interests to do so, not because they're being nice to us and doing us favors. If they stop this cooperation because of the Magnitsky bill, then we really need to reexamine the relationship and the sustainability of the bilateral relationship. Moreover, the U.S. and Europeans should firmly push back against such threats and remind Russian officials that if they ended human rights abuses and held accountable those who committed them, such legislation wouldn't be necessary at all. If Russia wants to be treated like a partner, then it needs to abide by the rules and norms required of a member of the Council of Europe and the Organization for Security and Cooperation in Europe.

Finally, the Magnitsky legislation has been connected with the recent debate and discussion about graduating Russia from the Jackson-Vanik Amendment. I have supported graduating Russia from the 1974 Jackson-Vanik for years, both when I was in the U.S. government and today. It served its purpose very well in promoting the emigration of Soviet Jews at the time, but it is legislation that no longer addresses current-day problems in Russia. I understand and agree with the arguments made by those in the business community who argue that not lifting Jackson-Vanik would hurt our companies. But I am not prepared to support graduating Russia from Jackson-Vanik in the absence of passing the Magnitsky legislation. It would send a terrible signal to lift Jackson-Vanik and have nothing to take its place. It would be be perceived by the Kremlin as weakness on our part, a symbolic award to a Russian government undeserving of any such measures, and would undermine the very people in Russia whom we want to support.

In an op-ed in the March 14 *Wall Street Journal*, liberal opposition leaders Gary Kasparov and Boris Nemtsov made this very point. "Jackson-Vanik is a relic and its time has passed," they wrote. "But allowing it to disappear with nothing in its place, and right on the heels of the fantastically corrupt "election" of March 4, turns it into little more than a gift to Mr. Putin." They went on to say, "Replacing Jackson-Vanik with [the Magnitsky legislation] would promote better relations between the people of the U.S. and Russia while refusing to provide aid and comfort to a tyrant and his regime at this critical moment in history. This, too, would be a policy of principle."

Contrary to some views expressed before a hearing of the Senate Finance Committee March 15, neither graduating Russia from Jackson-Vanik nor granting Russia permanent normal trade relations status would improve the human rights situation inside Russia. China, which was

graduated from Jackson-Vanik a decade ago, illustrates the limits of graduating a country; since Congress acted on China, there has been no improvement in the area of human rights in that country. Thus, we should have no illusions about the impact lifting Jackson-Vanik would have in the case of Russia. It may be the right thing to do now but only if it is replaced by the Magnitsky bill.

Thank you for your attention, Madame Chair, and I'm ready to answer any of your questions.

Chairman ROS-LEHTINEN. Thank you, sir.

Mr. Browder.

STATEMENT OF MR. WILLIAM F. BROWDER, CHIEF EXECUTIVE OFFICE, HERMITAGE CAPITAL MANAGEMENT

Mr. BROWDER. Madam Chairman, members of the committee, thank you very much for inviting me to speak today.

The story that I'm going to share with you today will leave you in no doubt that Russia doesn't function as a normal state as we know it. It functions more akin to a criminal enterprise. The story that I want to tell you is about Sergei Magnitsky, who was my lawyer, who died in horrific circumstances in Russian state custody 2½ years ago. It is my duty to his memory and to his family to make sure that justice gets done in this case, and that this story gets told widely across the world.

The story starts out 15 years ago. I moved to Russia and set up an investment fund called Hermitage Capital Management, which eventually grew to become the largest foreign investment fund in the country. In the process of investing, I learned that all the companies I was investing in were losing money through massive corruption, and I decided to fight the corruption by exposing it through the international media.

As you might imagine, this created a number of enemies and as you mentioned in my introduction, I was expelled from the country, I was declared a threat to national security, and that's when the real trouble began.

In 2007, my offices were raided by 25 police officers from the Interior Ministry of Moscow, which is the police department. They took away all of our corporate documents, and those corporate documents were then used to expropriate our companies. And then through a very complicated scheme, they then used those corporate documents to steal, not from us but from the Russian State, $230 million of taxes that we had paid in the previous year.

I went out and hired a young lawyer named Sergei Magnitsky who worked for an American law firm called Firestone Duncan, to investigate. And Sergei went out and investigated, and found documentary evidence proving the involvement of high-level officials in the theft of the $230 million.

Instead of turning a blind eye as many others in Russia would have done, he decided to testify against the officers, and he testified against them in October 2008. One month after his testimony he was arrested by the same people he had testified against, put in pretrial detention, and then tortured to withdraw his testimony. They put him in cells with 14 inmates and eight beds and left lights on 24 hours a day in order to sleep deprive him. They put him in cells with no heat and no window panes in December in Moscow and he nearly froze to death. They put him in cells with no toilet, just a hole in the floor where the sewage would bubble up.

After 6 months of this, he became ill, he lost 40 pounds, he developed pancreatitis and gall stones and he was prescribed to have an operation on the first of August, 2009. One week before the operation his jailers came to him with a Faustian bargain. They said if you sign the following confession saying you stole the $230 mil-

lion and you testify against Bill Browder, me, then you can then have the medical attention you need. In spite of the unbearable physical pain, Sergei refused to sacrifice his integrity, and didn't sign the paper. As a result, they abruptly moved him to a prison called Butryka, which is known around Russia as being one of the toughest and most unpleasant prisons in Russia. And most significantly for Sergei, Butryka had no medical facilities whatsoever.

And at Butryka his health completely broke down. He went into constant, agonizing, ear-piercing pain. He wrote 20 different requests for medical attention. All of them were rejected by the authorities. And on the night of November 16th, 2009, Sergei Magnitsky went into critical condition. Only then did they move him to a prison that had an emergency room, but instead of treating him they put him in an isolation cell, chained him to a bed and allowed eight riot guards with rubber batons to beat him for 1 hour and 18 minutes until he died. He was 37 years old.

How do we know all this? We know it because Sergei did something very unusual, he documented it all in 450 complaints during his 358 days in detention. And as a result of that, we have the most well-documented, human rights abuse and extrajudicial killing case in the history of Russia.

Now, this is a tragic case and a heartbreaking case for me and his family, and for anyone around him, but the reason why this is politically significant is not what they did to him. This happens all the time, it's the cover up that the government embarked on afterwards.

The Russian Government on the day he died, said that he had died of natural causes. They said they weren't aware that he was ill. They've since exonerated all of the police officers, Interior Ministry officials, prosecutors and judges from any liability. Some of them have been promoted, some of them have been given state honors.

To add insult to injury, instead of prosecuting anyone who tortured or killed him, they're now prosecuting Sergei himself. Two and a half years after his death, they're now prosecuting Sergei Magnitsky for the trumped up crimes that they arrested him for in the first ever posthumous prosecution in Russian history. Not even Stalin did that.

It's clear that there's no possibility of justice in Russia for Sergei's case and many, many other cases like it, and as a result I've sought justice outside of Russia. There are 11 Parliaments around the world that are now considering visa sanctions and asset freezes on the people who killed Magnitsky as well as other gross human rights abusers. And most significantly, this Congress is also considering the same thing.

I would argue that in the absence of any possibility of justice in these cases that something needs to be done, and that's the thing that needs to be done. Thank you.

[The prepared statement of Mr. Browder follows:]

March 21st 2012

Testimony to the House Committee on Foreign Affairs

William Browder, Chief Executive Officer, Hermitage Capital Management, and head of the global justice campaign for Sergei Magnitsky

Madame Chairman, members of the Foreign Affairs Committee,

Thank you for inviting me to speak about repression and corruption in Russia today. The story I'm going to share with you will leave you in no doubt that the Russian state no longer functions as a normal state as we know it, but something more akin to a criminal enterprise.

This is the story of my Russian lawyer Sergei Magnitsky. In 2009, he died a horrible and tragic death working in my service. It is my duty to his memory and his family to make sure that justice is done and everyone knows what happened to him.

The story starts out more than fifteen years ago when I moved to Russia to set up an investment firm called Hermitage Capital Management, which went on to become the largest foreign investment firm in the country.

In this role, I discovered that many of the companies that I invested in were corrupt and the managers were stealing billions of dollars from the companies.

I decided to fight the corruption by exposing it through the mass media.

This created very high-powered enemies, and in 2005 I was expelled from Russia and declared a threat to national security.

In 2007, police officers raided my Moscow office, seized all of our official corporate documents and then used those documents to expropriate our investment holding companies.

Then, through a complicated scheme involving a number of government officials, they were able to ultimately steal $230 million in taxes that we had previously paid to the Russian government.

While all this was going on, I hired Sergei Magnitsky, a smart, diligent 36 year-old Russian lawyer working for an American law firm to try to stop these state-sanctioned crimes.

In his investigation, he found damning evidence of high-level Russian government officials who were involved in the theft of the $230 million of state taxes.

Instead of turning a blind eye, as most people in Russia would have done, in August 2008, Sergei bravely decided to testify against the officials involved.

One month later, on November 24th, 2008 the same officials he testified against came to his home at 8 in the morning, and arrested him in front of his wife and two children.

They put him in a pre-trial detention and began to torture him to withdraw his testimony.

They put him in a cell with fourteen inmates and eight beds, and left the lights on twenty-four hours a day to sleep deprive him.

They put him in a cell with no heat and no window panes in December in Moscow, and he nearly froze to death.

They put him in a cell with no toilet, just a hole in the floor, were sewage would bubble up.

After six months, his health started to break down. He lost 40 pounds, had severe stomach pains, and was diagnosed with pancreatitis and gallstones. He was prescribed an operation for August 1, 2009.

One week before the scheduled operation, his captors came to him with a Faustian bargain.

They said, "drop your allegations about the state officials' and sign a confession saying that you stole the $230 million, then you will get the medical care you need."

Despite the horrific physical pain he was suffering, he refused to sacrifice his integrity.

In response, he was abruptly moved to a maximum-security prison called Butyrka, which is widely considered to be one of the toughest prisons in Russia and most significantly for Sergei, there were no medical facilities there whatsoever.

At Butryka, his health completely broke down, he went into constant, agonizing, unbearable pain. He and his lawyers made more than 20 official requests for medical attention.

Despite his increasingly desperate situation, every single one of his written requests was either ignored or rejected.

On the night of November 16, 2009, his body finally gave out and he fell into critical condition.

Only then was he moved to a prison with an emergency room, but instead of treating him, they put him in an isolation cell, chained him to a bed and allowed eight riot guards with rubber batons beat him for one hour eighteen minutes until he was dead.

He was 37 years old. He left a wife and two children.

How do we know all this?

Because Sergei wrote it all down in the form of 450 legal complaints during his 358 days in detention.

His case has become the most well-documented and emblematic cases of the torture, corruption and state-sanctioned murder in modern Russia.

While every facet of his story is appalling, what makes this case truly significant on an international scale is the high-level government cover-up that followed.

On the day after he died, the Russian Interior Ministry announced that Sergei had never complained about his health, and that he died of natural causes.

Every single one of the police officers, judges, jailers and members of the security service involved in his case have been formally exonerated. Some have even been promoted and granted state honors

And to add insult to injury, they are now taking Sergei to court more than two years after his death and prosecuting him in the very first posthumous prosecution in Russian history.

And if that was not bad enough, the same officials who killed Sergei are now summoning his grieving mother to be a witness in the case against her dead son.

Given these circumstances, it is clear that no justice is possible inside of Russia, and so I, and his family, have sought justice outside of Russia.

There are now 11 parliaments around the world, and most importantly the US congress, that are considering visa sanctions and asset freezes on the people who killed Sergei Magnitsky, as well as against others who perpetrate gross human rights abuses.

This story is a heartbreaking story for Sergei's family, and me but it is the tip of an enormous iceberg in Russia. This story lays bare the face of Russia today.

Thank you.

Chairman ROS-LEHTINEN. Thank you very much, sir. Thank you for that powerful testimony.

Mr. Ambassador.

STATEMENT OF THE HONORABLE STEVEN PIFER, DIRECTOR OF THE BROOKINGS ARMS CONTROL INITIATIVE, BROOKINGS INSTITUTION (FORMER U.S. AMBASSADOR TO UKRAINE)

Ambassador PIFER. Thank you, Madam Chairman, Representative Berman, distinguished members of the committee. Thank you for the opportunity to speak today. I have submitted a written statement for the record and will summarize it now.

The committee is hearing about democratic regression and pervasive corruption in Russia, and troublesome aspects of Russian foreign relations. I would like to place this in the context of broader U.S. policy. The goal of Washington's policy toward Russia should be to cooperate and make progress on those issues where interests coincide, while protecting American positions and managing differences where interests diverge.

The Obama administration's Reset Policy has, by any objective standard, improved the U.S.-Russia relationship since 2008. The new START Treaty, expanded transit rights through Russia to Afghanistan, and Russian support for an arms embargo on Iran all advance U.S. interests. At the same time, Washington and Moscow disagree on a number of issues. The bilateral relationship will for the foreseeable future combine a mix of questions on which the countries agree, and questions on which they do not.

On May 7, Vladimir Putin returned to the Russian Presidency. As you noted, Madam Chairman, Mr. Putin held the real power over the past 4 years; thus, his return should not entail a change in the strategic course of Russian foreign policy, though the tone may change.

Mr. Putin will have to confront domestic political, and economic challenges that may affect his foreign policy choices. We will have to see what that means in practice. It remains in the U.S. interest to engage Russia to advance American policy goals. In doing so, the United States will at times have to be prepared to take account of Russian interests if it wishes to secure Moscow's help on issues that matter to Washington.

Looking forward, the United States should pursue further reductions of nuclear arms including non-strategic nuclear weapons, continue to explore a cooperative NATO-Russia arrangement on missile defense, and seek jointly to deal with proliferation challenges posed by North Korea and Iran, areas in which Washington and Moscow have found common ground in the past.

Washington should explore ways to increase trade and investment relations with Russia. While Moscow's decisions about its investment climate are the most important factor in this regard, Congress should now graduate Russia from the provisions of the Jackson-Vanik amendment. Russia long ago met the requirements by opening up freedom of emigration. Its continued application provides no leverage with Moscow, will hurt American business, does nothing for the opposition in Russia and degrades the value of the threat of Congressional sanctions in the future.

Where interests diverge, the U.S. Government should make its case, encourage change in Russian policy and be prepared to manage differences that persist. Washington and Moscow, for example, disagree sharply over Syria where the Russian Government has misguidedly attached itself to an autocrat whose days may well be numbered. U.S. diplomacy should seek to persuade Moscow to adopt a different course.

U.S. and Russian interests differ in the post-Soviet space, the region most likely to generate a major crisis in bilateral relations. Moscow seeks to gain inordinate influence over its neighbors, the United States rejects that notion of a sphere of influence and supports the right of each post-Soviet state to choose its own course. Some tension between these two approaches is inevitable. It would be wise for Washington and Moscow to consult closely and be transparent on their policies.

One other difficult issue is the democracy and human rights situation in Russia. While Russian citizens today enjoy considerably more individual freedoms than they did during Soviet times, they have fewer freedoms, are more subject to arbitrary and capricious state action, and have less political influence than during the 1990s. This regression is sadly epitomized by the flaws in the recent parliamentary and Presidential elections, and the appalling treatment of Sergei Magnitsky.

Democratic and human rights values are properly a part of U.S. foreign policy, and it is difficult to envisage a bilateral relationship with Russia becoming truly normal while these problems persist. U.S. officials should make clear American concerns publicly and privately with Russian officials. The U.S. Government should, as it is doing, maintain a policy of denying visas to Russian officials associated with the Magnitsky case. And this is a tool that should be considered in other egregious cases.

Washington should examine other ways to support the growth of a robust civil society in Russia. U.S. officials should maintain contact with the full spectrum of Russian society, and Members of Congress themselves should engage directly with their counterparts in the Russian legislature on these questions.

Washington should bear in mind, however, that its ability to affect internal change in Russia is limited at best. Hopefully, the opposition movement that is now emerging will strengthen and grow into a vehicle through which ordinary Russians can gain a greater say in their politics and governance. The United States can encourage this on the margins but this is an issue that the Russians themselves must drive.

Madam Chairman, the U.S. Government should raise its democracy and human rights concerns and challenge Russia where positions on other interests diverge. At the same time, the United States should continue to work with Russia to advance American interests, and to build a more positive sustainable relationship. Doing so will increase American influence with and in Russia. Thank you.

[The prepared statement of Ambassador Pifer follows:]

BROOKINGS

Statement before the House Committee on Foreign Affairs
Hearing: "Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes"

March 21, 2012

The Future Course of the U.S.-Russia Relationship

Steven Pifer
Senior Fellow, Center on the United States and Europe
The Brookings Institution

The Future Course of the U.S.-Russian Relationship

Introduction

Madame Chairman, Representative Berman, distinguished members of the committee, thank you for the opportunity to speak with you today on U.S.-Russian relations. With your permission, I will submit a written statement for the record and summarize it now.

The U.S. relationship with Russia has been and will, for the foreseeable future, remain a mix of issues on which the two countries can cooperate and issues where their positions conflict. The goal for Washington should be to make progress on those issues where U.S. and Russian interests coincide while protecting American positions and managing differences where interests diverge.

The Obama administration's "reset" policy has improved the U.S.-Russian relationship. By any objective measure, the relationship is stronger today than it was in 2008, the low point in U.S.-Russian relations after the collapse of the Soviet Union. This does not mean the relationship is without problems. Washington and Moscow disagree on issues such as missile defense in Europe, Syria, the post-Soviet space, and democracy and human rights within Russia.

On May 7, Vladimir Putin will return to the Russian presidency. This should not entail a change in the strategic course of Russian foreign policy, though the tone and style will likely differ from that of Dmitry Medvedev. Mr. Putin will have to confront domestic political and economic challenges that may affect his foreign policy choices: he could resort to the traditional Russian tactic of depicting a foreign adversary to rally domestic support as during his election campaign, or he could pursue a more accommodating foreign policy so that he can focus on issues at home. We do not yet know.

It remains in the U.S. interest to engage Russia where engagement can advance American policy goals. In doing so, the United States will at times have to be prepared to take account of Russian interests if it wishes to secure Moscow's help on questions that matter to Washington. For example, U.S. readiness to accommodate Russian concerns in negotiating the New START Treaty contributed to Moscow's decision to open new supply routes for NATO to Afghanistan and to support a UN Security Council resolution that imposed an arms embargo on Iran.

Looking forward in its relations with Russia, the United States should pursue further reductions of nuclear arms, including non-strategic nuclear weapons; continue to explore a cooperative NATO-Russia missile defense arrangement; seek to work jointly to deal with the proliferation challenges posed by North Korea and Iran; and consult on steps to bolster security and stability in Central Asia as the NATO coalition prepares to withdraw its military forces from Afghanistan. The United States should explore ways to increase trade and investment relations with Russia, which could help build a foundation for a more sustainable relationship. While Moscow's decisions about its business and investment climate—for example, to strengthen rule of law and tackle corruption—are the most important factor in this regard, Congress should now graduate Russia from the provisions of the Jackson-Vanik amendment, an action that is long overdue.

On questions where positions diverge, such as Syria, Washington should press its case. Differing views of the post-Soviet space represent the potential flashpoint most likely to trigger a major U.S.-Russia crisis; Washington should consult closely with Moscow in a transparent way to manage differences over that region. With regard to democracy and human rights within Russia, the U.S. government should continue to voice its concerns, consider ways to assist the growth of civil society in Russia, and maintain contact with the full spectrum of Russian society. But Washington should recognize that its ability to affect the internal situation in Russia is limited.

The Reset

The Obama administration in February 2009 announced its intention to reset the U.S. relationship with Russia. The past three years have witnessed significant progress in U.S.-Russian relations, including:

- The New START Treaty was signed, ratified and entered into force. Russia is the only country capable of physically destroying the United States. New START strengthens U.S. security by reducing and limiting Russian strategic offensive forces while allowing the United States to maintain a robust and effective nuclear deterrent. The treaty requires data exchanges, notifications and other monitoring measures that provide significant insights into, and predictability about, Russian strategic forces. That allows for better-informed decisions by the Defense Department as to how to equip and operate U.S. strategic forces. The treaty also strengthens the U.S. hand in encouraging other countries to tighten global non-proliferation norms.

- Russia has permitted a significant expansion of the amount of materiel, including lethal military equipment, and personnel that transit through Russia or Russian airspace to the NATO operation in Afghanistan. Russia today is considering making available an air base in Ulyanovsk to support refueling and the transit of non-lethal military equipment to Afghanistan. This kind of support has resulted in significant cost savings for the U.S. military. Moreover, these supply routes mean that the United States and NATO do not have to depend solely on transit through Pakistan.

- Russia has supported measures to tighten pressure on Iran, in order to persuade it to abandon its program to acquire a nuclear weapons capability. This includes the Russian vote in June 2010 for UN Security Council Resolution 1929. Among other things, that resolution provided for an embargo on arms transfers to the Iranian regime. Despite some ambiguity as to whether or not the resolution applied to air defense systems, Moscow subsequently announced the outright cancellation of a previously agreed sale of the S-300 air defense system to Tehran. When I worked on these issues in the U.S. government during the first George W. Bush term, no one would have contemplated Russia taking such action.

- Russia has, with U.S. support, secured entry into the World Trade Organization. This should benefit American companies, as it will further open the Russian market to U.S. exports and require that Russia play by the rules of a trade regime to which U.S. business is comfortably accustomed.

By any objective measure, the U.S.-Russian relationship is stronger today than it was in 2008. Then, sharp differences over the future of strategic arms limitations, missile defense in Europe, NATO enlargement and Georgia dominated the agenda. Relations between Washington and Moscow plunged to their lowest point since the end of the Soviet Union. The bilateral relationship had become so thin that there are no indications that concern about damaging it affected in any way the Kremlin's decisions regarding military operations against Georgia. The Russian government saw little of value to lose in its relationship with Washington. That was not a good situation from the point of view of U.S. interests. It is different today. There are things in the U.S.-Russian relationship that Moscow cares about, and that translates to leverage and even a restraining influence on Russian actions.

This does not mean that all is going well on the U.S.-Russia agenda. Although the rhetoric is less inflammatory than it was four years ago, missile defense poses a difficult problem on both the bilateral and NATO-Russia agendas. The countries clearly differ over Syria. Moscow's misguided support for Mr. Assad—which stems from the fact that he is one of Russia's few allies and from the Russian desire to pay NATO back for what they consider the misuse of March 2011 UN Security Council Resolution 1973 on Libya—have led the Kremlin to an unwise policy. It is alienating the Arab world and will position Moscow poorly with the Syrian people once Mr. Assad leaves the scene.

The democracy and human rights situation within Russia remains difficult and troubling. The problems are epitomized by the flaws in the recent parliamentary and presidential elections, the appalling treatment of Sergey Magnitsky and others, and the unresolved murders of journalists such as Anna Politkovskaya.

Mr. Putin's Return

Vladimir Putin will make his formal return to the Russian presidency on May 7. The presidential election process that culminated on March 4 was marked by the absence of a level playing field, process flaws and reports of fraud on election day. The turnout and

vote count reported by the Central Electoral Commission in some regions strained credibility. All that said, Mr. Putin remains the most popular political figure in Russia. While ballot box-stuffing and other fraud may have inflated his vote count to the official figure of 63.6 percent, there is no compelling evidence that he did not clear the 50 percent threshold required for victory.

The democratic situation within Russia has regressed since Mr. Putin entered the national scene. But politics in Russia today are different from what they were just six months ago. An opposition has emerged, however disparate it might be, which appears to reflect the concerns of the growing urban middle class. The presidential election returns in Moscow were striking: Mr. Putin fell below 50 percent. His instinct now may well be to repress the opposition, but the old tactics will not work as they did before. One of the biggest question marks about Mr. Putin's next presidential term is how he will respond to and deal with an opposition whose sentiments are likely to spread.

As for foreign policy, Washington has grown comfortably accustomed to dealing with Mr. Medvedev over the past three years. Mr. Putin's return portends a more complicated U.S.-Russian relationship, but there is no reason to expect that relations will plunge over a cliff. There are a number of considerations to bear in mind regarding Mr. Putin and Russia's approach to the United States.

First, Mr. Putin as prime minister was nominally number two to Mr. Medvedev, but no one doubts who held real power in Moscow. As the American Embassy reportedly put it, Mr. Putin played Batman to Mr. Medvedev's Robin—a comparison that Mr. Putin undoubtedly enjoyed in private. He kept a close eye on things. It is inconceivable that the New START Treaty, expanded supply routes through Russia for NATO forces in Afghanistan, and Moscow's support for an arms embargo on Iran would have happened had Mr. Putin opposed them. There is no reason to assume that his return to the presidency will mean a major change in the strategic course of Russian foreign policy. We should expect a significant degree of continuity.

Second, the tone of the bilateral relationship will likely change. Mr. Putin spent his formative years in the 1980s as a KGB officer. As his rhetoric during the election campaign made clear, he holds a wary skepticism about U.S. goals and policies. For example, his comments suggest he does not see the upheavals that swept countries such as Georgia, Ukraine, Tunisia or Egypt as manifestations of popular discontent but instead believes they were inspired, funded and directed by Washington. This may seem like a paranoiac view, but Mr. Putin has made so many allusions to it that it is hard to conclude that he does not believe it. That is a complicating factor for the bilateral relationship.

Mr. Putin's experience as president dealing with the Bush administration, moreover, was not a happy one. In 2001-02, he supported U.S. military action against the Taliban, including overruling his advisors to support the deployment of U.S. military units into Central Asia; shut down the Russian signals intelligence facility in Lourdes, Cuba; agreed to deepen relations with NATO; calmly accepted the administration's decision to withdraw from the Anti-Ballistic Missile Treaty; and agreed to a minimalist arms control

agreement that fell far short of Moscow's desires. In his view, he received little in return. His perception is that Washington made no effort to accommodate Moscow's concerns on issues such as the future of strategic arms limits, missile defense deployments in Europe, NATO enlargement, relations with Russia's neighbors in the post-Soviet space or graduating Russia from the Jackson-Vanik amendment. The reset, after all, took place during Mr. Medvedev's presidency.

Third, Mr. Putin faces tough issues at home, both economically and politically. The Russian economy and government revenues remain overly dependent on exports of oil and natural gas. The Russian state budget remains pegged to the price of oil. While Mr. Medvedev called for economic modernization and diversification, there are few signs of progress or of a realistic plan to achieve those aims. Corruption remains rampant. The lack of confidence in the economy is reflected in the fact that Russia experienced capital outflow of $84 billion last year. And Mr. Putin made a striking number of electoral promises, including higher salaries, rising pensions and greater defense spending, that will need to be funded. While sustained high oil prices could allow him to avoid tough calls, economic questions could face him with a major challenge.

Moreover, politics today in Russia have changed. For the first time in his experience, Mr. Putin will have to deal with the outside world without being confident that he has a rock-solid political base at home. It will be interesting to see how that affects his foreign policy choices. Soviet and Russian leaders in the past resorted to the image of a foreign adversary—all too often the United States—to rally domestic support, and one can see aspects of that in Mr. Putin's campaign rhetoric. But the constituency to whom that appeals is already largely on Mr. Putin's side. Will that ploy resonate with an increasingly unhappy urban middle class? He may conclude that he can focus better on his domestic challenges if his foreign policy results in more positive relations with countries such as the United States. We do not yet know.

Fourth, Mr. Putin has shown himself to be realistic, particularly when it comes to money. A major article that he published in the run-up to the election described a large military modernization program designed to reassert parity with the United States. But during his first presidency, when huge energy revenues flowed into the Russian government budget from 2003 to 2007, he chose not to increase defense spending significantly. Instead, the extra money—and there was plenty of it—went to build international currency reserves and a "rainy day" fund on which the government drew heavily during the 2008-09 economic crisis. Having a large arsenal of weapons did not save the Soviet Union. Mr. Putin understands that. If circumstances force him to make tough choices, he may prove pragmatic and not necessarily choose guns over butter.

Fifth, Mr. Putin likely will not fully show his hand regarding the United States until 2013. He expects to be around for another six and possibly twelve years. He may see little harm in waiting six months to learn who will be his opposite number in the White House.

The upshot is that Mr. Putin's return can and probably will mean more bumpiness in the U.S.-Russia relationship. He will pursue his view of Russian interests. On certain issues,

those will conflict with U.S. interests, and Washington and Moscow will disagree, perhaps heatedly. His style will differ markedly from Mr. Medvedev's, and Mr. Obama may come to miss his meetings with his friend, Dmitry. But Mr. Putin is not likely to seek to turn the relationship upside down or take it back to the grim days of 2008. For all the rhetoric, Washington should be able to deal with him on a number of issues.

A Policy Agenda for the U.S. Relationship with Russia

Looking forward, a positive relationship with Russia can advance U.S. interests, even if Washington and Moscow differ on some issues and if the United States is frustrated about corruption and the democracy and human rights situation in Russia. Russian support remains critical to achieving key Washington policy goals such as sustaining pressure on the nuclear rogue states and supporting coalition military operations in Afghanistan. There are a number of issues on which Moscow can play a spoiler role if it believes the United States is not paying due regard to Russian interests.

Improving U.S.-Russian relations further may prove more difficult than it has been in the past three years, as the easier questions have been settled. Nevertheless, Washington should seek to work with Russia on a number of issues.

First, Washington should engage Moscow on a further bilateral round of nuclear arms reductions, this time including strategic and non-strategic nuclear weapons, whether deployed or non-deployed, under a common ceiling in a follow-on agreement to New START. A sublimit on deployed strategic warheads could restrict those nuclear weapons of greatest concern. While Moscow currently shows little enthusiasm for further nuclear cuts, it may have incentives to deal. Such an agreement would promote a more stable balance at lower levels of nuclear weapons. It would respond to the concern expressed by the Senate in its resolution of ratification for New START that non-strategic nuclear weapons be addressed. And it could produce cost savings, freeing up defense resources to fund operations that the U.S. military is far more likely to engage in than nuclear war.

Second, Washington and NATO should continue to pursue a cooperative missile defense arrangement with Russia. That prospect is currently stalled by Moscow's demand for a legal guarantee that U.S. missile defenses in Europe not be directed against Russian strategic missile forces. While it is reasonable for the Russians to be concerned that missile defenses could affect the offense-defense relationship, that is a concern for the future. It is very difficult to see the U.S. plan for missile defenses in Europe over the next decade posing any serious threat to Russian strategic missiles.

NATO should leave the door open for cooperation and provide transparency about its missile defense capabilities and plans. A cooperative missile defense arrangement would be a significant achievement. It would remove one of the thornier issues from the U.S.-Russia and NATO-Russia agendas; provide for a better defense of Europe than just a NATO system alone; and give the Russian military greater transparency about U.S. and NATO missile defense capabilities. Such transparency could help assure Moscow that those missile defense capabilities pose no threat. Such cooperation, moreover, could

prove a "game-changer" in attitudes by making NATO and Russia genuine partners in defending Europe against ballistic missile attack.

Third, Washington should seek to work closely with Russia in the Six Party process on North Korea and the UNSC Five-plus-One talks with Iran. Russia may have only marginal influence in the Six Party talks, but it has absolutely no interest in a nuclear-armed North Korea. The Russians have been helpful in the Six Party process in the past.

Iran presents a more complex question. The Russians do not want to see Iran with nuclear weapons, but the level of urgency about this question in Moscow is less than it is in Washington. For the United States, a nuclear-armed Iran is a nightmare scenario. Russia, on the other hand, has had a more normal relationship with Tehran over the past 35 years. For the Russians, an Iran with nuclear weapons would be a very negative development, to be sure, but they believe—correctly or not—that they could cope with it, much as the United States has sought to deal since 1998 with an openly nuclear Pakistan. Moscow probably will not go as far as Washington would like in further pressuring the Iranian government, but that does not diminish the fact that the Russians have come a long way in supporting mandatory UN sanctions. The West would not want to see Moscow ease up on the measures it has adopted to date.

Fourth, continued cooperation on Afghanistan remains very much in the U.S. interest. The United States and NATO need Moscow's assistance for continued ease in moving equipment and personnel to—and, as NATO begins to draw down, from—Afghanistan. Even in the best of circumstances, Afghanistan is likely to remain an unsettled and fragile state after 2014. The Russians are concerned that instability there could spill over into Central Asia. It would make sense for Washington to intensify consultations with Moscow on steps that might be taken to bolster the stability of the Central Asian states that border Afghanistan.

Fifth, Washington should seek to expand the trade and investment part of the bilateral relationship with Moscow. It remains significantly underdeveloped for economies the size of those of the United States and Russia. Expanded economic relations would not only generate new export possibilities, but could provide economic ballast to the broader relationship, much as the economic ties between the United States and China provide a cushion for that relationship. The U.S. government should work with Moscow to facilitate a successful Russian entry into the World Trade Organization.

Achieving a boost in bilateral trade and investment links, however, will depend more than anything on steps that Moscow takes to improve the business and investment climate within Russia. While the growing Russian market attracts American companies, many are put off by the absence of rule of law, rampant corruption, corporate-raiding and complex tax, customs and regulatory systems. The cases of Hermitage Capital and Sergey Magnitsky sadly testify to the daunting challenges of doing business in Russia, and lead investors and trading companies to turn to other markets. If the Russian government wants to modernize its economy and enjoy the benefits of full integration into the global economic system, it will have to come to grips with these problems.

One thing that Congress can do to improve economic relations is to graduate Russia from the provisions of the Jackson-Vanik amendment and grant Russia permanent normal trade relations status. That will increase U.S.-Russian trade; one estimate suggests that American exports to Russia could double. If, on the other hand, the amendment is still in place when Russia accedes to the World Trade Organization this summer, American companies that wish to export to Russia will be disadvantaged. They will not be able to make use of WTO tariff benefits or trade dispute resolution mechanisms. Other countries' exporters to the Russian market of 143 million people will gain a comparative advantage over their American counterparts.

Moreover, Russia long ago met the requirements of Jackson-Vanik. The amendment was approved in 1974 to press the Soviet Union to allow free emigration for Soviet religious minorities, particularly Soviet Jews. In the early 1990s, Russia opened the flood gates for emigration, and hundreds of thousands of Russian Jews left. The only people who had problems securing emigration permission were a small handful who had had access to classified information; in most cases, they were permitted to leave after a few years. While the overall trend on human rights in Russia has been negative since Mr. Putin first became president in 2000, the government has not restricted the freedom to emigrate.

Jackson-Vanik has thus achieved its aims with regard to Russia. It no longer offers the United States leverage with Russia. The American Jewish community over a decade ago expressed its support for Russia's graduation. The leaders of Russian opposition groups support graduation. Its continued application will hurt American business and diminish the impact of threats of future Congressional sanctions against Russia. Should Congress consider sanctions in the future, the reaction in Moscow is likely to be: Why bother to comply? We met the requirements of Jackson-Vanik in the mid-1990s and 15 years later still remain under its sanction.

Coping with Problem Issues

While the U.S.-Russian agenda holds issues where cooperation is in the U.S. interest, there are other questions where the policies of Washington and Moscow conflict. That will continue to be the case for the foreseeable future. Where interests diverge, the U.S. government should make its case, seek ways to encourage change in Russian policy, and be prepared to manage differences that persist.

Washington and Moscow, for example, disagree sharply over Syria, where the Russians have unfortunately attached themselves to an autocrat whose days may well be numbered. U.S. diplomacy should seek to persuade Moscow to adopt a different course, one that would be better for the people of Syria and for Russia's interests in the region.

U.S. and Russian interests differ in the post-Soviet space, the region that is most likely to generate a major crisis in bilateral relations. Moscow seeks to gain influence over its neighbors, using mechanisms such as the Customs Union with Kazakhstan and Belarus. The Russians seek deference from other states in the post-Soviet space on issues that they

define as affecting critical Russian interests. One example is staunch Russian opposition to the enlargement of NATO or the European Union into the post-Soviet space. Russian policies often seem to have the effect of pushing neighboring states away from Moscow, but the Russians have not changed course.

The United States takes a different approach, rejecting the notion of a sphere of influence and supporting the right of each post-Soviet state to choose its own course. Some tension between the two approaches is inevitable. Washington should expect the kinds of tit-for-tat exchanges that have occurred in the past, such as when a U.S. Navy ship visit to Georgia was followed by a Russian warship calling on Venezuela. Given the difference in approaches, it would be wise for Washington and Moscow to consult closely and be transparent with one another on their policies in the post-Soviet space, so as to avoid surprises and minimize the chances that a clash of interests could escalate.

One other difficult issue is the democracy and human rights situation within Russia. While Russian citizens today enjoy considerably more individual freedoms than they did during the time of the Soviet Union, it is equally true that they enjoy fewer freedoms, are more subject to arbitrary and capricious state action, and have less political influence than during the 1990s, however chaotic that period was.

Democratic and human rights values are properly a part of U.S. foreign policy. The U.S. government has long raised human rights concerns with the Russian government and should continue to do so. It is difficult to envisage bilateral relations with Russia becoming truly "normal" while these problems persist.

U.S. officials should continue to make clear American concerns publicly and privately with Russian officials, including at senior levels. The U.S. government should, as it does now, maintain a policy of denying visas to those Russian officials associated with the Magnitsky case. This is a tool that the executive branch might consider applying in other egregious cases. Washington should consider other ways in which it might assist the growth of a robust civil society in Russia. And U.S. officials should maintain contact with the full spectrum of Russian society. It was an important signal that, during his one visit to Moscow as president, Mr. Obama met with a broad range of civil society activists, opposition leaders and other non-official Russians.

Unfortunately, the Russian legislative branch has been virtually absent in the discussion of democracy and human rights within Russia. Members of Congress and senators might consider how they might directly engage their Russian counterparts on these issues.

Washington should bear in mind, however, that its ability to affect internal change in Russia is limited at best. Real, lasting political reform must come from within. Hopefully, the opposition movement that has emerged over the past four months will strengthen, will not be suppressed by the government, and will grow into a vehicle through which ordinary Russians can gain a greater say in their politics and governance. There are ways in which the United States can encourage this on the margins, but this is an issue that Russians themselves must drive.

Madame Chairman,

The United States should continue to explore ways to work with Russia to advance American interests and to build a more positive, sustainable bilateral relationship. Doing so will increase American influence with and in Russia. It would be unwise for Washington, out of anger over differences over Syria or democratic backsliding within Russia, to hold back on working with Moscow on issues where cooperation can accomplish things of benefit to the United States. The U.S. government should be able to cooperate on issues where interests coincide while confronting Russia on other questions and making clear its democracy and human rights concerns—Washington should be able to walk and chew gum at the same time. Doing less would mean passing up opportunities to make Americans safer, more secure and more prosperous.

Thank you.

* * * * *

Chairman ROS-LEHTINEN. Thank you very much.
Dr. Aron.

STATEMENT OF LEON ARON, PH.D., DIRECTOR OF RUSSIAN STUDIES, AMERICAN ENTERPRISE INSTITUTE

Mr. ARON. Thank you very much, Madam Chairman, Mr. Berman, distinguished members.

Among the top, the very top priorities of U.S. Foreign Security policies, I doubt there are many, if any, objectives more important than a free democratic, stable, and prosperous Russia, peace at long last with its own people, its neighbors, and the world.

Assisting the emergence of such a Russia is or should be among the top U.S. geostrategic goals to which shorter terms policy should be attuned and adjusted. Always a hard job requiring skill, patience, perseverance, and a great deal of expertise.

Of late, this task has gotten even more complicated. On the one hand we have seen, and will continue to see without a doubt in the coming months and years a brilliant outburst of civic activity, a quest for democratic citizenship by the tens of thousands of Russians who demonstrated in the country's largest cities and by the millions who think like them. The civil rights movements will eventually crystallize politically, in effect another attempt at a democratic breakthrough following Russia's revolution of August '91.

On the other hand, after effectively 12 years in power, the Russian President, turned Prime Minister, turned President has engineered an election from which he barred every leader of pro-democratic opposition and limited the exposure of the majority of the Russians who get their news mostly from television to what a leader of the protestors and one of Russia's most popular writers, Boris Akunin, called Shameless Propaganda of Vladimir Putin's candidacy.

Fresh from the spectacular and well-documented falsification of the results of the previous election, the December 4th parliamentary election, the wholly-owned Kremlin subsidiary by the name of the Central Electoral Commission stood by to draw as they say in Russia whichever number the boss ordered.

Among the many troubling aspects of this so-called Electoral Campaign was anti-American propaganda, the likes of which we may not have seen since before 1985. Troubling, but hardly surprising, just as all politics is local, so in the end much of foreign policy is domestic politics. And whenever domestic politics is dicey the Kremlin, like all other authoritarians resort to a tried and true tactic, alleged external danger to rally the people around the flag, to smear and marginalize pro-democracy opposition as agents of enemies from abroad.

Putin's enemy of choice has always been the United States; hence, Secretary Clinton as a signaler to anti-Putin opposition. Hence, also, a number of policies that have already been mentioned so I'll only go through them very briefly.

It's been almost 2 years since Russia has criticized—has supported U.S. and Europe sanctions against Iran. Of late, it deplored these sanctions, unilateral sanctions aimed at Iranian oil exports. This past November Russia condemned the International Atomic

Energy report that provided further evidence of Iran's Nuclear Weapons Program.

Moscow continues to sell arms to Bashaw al-Assad's murderous regime even as it butchers its own citizens as the world watches. Along with China, Russia has vetoed two Western and Arab League-backed U.N. Security Council sanctions, resolutions threatening sanctions against Damascus and calling for Assad to step down.

The U.S. Ambassador to the United Nations, Susan Rice, called the February 4th veto outrageous and accused Moscow of standing with a dictator. Yet as late as March 13th, a senior Russian official confirmed that Moscow had no intention of rethinking its weapon sales and military cooperation with Syria.

Finally, despite untold hours of briefings, including at the highest level of U.S. Government, to demonstrate that Moscow worries about the U.S. missile defense in Europe are totally unfounded, this past November on national television President Dimitri Medvedev reiterated an earlier threat to station short-range ballistic missiles in the Kaliningrad region, and even to withdraw from the New Start Strategic Arms Treaty if the U.S. proceeds with the missile defense deployment.

So, what next for Russian foreign policy? Of course, nothing is certain in these types of predictions, but domestic politics may again provide some solid clues. The regime's post election strategy thus far has included a few concessions to the pro-democracy protestors such as the nominal return of the gubernatorial elections, and the recent registration of a Liberal Republican party of Russia. But a stronger and broader trend is clearly the one of authoritarian consolidation including selective persecution of some key leaders of the protestors, the reestablishment of the Kremlin's unchallenged control of television, and anti-American propaganda.

If this strategy which reminds one of the title of Lenin's article "One Step Forward, Two Steps Backward," continues to guide the Kremlin, then Russia is likely to maintain an assertive anti-U.S. posture in order to shore up its increasingly shaky legitimacy at home by lending as much credence as possible to the narrative of protecting the motherland against the scheming enemies of Russia on the outside and the fifth columnists from within. And as a result, occasional gestures such as goodwill toward the West and the United States, especially in the areas of deep security concerns for Russia such as Afghanistan, are going to be few and far between.

I wish I had a more cheerful forecast for U.S.-Russian relations for the remainder of this year but the preponderance of evidence points to a chill with possible frost on the ground.

Chairman ROS-LEHTINEN. Thank you.

[The prepared statement of Mr. Aron follows:]

Leon Aron, Ph.D.
American Enterprise Institute for Public Policy Reseach

Written Testimony

Committee on Foreign Affairs
U.S. House of Representatives

Hearings on "Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes"

March 21, 2012

Supplements attached for entry into the Record: Domestic Political Determinants of Russian Foreign Policy: "Putin-3" (*Russian Outlook*, January 2008); "The Bear and the Button" (*Russian Outlook*, July 2009)

Thank you, Madam Chairman

Among the very top priorities of U.S. foreign and security policies, I doubt there are many – if any – objectives more important than a free, democratic, stable, and prosperous Russia, at peace with its own people, its neighbors and the world. Assisting the emergence of such a Russia is, or should be, among the top U.S. geostrategic goals to which shorter-term policies should be attuned and adjusted.

Always a hard job, requiring skill, patience and perseverance and a great deal of expertise, of late this task has gotten even more complicated. On the one hand, we have seen— and will continue to see in the coming months and perhaps years—a brilliant outburst of civic activity, a quest for democratic citizenship by tens of thousands of Russians who demonstrated in the country's largest cities and by millions who think like them. This civil rights movement will eventually crystallize politically and effect another attempt at a democratic breakthrough following the Revolution of August 1991.

On the other hand, after effectively 12 years in power, the Russian President-turned Prime Minister-turned President-again has engineered an election from which he barred every prominent leader of pro-democratic opposition and limited the exposure of the majority of Russians who get their news mostly from television to what a leader of the protesters and one of Russia's most popular writers, Boris Akunin, called a "shameless propaganda" of Vladimir Putin's candidacy. Fresh from the spectacular and well-documented falsification of the results of the December 4 parliamentary election, a wholly-owned Kremlin's subsidiary called Central Election Commission stood by to "draw", as they say in Russia, whichever number that the boss orders.

Among the many troubling aspects of this so called "electoral campaign," was anti-American propaganda and rhetoric the likes of which we may not have not seen since before 1985. Troubling but hardly surprising. Just as "all politics is local" so, in the end, much of foreign policy is domestic politics. As is its wont whenever domestic politics is dicey, the Kremlin has again resorted to all authoritarians' tried and true tactics: alleged external danger to rally the people around the flag and to smear and marginalize pro-democratic opposition as agents of enemies from abroad. Putin's enemy of choice has always been the U.S. Hence, Hillary Clinton as a "signaler" to anti-Putin opposition.

An upshot of this domestic political strategy was the Kremlin's apparent decision to move beyond the rhetoric and to shift to anti-Western policies as well. Thus, beginning last year, Russia rejected all additional multilateral sanctions against Iran and criticized the U.S. and Europe for recent unilateral sanctions aimed at stifling Iranian oil exports. This past November Russia condemned an International Atomic Energy report that provided further evidence of Iran's nuclear weapons program.

Moscow continues to sell arms to Bashar al-Assad's murderous regime even as it butchers its own citizens as the world watches. Along with Beijing, Russia has vetoed two Western- and Arab League-backed U.N. Security Council resolutions threatening sanctions against Damascus and calling for Assad to step down. The U.S. Ambassador to the United Nations, Susan Rice, called the February 4 veto "outrageous" and accused Moscow of "standing with a dictator." Yet as late as March 13, a senior Russian official confirmed that Moscow had no intention of rethinking its weapons sales and military cooperation with Syria.

Finally, despite untold hours of briefings (including at the highest levels of U.S. government) to demonstrate that Moscow's worries about the U.S. missile defense in Europe are totally unfounded, this past November, on national television, President Dmitri Medvedev re-iterated an earlier threat to station short-ranged ballistic missiles in the Kaliningrad region, Russia's westernmost enclave bordering on Poland and Lithuania, and to withdraw from the New START strategic arms control treaty if the U.S. proceeds with the missile defense deployment.

So what next for Russian foreign policy? Of course, nothing is ever certain in this type of analysis, but domestic politics again may provide some solid clues. The regime's post-election strategy thus far has included a few concessions to the pro-democracy protesters, such as the nominal return of gubernatorial elections and the recent registration of a liberal Republican Party of Russia. But a stronger and broader trend is clearly the one of authoritarian consolidation, including selective persecution of some key protests leaders, the re-establishing the Kremlin's unchallenged control of television, and anti-American propaganda.

If this strategy, which reminds one of Lenin's article titled "One step forward and two steps backward," continues to guide the Kremlin's domestic behavior, as seems plausible, then Russia is likely to maintain an assertive anti-U.S. posture in order to shore

up its increasingly shaky legitimacy at home by lending as much credence as possible to the narrative of protecting the Motherland against the scheming enemies of Russia on the outside and the fifth-columnists on the inside.

As a result, occasional gestures of good will toward the West, especially in the areas of deep security concerns for Russia, such as Afghanistan, are going to be few and far between within a broad and unambiguously negative policy in areas of vital importance to the U.S. Therefore, I foresee no accommodation whatsoever on Iran, Syria, or missile defense.

I wish I had a more cheerful forecast for U.S.-Russian relations during at least the balance of this year but the preponderance of evidence points to a chill, with possible frost on the ground.

Mr. ARON. Madam Chairman, I would like to enter into the record two articles dealing with the domestic roots of Russian foreign policy, one from 2008 titled——

Chairman ROS-LEHTINEN. Thank you. Without objection subject to the length limitation and the rules.

Thank you so much, and thank you to all of our witnesses for excellent testimony.

I will start the round of questions where each member will have 5 minutes to ask questions. I wanted to focus on the Assad regime in Syria, and wanted to ask you, you all discussed it, but why is Russia so aggressively supporting that regime? What benefit, what is the end game? How does Russia see this playing out to benefit the nation? What are we to make of reports that Moscow has sent elite troops, units of Russian Marines, special operations forces to Syria in order to conduct antiterrorism missions in the country, whatever those may be? And if you could comment on news that we've read lately that Russian experts upgraded the long range radar systems in Syria in order to help Iran with an early warning system in event of an attack on its nuclear facilities. And, also, as Russia appears to be actively supporting both Iran and Syria, would you agree that our efforts to gain Russian cooperation regarding these countries have been a true failure? We'll start with Mr. Kramer.

Mr. KRAMER. Madam Chair, I think these are like-minded regimes, and they come to the aid and protection of each other. I think Mr. Putin was scared when he saw what happened to Ben Ali, and Mubarak, and Qaddafi, and he doesn't want to see the same thing happen to Assad in Syria. These kinds of leaders need to stay together.

Russia has not only vetoed the U.N. Security Council Resolution, as you and others have indicated, they are selling arms to the Syrian regime which the Syrian regime is in turn using to slaughter its own people. Russia has a base in Syria. Russia has continued to provide military support.

I'm afraid this doesn't come as a surprise. When you have the kind of regime you have in Moscow, I think it tries to come to the aid and support of a regime like we see in Damascus.

Chairman ROS-LEHTINEN. Thank you. Mr. Browder.

Mr. BROWDER. The Russian Government and the Russian State functions off the back of oil. That's the main fuel that fuels the economy. The Soviet Union ended when oil prices went down to $10 a barrel and Russia is flexing their muscles with oil at $120 a barrel.

It's in their interest to have instability in the Middle East because it keeps oil prices high, and so Russia is not playing a game of—they're not playing sort of good world stewards when they're voting at the Security Council. They're making sure that they can spoil the situation so oil prices stay high. And I think that that's a very important part of their calculus.

Chairman ROS-LEHTINEN. Excellent point. Ambassador.

Ambassador PIFER. I think Russian policy toward Mr. Assad has four reasons. First of all, they see him as an ally, unfortunately, and they don't have many allies left. They're reluctant to throw him over. A second part of this is payback to the West over Libya,

where they believe that the West took a U.N. Security Council Resolution and stretched it in its action in Libya. Third, and I think this is a bit more legitimate reason, is they don't know what comes after Mr. Assad. And I think that is a legitimate concern.

Finally, there is a rather paranoid view here, which is if you look at how the Russians talk about Syria it fits into a pattern of how they talked about the revolutions in Georgia, Ukraine, Tunisia, Egypt, that these aren't indigenous movements, that they're somehow directed, funded by the United States, and that they're somehow directed against Russia. And it seems very paranoiac, but when you look at what they say in Moscow, they say it so many times that you think they really must believe it.

I think the Russian policy is wrong. It's also misguided and self-defeating. It's going to position them badly with the Arab world, and if and when Mr. Assad goes down it will position Russia badly with his successors.

Chairman ROS-LEHTINEN. Thank you. Dr. Aron.

Mr. ARON. Very little to add to what's been said by my colleagues. I think it's one of the clearest cases of the uses of foreign policy for domestic politics. I think Vladimir Putin feels that the support for these types of regimes, and not so much specific support for specific regimes but opposing the U.S. and the West in the areas of not just strategic but moral concern is somehow bolstering his domestic political standing.

Chairman ROS-LEHTINEN. Thank you very much. Excellent answers. Thank you.

Mr. Berman is recognized.

Mr. BERMAN. Thank you very much. Hopefully, a quick response. Does the future of the Reset impact at all about whether Medvedev is made Prime Minister or not, or is that sort of irrelevant to the future of U.S.-Russia relations?

Mr. KRAMER. Mr. Berman, I would say it's irrelevant whether Medvedev becomes Prime Minister or not, and I don't think the Reset will have any bearing on that.

Ambassador PIFER. I would second that. I think that Mr. Medvedev will become Prime Minister. I think Mr. Putin will make that appointment. How long he remains in the position will depend on his success at grappling with the very difficult economic challenges that Russia faces, but I think that really is not related to the Reset question.

Mr. ARON. I think Putin has completely destroyed Medvedev as a political figure on the 24th of September when speaking to the United Party, United Russia Party. He put his arm around him and essentially said I had this boy warming up the seat for 4 years. And, in fact, when the protestors were polled, both by the survey firms but also anecdotally that moment to many of them was one of the most shameless moments in Russian political history, and propelled them to protest 2 months later.

Mr. BERMAN. Thank you. I want to get to the Magnitsky issue. And, Mr. Browder, I mean, I've read about this a lot, but your testimony was—put it all together in its most graphic sense.

We have done a lot of—with respect to Iran, but now with respect to Syria, other places, we have country-specific designations of where we ask the State Department to name human rights abus-

ers either generally, I'm not sure before in a specific case but maybe, and asset freezes. Does it makes sense to do this in a more general sense rather than specifically as to Russia, specifically about Magnitsky, to essentially set a process where we expect the appropriate agencies in the State Department to compile lists of human rights abusers in cases that we learn about where they're denied visas and where assets are frozen, or is doing it this way, specifically about Russia, specifically about this case, the preferred way to go, or should we be moving ahead on graduating and put this aside for now?

Mr. BROWDER. The answer is that this initiative, asset freezes and visa sanctions, is not just specifically for Magnitsky. It started out specifically for Magnitsky in the U.S. House of Representatives when I first testified in front of the Lantos Human Rights Commission, and it was then put into the Senate as well, just on Magnitsky. And what happened was that many, many other victims of human rights abuse in Russia came forward and said this is the most powerful tool that we've ever seen to challenge the impunity that's been washing over our country. And as a result, the decision was made by Senator Cardin, McCain, Lieberman and Wicker to broaden the legislation, not just for Magnitsky, but for all gross human rights——

Mr. BERMAN. But still Russia-specific.

Mr. BROWDER. Well, it doesn't say so in the legislation.

Mr. BERMAN. Oh.

Mr. BROWDER. I believe just—and this is my personal belief, that we found the new technology for fighting impunity in the rest of the world. Many, many of these crimes are done for money, and these people like to spend their money and travel, and enjoy the fruits and freedoms of the West. And when they can't, that touches them in the most profound way.

Mr. BERMAN. Anybody else have a 30-second thought on this?

Mr. KRAMER. Mr. Berman, if I could, I actually support graduating Russia from Jackson-Vanik, but I would argue only as a package with the passage of the Magnitsky bill. I think it would be a major mistake to grant Russia graduation without bringing up to speed legislation that deals with current day Russia's problems, and I think that's exactly what the Magnitsky case does, or the Magnitsky legislation.

If I could, also, there are two—there's been a lot of confusion about the position of opposition leaders when they issued a statement about a week ago in support of lifting Jackson-Vanik for Russia. There are two articles, if I may, Madam Chair, suggest entering into the record by Gary——

Chairman ROS-LEHTINEN. Without objection subject to the length.

Mr. KRAMER [continuing]. Both advocating very strongly for Magnitsky replacing Jackson-Vanik.

Mr. ARON. I think the Russian—the people who put their bodies on the line protesting in Russia know better, and they all while supporting, definitely supporting pulling of the Jackson-Vanik, and have also advocated very strongly some sort of legislation that both will show a moral concern by the United States about the human rights abuses both in Russia and the world, but also target specific

individuals whom Russian justice system simply is not capable of punishing.

Ambassador PIFER. I would just add that I think that visa and financial sanctions have proven effective in the past. Dave and I worked on these years ago, for example, with regards to Belarus, and I think that they have had an impact.

That said, I would urge that if the route is chosen as a piece of legislation that Congress write the legislation so that the sanctions are lifted, in fact, when the behavior is adjusted in the way that you wish. I think that's been one of the drawbacks of the Jackson-Vanik provision and its application to Russia, is 15 years after Russia met the requirements it still remains under that sanction.

Chairman ROS-LEHTINEN. Thank you very much. Mr. Smith is recognized.

Mr. SMITH. Thank you very much. Let me just—Secretary Kramer, you point out that since his laudable speech in July of '09 in Moscow in which he spoke about Russia's shortcomings in the area of human rights, Obama has been virtually silent on Russia's deteriorating political situation. Very strong criticism, and unfortunately in a whole host of human rights abuses around the world, including China; the President has been unbelievably silent when it has to come to human rights abuses.

My question, I'd like to delve into the Magnitsky case. You know, the administration as best as I can tell, does not just believe that the legislation is unnecessary, but as you pointed out, they're against it. As you know, the information that was leaked, or however it became known, in their analysis makes it very clear that the administration believes that the Immigration and Nationality Act already bars admission to the U.S. of aliens who have engaged in torture, in extrajudicial killings.

Back in 2000, I was the author of the Admiral Nance and Meg Donovan Foreign Relations Act of 2000, and we had a specific provision in there dealing with making inadmissible, in other words, visa bans on those people who engage in a number of human rights abuses, including forced abortion in China.

The problem has been when it's not country-specific nobody gets banned, or very few people get banned. For example, under the Admiral Nance and Meg Donovan Foreign Relations Act there was nobody under the Bush administration coming out of China or under the Obama administration who has been told, "Uh-uh, you're not coming here." And I've raised that I have a new bill in H.R. 2121 that is specifically focused on China because as we did with the Belarus Democracy Act. If you don't have specific country named, it seems that the administration is less enthusiastic about doing what they ought to be doing.

Now, the administration claims that they have denied visas to some people involved in the Magnitsky case. It's unclear how durable that is, how expansive it is. But as, Mr. Browder, you pointed out, his case has become the most well-documented and emblematic case of torture, heavily documented by himself as he was going through it.

So, my question really comes down to the administration. Is it your view that they're against it as this leaked document would clearly suggest? They talked about fears of retaliation, they talked

about ambiguous language with regards to the asset side of it. It seems to me that's why you put this into place so that we'll do our due diligence to ascertain whose assets ought to be frozen, as well as who ought to be barred entry into the United States.

So, again, it's like "Magnitsky Light" in terms of the legislation being supported by the administration which is not enough at all. I would hope, as you pointed out, that if the MFN were to go forward or the waiving and ending of Jackson-Vanik, this needs to be part of a package because otherwise, unfortunately, we will miss a significant opportunity. We didn't do it with China. They got PNTR and they got ascension into WTO with no linkage whatsoever to human rights. We created the China Commission, and I chair it, but I voted against the legislation, frankly, because China is the most, as Mr. Rohrabacher said yesterday, the most egregious violator of human rights globally. Nothing got better when the trade began to become unfettered.

So, your thoughts further because, again, this document, are they against it, as far as you know, the administration? Will they veto the legislation, maybe kill it before it ever comes out in the Senate or in the House?

Mr. KRAMER. Mr. Smith, first of all, let me express my thanks to you for your leadership on human rights issues. When I was in the government, your championing of the Belarus Democracy Act was invaluable to our efforts to go after people in the Lukashenko regime. As Steve Pifer mentioned, both of us were involved in that.

This kind of legislation I think is critical. It is very important to go after Russians. And the thing about this is that it is very targeted. It doesn't go after the entire country. It goes after Russian officials who engage in gross human rights abuses, who kill journalists, or lawyers, or human rights activists. And if they don't do that kind of thing, they won't be on the list.

And it's also very important, I would argue, not only to put them on a visa ban list, but to go after their assets. As I mentioned with the capital flight, there was $84 billion in capital flight last year. Russian officials don't put their ill-gotten gains in Russian banks, they know it's not safe and secure. They put them in Western banks, so by going after these assets it's critically important.

You're absolutely right, when China was granted PNTR, the China human rights situation did not improve, so graduating Russia from Jackson-Vanik won't improve the human rights situation.

Mr. SMITH. Is the administration against it?

Mr. KRAMER. My impression is the administration is, based on what Ambassador Mike McFaul said last week in several different meetings. I had been under the impression the administration was moving toward a deal, but McFaul's comments last week suggested that they, in fact, were not.

Chairman ROS-LEHTINEN. Thank you very much. Thank you, Mr. Smith. Mr. Meeks is recognized.

Mr. MEEKS. Thank you, Madam Chairman.

You know, for about 20 years, and I'm listening, it's a very good hearing. Russia has sought entry into the WTO, and for just as long a period of time the United States has prioritized Russia's admission to the WTO. So, the first reason you ask yourself is why? Just because want to be—no, I think it's because the WTO mem-

bership required that Russia reform some of its law and its legal systems, and reform Russian trade policy and practices, and strengthen Russia's Rule of Law. That was some leverage that we had to get them to the WTO. And at the end of this 20-year path, you know, we see some laws and rules that Russia would have to abide by by being in a body such as the WTO.

Now, by granting PNTR I don't think that we in no way can endorse or take in, or agree to allow human rights violations, and objections, and some of the objectionable, and even some of the despicable foreign policies or acts, what is happening on the ground in Russia.

Though, it is by recognizing and taking advantage of an improved law in a business climate that we look at one end deepening our economic trade the relationship allows because I always say that there are two forms of relationships that a country has, one is trade, the other is war. I don't like the scenario we had going back to the Cold War where we're at one another and we're looking at one another, and threatening one another, no need in going there. I don't want that—we can improve trade relations, then that gives us opportunities to move forward.

However, understanding the struggles that we've had within our own country, I admire the people of Russia, especially those who are standing up for their civil rights, especially those that are standing in the streets, especially those who are willing to lose their lives as people stood up in this country. And we should stand by them, and we should make sure that they are strengthened. But there are two tracks that we're taking here from what I see. And I don't want to cut off our nose to spite our faces.

And when I hear people talking about PNTR, that's going to hurt. Well, maybe that's the question I'll ask. If denying Russia PNTR, is that going to hurt Russia? Because the facts that I'm getting in, it's not going to hurt Russia. It's not something that makes them change. It'll make us, or put us at a competitive disadvantage with our other competitors around the world because we're now in a global economy.

So, I'll start with Mr. Pifer, does that—since Russia will be in the WTO this summer, is not granting PNTR, would that hurt Russia?

Ambassador PIFER. Well, first of all, let me say that I think getting Russia into the World Trade Organization is an American interest because that will force Russia to play by trade rules to which most American companies are accustomed. It will improve the trade environment there.

Second, if the United States does not grant Russia Permanent Normal Trade Relations status after Russia is in the WTO, that will mean that American companies will not be able to take advantage of certain WTO trade benefits, or WTO dispute resolution mechanisms. So, it'll be the Boeings, the John Deeres, it will be American companies that are then sanctioned, in effect, because they will not have the full benefits of WTO.

But having said that, there's no reason why you can't move to graduate Russia from Jackson-Vanik, and still take other measures to make clear American concerns about human rights issues within Russia. I mean, we ought to be able to walk and chew gum at the

same time and do both. It's not—and it should not be—an either/or situation.

Mr. MEEKS. Dr. Aron.

Mr. ARON. Well, you know, I was really very pleased to hear you, and I think these are very related issues, to talk about the protest in Russia, civil rights movement. You and I—I've written about this. The similarities are incredible. You know, look at their slogans, don't lie to us, don't steal from us, listen to us, don't step on us.

Mr. MEEKS. Absolutely.

Mr. ARON. They are against effective disenfranchisement, and they are for the equality before law. I think it's extremely important for all of us to understand that while you can call them political opposition, they're more like civil rights movements.

Mr. MEEKS. Absolutely.

Mr. ARON. And that is both good news for the regime and bad news. It's good news because they're not crystallizing politically, they're not—you know, you can't really—they have trouble developing national leaders, developing a political agenda, but the very bad news for the regime, and the good news for the world and the people of Russia is that they're deeply morally committed. This is a movement for moral renewal.

Mr. MEEKS. Which means the fight will never stop until they win.

Mr. ARON. It's very——

Chairman ROS-LEHTINEN. The fight may stop, but the 5 minutes brings this to an end.

Mr. MEEKS. Okay.

Chairman ROS-LEHTINEN. Thank you so much. Mr. Dana Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Madam Chairman. And, again, I think my commitment to human rights is very evident and I would, of course, support legislation that would hold human rights abusers in Russia or anywhere else, specifically aimed at Russia or other countries, I'd be very happy to support that.

But in saying that, I'm really appalled at the double standard that we use toward Russia. I mean, Chris mentioned it just in passing. I mean, there are no opposition rallies in China. There are no opposition parties. There's no newspapers that criticize the government. We have people who are being arrested for their religion and having their organs—murdered and having their organs taken out and sold, and we're not even taking that problem seriously. I mean, the double standard is incredible to me. And even the double standard we have to our own system.

Look, there's lots of shortcomings that Russia has, and we should be pushing them on them, no doubt about it. But let's not use the most sinister words that we can possibly think up to describe things that are not quite that sinister, that if we use the same standard on us would seem sinister.

How many people died in Waco? How many innocent citizens were incinerated, kids in Waco? Well, I want to tell you something, that can be described in very sinister terms. The guy who shot the woman who was holding her child at Ruby Ridge was given a pro-

motion by the Clinton administration, as was the person who gave the orders to burn down those families in Waco.

Now, does that mean that our system is very sinister, there's a sinister part of America—no, that means that people make mistakes, and we've got to make sure we hold them accountable for it. And we've got to expose it.

Now, let me ask this, with all the talk I've heard so far, of these rallies, of which we can proud that Russia now has rallies against Putin, how many of their leaders have been picked up by the Putin administration and jailed. How many are in jail right now for those rallies that we've just seen on television these last few months? Are there any?

Mr. ARON. They are harassed.

Mr. ROHRABACHER. Harassed.

Mr. ARON. No, no, no. And you're absolutely right about double standards with regard to China. And the answer to this is, first of all, life is not fair. And, secondly, I've been thinking a lot about this. You know, we did not spend untold amount of Treasury opposing China for 50 years in the Cold War.

Mr. ROHRABACHER. Okay, well, I've got to—listen, my time is going to be used up on China, and we're talking about Russia today. And I don't think Russia is being dealt a fair hand. Because I will tell you, Putin is not a good guy, we all know that. He has a background that would lead him to decisions and to an arrogance that we would not accept here. I mean, I think the self-inflicted wound of having to run again is going to hurt Russia. And I'm sorry they made that decision, but let's go back to number one, the level of repression in Russia.

I have asked over and over again, Madam Chairman, for lists of names of people who are political prisoners in Russia, and when I get the list almost all of them deal, and all of the journalists that have been repressed, almost all deal with the Chechnyan War. And let me just note that we have our own situation now where the police chiefs of New York City—oh, there must be massive repression against the Islamic community in New York because after 9/11 they started surveilling the Muslim community in New York.

Well, in Russia there was a school where they blew up a whole bunch of kids, the Chechnyans did, they went into a theater, they have been conducting terrorist activity in and on Russians.

Now, yes, that leads people to overreact at times, but almost all of the political prisoners, Madam Chairman, where I've asked to get the list from and all the sinister discussion of all the political prisoners that they have now, and the journalists who have been assassinated, almost all of it is traced to this war with radical Islam, and especially the Chechnyan War.

Now, I don't think that is fair for the American people not to know. I think it's okay to say okay, they got political prisoners as a result of this war with radical Islam, but American people are given the assumption that the political prisoners are all just democratic reformers who are out protesting against Putin. That's not a fair comparison.

Look, I want to—again, let's hold the Russians who are involved with human rights violations, hold them personally accountable, but let's not create a false image here that creates a—we should

be best friends with Russia in dealing with the China threat and the radical Islamic threat. That's what's on both of us. Instead, we're pushing them away, and pushing them into the arms of China.

Chairman ROS-LEHTINEN. Thank you, Mr. Rohrabacher. Mr. Connolly. Thank you, Mr. Connolly is recognized.

Mr. CONNOLLY. Thank you, Madam Chairman. Well, gosh, I certainly take a point from our friend from California, but we just had some of the most powerful testimony this committee has ever heard about a political prisoner who was not from Chechnya. He had the gall to actually try to practice law and represent a defendant falsely accused on trumped up charges to cover up massive corruption. And that is not an anomaly in Russian jurisprudence sadly.

So, right here in this hearing we actually have an example, Mr. Rohrabacher of exactly what you're saying, give me proof. And it isn't just an example, it is a horrific example of the worst kind of totalitarian justice, frankly, and it needs to be singled out and condemned——

Mr. ROHRABACHER. Would the gentleman yield for just one moment?

Mr. CONNOLLY. Yes, sir.

Mr. ROHRABACHER. I'd like to be on the record to make sure I am appalled at that type of activity, and just don't let anybody think by my remarks that I in any way excuse that type of thing. So, thank you.

Mr. CONNOLLY. I thank the gentleman. But let me go to the Ambassador. Ambassador, you said in your testimony, and I know you weren't suggesting therefore do nothing, but you said, frankly, our ability to influence practice within—domestically within Russia is limited. And I think back to the Cold War era which, sadly, I'm old enough to remember vividly.

We did, we adopted Vanik-Jackson, Jackson-Vanik. We supported refuseniks. We singled out Sharansky and some other high profile dissidents and by doing so protected them from what Mr. Browder described tragically that happened to Mr. Magnitsky, so we were able under the Communist era to somewhat influence behavior. We can't be delusional about how much, but—and maybe it had counterproductive impacts, as well. I don't know, but how do we solve this balance, though, between the moralistic instincts of U.S. foreign policy that have always been with us in the bounding of the Republic, and the politics of Realpolitik where we have to pursue our own self-interest economically, and politically, and geopolitically. And maybe what we should do is just turn a blind eye to all that stuff, unpleasant though it is.

What's the balance in Russia? And I wanted to give you an opportunity to sort of expand a little bit on that so we don't misconstrue what you meant.

Ambassador PIFER. No, I think your question is a very good one. And it's one of the challenges that this administration has faced, and really every administration for the last 30 or 40 years has faced with the Soviet Union, or Russia, is how do you strike that balance between on the one hand engaging on issues where you can work with the Soviet Union or Russia to advance interests, while

also being clear about problems that you have on the human rights side.

I think if you go back, for example, to the Reagan administration, during the Reagan administration there was a four-part agenda: Arms control, regional issues, bilateral questions, and human rights. And I think the experience of those 8 years was that as you made progress on some of the positive issues it, in fact, increased your ability to have impact on human rights questions.

I served at the Embassy in Moscow from 1986 to 1988 during the Reagan administration's second term, and at that point we saw progress, in fact, increasing our ability to push and help make change on the human rights side, and you were seeing a good number of refuseniks beginning to get out and such. So, this is one of the challenges is, in fact, finding a relationship where if you can work to find interests which coincide and you can broaden that relationship that, in fact, may give you a greater ability to affect the Russians' decisions on questions like human rights where we have real problems.

Mr. CONNOLLY. And I understood from your testimony, too, we can't frame this as an either/or. Either we pursue our self-interest very callously and turn a blind eye to all this human rights stuff, or we pursue this high moral ground at the expense of our self-interest. That's a false choice.

Mr. ARON. Exactly.

Ambassador PIFER. That would certainly be an easier way to do the policy, but it's the wrong policy for the United States.

Mr. CONNOLLY. Mr. Kramer, thank you. Very little time here, but you gave pretty blunt assessment of Russia and its governance. What is your prescription for U.S. foreign policy given the characterization you made of the Russian leadership?

Mr. KRAMER. Mr. Connolly, when I was in the Bush administration, we tried to pursue areas of common interest with Russia while also pushing back wherever we had differences. I would argue that policy should remain the same. I think the current approach has been with much more emphasis on pursuing common interest, and not on the push back. I would apply that not only to the area of human rights and democracy problems in Russia, but also toward Russia's neighbors.

If I can, I know we're out of time, but I'm sorry Mr. Rohrabacher left. I do worry——

Mr. CONNOLLY. This is going to cost me chocolate.

Chairman ROS-LEHTINEN. Don't bring him back, come on. Have pity on us.

Mr. KRAMER. Madam Chair, I do worry that there was a demonization of Chechens in the comments that he made. In 1994 to 1996 when Russia invaded Chechnya, there were tens of thousands of Chechens slaughtered. In 1999 when the war resumed with Chechnya, there were tens of thousands of Chechens slaughtered again. This is how Putin came to power. It is impossible to separate the problem in the North Caucasus. It is impossible to separate the issue of Chechnya from Putin's current position. This is how he came to power.

So, while, of course, the Magnitsky case is not related to Chechnya, what happened in Chechnya is appalling, and the cur-

rent leader of Chechnya is one of the worst human rights abusers in the country, if not in the world.

Chairman ROS-LEHTINEN. Thank you, Mr. Connolly, and thank you, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Madam Chair. My apologies, terrible schedule today of having to have two committee hearings at the same time. But I do want to thank you for calling this important hearing on Russia, and my apologies to our expert witnesses here this morning that I wasn't here to listen to their testimonies. But just a couple of questions, I would appreciate from our witnesses.

Correct me if I'm wrong, but it's my understanding that we spent well over $5 trillion to win the Cold War against the former Soviet Union. And correct me if I'm wrong again, it appears that we were not anticipating that this would happen to the Soviet Union's downfall. And my question is with all the spying, and the intelligence, and things that we've done for the 40-year period during the Cold War, why is it that our national leaders never realized that something was going wrong, that the Soviet Union would just collapse. Can anybody—maybe I'm wrong. Can anybody tell me—we're pretty good at keeping eyes on the atomic weapons, their missiles, and all the military might, but we couldn't even predict the fact that they would fall. Am I wrong in this? I would appreciate the witness' response to this.

Ambassador PIFER. Congressman, I have to admit guilt. I served at Embassy Moscow from 1986 to 1988 and we did not see at the end of 1988 that the Soviet Union would not be in existence 3 years later.

Mr. BERMAN. Would the gentleman yield?

Mr. FALEOMAVAEGA. I gladly yield.

Mr. BERMAN. There's one exception to what the gentleman said. I heard Daniel Monynihan give a speech in January 1985 where he predicted—he was a little wrong because he predicted by the end of the century the Soviet empire would disintegrate because of its own failings.

Ambassador PIFER. I think there was one American analyst, George Kolt, who made the prediction but he was very much of a minority view at the time.

Mr. BERMAN. Imagine a politician making it.

Mr. ARON. If I may, this is very gratifying to me because in the new book that Madam Chairman so kindly mentioned published by Yale this June, the first chapter is precisely dealing with the issues of why nobody could predict it.

Chairman ROS-LEHTINEN. Out this spring.

Mr. ARON. And the reason for this, very briefly, is that we looked in the wrong places. We're all trained to look at the economy, military, security, we never look at the morality. And this regime, like all authoritarian regimes, like Arab Spring, like any other fall of authoritarian regime, ultimately starts, the spark is moral revolution. And I think this is what Gorbachev's glasnost did. And that nobody could predict.

Mr. FALEOMAVAEGA. I think my colleague from California mentioned about the good Senator Monynihan from New York, but just one leader in our Government was able to make the prediction?

That amazes me. With all the Rand Corporations, and all the experts and everything that we have in our capacity to look at—especially as the only other super power, it was our rival, and we were not able to see this coming. Because the next thing that leads to my next question, this was basically a socialist-Marxist society as a country, and their idea of a free enterprise, free marketing system unlike the Chinese, there's about $300 billion worth of assets that Chinese business people had outside of China which enabled China, in my humble opinion, why the economy is able to do it, because you've got multi—hundreds of billions of dollars of Chinese investors that go into it from Taiwan. You know, maybe they all don't realize Taiwan and China, even before the better relations they now have, they were having 100-billion trade relationship, unofficial they call it.

My question that I wanted to raise on this is that did it seem that—and it didn't matter what administration, we failed—our Government failed to give the Soviet Union or Russia the necessary resources to bring itself back to regain its sense of stability, if you will. Am I wrong on this, because I seem to get that—whether Democrat or Republic administration, in my opinion we failed to give Russia the necessary resources to regain itself in terms of what happened when they tried to work in a Democratic system. They tried to work getting to the free market system, but it seems that our Government just didn't seem to give them the resources. Dr. Aron, am I wrong on this assessment?

Mr. ARON. It's very complicated. Let me just remind you that Russia is making $900 million a month from the sale of oil. I think the resources it not exactly the issue. I think it's inability of the Russian civil society to mature and to watch over executive, which is why the current protests are so hopeful because that may be a sign of an evolving civil society, which is our best hope.

Mr. FALEOMAVAEGA. I've got 50 more questions, but I've got my 20 seconds left. Madam Chair, I will have written questions. I just wanted to ask if the Obama administration made the right decision not to hold a missile defense system built in Poland, the Czech Republic years ago. But my time is up, I'm sorry.

Chairman ROS-LEHTINEN. Maybe we have time for a yes or no.

Mr. KRAMER. They handled it the wrong way, but their current system is not a bad one.

Mr. FALEOMAVAEGA. All right, thank you. Thank you, Madam Chair.

Chairman ROS-LEHTINEN. Thank you so much. Mr. Sherman is recognized for 5 minutes.

Mr. SHERMAN. Thank you, doctor, and I think you've hit on something, and that is you need a unifying ideology to keep an elite, and an entire society together, an agreement as to who should rule, that can be theocracy, the Division Right of Kings, Communism when you believe it as a religion, or something very close, democracy has a lot of appeal. And I would comment that the ideology that gives the Communist party of China the right to rule is we're a bunch of—we're a Communist party that no longer believes in Communism. This is not an ideology or a morality, if you will, that's going to hold water. Their second reason is we bring you 7 percent growth, and as long as they do they won't have an ideolog-

ical problem. But I doubt very much whether there's an ideology that will help that government survive bad economic times.

My first question is to the entire panel. There's a tension in foreign affairs between self-determination on the one hand, and territorial integrity on the other, the two great wars fought on American soil, one in 1776 was our war for self-determination, and in 1861 began our war for territorial integrity.

Now, we took the side of self-determination vis-à-vis the individual republics of the Soviet Union, the republics of Yugoslavia, and the Serbian region of Kosovo. We took the side of territorial integrity with regard to Abkhazia, South Ossetia, Trans-Dniester Moldova, the Krajina region of Croatia, and the northern parts of Kosovo that wanted to break off from the newly independent Kosovo. Is there any consistent them in all that? Does anybody have a theme?

Ambassador PIFER. I'm not going to argue that the policy was always consistent. I think with regard to the specific case of the breakup of the Soviet Union, the decision was to recognize the states that emerged in their territorial boundaries at that point, because redrawing one of those borders would open up a can of worms.

Mr. SHERMAN. I would say there is a consistent theme, and I agree, the individual decisions can be justified. But in I believe it's like 15 different cases or close to that, we took the anti-Russia position whenever we had to decide between territorial integrity and self-determination. The Krajina region of Croatia had to stay with Croatia because the Serbs there wanted independence. Northern Kosovo could not rejoin Serbia, et cetera, et cetera.

I realize that—so whether it was—I mean, Kosovo was never an independent republic, and yet we—and for very good individual reasons. But when you lay out a whole plan like this, it seems like the reflex from the Cold War of taking the anti-Russian position is also a theme underlying our individual decisions. Dr. Aron.

Mr. ARON. Just to remind you of one exception to your rule, and perhaps the one that mattered the most to Russia.

Mr. SHERMAN. Chechnya.

Mr. ARON. Chechnya, yes.

Mr. SHERMAN. Yes. No rule is any good without one exception.

One thing that's important at least to a lot of Americans are the Schneerson Collection of papers. I don't know if any of you are familiar with those. We returned the Smolensk Library to Russia. Do any of you have any ideas as to why the Russians are so stubborn on these papers and/or what we could do to change their minds? Dr. Aron?

Mr. ARON. Well, it's the inability to come to terms with the crimes of Stalinism, of which by the way the Smolensk Archive is one of the key evidences. It's all written, it's all there. It's the archive of the Obkom which is the regional party committee detailing all sorts of——

Mr. SHERMAN. Are you saying that our return of the Smolensk Archives was somehow harmful to Russian interests?

Mr. ARON. No, no, no, no, no. What I'm saying is in the case—no, it's a good thing that we returned them. It's just the uses that

Russia refuses to make of its past is continuing to poison the situation in the country. Katyn Massacre——

Mr. SHERMAN. A few religious documents cannot be released?

Mr. ARON. No, no, no, they're not religious documents.

Mr. SHERMAN. The papers of the Chabad Rebbe?

Mr. ARON. Oh, I see, I see. Sorry.

Mr. SHERMAN. Yes, sorry, wrong answer.

Mr. ARON. There is a——

Mr. SHERMAN. Doctor, perhaps—does somebody have a comment on the papers I was talking about?

Mr. ARON. Right, okay, sorry, I take it back.

Mr. SHERMAN. Great answer, but not to my question. Anyone have a comment? Thank you. I yield back.

Chairman ROS-LEHTINEN. Thank you very much, and I thank the members, I thank the audience, I thank the panelists. And the trial starts Saturday.

Mr. BROWDER. The rally scheduled for Sergei Magnitsky was—the first rally that they have rejected, they're not allowed the rally for Sergei Magnitsky on Saturday, and they're going to be starting the trial imminently, we don't know when, again Sergei and against myself. Sergei dead, me in absentia in the first ever posthumous trial in Russian history.

Chairman ROS-LEHTINEN. Amazing. Well, thank you very much. Thank you for excellent testimony, and the meeting is adjourned. Much success.

[Whereupon, at 12:18 p.m., the committee was adjourned.]

APPENDIX

Material Submitted for the Hearing Record

FULL COMMITTEE HEARING NOTICE
COMMITTEE ON FOREIGN AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-0128

Ileana Ros-Lehtinen (R-FL), Chairman

March 14, 2012

You are respectfully requested to attend an OPEN hearing of the Committee on Foreign Affairs, to be held in Room 2172 of the Rayburn House Office Building **(and available live, via the WEBCAST link on the Committee website at http://www.hcfa.house.gov)**:

DATE: March 21, 2012

TIME: 10:30 a.m.

SUBJECT: Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes

WITNESSES: The Honorable David J. Kramer
President
Freedom House

Mr. William F. Browder
Chief Executive Office
Hermitage Capital Management

The Honorable Steven Pifer
Director of the Brookings Arms Control Initiative
Brookings Institution
(Former U.S. Ambassador to Ukraine)

Leon Aron, Ph.D.
Director of Russian Studies
American Enterprise Institute

By Direction of the Chairman

The Committee on Foreign Affairs seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202/225-5021 at least four business days in advance of the event, whenever practicable. Questions with regard to special accommodations in general (including availability of Committee materials in alternative formats and assistive listening devices) may be directed to the Committee.

COMMITTEE ON FOREIGN AFFAIRS

MINUTES OF FULL COMMITTEE HEARING

Day *Wednesday* Date *3/21/12* Room *2172 RHOB*

Starting Time *10:30 a.m.* Ending Time *12:18 p.m.*

Recesses ____ (____to ____) (____to ____) (____to ____) (____to ____) (____to ____) (____to ____)

Presiding Member(s)

Rep. Ileana Ros-Lehtinen

Check all of the following that apply:

Open Session ☑
Executive (closed) Session ☐
Televised ☑

Electronically Recorded (taped) ☑
Stenographic Record ☑

TITLE OF HEARING:

Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes

COMMITTEE MEMBERS PRESENT:

See attendance sheet.

NON-COMMITTEE MEMBERS PRESENT:

HEARING WITNESSES: Same as meeting notice attached? Yes ☑ **No** ☐
(If "no", please list below and include title, agency, department, or organization.)

STATEMENTS FOR THE RECORD: *(List any statements submitted for the record.)*

Rep. Meeks (4 SFR)
Rep. Connolly (SFR)
Dr. Aron (2 SFR)
Mr. Kramer (2 SFR)

TIME SCHEDULED TO RECONVENE _____
or
TIME ADJOURNED *12:18 p.m.*

Mean Carroll, Director of Committee Operations

Hearing/Briefing Title: Russia 2012: Increased Repression, Rampant Corruption, Assisting Rogue Regimes

Date: 3/21/12

Present	Member
X	Ileana Ros-Lehtinen, FL
X	Christopher Smith, NJ
X	Dan Burton, IN
	Elton Gallegly, CA
X	Dana Rohrabacher, CA
	Donald Manzullo, IL
X	Edward R. Royce, CA
X	Steve Chabot, OH
	Ron Paul, TX
	Mike Pence, IN
	Joe Wilson, SC
	Connie Mack, FL
X	Jeff Fortenberry, NE
	Michael McCaul, TX
	Ted Poe, TX
	Gus M. Bilirakis, FL
	Jean Schmidt, OH
X	Bill Johnson, OH
	David Rivera, FL
	Mike Kelly, PA
	Tim Griffin, AK
	Tom Marino, PA
	Jeff Duncan, SC
	Ann Marie Buerkle, NY
	Renee Ellmers, NC
X	Robert Turner, NY

Present	Member
X	Howard L. Berman, CA
	Gary L. Ackerman, NY
X	Eni F.H. Faleomavaega, AS
	Donald M. Payne, NJ
X	Brad Sherman, CA
	Eliot Engel, NY
X	Gregory Meeks, NY
	Russ Carnahan, MO
	Albio Sires, NJ
X	Gerry Connolly, VA
X	Ted Deutch, FL
	Dennis Cardoza, CA
X	Ben Chandler, KY
	Brian Higgins, NY
	Allyson Schwartz, PA
	Chris Murphy, CT
	Frederica Wilson, FL
X	Karen Bass, CA
	William Keating, MA
	David Cicilline, RI

The Honorable Gerald E. Connolly (VA-11)
HCFA Full Committee Hearing
Investigating the Chinese Threat, Part One: Military and Economic Aggression
Wednesday, March 28, 2012

The global economic downturn has forced U.S. policymakers to examine China's prominent position vis-à-vis our trade deficit. According to the U.S.-China Economic & Security Review Commission's most recent report, trade between the United States and China "has grown rapidly, but...has been very unbalanced." This is intertwined with currency reform, an initiative on which China has been sluggish. The Commission report goes on to mention that the Chinese government's policies of "'indigenous innovation'...have further slowed the pace of economic reform and affected the ability of American companies to operate and compete in China."[1] These economic aspects of the relationship are a reminder that U.S.-China ties are marked by a number of issues and interests.

A true economic partnership ought to be fair and equitable. Industry representatives often state that this is not the case with China. A common complaint is China's lackluster record with regard to intellectual property enforcement. When this Committee last examined the issue of China, I cited the U.S. Trade Representative's Special 301 Report for 2010, which stated "China's IPR enforcement regime remains largely ineffective and non-deterrent." The same report went on to say, "The share of IPR-infringing product seizures at the U.S. border that were of Chinese origin was 79 percent in 2009, a small decrease from 81 percent in 2008."[2] The 2011 report noted Premier Wen Jiabao's Special Campaign, which "appears to have resulted in improved coordination among various IPR enforcement authorities in China at the central, provincial, and local levels."[3] Any progress ought to be welcomed with the clarification that we expect more progress.

A point of possible contention in the bilateral relationship is the role each country believes the other ought to take in matters of international security. Two key examples are Taiwan and North Korea. With regard to Taiwan, U.S. policy has been codified for over 30 years in the Taiwan Relations Act of 1979. The Act requires the United States "to provide Taiwan with arms of a defensive character" and states that "the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary." Current reports indicate that China has about 1,000 active missiles pointed directly at Taiwan.

With regard to North Korea, China has supported U.N. actions condemning North Korea. Given the unique relationship between China and North Korea, including the two countries' shared border, China may have a great opportunity in helping diffuse tensions on the Korean peninsula. Currently, it is unclear how China's role will unfold. The world is certainly watching the peninsula. In March of 2010, an attack on a South Korean warship resulted in 46 dead. And in November, North Korea brutally shelled the South Korean island of Yeongpyeong and killed four civilians. That was an unprovoked, horrifying attack on an important U.S. ally. The Korea-U.S. Free Trade Agreement has only strengthened the alliance.

Most recently, the United States' announcement of a pivot toward Asia has added to the conversation about our role in the Pacific. Nevertheless, given the multifaceted bilateral relationship, I am confident that both the U.S. and China can candidly discuss each nation's concerns in the hopes of moving forward. Thank you, Chairman Ros-Lehtinen.

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[1] 2010 report to Congress of the U.S.-China Economic and Security Review Commission, November 2010, pg. 2.
[2] U.S. Trade Representative, *2010 Special 301 Report*, both quotes can be found on p. 19.
[3] U.S. Trade Representative, *2011 Special 301 Report*, pg. 20.

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE GREGORY W. MEEKS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

ЦЕНТР АНТИКОРРУПЦИОННЫХ ИССЛЕДОВАНИЙ И ИНИЦИАТИВ

ТРАНСПЕРЕНСИ ИНТЕРНЕШНЛ - Р

109189, Москва, Николоямская улица, д. 1; тел/факс: + 7 495 - 915 00 19;
e-mail: **info@transparency.org.ru;** web: **http://www.transparency.org.ru**

March 1st, 2012

The Honorable Harry Reid
United States Senate
522 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Mitch McConnell
United States Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Max Baucus
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Orrin Hatch
United States Senate
104 Hart Senate Office Building
Washington, DC 20510

The Honorable John Boehner
United States House of Representatives
H-232 The Capitol
Washington, D.C. 20515

The Honorable Nancy Pelosi
United States House of Representatives
235 Cannon House Office Building
Washington, D.C. 20515

The Honorable Dave Camp
United States House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

The Honorable Sandy Levin
United States House of Representatives
1236 Longworth House Office Building
Washington, DC 20515

The Center for Anti-Corruption Research and Initiative Transparency International – Russia strongly support abolishing of the Jackson-Vanik Amendment.

The Center Transparency International – Russia, Russian non-governmental organization works to promote transparency, accountability and integrity in public and business life of the country and to curb negative impacts of corruption to the Russian society. In our work we consider openness and fair competition as well as exposure of Russian market to best business practices and standards and international legal regulations to be basic pre-conditions for successful anti-corruption reforms.

We believe that Jackson-Vanik Amendment at this point not only outdated itself and does not play anymore its initial role but it also became a serious obstacle for Russia making the final step to join

WTO. That definitely does not help our cause. In the light of Russia recently jointing UN Convention against Corruption and OECD Anti-Bribery Convention it is important both for us and for the global community to see Russia becoming an equal partner at the global market and in the system of global accountability. Bringing the same legal instruments which govern business communities of the West to Russia can significantly increase potential of anti-corruption efforts of Russian civic and business anti-corruption community.

Therefore we would like once again to call you to support repealing of Jackson-Vanik and thus to help us to bring fair competition back to our country.

Elena A. Panfilova
Director of the Center Transparency International – Russia
Co-Chair of the US-Russia Civic Anti-Corruption Working Group

Remove Russia from Jackson-Vanik!

March 12, 2012

Removal of Russia from the provisions of the Cold War era Jackson-Vanik Amendment has long been an issue of political debate. Although the outdated nature and irrelevance of the amendment is widely recognized, some politicians in the United States argue that the removal of Russia from Jackson-Vanik would help no one but the current Russian undemocratic political regime.

That assumption is flat wrong. Although there are obvious problems with democracy and human rights in modern Russia, the persistence on the books of the Jackson-Vanik Amendment does not help to solve them at all. Moreover, it brings direct harm. It limits Russia's competitiveness in international markets for higher value-added products, leaving Russia trapped in its current petro-state model of development and preventing it from transforming into a modern, diversified and more hi-tech economy.

This helps Mr Putin and his cronies, who continue to benefit from control over raw materials exports and who have no real interest in diversifying Russia's economy. During the period of their rule, dependence on oil and gas exports has become even greater than before. Needless to say, hanging in a petro-state limbo prevents the emergence in Russia of an independent and advanced middle class, which should be the main source of demand for pro-democracy political transformation in the future. More and more talented and creative Russians are leaving the country because there are better opportunities for finding good jobs in hi-tech industries abroad.

At the end of the day, those who defend the argument that Jackson-Vanik's provisions should still apply to Russia in order to punish Putin's anti-democratic regime only darken Russia's political future, hamper its economic development, and frustrate its democratic aspirations.

Jackson-Vanik is also a very useful tool for Mr Putin's anti-American propaganda machine: it helps him to depict the United States as hostile to Russia, using outdated cold-war tools to undermine Russia's international competitiveness.

We, leading figures of the Russian political opposition, strongly stand behind efforts to remove Russian from the provisions of the Jackson-Vanik Amendment. Jackson-Vanik is not helpful in any way -- neither for promotion of human rights and democracy in Russia, nor for the economic interests of its people. Sanctions which harm the interests of ordinary Russians are unhelpful and counter-productive – much more effective are targeted sanctions against specific officials involved in human rights abuse, like those named in the Senator Benjamin Cardin's list in the Sergey Magnitsky case (Senate Bill 1039).

It is time to remove Russia from Jackson-Vanik!

Sergey Aleksashenko
Political Council member, People's Freedom Party (Parnas)

Alexander Lebedev
Independent businessman and politician

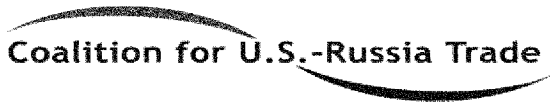
Vladimir Milov
Leader, "Democratic Choice" movement

Alexey Navalny
Attorney and civil activist

Boris Nemtsov
Co-chairman, People's Freedom Party (Parnas), "Solidarity" movement

Ilya Ponomarev
State Duma member, Just Russia Party

Vladimir Ryzhkov
Co-chairman, People's Freedom Party (Parnas)



March 14, 2012

TO THE MEMBERS OF THE UNITED STATES CONGRESS:

The undersigned members of the Coalition for U.S.-Russia Trade strongly urge you to support legislation that will graduate Russia from the Jackson-Vanik amendment and establish Permanent Normal Trade Relations (PNTR) with Russia. The Coalition comprises businesses from across the goods, services and agricultural sectors of the economy. Russia's graduation from Jackson-Vanik and PNTR is the top trade priority on the U.S. business community's legislative agenda this year.

This legislation is crucial in order for U.S. manufacturers, service providers, agricultural producers and their employees to take advantage of the many market opening and transparency commitments that form Russia's accession package to the World Trade Organization (WTO). PNTR also gives the United States a powerful tool by enabling the United States to ensure that Russia abides by those commitments through internationally binding WTO dispute settlement.

The Jackson-Vanik amendment to the Trade Act of 1974 was enacted with the chief purpose of ending the policy that prevented emigration of Jews from the then-Soviet Union. With respect to Russia, the Jackson-Vanik amendment has successfully accomplished its objective. Russia terminated its exit fees on Jewish emigrants in 1991, and today Russian Jews can freely emigrate. Since 1992, U.S. Presidents of both parties have certified annually that Russia complies with the Jackson-Vanik amendment's provisions, and this has allowed the United States to maintain Normal Trade Relations (NTR) status with Russia. Now is the time for Congress to end this certification process and make this normal trading status permanent.

Since no other WTO member has a law similar to Jackson-Vanik, all of Russia's trading partners except the United States will immediately benefit when Russia joins the WTO, which is expected to happen by mid-summer. If Congress fails to enact PNTR with Russia before then, U.S. industry will be on the sidelines of Russia's market, at a disadvantage for lucrative contracts, and without the full tools provided by a WTO relationship.

Russia is the world's 11th largest economy and is already Europe's largest consumer market. We have seen Russia's growing demand for high quality goods and services. Yet many of Russia's WTO commitments that will greatly improve its business climate, such as its adherence to the rules of the international trading system with respect to intellectual property rights, science- and risk-based regulation for animal and plant health, and liberalizations in key sectors such as services will be out of the United States' reach -- unless Congress passes Russia PNTR legislation.

Russia is an important part of U.S. business' global strategy to create and sustain jobs at home by enhancing our long-term competitiveness abroad. Many U.S. companies have developed vibrant, profitable and rapidly-growing business and trade with Russia, with clear strategic benefits to parent companies, exports from, and employment in, the United States. Without PNTR, U.S. companies and their employees will be left behind our competitors in this growing and profitable market.

We strongly urge you to pass the legislation that will enable the U.S. economy to take advantage of Russia's accession to the WTO by supporting legislation to graduate Russia from Jackson-Vanik and enacting PNTR with Russia when it comes up for a vote.

Respectfully,

3M

ACE Group

AGCO Corporation

Abbott Laboratories

Adams and Reese LLP

Aerolase Corporation

Aerospace Industries Association

Akin Gump Strauss Hauer & Feld LLP

Alcoa, Inc.

Almaz Capital Partners

Altrius Group, LLC

Amway

American Automotive Policy Council (AAPC)

American Chamber of Commerce in Russia

American Chemistry Council (ACC)

American Council of Life Insurers

American Councils for International Education: ACTR/ACCELS

American Farm Bureau Federation

American Feed Industry Association (AFIA)

American Forest & Paper Association

American Foundry Society

American Institute for International Steel

American Natural Soda Ash Corporation (ANSAC)

American-Russian Business Council

American Russian Cultural Cooperation Foundation

American Soybean Association

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Association and Society Management International, Inc.

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CRDF Global

California Chamber of Commerce

California Poultry Federation

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Case New Holland Inc.

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ChemDiv, Inc.

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Cisco Systems, Inc.

Citi

Coalition of Service Industries

Coalition for Intellectual Property Rights (CIPR)

The Coca-Cola Company

Colliers International

ConocoPhillips Company

Corn Refiners Association

Corning Incorporated

Covidien

Council for U.S.-Russia Relations

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The Walt Disney Company

Distilled Spirits Council of the United States, Inc.

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DuPont

EcoLab

Economic Alliance Snohomish County

Eli Lilly and Company

Emergency Committee for American Trade (ECAT)

Emerging Markets Communications LLC

Ernst & Young

Eurasia Partners, LP

Exxon Mobil Corporation

Fluor Corporation

Ford Motor Company

GBCHealth

General Electric Company

General Motors Company

Goldman Sachs & Co.

Greater Houston Partnership

Grocery Manufacturers Association

Guardian Industries Corporation

Herbalife International of America, Inc.

Hermitage Museum Foundation (USA), Inc.

Hormel Foods Corporation

IBM

INDA, Association of the Nonwoven Fabrics Industry

Indiana State Poultry Association

Information Technology Industry Council (ITI)

International Business-Government Counsellors, Inc. (IBC)

International Paper Company

Iowa Turkey Federation

JPMorgan Chase & Co.

Johnson & Johnson

Kalorama Partners, LLC

Kraft Foods

Lawson International, Inc.

Lazare Kaplan International Inc.

Limco Logistics, Inc.

Lindsay Corporation

LORD Corporation

Los Alamos Technical Associates

MARS, Incorporated

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MetLife

Microsoft Corporation

Mid-Atlantic - Russia Business Council

Minnesota Turkey Growers Association

Mississippi Economic Council – The State Chamber of Commerce

Monitor Group

Morgan Stanley

National Association of Manufacturers

The National Barley Growers Association

National Chicken Council

National Corn Growers Association

National Foreign Trade Council

National Oilseed Processors Association

National Turkey Federation

North Carolina Poultry Federation

Ohio Poultry Association

Oracle Corporation

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PepsiCo, Inc.

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Pharmaceutical Research and Manufacturers of America (PhRMA)

The Poultry Federation

Praxair, Inc.

Priestley International Consulting

Procter & Gamble Company

PwC

QUALCOMM

RDO Equipment Co.

RSR Russia LLC

Russia Innovation Collaborative, LLC

Russian American Foundation, Inc.

Russin & Vecchi LLP

SPI: The Plastics Industry Trade Association

Salans

Securities Industry and Financial Markets Association (SIFMA)

Siguler Guff & Co.

Sporting Goods Manufacturers Association

Stephen Bearden H.B. International Marketing Services, Inc.

Sweet Analysis Services, Inc.

TechAmerica

TechNet

Texas Instruments

Texas Turkey Federation

Torrey Pines Investment, LLC

Toy Industry Association

United States Council for International Business (USCIB)

United Technologies Corporation

U.S. Chamber of Commerce

U.S. Council for International Business (USCIB)

U.S. Poultry and Egg Association

U.S.-Russia Business Council

U.S.-Russia Chamber of Commerce

U.S.-Russia Chamber of Commerce of New England

The U.S.A. Dry Peas & Lentil Council

USA Poultry & Egg Export Council (USAPEEC)

Valmont Industries, Inc.

Virginia Poultry Federation

Visa, Inc.

Wal-Mart Stores, Inc.

Washington Council on International Trade

Westney Consulting Group

William T. Robinson, PLLC

Wisconsin Poultry & Egg Industries Association

WorldBusiness Capital, Inc.

Xerox Corporation

Why Approving Permanent Normal Trade Relations with Russia Is in the U.S. National Interest

Approval of Permanent Normal Trade Relations (PNTR) with Russia is the U.S. Chamber's top trade priority before the Congress this year. The Chamber is working as part of the Coalition for U.S.-Russia Trade to reach this objective.

On December 16, 2011, trade ministers at the 8th Ministerial Conference of the World Trade Organization (WTO) celebrated the conclusion of 18 years of negotiations for Russia to accede to the WTO and invited Russia to become the organization's 154th member. In those negotiations, which took place under both Republican and Democratic administrations, Russia committed to enact a host of reforms, and Moscow is expected to complete this work and formally join the WTO in July 2012.

That Russia will join the WTO is no longer in doubt. In fact, at this juncture, the United States can neither help nor hinder Russia in doing so. However, Congress must act to ensure that the United States benefits from the reforms Russia is undertaking as it joins the WTO. Specifically, Congress must pass a short and simple bill that grants Russia PNTR status and repeals the Jackson-Vanik amendment with respect to Russia. Failure to do so will put U.S. workers, farmers, and businesses at a unique disadvantage in the growing Russian marketplace and drive new sales, exports, and job-creation opportunities to our European and Asian competitors.

How will U.S. companies benefit from Russia PNTR?

The far-reaching multilateral trade agreement governing Russia's accession will require Moscow to implement a host of economic reforms that will further open the Russian market to U.S. goods and services, ensure greater respect for the rule of law, better protect intellectual property, and safeguard foreign investors—if Congress approves PNTR with Russia. For an overview of the commitments made by Russia as a condition of its accession to the WTO, see the to-do list.

What is Permanent Normal Trade Relations?

One little understood aspect of this process is that Congress does not vote on Russia's accession to the WTO and has no authority to block it. Russia's accession to the WTO this year is assured. Rather, Congress must approve PNTR and graduate Russia from the annual Jackson-Vanik certification process if American companies, workers, and farmers are to benefit from Russia's new openness as it joins the WTO.

Under WTO rules, every WTO member must grant all other members unconditional Permanent Normal Trade Relations (also known as Most-Favored Nation status). This WTO rule mandates that any advantage granted to one WTO member by another member must be accorded unconditionally to all other members. The United States will be in clear violation of this rule if Congress fails to graduate Russia from Jackson-Vanik. Russia would thus be fully within its rights to withhold the benefits of its accession-related reforms from U.S. companies.

What is Jackson-Vanik?

The Jackson-Vanik amendment to the Trade Act of 1974 was devised to press the Soviet Union to allow the emigration of Soviet Jews, prisoners of conscience, and victims of religious persecution. With respect to Russia, Jackson-Vanik has fully accomplished its objective. With the collapse of the Soviet Union two decades ago, Russia established freedom of emigration for all citizens. Since 1992, U.S. presidents of both parties have issued annual certifications of Russia's full compliance with the Jackson-Vanik amendment.

Because no other WTO member has a law similar to Jackson-Vanik, all of Russia's trading partners except the United States will immediately benefit when Russia joins the WTO in July. If Jackson-Vanik remains applicable to Russia, the United States will be in violation of WTO rules. Failure to approve PNTR and repeal Jackson-Vanik with respect to Russia would allow Moscow to discriminate against U.S. companies and the workers they employ and deny them the full benefits of Russia's market-opening reforms. Meanwhile, European and Asian companies will be able to build on their already significant head start in tapping the growing Russian market.

How important is the Russian market to U.S. companies?

With the world's 11th largest economy and more than 140 million consumers, Russia is the last major economy to join the WTO. The President's Export Council estimates that U.S. exports of goods and services to Russia—which, according to estimates, topped $10 billion in 2011—could double or triple once Russia joins the WTO. Many U.S. companies are already active in Russia. To illustrate, the American Chamber of Commerce in Russia (AmCham Russia) has more than 700 member companies. For many of these companies, Russia has proven to be a lucrative market for high-quality goods and services.

Business opportunities in Russia are significant and are expected to grow substantially after Russia finalizes its accession to the WTO. For instance, the total cost of needed infrastructure spending over the next five years is conservatively estimated at $500 billion, according to AmCham Russia. Private sector participation in this building boom could offer very significant opportunities for U.S. companies.

How will WTO accession benefit ordinary Russians?

The World Bank forecasts that WTO accession could increase Russian GDP by 3.3% in the medium term and by 11% over a longer period as greater openness and competition in the marketplace compel Russian enterprises to become more efficient. Russia's economy has been dominated by natural resource extraction and state-owned and state-influenced enterprises; joining the global rules-based trading system will foster diversification and openness and directly benefit consumers. "Competitive pressures on local producers will encourage them to become more efficient and innovative," writes Art Franczek, president of the Moscow-based American Institute of Business and Economics and co-chair of the AmCham Russia Customs and Transportation Committee.

According to WTO Director-General Pascal Lamy, "The accession of Russia to the WTO is a win-win deal. It will cement the integration of the Russian Federation into the global economy. It will bring greater certainty and stability to business operators and trading partners. It is a contribution to the rule of trade law. It strengthens and opens new trade opportunities."

What will WTO accession mean for economic reform and the rule of law?

Indeed, Russia's accession to the WTO is expected to strengthen the hand of reformers and provide tools to enhance the rule of law. In a sign that the reform process continues, the Russian Duma in January 2012 ratified the OECD Anti-Bribery Convention. To come into compliance with the convention, Russian authorities had to make amendments to the country's criminal and administrative code to bring it into line with international anti-corruption standards.

The road ahead for Russia's reform agenda is a long one, but joining the WTO represents a major step forward. According to David Tarr and Natalya Volchkova of Moscow's New Economic School, "It is difficult to argue that Russia would have made reforms as widespread and as deep as it has without the external pressure of WTO accession. Reforms are accomplished in the context of WTO accession that would not normally be achieved so quickly."

What if Russia fails to meet its commitments?

With Russia joining the WTO, other countries will for the first time be able to use the WTO dispute settlement process to hold the Russian authorities accountable if they fail to fulfill their commitments as a new member of the organization. The WTO dispute settlement process affords graduated responses to the arbitrary imposition of trade barriers, including the possibility of WTO-sanctioned retaliation. At present, no such recourse exists, and U.S. authorities have few options to respond to Moscow's arbitrary trade actions. The United States, however, cannot avail itself of WTO dispute settlement unless it grants Russia PNTR.

Do Democrats and Republicans differ over Russia joining the WTO?

Russia's accession to the WTO has been a bipartisan American foreign policy goal for many years—spanning Democratic and Republican administrations. In 1993, Russia applied to join the General Agreement on Tariffs and Trade (GATT), the precursor to the WTO. After years of talks, the Bush administration took a big step forward in 2006 when it signed a bilateral agreement with Russia to address particular trade concerns. (Any WTO member can insist that an acceding nation negotiate such an agreement as a condition for accession.) The Obama administration concluded the multilateral negotiations for Russia's accession in December 2011 and won praise from the U.S. business and agriculture communities for doing so on a commercially strong basis.

Will Russia join the Information Technology Agreement?

While concern arose in late 2011 that Russia would not join the Information Technology Agreement (ITA) upon accession to the WTO, the issue was addressed satisfactorily. The ITA provides for duty-free treatment for 95% of world trade in IT products, and joining the ITA has been a condition for every WTO accession in recent years (for example, those of China, Vietnam, and Saudi Arabia). U.S. negotiators were able to address these concerns, and Russia's accession package includes an enforceable commitment to accede to the ITA when Russia joins the WTO. Leading technology associations, such as the Information Technology Industry Council and TechNet, strongly support PNTR with Russia.

Conclusion

The long-standing bipartisan foreign policy goal of bringing Russia into the global rules-based trading system is finally within reach. The only question now is whether U.S. companies, workers, farmers, and ranchers will be able to secure the benefits of Russia's accession to the WTO. The answer rests with Congress, which must approve PNTR and graduate Russia from the Jackson-Vanik certification process.

For More Information

U.S. Chamber of Commerce www.uschamber.com/russiaPNTR

Trade Supports Jobs www.tradesupportsjobs.com
Offers information on exports to Russia by state and congressional district

Coalition for U.S.-Russia Trade www.usrussiatrade.org

What Does PNTR Mean for the United States and Russia?

For the United States, all the benefits
For Russia, all the concessions

Which To-Do List Would You Rather Have?

United States of America **TO DO:**	**Russian Federation** **TO DO:**
Approve legislation providing PNTR and graduating Russia from the Jackson-Vanik certification process.	Cut tariffs on manufactured products from 10% to 7%, with steeper cuts on priority goods: ○ *Eliminate duties on IT products.* ○ *Cut duties on wide body aircraft from as high as 20% to 7.5%.* ○ *Slash average tariff on chemicals to 5.3% from as high as 20%.* ○ *Cut tariffs on combine harvesters from 15% to 5%* Reduce duties on farm products to 10.8% from 13%, with notable gains for key products: ○ *Expand market access for beef, poultry, and other products at reduced tariffs.* ○ *Require use of international standards and enforceable disciplines against trade restrictions that are not science based.* ○ *Cap farm subsidies at $9 billion in 2012 and cut them in half by 2018.* Open services markets to U.S. firms: ○ *Allow 100% U.S. ownership of companies in banking, securities, nonlife insurance, telecommunications, audiovisual, wholesale, distribution, retail, and franchises.* Meet intellectual property commitments of the WTO TRIPS Agreement: ○ *Enhance enforcement on the Internet and new copyright and patent protections.* Cut the maximum customs clearance fee by two thirds. Allow trade disputes to

MATERIAL SUBMITTED FOR THE RECORD BY THE HONORABLE DAVID J. KRAMER, PRESIDENT, FREEDOM HOUSE

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THE WALL STREET JOURNAL.
WSJ.com

OPINION | March 15, 2012

The Right Way to Sanction Russia

With the repeal of Jackson-Vanik, it's more important than ever to hold the Russian oligarchy accountable.

By GARRY KASPAROV AND BORIS NEMTSOV

Moscow

On Thursday, the U.S. Senate will hold a hearing to discuss the accession of Russia to the World Trade Organization and the repeal of the Jackson-Vanik amendment that impedes American trade relations with Russia. The Obama administration has portrayed it as little more than overdue Cold War housekeeping while touting the imagined economic benefits for American farmers that could result from freer trade with Russia.

But the reality on the ground in today's authoritarian Russia is far more complex. We support the repeal, both as leaders of the pro-democracy opposition in Russia and as Russian citizens who want our nation to join the modern global economy. It is essential, however, to see the bigger picture of which Jackson-Vanik is a part.

The "election" of Vladimir Putin to the presidency is over, but the fight for democracy in Russia is just beginning. At both major opposition meetings following the fraudulent March 4 election, we publicly resolved that Mr. Putin is not the legitimate leader of Russia. The protests will not cease and we will continue to organize and prepare for a near future without Mr. Putin in the presidency. Getting rid of him and his cronies is a job for Russians, and we do not ask for foreign intervention. We do, however, ask that the U.S. and other leading nations of the Free World cease to provide democratic credentials to Mr. Putin. This is why symbols matter, and why Jackson-Vanik still matters.

Associated Press

Vladimir Putin at the election monitoring center in Moscow on March 6th.

The new U.S. ambassador to Russia is Mike McFaul, who has a long and accomplished career as a champion for democratic rights. But he's now become the principal architect of the Obama administration's attempt to "reset" U.S.-Russian relations after the Bush presidency, and he has recently been pushing the case for repealing Jackson-Vanik. Earlier this week he told an audience at the Peterson Institute for International Economics in Washington, D.C., that there is "no relationship" between the repeal of Jackson-Vanik and the promotion of Russian democracy. "If you don't believe me," he said, "ask [Alexei] Navalny," the Russian blogger who has become one of the charismatic new leaders of Russia's democracy movement.

So we asked Mr. Navalny, who, along with several other members of the opposition leadership, signed a letter cited by Mr. McFaul calling for the removal of Russia from Jackson-Vanik. "Of course no one in Russia is foolish enough to defend Jackson-Vanik," he told us. "But we also understand that it should be replaced with something else. And we said as much in our letter when we recommended the passing of the Magnitsky Act, as has been done in Europe."

Mr. Navalny is referring to the Sergei Magnitsky Rule of Law Accountability Act of 2011, which was introduced in the U.S. Senate last May with wide bipartisan support. Named for the Russian attorney who died in police custody in 2009 while investigating official corruption, the Magnitsky Act would bring visa and asset sanctions against Russian government functionaries culpable of criminal and human rights abuses.

"Such legislation is not anti-Russian," Mr. Navalny explained. "In fact I believe it is pro-Russian. It helps defend us from the criminals who kill our citizens, steal our money, and hide it abroad."

It will not be easy to match the legacy of Jackson-Vanik. On March 15, 1973, Sen. Henry "Scoop" Jackson introduced the amendment on the Senate floor. It focused on a specific human-rights issue—the right of Soviet Jews to leave the U.S.S.R. The amendment's greatest opponent was then-National Security Adviser Henry Kissinger, who worried it would upset his vision of détente with the Soviets and instead advocated "quiet diplomacy." In contrast, the Russian dissident and Nobel Laureate Andrei Sakharov praised the amendment as a "policy of principle" that would further détente, not hinder it. The well over one million émigrés who escaped the repressive Soviet state would surely side with Sakharov.

Jackson-Vanik is a relic and its time has passed. But allowing it to disappear with nothing in its place, and right on the heels of the fantastically corrupt "election" of March 4, turns it into little more than a gift to Mr. Putin. Our economy, like our people, will never truly flourish until Mr. Putin and his mafia structure are expunged.

Moreover, if economic engagement is the best way to promote an open society, why does the Obama administration not forge a free-trade pact with Iran instead of levying sanctions? Russia will be joining the World Trade Organization regardless of what the U.S. does. But WTO membership will not undo Mr. Putin's monopolization of political and economic power. If Mr. Putin and his oligarchs believed for an instant that the WTO might weaken their grip, they simply would stay out.

The Obama administration is not only attempting to overturn a law, but also its spirit. As Mr. Kissinger did 39 years ago, Amb. McFaul is trying to make the case that human rights should not get in the way of realpolitik and the business of doing business. He reminds us that the State Department already has its own secret list of banned Russian officials, and so nothing more need be done. But the entire object of such laws is to publicly shame and punish the rank and file of Mr. Putin's mob so they know the big boss can no longer protect them.

The Sergei Magnitsky Rule of Law Accountability Act is an example of such legislation. Replacing Jackson-Vanik with it would promote better relations between the people of the U.S. and Russia while refusing to provide aid and comfort to a tyrant and his regime at this critical moment in history. This, too, would be a policy of principle.

Messrs. Kasparov and Nemtsov are co-chairs of the Russian Solidarity movement.

A version of this article appeared Mar. 15, 2012, on page A15 in some U.S. editions of The Wall Street Journal, with the headline: The Right Way to Sanction Russia.

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The Moscow Times

Replace Jackson-Vanik With the Magnitsky Act

20 March 2012

By Vladimir Ryzhkov

A number of opposition leaders — including myself, Boris Nemtsov, Alexei Navalny and others — recently made an appeal to the U.S. Congress. We proposed that Congress repeal the outdated 1974 Jackson-Vanik amendment and replace it with a tough Magnitsky act. The proposed law would allow the United States to target sanctions against more than 60 specific Russian politicians and officials who are directly responsible for the death of citizens, for illegally seizing the property of others and for falsifying elections.

Not everyone understood our position on Jackson-Vanik correctly — as if we had somehow become soft on Russia's poor human rights record. They couldn't be more wrong. Our position differs substantially from that of the administration of U.S. President Barack Obama, and even more from the position taken by Kremlin hard-liners.

President-elect Vladimir Putin, in dealing with the West, would like to exclude any discussion of democracy, human rights and corruption. This would get in the way of the ruling elite's main goals: to reap profits from the sale of the country's natural resources and to transfer those funds into safe havens in the West.

The Kremlin would like to fashion its relations with the West along the lines of its current relations with Germany

and France. For many years, French and German leaders have diligently acted as if Russia had a good record on human rights, democracy and fighting corruption. Paris and Berlin are solid supporters of Putin and have a tolerant attitude toward Russia's pervasive corruption and other crimes committed by senior officials. In return, French and German companies receive numerous trade preferences on the Russian market and have become privileged partners in state corporations.

This is the type of realpolitik that the Kremlin has repeatedly tried to get the United States to adopt. The Kremlin would clearly be willing to make concessions to the United States on minor issues if Washington were to repeal Jackson-Vanik, curtail its support of Russian nongovernmental organizations and decrease its criticism of Russia's human rights violations and corruption.

Obama's administration cites the "reset" as one of the main reasons to repeal Jackson-Vanik. In addition, with Russia slated to accede to the World Trade Organization this year, it is in Washington's interests to quickly remove the barriers to the Russian market that Jackson-Vanik places on U.S. businesses.

At the same time, however, the Obama administration opposes linking the repeal of Jackson-Vanik to the passage of a new law that would increase U.S. pressure on Moscow over democracy and human rights. Moreover, it prefers its own abridged and softer version of the "Magnitsky list." On the whole, it appears that the Obama administration is going out of its way to avoid irritating its implacable and vengeful partners in Moscow.

In this way, U.S. policy under Obama has drifted from a focus on democratic values to an emphasis on pragmatic economic and geopolitical interests. Obama's Russia policy is much more advantageous to Putin and his inner circle than that of former U.S. President George W. Bush, when he carried out is a mission of "spreading democracy" throughout the world and practiced an expansionist foreign policy that encroached on Moscow's national interests in the former Soviet republics.

In our appeal to the U.S. Congress, my colleagues and I are proposing a different approach. In our opinion, a failure to repeal Jackson-Vanik could hurt the development of economic cooperation between Russia and the United States and could badly limit needed investment in the country. Without a developed economy, democracy has little chance of taking hold in Russia. The driving force behind democratic change in Russia is the "Decembrists 2.0" movement — protests against Putin's authoritarianism by young, educated and politically savvy middle-class Russians who grew up during the past 20 years of market reforms. These are the people who have gathered on Russia's streets to demand democracy, the rule of law and punishment for criminals and corrupt government officials. The larger Russia's middle class becomes, the better chance that it will be able to influence political change in a peaceful manner and strengthen the country's democratic institutions.

U.S. businesses that have invested in Russia help develop the economy and thereby expand the social base of the country's budding civil society and democracy. Any laws that act as barriers to that process should be repealed.

At the same time, Washington should take concrete steps to address the increase in human rights violations in Russia, election fraud and media censorship. The United States should not look on silently as Russian officials organize the killing of innocent individuals, while they amass enormous fortunes and move them, along with their family members, to the United States and Europe.

It is in the interests of the Russian and American people to create a well-functioning mechanism for punishing criminals and corrupt officials. We oppose foreign interference in Russia's domestic affairs, but we also oppose Russia's corrupt

officials becoming an accepted part of the world's political and financial elite. Does the West really want to legitimize violent crime and corruption? Could a single Western politician be found who would openly admit this?

The Magnitsky act, authored by U.S. Senator Benjamin Cardin and currently being considered by Congress, could help protect freedoms and transparency in Russia's government. An extremely effective tool for fighting corruption and defending democratic practices and human rights would be the annual compilation of lists of officials who have been implicated on solid grounds for corruption and violent crimes, banning their entry to the United States — a move the European Union would undoubtedly support on its own territory — and freezing their illicitly obtained assets. It will be a strong show of strength if the repeal of the obsolete Jackson-Vanik is coupled with a strong Magnitsky law that is sharply targeted at those implicated in serious crimes, not at the general population.

If the West were to adopt a policy toward Russia that boosts economic cooperation and, at the same time, punishes specific officials, it could aid the rapid development of civil society in Russia while becoming an ongoing nightmare for the Kremlin kleptocrats who have operated with complete impunity for years at home and abroad.

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Russian Outlook
Winter 2008
Putin-3
By Leon Aron

In the past nine years, Russian foreign policy has been examined several times in these pages.[1] *At no other time, however, has its direction been as troubling as it is today. To understand the causes of this disturbing evolution and to gauge its future course, the changes have to be examined in the context of the regime's ideological and political transformation since 2000, when Vladimir Putin was elected president.*

The de facto appointment by Putin of Dmitri Medvedev to become Russia's next president has incited hopes that Russia's disconcerting foreign policy might begin to change. Yet even assuming that "President" Medvedev and not "Prime Minister" Putin will eventually formulate Russia's policies (something that is hard to imagine today), such expectations only underscore the very heavy and deeply entrenched legacy Medvedev, and the West, will have to tackle.

Let's first discard simplistic clichés. When the post-Soviet, protodemocratic, anticommunist, revolutionary Russia of the 1990s was poor—as such "explanations" go—it was also peaceable and willing to be a friend of the West. Now that the accursed period of weakness and alleged chaos of the 1990s is behind it, Russia has "recovered" this, "regained" that, and is "reclaiming" the third thing. Off its knees, we are told, Russia is back—back, that is, to spar and bicker with the West because . . . well, because this is what a prosperous and strong Russia does.

Nonsense. Countries' behavior in the world, their choice of truculence or accommodation, is not decided by accountants in green visors, calculating what countries can or cannot afford. As Germany and Japan recovered from the devastation of World War II and became many times richer than they were in 1945, they grew more, not less, peaceful and devoted smaller shares of their national income to the military—and those, only after recurring and brutal political fights. Western Europe's spectacular economic resurgence has not brought back squabbling, jingoism, and militarism—and neither did South Korea's after the communist aggression and decades of authoritarianism. By contrast, China—under no external threat whatsoever and with per capita GDP one-seventeenth that of Japan, one-eighteenth that of Germany, and one-ninth that of South Korea[2]—last year spent five times more of its GDP on its military than did Japan, almost three times more than Germany, and one-and-a-half times more than South Korea,[3] which is still in a state of *de jure* war with a lunatic totalitarian regime in the north.

Putin-1: Spring 2000–Fall 2003

In the past seven years, the trajectory of Russian foreign policy under Putin has mirrored, and changed with, the domestic ideological and political order, going through three main phases. What might be called Putin-1 spans almost three-and-a-half years of his first term, from spring 2000 to fall 2003. This was a time of bold liberal reforms in the

economy and continuing privatization of state enterprises. A new Criminal Procedural Code was introduced to enshrine Western-style independence of judges, bolster the rights of the accused, promulgate trials by jury, and sharply reduce the powers of state prosecutors, who in the previous eight decades had been unchallenged masters of the courts.[4]

By and large, it was still a revolutionary, firmly anti-Soviet Russia: free from fear and censorship, its politics not controlled by the Kremlin, and the opposition in the parliament (the Duma) real and powerful. Moscow also was remarkably restrained in the imperial meddling in the affairs of the post-Soviet states and continued the self-administered demilitarization of economy and society, unprecedented in scope for a great country not defeated in war and unoccupied by the victors.

Putin-1 followed the "new political thinking" course set by Mikhail Gorbachev and his foreign minister, Eduard Shevardnadze, and continued by Boris Yeltsin. Russia searched for what was known as "a path to the common European home," for ways to secure the country's place in "a civilized world," to integrate itself into the world economy, and to adjust its behavior to fit this agenda.

Antiballistic Missiles, Arms Control, and 9/11. It was at this time that Russia accepted the U.S. exit from the 1972 Anti-Ballistic Missile Treaty, which left both countries virtually defenseless against a missile attack—MAD, for "mutually assured destruction," was an apt acronym for this state of affairs—and signed a treaty committing Moscow and Washington to one of the sharpest nuclear arms reductions in history, pledging to have less than half of their current arsenals by the end of 2012. (Insisting on steeper cuts than the United States felt it could afford, Moscow said that it would implement them unilaterally.) The accord was negotiated in slightly over a year—instead of years and years of bitter haggling—and took two pages instead of the tome that previous arms control agreements had required. As U.S. and Russian officials implied at the time, friends do not need numbing casuistry.

Another highlight of Putin-1 was Russia's coming to America's aid after the 9/11 tragedy—crisply and competently, as if it had waited for this moment and had done all the homework. From Putin's call to President Bush minutes after the attack in New York (the first expression of condolences by a foreign leader on that day) to Moscow's permission for U.S. and NATO planes to overfly Russian airspace on the way to Afghanistan, from Moscow's effective acceptance of U.S. bases in the former Soviet Central Asia to the sharing of Russia's vast intelligence sources in Afghanistan and the links to the anti-Taliban Northern Alliance—Moscow acted decisively and generously in every instance, without preconditions or diplomatic horse-trading. At the same time, Russia closed the Lurdes military complex in Cuba—which had been Russia's largest military base and electronic listening post in the Western Hemisphere—and shut down the eavesdropping post and naval base in Vietnam's Cam Rahn Bay.

Putin-2: Fall 2003–Winter 2007

The regime's credo and policies came to another turning point in the fall of 2003. In retrospect, the arrest, trial, and conviction of Mikhail Khodorkovsky, the founder and principal owner of Russia's largest private oil company, Yukos, between October 2003 and May 2005 seems more than a coincidence. It was emblematic of the Kremlin's new political and economic agenda of reclaiming the government's ownership of the political process, justice, and key sectors of the economy. Khodorkovsky had contributed millions of dollars to opposition parties; he and his partner, Platon Lebedev, were railroaded through a palpably fraudulent, Kremlin-managed prosecution and trial that shamelessly violated both the letter and the spirit of the 2001 code; and the most transparent and modern of Russia's largest companies, Yukos, was driven into bankruptcy by state tax claims that exceeded its profits, broken up, and its most profitable units "sold" to the majority state-owned Rosneft well below its market value.

By the time Khodorkovsky was sentenced to eight years in a hard labor prison camp on the Russo-Chinese border 3,700 miles from Moscow, the imperfect but real division of power between the executive, the legislative, and the judicial that began to emerge in the previous decade and a half was no more. The key postulates of the Russian political tradition were returning in force: the state guides society, not the other way around; all that is good for the state is automatically beneficial to society; and to strengthen the state means to strengthen the country. A state functionary, a bureaucrat (enlightened, intelligent, hardworking, and a model of probity, of course) is a far more effective and consistent agent of progress than a free press (so corrupt, sensationalist, and concerned with profits instead of the good of the country!); a voter (so naïve, uneducated, and fickle!); an independent judge (such a bribe-taker!); or, God forbid, a private entrepreneur (thinking of nothing else but his profit!).

In myriad articles, the Kremlin's paid and unpaid propagandists called this arrangement "sovereign democracy"—in essence, a still rather soft authoritarianism, increasingly with nationalistic and isolationist overtones. As an independent Russian analyst noted, such exegeses "would have been labeled as fascist, chauvinistic, anti-democratic or anti-Western during Yeltsin's term. Now such texts have become mainstream."[5]

Omnivorous Pragmatism. The sovereign democracy's equivalent in foreign policy, Putin-2 has discarded Russia's integration into the family of liberal capitalist democracies even as a long-term objective and, with it, the need to behave accordingly. In an April 2005 state of Russia address to the Federal Assembly, Putin declared the end of the Soviet Union "the greatest geopolitical catastrophe of the 20th century."[6] Recovering and expanding on what was lost in that "catastrophe" became the alpha and omega of the Kremlin's agenda.

Moscow became omnivorously pragmatic. The abstractions of "Western civilization," "democracy," or "human rights" and long-term alliances rooted in these notions were no more accepted as a basis or even as considerations in bilateral relations. The character of the regimes was not important so long as dealing with them yielded

additional influence, and profit, today. The comparative advantages—nuclear technology, conventional arms, and, of course, oil and gas—were to be deployed without hesitation.

The *locus classicus* of Putin-2 was Iran. In an obvious quid pro quo, Russia opposed sanctions against a uranium-enriching Iran in the United Nations (UN) Security Council, while Iran refrained from fomenting fundamentalism and terrorism in Central Asia and the Russian North Caucasus and bought billions of dollars worth of Russian nuclear energy and military hardware, including the Bushehr nuclear power plant, mobile air defense missiles, fighter jets, and tanks. (At the request of the United States, Yeltsin suspended arms sales to Tehran in 1995.)

With Russia's gold and hard currency reserves around $300 billion at the time (today they are over $425 billion[7]), the money, although by no means insignificant, was hardly the primary objective. Instead, as a Russian expert put it, the Iran policy aimed at taking "a unique and historic chance to return to the world arena once again as a key player and as a reborn superpower. . . . If Russia firmly stands by Iran in this conflict with the United States Russia will immediately regain its lost prestige in the Muslim world and on the global arena at large . . . and no lucrative proposals from the United States can change this situation strategically."[8]

Putin-3: February 2007–Present

Putin-2 lasted until early 2007, when the Kremlin's ideology and propaganda took a sharp turn toward fanciful and darker themes, and Russian foreign policy morphed from cynical pragmatism to an assertive and pointedly anti-Western, especially anti-American, posture.

Like much else in Russian official discourse today, key components of this *Weltanschauung* were first sketched by the author of the sovereign democracy concept, a deputy head of the presidential administration and the Kremlin's main ideologist, Vladislav Surkov. Already three years before, he accused those "who consider the non-violent collapse of the Soviet Union [to be] their success" of trying to "destroy Russia and fill its enormous space with many weak quasi-states."[9] The malfeasants' main goal, Surkov contended, was to "annihilate Russia's statehood." Most ominously, they are not without allies inside: in the "de-facto besieged country," Surkov found "the fifth column," its ranks filled with the "left and right radicals" who have "common foreign sponsors" and are united by "the hatred of what they claim to be Putin's Russia but, in fact, of Russia herself."[10]

Nary a month has passed this year without Putin's expanding or elaborating on Surkov's themes. "In 1990–1991 we . . . disarmed ideologically," he averred. "What we received [from the West] was this recipe: you become democrats and capitalists, so to speak, and we will control you."[11] Speaking at the military parade to celebrate the sixty-second anniversary of victory in World War II, the Russian president likened the perpetrators of "new threats" to Russia to the Third Reich because of "the same contempt for human life and the same pretensions of exclusivity and [the desire to

impose] diktat on the world."[12] (Everyone in Moscow that day understood the unnamed evildoer to be the United States.[13]) This past November, on the occasion of the other main national holiday, the Day of Reconciliation, which supplanted the commemoration of the 1917 revolution, Putin spoke of "those who would themselves like to rule all humanity" and who "insist on the necessity of splitting [Russia]" because it had "too many natural resources."[14]

The Narrowing of the Bilateral Agenda. The formerly diverse bilateral U.S.-Russian agenda—energy security, nuclear nonproliferation, the global war on terrorism, the containment of a resurgent authoritarian China, Russia's integration in the world's economy—has been deliberately and systematically whittled down by Moscow to what it was in Soviet days and what the Kremlin now wants it to be: arms control. Suddenly pulled out of mothballs and imbued with the gravest and most vocal concern for Russia's safety are some key agreements struck at the end of the Cold War: the intermediate missile force agreement, signed by Ronald Reagan and Gorbachev in 1987; the 1990 treaty on conventional forces in Europe between the Warsaw Pact and NATO; and the 1991 START nuclear arms accord. Moscow has threatened to "abandon" the first, has "suspended" its participation in the second, and has hinted at renegotiating the third when it expires in 2009.

Some of Moscow's concerns may be legitimate and worthy of negotiations, but the alarmist, ultimatum-like rhetoric and the mode of its delivery—shrill, public, and from the very top of the Russian power structure—have been utterly disproportionate to the rather trivial military essence of the issues. "All of this is devoid of any [military] sense," wrote Alexandr Gol'tz, one of Russia's finest independent military experts. "The most important thing [for Moscow] are the negotiations themselves. In making progressively more and more nonsensical demands on the U.S., Russia's objective is to preoccupy Washington with the discussion of military matters for the duration of the electoral cycle. Russia's stance is a classic case of 'offensive diplomacy,' the main goal of which is to put forward demands that the other side could never meet."[15]

The future deployment of ten missile interceptors in Poland and radar in the Czech Republic is Moscow's biggest official fear. This scrawny outfit is said by the Kremlin to be capable of hindering Russia's nuclear retaliation with 2,480 nuclear warheads on 704 long-range ballistic missiles.[16] Addressing Moscow's concerns, the United States offered to have Russian observers directly monitor the missile defense sites and to delay the activation of the sites until Iran actually possesses the missiles capable of targeting Europe.[17] Yet Putin threatened to retaliate by aiming Russia's missiles at "new targets" in Europe and warned of a possibility of another 1962 Cuban Missile Crisis (thus equating a rudimentary *defense* system with the Soviet Union's gift of nuclear-tipped missiles that could reach Washington and New York to Fidel Castro). Most recently, General Yury Baluyevsky, chief of the general staff, suggested that the launching of an antimissile rocket from Polish soil could trigger an attack by Russian nuclear ballistic missiles.[18]

From Exploitation to Exacerbation. Among the more troubling aspects of the transition from Putin-2 to Putin-3 has been a shift from exploiting existing tensions in international relations to exacerbating them. In 1999, Russia's siding with the West was central to persuading Serbia (then part of Yugoslavia) to withdraw its troops from the province of Kosovo, whose Albanian Muslim majority sought independence. Today, Moscow appears to be determined to support Serbia to the bitter, self-defeating end, risking the resumption of hostilities and jeopardizing the Serbian minority in Kosovo. As with arms control, the issue is not the legitimacy of Russia's concerns about the rights and safety of the Serbian minority but Moscow's extreme, inflexible, and shrilly advertised position in the UN Security Council that seems designed to torpedo any Serbian-Albanian agreement. As President Boris Tadic´ of Serbia reportedly told the foreign minister of Italy, Massimo D'Alema, who presided over the UN Security Council's most recent round of the Kosovo negotiations on December 19, 2007, "I can't let the Russians be more Serbian than I."[19]

In addition to its by now habitual and almost instinctive opposition to virtually every Western initiative in international affairs, Russia's prevention of a negotiated transition of power in Kosovo under UN supervision is certain to lead to the Kosovar Albanians proclaiming it unilaterally. Moscow could then encourage its client provinces of Abkhazia and South Ossetia, which broke away from Georgia, to use the Kosovo "precedent" to reiterate Abkhazia's claims to an independent statehood and South Ossetia's desire for independence from Georgia and acceptance into the Russian Federation. Russia then could respond with "understanding" to both moves and perhaps even with recognition of an independent Abkhazia and the admittance of Ossetia. (This past December, the Speaker of the Duma, Boris Gryzlov, suggested putting Abkhazia's independence and Ossetia's request on the parliament's 2008 agenda.[20]) Such *démarches* are almost certain to trigger a military response from pro-Western Georgia, which since its democratic Rose Revolution of November 2003 has been a thorn in Moscow's side. (Unlike in the Yeltsin era, Russia now looks at all political and economic development in the territory of the former Soviet Union as a zero-sum game, in which Russia automatically loses whenever Western influence spreads and takes root.)

With the majority of Abkhazians reportedly holding Russian passports,[21] the hostilities in Georgia would give Moscow a number of advantageous policy options: punish Georgia by recognizing the Abkhazian and South Ossetian "states" and by imposing economic sanctions on Georgia in retaliation for the latter's military response, further bolster its position as a regional superpower by making itself indispensable to any settlement of the conflict, and whip up anti-Georgian and anti-Western hostility should the Putin-Medvedev-Putin succession plan run into difficulties and require additional mobilization of public opinion against domestic and external "enemies." (A still more forceful political "backup" that a conflict in Georgia could make possible would be ensuring the continuance of Putin's rule by involving Russia directly in the fighting, introducing "emergency rule," and postponing the presidential election.)

Iran. A similar, and still more troubling transformation, has occurred in Moscow's Iran policy, which began to change from money-making, influence-peddling, and diplomatic

arbitrage to a far riskier brinksmanship in pursuit of a potentially enormous prize. The longer Moscow resists effective sanctions against an Iran that continues illegally to enrich uranium[22] and, thus, keeps the bomb option open and available at the time of its choosing, the greater the likelihood that the situation will deteriorate, through a series of very probable miscalculations by both sides, toward a full-blown crisis with military action increasingly probable. As Iran's patron, Moscow would be crucial to any resolution of such a conflict, as was the Soviet Union, which sponsored Egypt in the 1973 Yom Kippur war.

Of course, none of these objectives has been publicly stated. Yet the Kremlin's clever, chancy, and utterly cynical policy toward Iran has consistently pointed to the Kremlin's seeking, in one fell swoop, to achieve all three key strategic goals in the region: reoccupy the Soviet Union's position as a key player in the Middle East and the only viable counterweight to the United States in the region, keep oil prices at today's astronomic levels by feeding the fears of a military strike against Iran (and see them go as high as $120–$130 a barrel and likely higher if, as widely expected, Iran blocks the Strait of Hormuz and disrupts the flow of oil from the Persian Gulf), and use the West to prevent the emergence of a nuclear-armed Iran a few hundred miles from Russia's borders, while publicly opposing the West's efforts to stop the uranium enrichment.

Toward a Revisionist Power? Most worrisome in the long run might be Russia's evolution toward what is known in the theory of international relations as a revisionist power. Up until a year ago, it could be said that, while railing at the score, Russia was not seeking to change the rules of the game. This is no longer certain. Missed in the avalanche of commentaries that followed Putin's startling speech in February 2007 in Munich—where he inaugurated Putin-3 by denouncing the United States for, among other grave sins, seeking to become the world's sole "master" and "sovereign," "disdaining the fundamental principles of international law," overstepping national borders in every way, and "forcing" its policies on other states, which no longer "feel secure"—was a most disquieting phrase: "We have approached that watershed moment, when we have to think seriously about the entire architecture of global security."[23]

On November 8, 2007, Foreign Minister Sergei Lavrov followed up on the boss's suggestion by blaming NATO, the Organization for Security and Cooperation in Europe, and the Conventional Forces in Europe treaty (the cornerstones of European stability and Russia's bugbears, all) for unspecified "major problems."[24]The "moment of truth" has arrived, Lavrov declared: Moscow intends "to clear out" the offending institutions, or, as a Russian news agency put it, to "break up the old system of international security."[25]

What Is to Come?

Making Putin-3—with its unprecedented, intense, and almost daily escalating rhetoric—particularly frustrating for Washington is the entwining of Russian foreign policy with the Kremlin's all-out effort to ensure the transition of power from Putin's presidency to what might be called Putin's regency under a figurehead president. Despite Putin's popularity and the projection of supreme confidence and serenity, the successful

rearrangement of power is fraught with serious political risks, and many things could still go wrong. Thus, between now and the presidential inauguration next May, a key (if not the key) purpose of Russian foreign policy is to provide support for the management of the succession.

A Besieged Fortress. Forging a sense of a besieged fortress at a time of domestic political uncertainty or economic downturn to rally the people around the Kremlin and, more importantly, its current occupant is part and parcel of the Soviet ideological tradition, which this Kremlin seems increasingly to admire and draw on. His country lying in ruins, with millions starving and living in dugouts, Stalin launched the Cold War in a February 1946 speech and two years later blockaded Berlin. With his political and economic reforms running into trouble, Khrushchev lashed out at John F. Kennedy in Vienna in June 1961 and two months later began building the Berlin Wall. In September 1983, Yury Andropov welcomed a chance to consolidate his first year in power and dispel the (correct) rumors of being barely alive by authorizing the shooting down of a South Korean airliner.

Between now and at least next spring, Russian foreign policy is likely to be almost entirely subservient to the ambitious and dicey domestic political agenda and inexorably propelled by it toward progressively nastier rhetoric and greater mischief-making. Moscow is "conjuring the image of external enemy to mobilize the population," Alexei Sidorenko, an expert at the Carnegie Moscow Center, recently said. "The Kremlin's entire political strategy at present," he continued, "rests on consciously created myths, and they are beginning to dominate the agenda."[26] Until the succession crisis is resolved, no amount of importuning, begging, or kowtowing, neither emergency trips by Secretary of State Condoleezza Rice and Secretary of Defense Robert Gates to Moscow, nor heart-to-heart chats in Kennebunkport, are likely to produce an ounce of good.

Stand Firm and Wait. We are thus faced with one of those don't-do-anything-just-stand-there moments, which are so hard for large bureaucracies, such as the State Department, to bear. After presenting Moscow with a set of clear, nonnegotiable redlines not to be crossed during the tense half-a-year ahead (first and foremost, military provocations of any kind against Georgia, Estonia, or Ukraine), there is not much for Washington to do but wait for Russian politics to settle and for its foreign policy to regain a measure of autonomy from domestic concerns. Then Moscow is almost certain to extend to Washington an olive branch, or at least a twig, as the leaders of the Soviet Union invariably did upon consolidating power.

In the meantime, Washington ought to ignore the inevitable op-ed urgings to "explain ourselves better" to Moscow; or to be careful not to "feed the Kremlin's paranoia" or "push it into the corner"; or to be therapeutic and gentle in light of Russia's traumatic historic memories; or to constantly reinvent progressively larger and juicier "carrots" for the Kremlin—as if the street-smart and tough-as-nails former KGB men who run Russia today (and sit on its fabulous wealth, to boot) could be "induced" to deviate from their vision of what is good for Russia (and themselves) by Washington's proffers.

[NOTE: The remainder of this article is not reprinted here but is available in committee records.]

Russian Outlook
Summer 2009

THE BUTTON AND THE BEAR

Introduced by Vice President Joseph Biden and reprised by Secretary of State Hillary Clinton, the metaphor of a "reset" button in U.S.-Russian relations has come to symbolize the Obama administration's desire to win Russia's cooperation on matters of great importance to the United States. Missing so far from the public debate has been the matter of this agenda's compatibility with Russia's national interests as understood and defined by the Putin-Medvedev government. It is as if, to continue with the computer metaphor, the White House and State Department enthusiasm has magically transformed this "software" of Russian foreign policy.

Yet the evolution of the Soviet and Russian behavior in the almost quarter century and, especially, in the past eight years strongly suggest that the Kremlin's ideology and its domestic political goals are likely to impose significant limits on and modifications or even reversals on the agenda that the button is to activate. They are like the proverbial elephant in the room, of whom no one speaks despite his most obvious and imposing presence. Or, recalling Russia's long-time national symbol, the mascot for Russia's "ruling" party, the United Russia, (and of the 1980 Moscow Olympics), a bear might be a more appropriate symbol of these unspoken but very powerful and real influences.

In seeking to gauge Russia's response to what might be called the "button agenda," it is useful to remember that, barring such unexpected and catastrophic developments as wars and invasions, the definitions of national interests (and, thus, of security and foreign policy that defend and advance them) are generally shaped by the leaders' visions of how their nations should be living and what they should strive for; by memories of past humiliations and triumphs; by fear and pride, anger and prejudice; as well as by considerations of legitimacy and popularity —in short, by values, ideologies and domestic political needs. This is true of every country, yet it is hard to find in recent history as stark an example of a great power's foreign policy objectives and conduct so

closely aligned with the domestic ideological and political evolution at of the Soviet Union and Russia in the last quarter century.

In 1985, when Mikhail Gorbachev came to power, all the key elements of the Soviet Union's geo-political and national security environment were the same they were in 1983-84 under Yuri Andropov and Konstantin Chernenko: the same number of warheads, missiles and tanks, the same iron grip on the domestic and eastern European empire and the same main adversary: the Reagan White House. Yet within a few years, an ideological overhaul and domestic liberalization led to several of unprecedented agreements on nuclear and conventional arms, the dissolution of the Warsaw Pact, the abandonment of the central-east European empire, and support for the first U.S.-led war on Iran in early 1991.

After the end of the Soviet Union, the revolutionary Russia withdrew, in 1992-1995, 1.2 million troops and civilian personnel from east-central Europe, surrendering the lands acquired in two-and-a-half centuries of imperial expansion. Russia's voluntary disarmament, was likely unprecedented for a great power undefeated in war and unoccupied by victors. It included the reduction of its nuclear arsenal from 10,000 deployable strategic warheads in1991 to 4,500 in 1999; the fall in the funding of the military-industrial complex from at least 25 percent of the GDP to under 5 percent; and decrease of the armed forces from 2.7 million in 1992 to 1.2 million in 1998. At the U.S. request, Russia stopped all arms sales to Iran by the summer 1995. In December 1991 Russia became the first nation to recognize the first independent Ukrainian state in

history, and in 1997 Moscow re-affirmed the recognition by a Treaty of Friendship and major territorial concessions, including the Ukrainian sovereignty over Crimea and the Black Sea Navy bases. Russia signed the NATO-Russia Founding Act; voted in the U.N. for the sanctions against Saddam Hussein's Iraq; and in **spring 1999 [KF: please double-check]** lent crucial support to NATO"s efforts to force Serbian troops out of the independence-seeing province of Kosovo in former Yugoslavia.

2000-2003: Reforms and Cooperation Since 2000, at least three phases the regime's domestic ideological and political evolution coincided with equally distinct changes in Russia's external behavior in general and policy toward the United States in particular. The changes were all the more noteworthy for the fact that they took place while the same U.S. administration, that of George W. Bush, was in the White House. [1]

Between early 2000 and fall of 2003, the Putin Kremlin generally continued the core policies of the 1990's, including continuing privatization of economy, bold liberal reforms in taxation and labor laws, the adoption of the progressive Criminal-Procedural Code, which championed defendants' rights and judges' independence, and a Civil Code that legalized the buying and selling of urban land. Media remained relatively open to political opposition, parties and movements, which remained effective in national, regional and local politics.

In foreign policy, Russia's accepted with equanimity the U.S. exit from the 1972 Anti-Ballistic Missile Treaty and signed a treaty committing both countries to the

sharpest reduction of their nuclear arsenals in history to less than half of the number of warheads each side possessed. The 2002 treaty was negotiated in slightly over a year and took two pages to write down, instead of customary tomes. On September 11, 2001 President Putin was the first foreign leader to call President Bush with condolences. Russia readily granted the permission for U.S. and NATO planes to overfly Russian airspace on the way to Afghanistan. Moscow shared Russia's vast intelligence sources in Afghanistan and the links to the anti-Taliban Northern Alliance, closed the Lurdes military complex in Cuba, which has been its largest military base and listening post in the Western Hemisphere, and shut down the eavesdropping post and naval base in Vietnam's Cam Rahn Bay. The unprecedented since World War II rapprochement included the first visit by a Soviet or Russian leader to a U.S. president's home, when Vladimir Putin stayed the Crawford Ranch on November 14-15, 2001.

2003-2007 Re-Centralization and a "Besieged Fortress" Russia The next phase of the Kremlin's domestic political evolution, between 2003 and 2007, brought about re-centralization of the country's politics and economy. In the aftermath of the tragedy of Beslan in September 2004, when 334 civilianls, 186 of them children, were killed in an attempt to free hostages taken by Chechnya-based terrorists, Putin "proposed" abolishing elections of regional governors, who henceforth would be appointed by the Kremlin. The highly imperfect but real division of power between the executive, the legislature and the courts covered by was gradually replaced by "sovereign democracy" and "the vertical of power": an inchoate authoritarianism with nationalistic and isolationist overtones. By 2007, there were an estimated 6,000 former KGB officers in the top and middle ranks of the Russian government. [2]

An equally concerted effort was underway in the economy to repossess or control what Lenin used to call the "commanding heights." Some of the key firms in the most profitable segments of the economy—especially oil, gas, and metals—were brought under state control through aggressive acquisition by state-owned companies, while the principal shareholders of others were made understand that their firms' independent existence (and their personal liberty) were provisional and dependent on the degree of "cooperation" with the Kremlin in matters political and economic. Those who refused to understand, were subject to raids by tax police, put on trial or forced to emigrate.

The concomitant shift in the values and percepctin that informed Russia's foreign policy agenda was just as pronounced and went far beyond the negative reaction to the U.S. invasion of Iraq. A Russia beset by external enemies, bent on undermining its "territorial integrity" and "sovereignty" and seeking to claim its natural wealth, was becoming an article of faith and a key propaganda theme. In the same post-Beslan address to the nation that he used to announce the abolition of the gubernatorial elections, Putin averred that the Islamic terrorists were but a tool in the hands of those who wanted "to tear a juicy piece out" of Russia and who saw Russia as "threat" that "must be eliminated." [3] Three weeks later, the Kremlin's main ideologist and a deputy head of the presidential administration, Valdislav Surkov, developed the boss's themes by declaring Russia a "de-facto besieged country" and accusing "those who consider the non-violent collapse of the Soviet Union [to be] their success" of trying to "annihilate "Russia's statehood" by "detonating our southern borders."[4]

The abstractions of "Western civilization," "democracy," "human rights" and Russia's integration into the "civilized world" of Western institutions were no longer accepted even as a concept, much less a goal. Now they were now decried as shameful artifacts of the "weakness" and "chaos" of the revolutionary 1990's. In the 2005 annual address to the National Assembly, Putin declared the demise of the Soviet Union the greatest geopolitical catastrophe of the 20th century.

A New Agenda A agenda and conduct of foreign policy fully reflected the ideological shift. Russia was "rising off its knees," in the ubiquitous propaganda cliché, and the regime's myriad paid propagandists began to emphasize the unbridgeable and expanding chasm between this resurged Russia and the "West," especially the United States). Virtually across the entire US-Russia strategic agenda—energy security, nuclear non-proliferation, the global war on terrorism, the containment of a rapidly re-arming n authoritarian China and Russia's integration in the world's economy-- partnership was increasingly replaced with indifference, rigidity and truculence. In Iran, which was becoming the national security concern to United States, Russia continued the construction of the nuclear power plant in **Bushehr** and upped dramatically both quantity and quality of its arms sales to Iran, including tanks, fighter jets, and **submarines [KF: please confirm].**

2007-2009: Authoritarianism and Anti-Americanism During the third stage of the Russian political evolution, there emerged a fully authoritarian state in which the executive's branch control over national politics, justice and economy became

unchallenged. The merger of political power and property reached a level unprecedented even in Russia's patrimonial political culture. The censorship of television, where most Russian get their news, was consolidated to prevent any uncomfortable truths or critical views from reaching the viewers. All top opposition politicians and analysts were banned from appearing on the screen.

Speaking in November 2007 at a midday rally at Moscow's largest stadium, president Putin (by then hailed as the "national leader" by the leading politicians and subservient media) compared democratic opposition to jackals, "looking for crumbs near foreign embassies."[5] The government stoked spymania, whether involving alleged scientific, military or industrial espionage. In the words of Academician Yuri Ryzhov, the Putin Kremlin borrowed wholesale from the Soviet propaganda themes and implemented them successfully: the country is in a hostile encirclement; every foreigner is an enemy and a spy; and internal "enemies" (opposition) are traitors.[6] As leading liberal political essayist Leonid Radzikhovsky pointed out, along with the boom in oil prices and a narrow, self-selecting *nomenkaltura* ruling class (although in this edition composed largely KGB officers instead of party functionaries), the regime had revived adopted and consistently enforced many of the key elements of the 1970s Soviet sensibility: the bunker mentality; anti-American hysteria; crude nationalist bragging; utter cynicism as a moral norm; fear; propaganda lies; the oil rent; and the power of a narrow, self-selecting *nomenklatura*.[7]

Munich and Beyond This grievance-based public political culture, assiduously fashioned by the Kremlin—a culture of loss, wounded pride, frustrated hopes, imperial nostalgia, and perennial vigilance— coincided with a foreign policy of resentment, defiance and retribution. It was heralded by Vladimir Putin's ferocious attack on the United States at an international conference in Munich in February 2007. He also threatened **[KF: please confirm that he did so in the same speech]** to aim Russian missiles at "new targets" in Europe, if the United States deployed an anti-ballistic radar in the Czech Republic and 10 missile interceptors in Poland. Designed to protect Europe from Iranian missiles (and not to be made operational before Iran had them), this scrawny outfit with a very uncertain future was suddenly imbued Moscow with near-catastrophic premonitions concerning the ability to launch its strategic arsenal of 2,480 nuclear warheads on 704 long-range ballistic missiles.

Until then, while railing at the score, Russia had not sought to change the rules of the game. Now it was becoming what is known in theory of international relations as a "revisionist power," acutely unhappy with some key elements of the security arrangements and institutional structures that marked the end of the Cold War: the 1987 intermediate missile force agreement, the 1990 treaty on conventional forces in Europe, NATO and the Organizations for Security and Cooperation in Europe. "We have approached the watershed moment," Putin said in Munich, "when we have to think seriously about the entire architecture of global security."[8] The Foreign Minister Sergei Lavrov later added that Moscow intends to "clear out" the offending European institutions, or, as a Russian news agency put it, to "break up the old system of international security." [9]

[NOTE: The remainder of this article is not reprinted here but is available in committee records.]

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