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THE RUSSIAN PRESIDENTIAL ELECTIONS

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BEFORE THE

SUBCOMMITTEE ON EUROPEAN AFFAIRS

OF THE

COMMITTEE ON FOREIGN RELATIONS

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THE RUSSIAN PRESIDENTIAL ELECTIONS

WEDNESDAY, APRIL 12, 2000

U.S. SENATE,
SUBCOMMITTEE ON EUROPEAN AFFAIRS,
COMMITTEE ON FOREIGN RELATIONS,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:12 a.m. in room SD–419, Dirksen Senate Office Building, Hon. Gordon H. Smith (chairman of the subcommittee) presiding.

Present: Senators Smith and Lugar.

Senator SMITH. Good afternoon, ladies and gentlemen. We will call to order this meeting of the Subcommittee on European Affairs. Senator Joe Biden is scheduled to be with us, but was called to the White House at the last minute and hopes to be here before the end of this hearing to participate in it. We will welcome him then, but we will proceed now.

We are meeting to assess the Russian Presidential elections held on March 26 and won by now President-elect Vladimir Putin. I am pleased to have three panels this morning. Representing the administration on our first panel will be Dr. Steven R. Sestanovich, Ambassador at Large and Special Advisor to the Secretary of State for the New Independent States.

The second panel will feature the Honorable Dr. Zbigniew Brzezinski, a counselor at the Center for Strategic and International Studies. Dr. Brzezinski served as President Carter's National Security Advisor and has written extensively on world affairs, including of course matters concerning Russia.

The third panel will consist of Dr. Thomas E. Graham, Jr., and Dr. Michael A. McFaul, both of whom are senior associates at the Carnegie Endowment for International Peace. Through their public service and scholarly work, both individuals have established reputations as being among our country's top Russia analysts.

All of our witnesses are well qualified to address the important subject that gathers us here this morning and I appreciate their willingness to share with us their views.

Last month's Presidential election in Russia was an important event for those, like myself, who seek to support political reform in Russia and foster that country's integration into the world's growing community of democracies. These elections mark the completion of the first transfer of power at the executive level in Russia since the breakup of the Soviet Union. They also provide a useful lens through which to assess the current direction of Russia's political evolution and the coherence of our own policy toward Russia.

While it is reassuring that international observers found the election to have essentially met the procedural requirements of a free and fair ballot, many have questioned whether we witnessed a democratic transfer of authority or a manipulated succession. To many in the West, President Putin's rise has been meteoric and puzzling on many levels. The change of power from Yeltsin to Putin raised some question as to President Yeltsin's motives in his retirement, not the least of which included charges of vast corruption.

Indeed, the themes of the recent Presidential campaign and the December 1999 Duma elections brought out some of the worst in mudslinging, xenophobia, and authoritarian actions and slogans. The role played by the Russian oligarchs in the financing and conduct of these elections has been criticized on many levels in Russia and overseas. It is my sincere hope that the conduct of these elections will not transfer to the policies of the party in power.

Another factor that we cannot avoid discussing today is Russia's war in Chechnya, not only because of the actions committed by Russian military forces, but also because this was such a central theme in Mr. Putin's parliamentary and Presidential campaigns. The—I do not know how to put it any better—the brutality of the Russian forces in Chechnya has prompted many in Congress to call for a significant shift in U.S. policy toward Russia.

Others in the West have made their opposition to the Chechen war quite clear. Last week on April 6, the Council of Europe took a more than symbolic step to demonstrate its opposition to the war against Chechnya. It suspended the voting privileges of the Russian delegation. Perhaps the most revealing fact of the Council's action is found in the debate that preceded it. That debate included an appeal by Sergei Kovalyov, one of Russia's leading human rights activists, to impose sanctions against his own country.

One can ask, should we, the United States be siding with this gentleman or with Putin? This would be the question we might put before our distinguished witnesses today.

We do well to remember Russia's rejection of communism as a sincere and indeed heroic attempt to achieve a lasting democracy based on Western values. These values, however, are not reflected in the cruel war in Chechnya, in Russia's violation of international treaties, including the CFE treaty, or its suppression of the press, its mistreatment of religious minorities, or its proliferation of weapons of mass destruction and missile technologies.

As a matter of our country's foreign policy, I believe it proper to carefully modulate relations with the Russian Government according to its conduct both within its borders and abroad. That may require introducing stricter political direction into the assistance we provide Russia.

For instance, each year since I joined the Senate I have introduced an amendment to the foreign operations appropriations bill that would prohibit many forms of direct U.S. assistance to the Russian Government should it implement laws that would result in the discrimination of minority religious faiths. I am pleased to report that this type of prompting has had a beneficial impact on the implementation of the Russian Law on Religions. Many observers of religious freedom have said that the idea of holding discrimina-

tion up to the bright light of scrutiny has helped the situation in Russia for many minority faiths.

I would like to commend the administration, including Ambassador Sestanovich, for his work and dedication in the area of religious freedom in Russia. In this same vein, I would suggest that the United States might find a way to indicate to Russia that their genuine effort to obtain a peaceful negotiated solution to the Chechen war would be a good signal to send to the world prior to any summit between the United States and Russia.

This is not a call for isolationism. I would balk at knee-jerk reaction to building barriers instead of breaking them down as a tenet of diplomacy. I do believe that engagement pursued in the correct manner can underscore our commitment to fundamental values and our determination to base our relationship with Russia, particularly its political elite, upon those values.

Engagement, however, cannot be blind. We must pursue a policy that brings results and progress, that benefit both our nations and the world.

I look forward to discussing these and other issues with our distinguished panelists, and we now turn to Ambassador Sestanovich. Sir, we are grateful you are back and look forward to your testimony.

STATEMENT OF HON. STEVEN R. SESTANOVICH, AMBASSADOR-AT-LARGE AND SPECIAL ADVISOR TO THE SECRETARY OF STATE FOR THE NEW INDEPENDENT STATES, DEPARTMENT OF STATE, WASHINGTON, DC

Ambassador SESTANOVICH. Thank you, Mr. Chairman. I really do appreciate the opportunity to discuss the Russian Presidential election and explore its implications for American policy. Nothing can do more to help us get our Russia policy right than regular consultation between Congress and the administration, and on one issue that you singled out, that is religious liberty, I would like to note that the coordination that we have been able to develop has had exactly the beneficial effects that you noted.

Let me begin with the election results, and in particular with the headlines, which tell us a great deal about Russian politics after Boris Yeltsin. I have six headlines. Let me put six headlines out on the table. The first is, of course, the election happened. We witnessed a constitutional process with multiple candidates, very high turnout.

Senator SMITH. What was the turnout?

Ambassador SESTANOVICH. Sixty-nine—your experts are going to—they are qualified to come up with that number. I believe it is in the high sixties, Senator. Very high turnout and, according to most of the observers present, very few procedural improprieties.

I recall the forecast of a very distinguished Russian analyst after the 1996 election that the Russian voters would never again have a chance to select their President at the polls. In the past decade elections have become the only legitimate way to select Russia's leaders.

A second headline is that Russia's voters showed even less interest than 4 years ago in returning the Communists to power. Mr.

Zuganov, the Communist candidate, secured millions of votes less this time than in 1996.

A third headline is that Russian politics remains the politics of personality. While rejecting the Communist Party, Russian voters did not turn to other parties. They turned to Mr. Putin, it seems, because across the ideological spectrum voters believed that his views were their views.

I would frame a fourth headline this way, and it echoes some of the points you made, Mr. Chairman. The election displayed the strength of Russian democracy, but also its weaknesses. Speaking to the press on election night, Mr. Putin openly acknowledged that there had not been equal access to the media by all candidates. This is a problem that is hardly unique to Russia, but it is no less serious for that. The emergence of genuinely independent media remains a real challenge in the deepening of democracy in Russia.

The fifth headline would be the signs of voter dissatisfaction. Mr. Putin acknowledged that he had had to respond—that he would have to respond to the tens of millions of Russian voters who were expressing their dissatisfaction with their standard of living, their economic prospects. Many of his own voters were protest voters, too, and he will have to answer to them as well.

Finally, while the Russian Presidential campaign was very weak on substantive debate, one issue did more to define Mr. Putin's political profile than any other and that was the war in Chechnya. In seeking the Presidency, he said many things that we found positive, but no statements on the campaign trail spoke as loudly to us or to Russian voters as the military campaign in Chechnya.

Mr. Chairman, we have by now all read many attempts to explain who Vladimir Putin really is, but who he is will increasingly be defined by what he does. We may learn less by digging into his biography than by digging into his in box to try to understand the political choices that he faces. No issue will loom larger in Mr. Putin's in box than promoting economic growth. Polls throughout the campaign indicated this was the top issue on voters' minds.

Consider this. Over 35 percent of Russia's population lives on just over one dollar a day. Rising oil prices and import substitution have rallied the Russian economy in the past year and created a budget surplus for the time being, but that would quickly disappear if the price of oil dropped below $20 a barrel.

Sustained growth will require much more structural reform and much more capital investment. Mr. Putin has promised quick action on the investment legislation, the tax code, production sharing agreements. He has every reason to do so.

An equally large problem in his—in the Russian President's in box is crime and corruption. You singled this out yourself, Mr. Chairman. Taking on this issue is good politics for Mr. Putin since three of four Russians believe that too little progress has been made in creating a rule of law. But doing so also has real practical significance for him as he begins to try to do his job.

He has said money-laundering will be one of his top priorities, and we understand from Russian officials that this legislation may be pushed through as early as this month. Legislation is also needed to stem corruption and organized crime. But new laws alone will

not be enough. Much work needs to be done to strengthen their enforcement.

Mr. Putin can hardly ignore a third set of issues in is in box, involving security cooperation with the West. In the past decade, such cooperative efforts have led to the deactivation of thousands of nuclear warheads and improved our security in other ways.

The U.S. and Russia have also been partners in developing the foundations of a stronger nonproliferation regime. Russia's transfer of dangerous technology and know-how to Iran has not been fully turned off, but we have made some progress. We believe Mr. Putin and his team understand how this problem can undermine our ability to cooperate across the board.

Strategic arms control is another issue in Mr. Putin's in box that has already shown some movement, with the scheduling of a Duma vote on START II for this Friday. Ratification of START II would move us closer to real negotiations on deeper reductions in Russian and American nuclear forces and on countering the new threats we face, while preserving the security of both sides.

Mr. Chairman, on economic and security issues alike Mr. Putin's in box suggests the many opportunities before us for enhanced Russian-American cooperation. You spoke of these. You also spoke of the conflict in Chechnya, however, and the long shadow that it cast over these opportunities and I completely agree with your assessment.

The numbers from this conflict speak for themselves: a quarter of a million people displaced, thousands of innocent civilians dead or wounded, thousands of homes destroyed. It will take decades and millions, perhaps billions, of dollars to rebuild Chechnya.

Allegations about atrocities by the Russian forces have only strengthened the concerns that I raised here last November when I appeared before your committee about the Russian Government's commitment to human rights and international norms. In response to persistent pressure from the United States and other Western nations, Russia has agreed to grant ICRC access to detainees, has agreed to reestablish the OSCE assistance group in Chechnya, and agreed to add Council of Europe experts to the staff of Russia's new human rights investigator for Chechnya.

These steps are a start, but they are only a start, and speedy follow-on measures are essential. As you know, the U.N. Commission on Human Rights in Geneva is seized with the issue of Chechnya this week and its deliberations will test whether Russia is seriously prepared to respond to international concerns.

We have supported the call of Mary Robinson, the U.N. High Commissioner for Human Rights, for an independent Russian commission of inquiry into human rights violations in the Chechen war, a commission bolstered by the participation of experts from international organizations. Such a commission could investigate allegations, prepare a public report, and refer cases to prosecutors for action. We have urged the Russian Government to embrace this proposal and to take credible steps showing that it will actually enforce international standards of accountability.

Mr. Chairman, leadership change in Moscow does not by itself alter the premises of American policy. We continue to see an historic opportunity, as you have suggested, to add to our security and

that of our allies by reducing cold war arsenals, stopping proliferation, building a stable and undivided Europe, and, perhaps most important of all, supporting the democratic transformation of Russia's political, economic, and social institutions.

As President Clinton has said, a new Russian leader committed to those goals and to the international norms on which they rest will find in the United States an eager and active partner.

Thank you very much.

[The prepared statement of Ambassador Sestanovich follows:]

PREPARED STATEMENT OF AMBASSADOR STEVEN R. SESTANOVICH

"RUSSIA'S ELECTIONS AND AMERICAN POLICY"

Mr. Chairman, I appreciate the opportunity to discuss the Russian presidential election with you and your colleagues and to explore its implications for American policy. Nothing can do more to help us get our Russia policy right than regular consultation between Congress and the Administration.

Let me begin with the election results. Your program today includes some of our country's best commentators on post-Communist politics, to help you dig beneath the surface of the news. Yet even the headlines tell us a great deal about Russian politics after Boris Yeltsin.

The first headline is, of course, that the election happened. We witnessed a constitutional process, with multiple candidates, very high turnout, and—according to the many international observers on the scene—few procedural improprieties. I recall the confident forecast of a distinguished Russian analyst after the 1996 election, that Russian voters would never again have the chance to pick their president at the polls. In the past decade, elections have become the only legitimate way to select Russia's leaders.

A second headline is that Russian voters showed even less interest than they did four years ago in returning the Communists to power. Mr. Zyuganov, the Communist standard bearer for the second time in a row, received two million fewer votes than he did in the first round in 1996, and eight million fewer than he did in the second round that same year.

A third headline: Russian politics, at least at the presidential level, remains the politics of personality. It revolves around individual leaders rather than around programmatic alternatives among which the voters choose. While rebuffing the Communist party, Russian voters have not transferred their allegiance to other parties. Polls indicate that they turned to Mr. Putin because across the ideological spectrum voters were confident that his views were their views.

I would frame a fourth headline this way: The election displayed the strength of Russian democracy, but also its weaknesses. One of these was highlighted by the Putin camp's misuse of state television, to smear other candidates or to keep formidable rivals from entering the race. Speaking to the press on election night, Mr. Putin himself acknowledged that the opposition did not have equal access to the media—a problem that is hardly unique to Russia, but no less serious for that. The emergence of genuinely independent media remains a real challenge in deepening democracy in Russia.

Fifth were signs of voter dissatisfaction. Yes, the Communist party's appeal is down, but on the day after his victory Mr. Putin acknowledged that he had to respond to the tens of millions of Russians who, in voting against him, were protesting their standard of living and economic prospects. Many of his own supporters, of course, were protest voters too, and he will need to answer to them as well.

Finally, while the Russian presidential campaign was conspicuously weak on substantive debate, one issue did more than any other to define Mr. Putin's political profile, and that was the war in Chechnya. In seeking the presidency he said many things that sounded positive to Western ears—from his conciliatory remarks about NATO to his hints about how he would approach economic reform. But no statements on the campaign trail spoke as loudly as the Russian military campaign in Chechnya.

Mr. Chairman, we have by now all read many attempts to explain who Vladimir Putin really is. It can make for fascinating reading, but as a guide to his future actions it's probably a vain effort. We may learn who Mr. Putin has been, but who he is—and what place he will have in Russia's historic transition—will increasingly be defined by what he does. We may learn less by digging into his biography than by digging into his inbox, to try to understand the political choices that he faces.

No issue is likely to bulk larger in Mr. Putin's in-box than promoting economic growth. Polls throughout the campaign indicated that this was the top issue on voters' minds, and given the conditions in which Russians find themselves today it could hardly have been otherwise. Consider this: over 35% of Russia's population lives on just over one dollar a day. Rising oil prices and import substitution have rallied the Russian economy in the past year, and created a budget surplus, but it would quickly disappear if the price of oil dropped below $20 a barrel. Sustained growth will require much more structural reform and much more capital investment. To improve its investment climate, the new Russian government is going to have to fix its tax laws and banking system. Mr. Putin has promised quick action on investment legislation, the tax code and production-sharing agreements. He has every reason to do so.

An equally big problem in the Russian president's in-box is crime and corruption. Taking on this issue is good politics, since three of four Russians believe that too little progress has been made toward achieving the rule of law. But doing so also has real practical significance for a new president who wants to do his job. His ability to get things done, to get the bureaucracy to respond to his directives, depends on choking off corruption among officials at all levels. Mr. Putin has said new money laundering legislation will be one of his top priorities. Legislation is also needed to stem corruption and organized crime, but new laws alone will not be enough. Much work needs to be done to strengthen their enforcement.

Mr. Putin can hardly ignore a third set of issues in his in-box, involving security cooperation with the West. In the past decade such cooperative efforts have led to the deactivation of almost 5,000 nuclear warheads in the former Soviet Union, improved security of nuclear weapons and materials at more than 50 sites, and permitted the purchase of more than 60 tons of highly enriched uranium that could have been used by terrorists or outlaw states. Today, that cooperation continues. Our Expanded Threat Reduction Initiative will help Russia tighten export controls, improve security over its existing weapons of mass destruction, and help thousands of former Soviet weapons scientists to participate in peaceful research projects with commercial applications.

The U.S. and Russia have also been partners in developing the foundations of a stronger non-proliferation regime. Russia's transfer of dangerous technology and know-how to Iran has not been fully turned off, but we have made some progress. We believe Mr. Putin and his team understand how this problem can undermine our ability to cooperate across the board.

Strategic arms control is one issue in Mr. Putin's in-box that has already shown movement, with the scheduling of a Duma vote on START II for this Friday. Since last summer's G-8 summit in Cologne, we have held discussions with the Russians on START III reductions and changes in the ABM Treaty. Ratification of START II would move us closer to real negotiations, on deeper reductions in Russian and American nuclear forces and on countering the new threats we face while preserving the security of both sides.

Mr. Chairman, on economic and security issues alike, Mr. Putin's in-box suggests the many opportunities before us for enhanced Russian-American cooperation. The conflict in Chechnya, however, casts a long shadow over these opportunities. When I appeared before this committee on November 4, I said that we did not dispute Russia's right to combat a terrorist insurgency, but that we could not let this fact blind us to the human cost of the conflict. Today the numbers speak for themselves: a quarter of a million people displaced, thousands of innocent civilians dead or wounded, and thousands of homes destroyed. It will take decades and millions of dollars to rebuild Chechnya.

Allegations about atrocities by Russian forces have only strengthened the concerns that I raised here last November about the Russian Government's commitment to human rights and international norms. In response to persistent pressure from the U.S. and other western nations, Russia has agreed to grant ICRC access to detainees, agreed to reestablish an OSCE Assistance Group in Chechnya and agreed to add Council of Europe experts to the staff of Russia's new human rights ombudsman for Chechnya.

These steps are a start, but only a start, and speedy follow-on measures are essential. The UN Commission on Human Rights is seized with the issue of Chechnya this week, and its deliberations will test whether Russia is prepared to respond to international concerns. The U.S. has supported High Commissioner for Human Rights Mary Robinson's call for an independent Russian commission of inquiry into human rights violations, bolstered by the participation of experts from international organizations. Such a commission could investigate allegations, prepare a public report and refer cases to prosecutors for action. We have urged the Russian govern-

ment to embrace this proposal, and take credible steps showing that it will actually enforce international standards of accountability.

Mr. Chairman, leadership change in Moscow does not alter the premises of American policy. We continue to see an historic opportunity to add to our security, and that of our allies, by reducing Cold War arsenals, stopping proliferation, building a stable and undivided Europe, and supporting the democratic transformation of Russia's political, economic, and social institutions. As President Clinton has said, a new Russian leader committed to these goals, and to the international norms on which they rest, will find in the United States an eager and active partner.

Senator SMITH. Mr. Ambassador, do we know whether the bombing of these apartment buildings in Moscow, if those were Chechens? Is there any proof that there is the linkage that is asserted in the media?

Ambassador SESTANOVICH. There has been a Russian investigation of this over many months. There have been from time to time press conferences by Russian officials detailing some pieces of evidence and referring to suspects. But I think we cannot say that an investigative case has been made establishing who was responsible for those bombings.

They are widely, as you now, widely assumed in Russia to have been the work of Chechen organizations.

Senator SMITH. Is that an unreasonable assumption?

Ambassador SESTANOVICH. They followed a military confrontation between Russian forces and Chechen forces in Dagestan, a confrontation in which the Chechen forces were beaten back and, having suffered a serious defeat, they are thought by many Russians to have retaliated through terrorist bombings. But that is only a—that is a connection, that is the most we can say about it at this time.

Senator SMITH. Well, we do not dispute their right to combat terrorism. That does not justify what has been done in Chechnya.

Ambassador SESTANOVICH. We have made that very clear, Senator.

Senator SMITH. As I look to the future with Russia, I have lots of hope and I have lots of misgivings. The way this election campaign was conducted, when the government controls the media there are people shut out of the process. That has always been one of my concerns with proposals in our own country, frankly, when the government begins to regulate who gets to speak, who gets on TV.

I am not even suggesting there is any comparability, but I have real concern that I have with the fairness of this election and what was done and the ability of others to respond. But you are saying here that Mr. Putin even admitted as much on election night.

Ambassador SESTANOVICH. He certainly did acknowledge that other candidates had disadvantages in their access to the media.

Just for clarification, Mr. Chairman, I think it is probably too strong to say the government controls the media. There is in fact a very diverse media establishment in Russia involving thousands of independent newspapers and hundreds of independent television stations. They are heavily politicized and their ownership often dictates their political line.

The special concern that I think is created with respect to the role of the media in this election had to do with the role of state television, which as I said is not the only television network avail-

able for Russian viewers, but it is by far the most widespread and clearly highly influential. That state media was clearly used in a highly politicized way in this election.

But we and the Russians are lucky that in many ways the elements of a free media actually exist. That is why one can read in the Russian media the most extreme criticisms of Mr. Putin himself.

Senator SMITH. I note his first foreign trips will be to Belarus and the Ukraine, and I am wondering if you can speak to what you think that says about their foreign policy and what the relationships are now between those countries and Russia.

Ambassador SESTANOVICH. I believe those are stops on the way to London.

Senator SMITH. OK.

Ambassador SESTANOVICH. So there are three visits, and let me comment on all of them. Relations with Belarus are those of, as they say, kind of a nascent union, a kind of paper union at least, between Russia and Belarus, one which does not, I might note, prevent disagreements between them. Mr. Putin is reported in the Russian media to have called President Lukashenko to demand the release of Russian journalists who had been mistreated in Belarus.

Ukraine is an interesting case because it is perhaps—certainly one of the most important of the former Soviet states, one which has very effectively created independence over the past decade, and yet many Ukrainians wonder whether they will be able to maintain that independence into the future.

Mr. Putin has indicated an interest in close relations with Ukraine and I am sure he is going to be pursuing those relations when he is in Kiev. Some Ukrainians have, however, complained about their dependence on Russian energy and the possibility of manipulation of Russian—use of that lever by Russia to influence Ukrainian policy.

Senator SMITH. Talk to me about the Ex-Im loan that the Secretary of State authorized, $500 million to Tyumen Oil Company? This company is reportedly partly owned by the Alfa Group, which in turn is controlled by Pyotr Aven, one of the so-called oligarchs competing for influence in the Kremlin. I am wondering if Chechnya had any bearing on this? Should it not have been a reason to hold back, at least in terms of timing?

Ambassador SESTANOVICH. Mr. Chairman, as you will recall, in December Secretary Albright invoked the Chafee amendment to hold up the disbursement or action on this loan by the Ex-Im Bank, citing a number of concerns that she had having to do in particular with the protection of shareholder rights and the rights of foreign investors, especially American investors, in this deal.

In the interim, a number of these concerns have been addressed. The Russian parties have been under some pressure to negotiate the concerns, negotiate with American investors on the concerns that they have had, and we have seen some movement toward the resolution of this problem. On that basis, the Secretary announced that she was removing her hold because we felt that her action had served—she felt that her action had served the purpose that she intended, which was to advance the rule of law and to protect American businesses.

We did not link that issue to the Chechen war. I can tell you from personal experience that every Russian official I have talked to believes that we did and that those months of delay were the result of our political disapproval of the Chechen war. The Secretary's judgment was that the time had come to recognize that the purposes she had wanted to serve by invoking the amendment had been served.

Senator SMITH. You are probably aware that Senator Biden and I and 96 other Senators sent a letter to President Putin regarding anti-semitism. I was both surprised and pleased at his very prompt response to that in condemning anti-semitism, and I am wondering because this seemed a different response than earlier efforts. I wonder if you have any opinion as to what prompted this prompt and favorable response?

Ambassador SESTANOVICH. I think under President Yeltsin and now under President Putin the President of Russia has consistently been responsive to concerns raised by American officials, Members of the Senate and the administration, about religious freedom in Russia and about anti-semitism in particular. President Yeltsin frequently made strong statements in this connection and President Putin's statement and the letter of Ambassador Ushakov to you reflects that position.

Our concerns—and I know you share these, Senator—have to do less with the position of the Russian President and more with the trends that we see in society at large and sometimes in the protection of religious liberty in localities, where the constitutional protections that religious minorities should have are not always enforced. But we continue to pay very close attention to that issue, and I certainly believe that the kind of interest that you have taken in this, you and your colleagues have taken in this issue, helps to call it to the attention of Russian leaders and to get results.

Senator SMITH. I am hopeful, I am optimistic, about issues of religious freedom with Mr. Putin's election. I assume you share that optimism?

Ambassador SESTANOVICH. I think he has said the right things on this subject. The issue, as it has been in the past, will be enforcement of constitutional protections at all levels and we will continue to work on that.

Senator SMITH. Thank you very much, Mr. Ambassador. Good to see you again.

Ambassador SESTANOVICH. Thank you, Mr. Chairman.

Senator SMITH. We are grateful for your testimony and participation before this committee.

[Responses to additional questions for the record follow:]

RESPONSES OF AMBASSADOR STEVEN R. SESTANOVICH TO ADDITIONAL QUESTIONS FOR THE RECORD

Question 1. When discussing the war in Chechnya, you stated that the United States government "did not dispute Russia's right to combat a terrorist insurgency." Please enumerate the specific acts of terrorism that have occurred in Russia that justify any use of force by the Government of the Russian Federation in or against Chechnya and why they do so.

Answer. On August 8, 1999, armed insurgent groups from Chechnya entered the neighboring Russian Federation Republic of Dagestan with the declared intent of creating a pan-Caucasus Islamic state separate from the Russian Federation.

These groups, led by a self-ascribed Chechen field commander Shamil Basayev and an Arab mujahedin who uses the nom de guerre "Khattab," attacked Russian police and military installations and took control of several towns in western Dagestan.

Russian authorities continue to investigate a series of deadly explosions which took place in early September 1999. Although they have not presented evidence that proves Chechen separatists are responsible for these explosions, Russian authorities have linked Chechen groups to these terrorist acts.

The Russian authorities faced—and still face—a very real threat in Chechnya. The violent secessionism and extremism of Chechen rebels, coupled with provocations in Dagestan and elsewhere were legitimate security concerns.

But none of that begins to justify the Russian government's decision to use massive force against civilians inside Chechnya.

Russia should take action against real terrorists, but not use military force that endangers innocents or intensifies the conflict in Chechnya. Russia should step up measures to prevent further terrorist bombings, but should be careful not to make people from the Caucasus second-class citizens, or in any other way trample on human rights or civil liberties.

Question 2. In discussing the war in Chechnya, Secretary Albright recently stated that she has "consistently called on the Russian government to enter a substantive dialogue with legitimate leaders in the region to seek a long-term political resolution to this conflict." Do you regard Aslan Maskhadov, the democratically elected president of Chechnya, to be a legitimate leader? If you do not regard him to be a legitimate leader, why not? If you do regard him to be a legitimate leader, have you encouraged the Russian government to enter a substantive dialogue with him specifically? If you have not, why not?

Answer. We remain convinced that in order to achieve a lasting political resolution to the conflict in Chechnya, Russia must enter into substantive dialogue with local leaders who have a legitimate claim to authority. But we recognize that the actions of prominent Chechens has made identifying suitable partners for dialogue more difficult.

On January 27, 1997 Aslan Maskhadov was elected President of the Russian Federation's Republic of Chechnya in elections that OSCE judged to represent the will of the voters.

In the first two years of his presidency, both Russia and the international community at large engaged in intense discussions with Maskhadov to urge him to establish democratic institutions which would provide for law and order and bring a halt to the scourge of hostage-taking which limited the delivery of much-needed assistance. Maskhadov traveled twice to the U.S.; we met with him at the Department of State, as we would with any leader of one of Russia's regions.

But Maskhadov proved unable or unwilling to curtail the growing power of outlaw groups in Chechnya. As a result, armed outlaw groups were able to carry out the insurgent raids on the neighboring Russian Federation Republic of Dagestan. Maskhadov blames the Russian "special services" for their actions to diminish his authority and criticizes the Russian government for not carrying out reparations and reconstruction as agreed.

In 1999, Maskhadov's anti-democratic actions (such as his dismissal of the parliament and formation of an Islamic Council) and his refusal to condemn the insurgent raid into Dagestan led Moscow to discount him as a potential partner for discussions.

It is up to the Russian authorities to identify partners for discussion in Chechnya. We believe the OSCE Assistance Group can play a facilitating role in such discussions. We are encouraged by recent indications that Moscow may be again considering dialogue with Maskhadov, or moving toward talks with other Chechen figures.

Question 3. What Chechen leaders must be involved in a political dialogue with Russia that could lead to an enduring and just peace in Chechnya?

Answer. We remain convinced that in order to achieve a political resolution to the conflict in Chechnya, Russia must engage in a dialogue with local leaders who have a legitimate claim to authority.

Actions taken by some elected Chechen leaders have made it difficult for Russian authorities to engage them in dialogue. But for a lasting resolution, leaders who have the support of the people of Chechnya—as expressed in a democratic process—must be a part of the discussion.

We welcomed the recent visit to Chechnya by the OSCE's Office for Democratic Institutions and Human Rights; we believe the OSCE may be able to assist in building local-level democratic institutions and, when appropriate, in supervising elec-

tions so the people of Chechnya can choose who will represent their views in discussion with the Russian Federal authorities.

Question 4. To protest the conduct of Russian forces in Chechnya, the Council of Europe Parliamentary Assembly recently suspended the voting rights of its Russian delegation. The Department of State stated that it "understands" the Assembly's decision, but refuses to endorse it. What are the specific reasons why the Department of State will not endorse the Assembly's action?

Answer. When Russia voluntarily joined the Council of Europe, it undertook specific commitments to respect human rights. This gives the COE an important role to play in the Chechnya conflict.

One of Russia's moves to meet the concerns of the international community over Chechnya was to invite two COE human rights experts to join in the work of the Russian Human Rights Ombudsman for Chechnya. Russia demonstrated the high regard with which it holds the Council of Europe by accepting these experts even after the decision of the Parliamentary Assembly to suspend the Russian delegation.

We believe that the international community can best impact the situation in Chechnya by continuing to engage Russia over its concerns. The Council of Europe continues to play an important role in this process.

The United States holds Observer status within both the inter-governmental and legislative components of the Council of Europe. The COE has on several occasions invited representatives from the U.S. Congress to participate as Observers in Parliamentary Assembly deliberations. The Department will continue its dialogue on Chechnya with European governments, and would welcome similar dialogue at the legislative level between the U.S. Congress and European parliamentary institutions.

We note that the Parliamentary Assembly's recommendations on Chechnya have been passed to the Council of Europe's Committee of Ministers, comprised of COE member state governments, for further deliberation. It is the Committee of Ministers' responsibility to decide what, if any, action European governments will take based on the Assembly's recommendations.

Question 5. Will you personally make the commitment that United States will not discourage any member of the Council of Europe's Committee of Ministers from endorsing the COE Parliamentary Assembly call "to suspend Russia's membership if it does not initiate a cease-fire and engage in a political dialogue with a cross section of the Chechen people?"

Answer. We share the objectives of the Council of Europe and have urged Russia from the beginning of the conflict to end military action in Chechnya and initiate a meaningful dialogue with legitimate Chechen leaders.

The United States has observer status in the Council of Europe, and thus cannot vote on issues before the Council of Europe's Committee of Ministers. COE member states will decide for themselves what action, if any, to take on the Parliamentary Assembly's recommendations. We note, in this context, that Russia is a member of the Committee of Ministers and will participate actively in any deliberations that take place in that forum.

We are in frequent contact with European governments on issues related to Chechnya and will continue to share our views about how best to encourage Russia to uphold its commitments to the international community and bring about a peaceful resolution to the conflict in Chechnya.

Question 6. Has the United States provided the Russian Federation any satellite or other photographs, any equipment, any information, or any counter-terrorism assistance that Russia has used or could use in the war against Chechnya? If so, please specify exactly what has been provided to Russia and the terms under which this occurred. If Russia has violated those terms, please specify. (If necessary, please use a classified annex.)

Answer. The United States and Russia cooperate bilaterally and multilaterally, through such organizations as the G-8, on counter-terrorism.

The United States has engaged with Russia in counter-terrorism information sharing including analysis of Usama Bin Laden-related terrorists.

The U.S. Department of State has not provided Russia any specific equipment or counter-terrorism assistance and/or training that is intended for use in the war in Chechnya.

Our assistance is provided for specific purposes. Some equipment and/or training assistance might be considered "dual-use;" however, we consistently exercise the rights and protections afforded U.S. assistance under international agreements with Russia, to ensure that no U.S. assistance goes to support Russian efforts in Chechnya.

As we recently reported to Congress, we will direct agencies to take all the necessary steps to ensure that none of our assistance benefits Russian military units credibly reported to be engaged in combat operations in the Northern Caucasus.

I refer you to other agencies for details of their counter-terrorism programs.

Question 7. Has the situation in Russia for journalists, particularly those trying to report objectively on the war in Chechnya, improved since last January? If not, what steps has or will the Administration take to promote freedom of the press in Russia?

Answer. We are concerned about any potential threat to the considerable progress Russia has made in the area of press freedom. The Russian people need a free press to continue the unfinished job of building a democratic society. These concerns have been highlighted by restrictions on press coverage of the conflict in Chechnya and media manipulation during the election campaign.

We have raised the issue of press freedom directly with President elect Putin and other senior officials. For example, on her February visit to Moscow, Under Secretary Lieberman delivered a blunt message to the Russian Minister of Press and Television Mikhail Lesin. She stressed that we do not want to see achievements in advancing in press freedom over the past eight years reversed.

Similarly, we continue to press Russian authorities to resolve fairly the case of Radio Liberty journalist Andrei Babitsky in a manner consistent with freedom of the press and investigate the circumstances surrounding his detention and disappearance. Embassy Moscow has met with Mr. Babitsky and will continue to monitor his case closely.

The other aspect of press freedom that we are focusing on is the concentration of ownership of media outlets. We have funded programs that have helped support the development of 15,000 independent newspapers and 300 independent television stations. Support of independent media outlets will continue to be a key aspect of our Freedom Support Act programs.

President-elect Putin said in a nationally televised interview in February that he was "deeply convinced that we absolutely cannot have any development at all and the country will have no future if we suppress civic freedoms and the press." We agree with that statement.

Journalists in Russia must be able to do their work without unnecessary constraints, and we will continue to monitor and support freedom of the press in Russia.

Question 8. What is the net worth of commercial contracts approved by the United States Government concerning satellite launches services involving Russian and American entities since the beginning of this cooperation? Since September 1999?

Answer. It should be noted that the Department of State's Office of Defense Trade Control (DTC) database captures values that have been provided as actual or estimated; such is the requirement of under 22 CFR 124.12(a)(6). However, estimates are not accepted over $50 million as such cases must be notified to Congress and thus must have a signed contract. It should also be noted that the DTC database does not readily capture the individual foreign licensees.

The following show the principal satellite launch programs to date involving Russia:

LKEI Proton Launch Services	$4,500,000,000
Sea Launch	$1,500,000,000
RD–180 Engine for Atlas	$1,300,000,000
Leo One Satellite on Eurokot Proton Launch Vehicle	$124,200,000
QuickBird–1/–2 Launch on SL–8	$80,425,000
Misc. Launch Support and Cooperation[1]	$267,642,000
Total	$7,772,267,000

[1] (Includes programs such as Hall Thruster technology cooperation.)

The estimated net worth of commercial contracts approved by the United States Government concerning satellite launches services involving Russian and American entities since September 1999 is $2,563,545,000.

Question 9. Please provide a list of American firms and Russian governmental or commercial entities that are engaged in U.S.-Russian satellite launch services and the estimated values of their contracts. (If necessary to protect legitimate proprietary interests, please use a classified annex.)

Answer. The following is a compilation of information drawn from the files of the Department of State's Office of Defense Trade Controls and information solicited

from the Federal Aviation Administration. The following U.S. companies are engaged in selling launch services aboard Russian launch vehicles or Ukrainian launch vehicles using major Russian components. The values are estimates of their commercial contracts:

LKEI Proton Launch Services (Lockheed Martin/Khrunichev/Energia)	$4,500,000,000
Sea Launch Zenit–3SL (Boeing/Energia/Yuzhnoye/Kvaerner)	$1,500,000,000
RD–180 Engine for Atlas (Lockheed Martin/United Technologies/Energomash)	$1,300,000,000
Assured Space Access (Kosmos–3M and Start–1)	$20,500,000
Thiokol (Dnepr)	[1]
Total	$7,320,500,000

[1] No launches sold/no revenue.

Question 10. What are the relationships between the Tyumen Oil Company, the Alfa Group, Pyotr Aven, and Mikhail Fridman? Are the Alfa Group, Pyotr Aven, and Mikhail Fridman in positions that would enable them to benefit from the $500 million in EXIM Bank loans to Tyumen Oil Company recently approved by Secretary Albright?

Answer. The Secretary had placed a hold on Ex-Im's approval of the loan guarantees until we could investigate some serious allegations concerning abuse of investor rights by Tyumen Oil in a bankruptcy case. After she determined that it was appropriate to allow Ex-Im to proceed with its consideration of the loan guarantees, Ex-Im's board approved financing for the two transactions.

Aven and Fridman are major shareholders in Alfa Group, a Russian holding company which owns the controlling shares in Tyumen Oil Company (TNK). Aven, Fridman and Alfa Group stand to benefit if the capital improvements to the Tyumen's refinery at Ryazan and to the Samotlor oil field, financed by loans guaranteed by Ex-Im Bank, increase production and sales of crude oil and refined products by TNK. No funds guaranteed by Ex-Im go directly to Aven, Fridman, Alfa Group or TNK; rather, the funds are paid by the lenders to the U.S.-based suppliers of the $500 million in equipment purchased by TNK. The U.S. operations of those suppliers (Halliburton, Inc. and ABB, Inc.), and their employees, will benefit from the increased sales supported by the Ex-Im guarantees.

Question 11. What is the relationship between Pyotr Aven and Russian President-elect Vladimir Putin? Did Pyotr Aven play any direct or indirect role in Putin's recent campaign for the Russian presidency?

Answer. According to Russian press reports, Aven and President Putin have known each other since the early 1990's and have met since Putin became acting President. Aven's Alfa Group has reportedly supplied several staff members for the Presidential administration. Alfa Group is also reported to have made financial contributions to President Putin's election campaign.

Question 12. What is the relationship between Mikhail Fridman and Russian President-elect Vladimir Putin? Did Mikhail Fridman play any direct or indirect role in Putin's recent campaign for the Russian presidency?

Answer. Like Pyotr Aven, Fridman is a major shareholder in the Russian holding company Alfa Group. According to Russian press accounts, Aven's Alfa Group has supplied several staff members for the Presidential administration. Alfa Group is also reported to have made financial contributions to President Putin's election campaign.

Senator SMITH. We are now honored to have Dr. Zbigniew Brzezinski with us. He is no stranger to this room and this committee. We invite him to come to the table and share with us his very able perspective. Doctor, welcome. It is good to see you, sir.

STATEMENT OF HON. ZBIGNIEW BRZEZINSKI, PH.D., COUNSELOR, CENTER FOR STRATEGIC AND INTERNATIONAL STUDIES, AND FORMER NATIONAL SECURITY ADVISOR

Dr. BRZEZINSKI. Mr. Chairman, it is nice to see you. It is nice to see some familiar faces behind you as well.

Senator SMITH. Yes indeed.

Dr. BRZEZINSKI. Let me reach for my opening comments, if I may.

Senator SMITH. Please do.

Dr. BRZEZINSKI. Thank you for the opportunity to appear before you and to discuss American-Russian relations. Perhaps an appropriate way to begin is to pose the question: Is democracy in Russia now more secure and more respected than was the case earlier in this decade? Is the free enterprise system more pervasive and more accepted?

Unfortunately, the answer has to be "no." The sad fact is that several years have been wasted, with the notions of democracy, the free market, and partnership with America now in disrepute in the minds of many Russians. A great deal of responsibility for this deterioration is due, I am sorry to say, to the naivete, incompetence, and self-deception with which the administration has handled U.S. policy toward Russia.

The administration has been naive in prematurely claiming years ago that President Yeltsin was a truly democratic President of an established Russian democracy.

Moreover, the administration was incompetent in its indiscriminate transfer of financial assistance to Russia without adequate supervision, while declaring Russia to be already an effectively privatized free-market economy. All of this facilitated the emergence of a pervasively corrupt economic system—one that enriched the few and impoverished the many in Russia.

Furthermore, the administration has been cynical in its disregard of Russian transgressions, most notably in Chechnya. Five years ago during the first Chechnya war, the administration uncritically accepted the Russian story that the issue at stake was the preservation of the Russian union. In the current war, the administration has bought hook, line, and sinker the Russian notion that the conflict is about terrorism.

In short, by making the pursuit of good relations an end in itself, the administration failed to encourage positive change and to discourage negative conduct.

As President Putin consolidates his power, there is little evidence that the administration has drawn any lessons from its past failures. A case in point is the testimony offered a week ago to the Senate by Deputy Secretary of State Strobe Talbott. In it, he hailed, without any qualification whatsoever, "the completion of Russia's first democratic transfer of power at the executive level in its 1,000-year history." That so-called democratic transfer of power was effected by a palace coup that produced Yeltsin's abrupt resignation, the forward shifting of the date of the national elections, and the creation of a de facto plebiscite on behalf of the acting President, who in the mean time appealed to the public with highly nationalistic and demagogic slogans, exploiting ethnic and racial prejudice against the Chechens. None of that was noted by the Deputy Secretary.

That is not all. The Deputy Secretary acknowledges that we know very little about President Putin, but goes on to say the following: "Here is what we do know. Mr. Putin has affirmed his support for Russia's constitution and its guarantee of democratic gov-

ernment and basic freedoms for Russia's people. He has declared himself a proponent of a competitive market economy. He has promised quick action on tax reform and investment legislation. He told Secretary Albright, when she spent 3 hours with him on February 2, that he sees Russia as part of Europe and the West, that he favors Russia's integration with the global economy, that he wants to continue the process of arms control and U.S.-Russian cooperation on nonproliferation."

According to Talbott, that is all we know. The truth is we know much more than that. We know, for example that Mr. Putin spent 15 years of his life working for the KGB, the agency that specialized in the suppression of dissidents and in espionage against the West. We know Mr. Putin's proclaimed admiration for Mr. Andropov, one of the more ruthless leaders of the KGB. We have heard his public salute of KGB-NKVD traditions, his blood-curdling demagogy regarding the liquidation of the Chechens, and his very direct appeals to Russian nationalism and big power ambitions.

Nor should we ignore his reliance on the military and the KGB as the principal instruments of Russia's state power, nor his efforts to intimidate the mass media. Surely, these factors are also relevant to any assessment of Mr. Putin's likely conduct.

Administration spokesmen have repeatedly stated that Russia is isolating itself by its conduct in Chechnya. Yet the fact is that the administration has done absolutely nothing to make that allegation stick. Quite the contrary, the administration has gone out of its way to fraternize on a personal level with senior Russian officials, even as heads of government of the newly independent post-Soviet republics have found it difficult to gain top-level access to administration officials.

What is equally troubling is the fact that some of Russia's immediate and most affected neighbors, such as the Presidents of Ukraine, Georgia, Azerbaijan, and Estonia, have been perplexed by the United States' disregard for the longer term effects on Russian foreign policy of Moscow's reliance on indiscriminate force in coping with Chechnya.

Moreover, it is tragically the case that the administration's indifference to what has been happening in Chechnya has probably contributed to the scale of the genocide inflicted on the Chechens. The Kremlin paused several times in the course of its military campaign in order to gauge the reactions of the West. Yet all they heard from the President were the words "I have no sympathy for the Chechen rebels," which the Russians construed as a green light for their ruthless policy. The President in effect even endorsed their efforts "to liberate Grozny."

I fear that the administration's one-sided approach reflects not only continued misreading of the Russian situation, but above all, a politically driven desire to strike some sort of a spectacular agreement with the Russians regarding ratification of START and some compromise regarding the ABM Treaty, thereby enabling the administration to claim that it has obtained a green light from Russia for the deployment of the planned national missile defense system.

It is therefore not surprising to me that Deputy Secretary Talbott's testimony evoked strong bipartisan criticism. In his re-

sponse to Mr. Talbott, Senator Leahy, a Democrat, stated bluntly that: "As far as I am aware, the administration has yet to call the atrocities by Russian soldiers in Chechnya what they are—war crimes. There should be no ambiguity about that, and I am afraid that failure to do so has damaged our credibility. And the administration recently cleared the way for a $500 million Export-Import Bank loan to a Russian oil company. World Bank loans have also been made. We need to ask why we are providing this kind of aid when Russia seems to have enough money in the bank to wage a brutal military campaign."

Senator McConnell was even more scathing in his criticism of Mr. Talbott's testimony:

"It is noteworthy, Mr. Chairman, that the European reaction to what has been happening has been more forthright. The Council of Europe has recently suspended Russia's voting rights. The French Foreign and Finance Ministers have recently proposed a more critical and strategically guided re-examination of the way aid is given to Russia."

I hope the administration, even belatedly, draws the necessary lessons from these developments. Ultimately, the issue is not whether we should be engaged with Russia, for the obvious answer to that is "yes." The issue, however, is how we should be engaged with Russia, and here the ability to discriminate is the essential precondition of any effective policy.

The goal that we should be pursuing is the inclusion of Russia in a wider Atlantic-European community, based on the same values and mutually respected rules of civilized behavior. That historic goal will not be achieved if egregious instances of the Kremlin's international misconduct are condoned or if its domestic political regression is blithely ignored.

Thank you, Mr. Chairman.

Senator SMITH. Dr. Brzezinski, you have been an observer of Russia for many, many years and I wonder if, even as bad as it is as you describe it in your testimony, is there any room—is there any reason we should be optimistic that it is better than it was in the Soviet Union, that there is reason that it can be better still, given the personnel in place?

Dr. BRZEZINSKI. Absolutely. I am a long-term optimist. I am, however, a short-term pessimist. I think in the near term we are seeing the emergence of a generation which perhaps can be described with the words once applied by an American author to the U.S. leadership in the sixties: "the best and the brightest."

The best and the brightest in Russia in the late seventies and in the eighties tended to gravitate to the KGB. They were not true believers, they were cynics. They knew that the ideology was finished. They had a good idea that the West was doing much better than Russia. They had a sense of the internal stagnation. They had a desire for reform. They also enjoyed power and status and privilege. That is what they would like to restore to Russia today.

I think Mr. Putin is the quintessential product of that generation. Behind them, however, I think there is surfacing a younger group still—who will come to power probably within a decade or so—that realizes that the notion of recreating Russia as a global superpower with a strategically dominated space of its own—re-

flecting largely the space of the former Soviet Union—is unattainable, and that Russia has no choice but to fully opt for partnership with and membership in the West.

So in the long run I am an optimist. I think the trend is positive. But I think we cannot ignore a short-term regression and we should be particularly careful not to condone patterns of behavior that it might prove tempting for the Russian elite to repeat elsewhere.

This is why I put so much emphasis on Chechnya. Chechnya to me is not only a humanitarian tragedy to which the administration has been paying lip service, it is also a geopolitical warning sign that we have been largely ignoring and tacitly condoning. In my view these distinctions have not been sufficiently made.

I think our response to Chechnya has been too passive, and we therefore risk the possibility that our passivity may provide an opening wedge for pressure on Georgia. Georgia is extremely vulnerable, and its stability depends largely on Mr. Shevardnadze. We can already see some evidence of rising Russian pressure on Estonia and Latvia. The Central Asian republics are beginning, I think, to start their own accommodation process with Moscow, largely because of the way they interpret our passivity on Chechnya.

So it is the short term that concerns me. In the long run I am a convinced optimist. I think Russia has no choice but to opt for the West and we should facilitate that, but only by a discriminating policy.

Senator SMITH. I think it is finding that line of how to discriminate, to be constructively engaged but not foolish in the engagement, is I think what many are pursuing. As I listen to your testimony and read it as you went along, it reminded me of a lunch I recently enjoyed with former Secretary of State George Schultz. During that lunch he held up President Clinton's Time Magazine article praising Mr. Yeltsin as a true democrat as an example of how the administration frankly is not dealing with reality as it relates to Russia.

Based on what you have said here, I do not think you disagree with him. Is that a fair characterization?

Dr. BRZEZINSKI. No, I do not disagree. I must say that article was truly dismaying. I am pretty sure that the President did not write it. The administration lately has turned itself into a factory of oped pieces. Almost every week some administration top official has an op-ed somewhere under his or her name, and I cannot see them writing it because otherwise that is all that they would be doing.

So I doubt the President wrote it. But he signed it, he agreed to it and his advisors signed off on it. It was a disturbing piece because it contained that extraordinary phrase about the Russian "liberation of Grozny," which I think is going to haunt the President and embarrass the United States for a long time to come.

Moreover, the piece reflected a state of mind that I believe is uncritical, overly tactical and probably very heavily motivated by domestic political concerns. I have a sense that domestic priorities tend to drive the foreign policy shaping of this administration to a greater extent than usually is the case with most administrations.

Senator SMITH. I am very pleased to be joined by Senator Richard Lugar of Indiana. I invite your statement, sir, and any questions you might have.

Senator LUGAR. Thank you, Mr. Chairman.

In a forum that the chairman and I shared earlier this morning, Larry Summers, our Secretary of the Treasury, used a term which I see in Mike McFaul's testimony, that Putin may become a Milosevic. On the more optimistic side, Secretary Summers said he might be a DeGaulle or an Adenauer and that, looking at it in financial terms, the differences are enormous in terms of how this might turn out.

Taking the more optimistic view, I raised with Secretary Summers and I raise with you: What do we know about the economic people around Putin who might have the capacity to make the reforms we are talking about? The thought is that American investment or Western investment might flow to Russia if the conditions were right, if Russia was congenial and hospitable in ways that Ambassador Strauss, in his tenure, was talking about—court reform, contract certainty, mortgage money, and those things we generally associate with market economics and with the West, Japan and others.

Are there people in your judgment in Russia who understand these institutions sufficiently to legislate these changes, and enough people to make them work, to the extent that this kind of investment flow or change might occur?

The reason I ask this is that it seems to me that along with the optimistic political scenario the administration paints, there is a tendency now to say that the economy of Russia is a whole lot better than it has been. Particularly after the Russian devaluation and the crash that affected the world economies. Perhaps in a relative sense that is true, and the oil prices are often cited as a key. Every dollar higher in the price of oil is another billion in Russian currency.

Somehow the demonetization that Brookings Institution and others have described. It is hard to get from where things are now to a situation that approximates normalcy of investment and integration with the Western economies, which everyone feels Mr. Putin might be the architect or the bridge.

Even if he attempted to do that, inadvertently, some suggest that Mr. Putin might destroy democracy as others alleged that Mr. Gorbachev destroyed communism.

How do you come out on this? Is there the capacity to make the kinds of changes, to bring about a normalcy of relationships in the economy, quite apart from the political sense? Or, are we simply facing something that is not there and we are likely to see a continuation, if not something worse?

Dr. BRZEZINSKI. That is a very tough and searching question. You started off by quoting, I take it, from Mr. McFaul's reference to Putin as a potential Milosevic. I think that is an interesting analogy. You then countered that statement with Larry Summers' speculation that he may turn out to be a DeGaulle or an Adenauer.

Senator LUGAR. He thought it might go either way. Larry thinks he might be a Milosevic, too, or maybe a DeGaulle.

Dr. BRZEZINSKI. Yes. Let me suggest first of all that I do not think the option is Adenauer or DeGaulle because both of these men were deeply committed to democratic processes, deeply committed. It was evident in their personal conduct. It was evident in Adenauer even under the Nazis, and I do not think I need to elaborate on DeGaulle's commitment.

Mr. Putin's background is very different. I think the real choice is between Milosevic, if the adventurism of Chechnya leads to Georgia or to the Baltic republics, or—and I do not exclude this—Pinochet. It is a measure of how badly democracy has deteriorated in Russia that to suggest a similarity to Pinochet is to be optimistic as contrast to Milosevic.

Putin may turn out to be a Pinochet. That is to say, a person who imposes order largely by the reliance on state institutions, including repression and intimidation, and in so doing begins also to cope with the economic situation. Here again, I think we have to be very careful in our judgments. We do not want Russia to be in anarchy, but let us not fall overboard with joy if Russia becomes orderly. It is like saying, "well, is it not wonderful that Mussolini made the trains run on time." The train schedule in Italy was very chaotic before Mussolini came to power, but it was not wonderful that it became orderly. A lot of other things were lost in the process.

The question is how will Mr. Putin create a degree of confidence and stability in Russian society so that an orderly economic recovery can take place. You are quite right in noting that right now Russia's economy looks better, but it is extremely fragile and it is dependent, as both of you have noted, on the world oil market. That market is going to go down, and then what?

Beyond that, I think we have to take note of the degree to which Mr. Putin is dealing with a truly ravaged society, which is more than just in economic difficulty or perhaps in political regression. Let me just give you a few key facts. Russian male expectancy used to be 64; it is down to 59, the level of the Central African Republic. In Russia deaths exceed births by 2 million to 1.3 million. Russian population when Russia became a separate state was 151 million in 1990; it is now down to 145 million.

Some 800,000 Russians with higher education have left Russia. And 20 percent of Russian first graders—these are Russian statistics—20 percent of Russian first graders are diagnosed with some form of retardation when they enter school. Only 40 percent of Russia's new infants are born fully healthy. Russia's GNP is now the equivalent of that of Belgium and The Netherlands combined.

Russia ranked last in the 1999 global competitiveness report. Russia ranked 82d out of 99 in Transparency International's corruption index. To the west of Russia is successful, integrating Europe. To the east of Russia is a successfully developing China and a very successful Japan. To the south of Russia are 300 million Moslems who are increasingly alienated by what the Russians are doing in Chechnya.

This is a terribly difficult situation that Putin will be handling, and I think it will take a long time for Russia to recover. The only way he can do this is by gradually establishing predictable, trans-

parent rules of procedure, cultivating an increasingly democratic system, an opening to the West.

Will he do it? He will not do it if we condone misconduct, ignore transgressions, and simply applaud anything that he does, which unfortunately has been the inclination of the administration so far.

Senator LUGAR. The mention of Pinochet denotes the reputation that the regime had with the Chicago School of Economics professors and other apostles of that school. I am curious, if there is an economic order produced by a President like Putin, whether he has a similar cadre or corps?

Dr. BRZEZINSKI. Good question, good question. I am not sure he has a similar cadre, although there are a number of people who have been working with him that are apparently very able. I think the lack of a Russian entrepreneurial is probably even more of an issue, however. In Chile there was an entrepreneurial tradition that Pinochet unleashed an entrepreneurial class even while suppressing his opponents.

Beyond the oligarchs, I cannot see that there really is a entrepreneurial class. And unfortunately, the so-called privatization that has taken place in Russia has involved massive theft of national resources by the oligarchs. This theft must be thought of in a larger context. Sometimes people who make excuses for Russia argue that the oligarchs are like the American robber barons, that lived during the 1890's.

You may say whatever you wish about the legality or morality of the Vanderbilts, Morgans, Carnegies, or Rockefellers. There is one thing they all did, however. They invested in America. The oligarchs are not investing in Russia. They are investing in the Riviera, in California, in Florida, in London, in Cyprus, and offshore in the Caribbean.

So I am not sure whether Putin has an entrepreneurial class yet, and this is another reason why I am a short-term pessimist. In the long run, however, I think they have no choice but to adapt and things will eventually take off.

Senator LUGAR. I think it is a very important insight. Secretary Summers said the first indicator of health would be the return of capital to Russia, as you say, the investment by the robber barons in their own country. Absent that, it is unlikely for capital to flow to Russia until capital, which has been sent out, returns.

I just have one additional question, Mr. Chairman. The Library of Congress head Jim Billington joined us this morning and through his auspices I understand as many as a third of the Duma members are coming to Washington in May to visit with Members of Congress. Some are going to see Governors of our States and trail them around or learn about our State legislatures.

One consequence of the election, is that there are a large number of new people in the Duma who are very different from the Russians which we have all become accustomed, and who have made these trips before.

Do you have any insights on the Duma members now and what the effect might a trip of one-third of these members be when they see our institutions in action? In other words, what program should we be thinking of if we are to capitalize upon that opportunity?

Dr. BRZEZINSKI. I think the next two witnesses know the details and the character of the Duma better than I, so I cannot really answer you regarding the specific character of the Duma. I think I do not know any more about it than you do.

But I do want to say that, one, the Billington program is terrific and it deserves support. I think it is a wonderful way of opening up the eyes of the emerging Russian elite to the realities of a complex modern continental society such as ours.

Allow me to make a suggestion here. You have helped this program, you have financed it, and I think it is a terrific initiative. It should be continued and expanded, but it should not be a Russia only or a Russia first program. Half the people from the former Soviet Union are now in the independent states. We have an enormous strategic interest in these states being viable and remaining independent, precisely because Putin and his generation are still talking about recreating some form of preponderance over the former Soviet space.

We should make sure that for every Russian legislator who comes here—and by God, we ought to bring as many as we can—there ought to be an equivalent number of Ukrainians, Georgians, Uzbeks, Kazakhs, and yes, even Belarussians, despite the repressive character of Lukashenko's regime. You should insist on this, because the administration has this tendency, which I think is more of a mind set than a calculus, of essentially operating on Russia-first basis.

It is a damn good program, but let us make it for everybody. It is in our interest to do so, and it is in the interest of consolidating geopolitical pluralism in the space of the former Soviet Union.

Senator LUGAR. That is an excellent suggestion.

Senator SMITH. Very good. Thank you, Senator.

I just have two additional questions. I suppose if I remember anything of your testimony this morning it will be the word "discriminating." I wonder if you can put a little more meat on that bone. How ought our Government be more discriminating in its policy toward Russia?

Dr. BRZEZINSKI. The case of Chechnya is particularly very relevant to that question. I think we have been undiscriminating in the sense that we have only paid lip service to Chechen civilian casualties while in fact condoning what the Russians have been doing. I hope to God our activity has gone no further than condoning, because, as you know, there is now a debate in German press regarding alleged German intelligence assistance to the Russians in the conflict against the Chechens. In defending this activity some Germans are now saying that they have not done as much as the Americans.

I hope that is not true, because I think that would be a real blot on our own sense of traditions and what we stand for.

Senator SMITH. But that allegation has been made?

Dr. BRZEZINSKI. By the Germans.

Senator SMITH. By the Germans.

Dr. BRZEZINSKI. In the case of Chechnya there are things we could have done to show that we mean that we are seriously concerned. Take one specific example. The Russians have been invited to the G–7. It is not a decisionmaking body, but it is a summit of

the advanced industrial democracies. It is a kind of a club and membership in the club confers status.

Russia is not an advanced economy. Russia is by no means a democracy. Yet it was included in order to give President Yeltsin status. And Yeltsin at one time appealed to the best instincts of the Russian people. He said to the Russian people on more than one occasion: The imperial burden is a cross; we do not benefit from it; freedom for others is in our interest.

Putin, in contrast, has appealed to the worst instincts in his campaign about Chechnya and in his campaign about rebuilding the state. I would disinvite the Russians from the G–7, simply say to them: Look, I am sorry, but your conduct is not compatible with the standards of advanced industrial democracies; we will meet without you.

The Council of Europe has just suspended Russia's membership. I do not know what our reaction to that has been, but at least some European diplomats have indicated that the administration was not particularly happy, that the Europeans worked up the guts to suspend Russia's voting rights.

It is these things that we could have done to lend credibility to the notion that what the Russians are doing is not compatible with standards that we expect, and to demonstrate that this behavior is isolating Russia. There are also some options in the economic area, as Senator Leahy mentioned. There are things we could have done while maintaining the Nunn-Lugar approach, that is, by continuing arms control negotiations, which is in our mutual interest, while indicating that in the long run we do want to see Russia as a component of a larger Atlanticist Europe. I believe this should be our strategic objective.

This is why I personally advocate the enlargement of NATO, but making it very clear that NATO ought to be open to everybody that wishes and qualifies for membership.

Senator SMITH. Including Russia?

Dr. BRZEZINSKI. Including Russia if it wishes and qualifies.

Senator SMITH. And qualifies.

Dr. BRZEZINSKI. Those are fairly big if's.

Senator SMITH. Dr. Brzezinski, this last question you should feel no obligation to answer, but I have to ask you why it is that you denied use to Ian Brzezinski of the family car between the years of 1978 and 1980.

Dr. BRZEZINSKI. Is this an official complaint?

Senator SMITH. It is a question asked only in humor.

We thank you very much, doctor.

Dr. BRZEZINSKI. Strong factual background, too.

Thank you very much. It is good to be with both of you.

Senator SMITH. We are grateful for your testimony. You make such an enormous contribution every time you come here and have to our country on so many occasions, and we thank you, sir.

Dr. BRZEZINSKI. Thank you. Thank you very much.

Senator SMITH. We are now pleased to call forward our next witnesses. We welcome Dr. Thomas E. Graham and Dr. Michael A. McFaul, both of whom are senior associates at the Carnegie Endowment for International Peace. Gentlemen, we welcome you.

Dr. Graham, we will start with you.

STATEMENT OF THOMAS E. GRAHAM, JR., PH.D., SENIOR ASSOCIATE, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, WASHINGTON, DC

Dr. GRAHAM. Thank you very much, Mr. Chairman. I deeply appreciate the opportunity to speak before this committee on the implications of Russia's Presidential elections for Russian democracy and U.S.-Russian relations. Let me also add that it is a pleasure to appear on this panel with my colleague Mike McFaul. I think our testimony will demonstrate that, at a minimum, there is pluralism of opinion, some would say incipient democracy, at the Endowment and that is all for the good.

This is a very timely hearing. It is no secret to this committee that U.S.-Russian relations are in deep trouble. In fact, I think we could argue that U.S.-Russian relations, despite a certain thaw over the past few weeks, are at their lowest point since the breakup of the Soviet Union. Talk of strategic partnership has been replaced on the Russian side by rhetoric that is reminiscent of the cold war at times. If you look around this room you can see that the American political establishment is suffering from a severe case of Russia fatigue.

Russia's financial collapse of 1998, Kosovo, the bank scandals of last summer, and Chechnya have all taken their toll. I do not think I need to explain to you why Russia still matters. I think we will also agree that it is time and important to put an end to the deterioration in our relationships and to preferably put them on a better track, and Mr. Putin's election and the emergence of a new leadership in Russia provides us with an opportunity.

Much, of course, is going to depend on what the Russian leadership decides to do. Mr. Chairman, as you have already noted, the continuation of the brutal campaign in Chechnya is going to impede any near-term improvement. For our part, as we begin to rethink our policy toward Russia we need to take a hard look at Mr. Putin, we need to appreciate the complexity of the problems he is facing and the constraints on his ability to act.

That is, we need to avoid recreating that cycle of great expectations followed by deep disappointment and mutual recriminations that has bedeviled the relationship over the past several years.

So to begin, who is Mr. Putin and what does his election as President portend for U.S.-Russia relations? Mr. Chairman, as you have already noted, Putin's election should raise concern about the state of democracy in Russia today. To be sure, the elections themselves probably met minimal standards for being declared free and fair. Turnout was just under 69 percent, the voters had a choice of 11 candidates ranging across the political spectrum. No one has yet offered credible evidence of massive fraud that would have denied Mr. Putin victory in the first round.

But I think you will agree that democracy goes beyond the simple mechanics of voting and vote counting to deeper political structures and attitudes. Here I think there are concerns. Putin's phenomenal rise from political obscurity to the highest office in Russia in 8 months underscores how unstructured Russian society is and how easy it is to manipulate the electorate.

The Kremlin's cynical use of its near monopoly of the media last fall to destroy Putin's rivals with half-truths and fabrications was

hardly democratic in spirit, even if those opponents used similar tactics. But more troublesome is the near total absence in Russia of accountability to the public, the bedrock of democracy. Civil society is exceedingly weak. It has not grown much over the last decade. Russia lacks a dense network of civic organizations that could act as a check on government behavior, particularly between elections.

Now, the reverse side of this lack of accountability is that Putin's so-called popular mandate brings him very little in the political arena in which he now finds himself, one that is dominated by rival and competing elites. To put it in the simplest terms, the people are not about to go out in the streets in support of Mr. Putin as they did for Mr. Yeltsin a decade ago. Mr. Putin is going to require other resources in order to deal with and manage these elite audiences.

I think we should not overestimate his chances. He faces serious constraints. Four stand out. First, while the Russian constitution invests the President with vast powers, in practice his power is much less. As a result of the devolution, fragmentation, privatization, and erosion of state power, he must now compete with multiple autonomous centers of power in the guise of regional barons and business magnates, or oligarchs as they are often called.

The Russian President simply cannot take on all the competing powers at once. At best, he can exploit the differences among them to gradually enhance his own power and authority and to rebuild the state as an autonomous entity in Russian politics.

Second, Putin faces very severe resource constraints. Although tax collection has improved somewhat over the past several months, the Russian Federal budget still amounts to about 25 billion U.S. dollars at current exchange rates, roughly what the United States spends on the intelligence community alone. Putin simply does not have the resources to spend more on the military and the security services, pay off pension and wage arrears, rebuild the shattered public health system and deteriorating educational system, and so on. He is going to have to make difficult choices.

Third, Putin also has severe constraints in the area of human resources. He does not have enough loyalists to staff the key positions in the government. The conventional wisdom in Moscow is that you need about 400 people to staff the government properly. According to Kremlin insiders, Putin has a very small bench, perhaps as few as 40. And this means that he is going to have to reach outside to others and, given the nature of Russian politics, this is going to become a coalition government Russian-style, based not on parties but on political-economic coalitions in elite circles. This is necessarily going to undermine the effectiveness and cohesiveness of his government.

Fourth and perhaps most important, there should be serious questions about Mr. Putin's leadership abilities. His KGB days in Leningrad and East Germany, his 6 years as a deputy mayor in St. Petersburg, and his positions in Moscow since 1996 all suggest a man of limited horizons and narrow goals. Nothing suggests that he ever harbored ambitions to rise to the pinnacle of power in Russia. Little indicates that he has developed the political skills nec-

essary to manage what has become a very unruly Russian political system.

Putin may surprise us, as other great figures have in Russian history. But at the moment I think we are right to reserve judgment.

Now, despite these constraints on Putin, I think there is still room for progress on some issues of interest to us. Over the past decade a broad, shallow consensus has emerged across the political spectrum, emphatically including the Communists, as Russians have come to realize there can be no return to the Soviet past, even if many vehemently disagree with the policies of the past decade.

Ideological cleavages have given way to a competition among vested political-economic interests as the defining feature of Russian politics. This change—and I think Mike will speak about this somewhat more—is reflected in the composition of the new Duma, which is dominated by non-ideological, pragmatic, some would say cynical, deputies.

Moreover, the Russian Government will have more room for maneuver because of an improved economic outlook. As has already been noted, the economy grew for the first time last year, at roughly 3 percent. The forecast for this year is growth of perhaps as high as 5 percent.

So what can we expect? On the economic front, we are likely to see progress in building a more favorable environment for investment, including a new tax code, movement on production sharing arrangements, and improved protection of minority shareholders rights. The outlook for land reform is less certain. This is a contentious issue, but support is growing. I would point out that already more than a quarter of Russia's regions, 89 regions, have passed laws allowing for the free buying and selling of land, despite the lack of an overarching Federal code. So I think this is a sign of progress.

But the point I want to make here is that it is unlikely we are going to see a great reform in the economic realm in the near future, as some are predicting. The problems are still very difficult. We will see a small step forward, but nothing more than that.

On domestic politics, I think the situation is much less promising. Putin's own comments on the press, the way he dealt with the Radio Liberty correspondent, Mr. Babitsky, earlier this year, suggest a man who has limited commitment to at least some democratic freedoms. Progress is also likely to be slow on two other key issues, corruption and Chechnya.

Corruption is a massive problem in Russia. There are no simple solutions. Mr. Putin's actions to date, rather than his words, suggest that he is going to move very slowly and cautiously on this. In fact, he has granted something of immunity to his former boss, Mr. Baradin, who is implicated in the Mavatec scandals of last summer. Mr. Baradin is very happy about that. I think we should be somewhat more concerned.

On Chechnya, I think it is clear that Mr. Putin still needs to bring this to a victorious end. He needs that because his position is dependent on support from the military and the military is still intent on crushing the Chechen rebels. So I doubt that we are going to see serious improvement in this area over the near future.

Finally, on foreign policy, the broad outlines of Mr. Putin's foreign policy have become evident over the past several weeks with the publication and discussion of three documents: a national security doctrine, a military doctrine, and a foreign policy concept. Just three points.

First, these documents make clear that the major threat to Russia's security and wellbeing is internal decline and decay. As a result, the first goal of Russian foreign policy is to help create conditions that are conducive to internal reconstruction. This entails ensuring continued Russian access to Western technology, credits, and know-how. It entails continuing to work to integrate Russia into the global economy.

Second, Russia's attitude toward the outside world is changing. In an earlier version of the national security concept it adopted in 1997, Russia saw the West as relatively benign. The latest documents make it clear, however, that the West is seen as something of a looming threat.

Third, the Russian political elite is well aware that the disarray and lack of coordination in foreign policy decisionmaking and implementation have only exacerbated problems arising from Moscow's shrinking resource base. The rapid turnover in key personnel—five prime ministers, three foreign ministers, three defense ministers, and seven security council secretaries since January 1, 1996—give you a sense of how problematic this has been.

If Mr. Putin can, as he claims he will try to do, impose greater coherence on Russia foreign policy, we could see Russia play a much more active role abroad, despite his current weakness.

Now, given these fundamental concerns, I think Mr. Putin is going to try to re-engage the West and particularly the United States, as he has over the past 3½ months. As has been already noted, we are likely to see progress on START II. It could be ratified by the Duma as early as this Friday. Mr. Putin I think is going to step up engagement on ABM Treaty modifications, START III, National Missile Defense.

This does not mean that any of this is going to be easy. It would be hard to do under the best of circumstances and we are far from there at this point. But the point is that with Mr. Putin we will probably have a better chance to sit down and discuss these issues than we did in the last months and years of Yeltsin's Presidency, simply because there is likely to be more coherence in the Russian political establishment.

Finally, some thoughts on U.S. policy. I think it is clear from what has been said today that Putin's Russia is not going to be an ideal Russia, but it is a Russia that we can deal with and a Russia that we need to deal with. Our first task should be to rebuild the trust that has been lost over the past few years because that is indispensable to productive negotiation on strategic issues and nonproliferation concerns that lie at the top of our agenda with Russia.

We can begin to do this in part by talking in less grandiose terms and more realistically about the quality of our relations with Russia. The administration's earlier talk of strategic partnership created expectations in Russia that we were never prepared to meet and our failure to meet them led many Russians to ascribe to us pernicious motives we never in fact entertained.

Now is the time for a little honesty. We should make clear that the intensity of our engagement with Russia will vary from issue to issue. On some, such as the strategic nuclear balance, nonproliferation, Russia will be a central focus of our policy. On others, such as many global economic matters, Russia will be a secondary consideration at best.

We also need to lay down very clearly what our position is on Chechnya and the fact that continuation of this military campaign is going to impede progress in other areas. It is simply inconceivable that we will build the public support we need in this country for constructive engagement with Russia if Chechnya continues.

In addition, I think as we seek to re-engage Russia we need to appreciate Russia's limited capacity to engage. It takes two to engage and, given Russia's dire socioeconomic conditions, its declining resource base, it has very little capacity to engage. It is therefore imperative that we work with Russia on issues where it really matters, that we set realistic goals, places where we have chances of success. That will produce the type of public support we need in the United States for continued engagement.

Finally, in engaging Russia I would urge that we retain a respectful distance from the Russian political leadership, in sharp contrast to the way the administration approached Yeltsin over the past several years. These overly close relations I think only warp our perception of what is actually happening in Russia, they diminish the support we have within Russia itself and then in particular they blind us to the down sides of developments in Russia and limit our capacity to react to them properly.

Now, the type of engagement that I am describing I think lacks the high drama of the 1990's. Some will find it pedestrian. But I think that only by lowering our expectations, by understanding where our interests overlap and conflict with Russia's, and by acknowledging the limits on our ability to cooperate, in short only through greater realism than we have demonstrated over the past decade, can we hope to put on track our relations with Russia, a country that still remains extremely important to our security and will so well into the future.

Thank you, Mr. Chairman.

[The prepared statement of Dr. Graham follows:]

PREPARED STATEMENT OF DR. THOMAS E. GRAHAM, JR.

Although there has been a certain thaw in our relations with Russia over the past few weeks, it is still safe to say that they have reached their nadir since the breakup of the Soviet Union. During the past year, senior Russian government officials have at times resorted to rhetoric reminiscent of the Cold War. The United States is treated with increasing suspicion in commentary in Russia's mainstream press. Department of State polling has traced a steady decline in favorable opinion of the United States among Russians from over 70 percent in 1993 to just 47 percent earlier this year.

Meanwhile, in the United States, the once prevailing image of Russia as an aspiring democracy has given way to one of Russia as a hapless land of massive corruption, pervaded by organized crime. The American political establishment suffers from a severe case of Russia fatigue. Growing numbers of Americans believe that Russia simply does not matter that much any longer in the world and that the United States can and should pursue its interests with little reference to Russia. Few Americans would advocate gratuitously harming Russia, but equally few are prepared to spend much time, energy, or money to nurture good relations with Russia.

Three events over the past year and a half were pivotal in fueling this deterioration in relations: Russia's financial collapse in August 1998, the Kosovo conflict, and Chechnya.

The financial collapse marked the failure of the grand project of quickly building a vibrant democracy and robust market economy in Russia along Western lines. For many Russians, it confirmed suspicions that the West was not trying to help their country rebuild but rather seeking to turn it into a third-rate power. In the West, and particularly in the United States, we began to take a more sinister view of Russia. Because we tend to think there is something natural about the emergence of democracies and market economies, many Americans see the problems in Russia as a sign of some profound moral flaw in Russia's national character.

The Kosovo conflict, at a time when NATO was adopting a new strategic doctrine and adding new members, confirmed Russians' worst fears about the Alliance. Moreover, Kosovo underscored just how far Russia's international standing had fallen during the nineties and how little its voice mattered in world affairs, even in Europe, a region of vital significance to Russia. While many in the West hailed the role that then President Yeltsin played in bringing the conflict to an end on NATO's terms, much of the Russian political elite interpreted this as a sign of Russia's weakness; some even saw it as a betrayal of Russia's interests. While most Americans saw the Russian "dash to Pristina" as an ill-conceived act of desperation, most Russians applauded it as a demonstration of Russia's will and ability to carry out a military operation even in the face of NATO's opposition.

Chechnya has dramatically underscored the gap between Russian and American elites and broader publics. While we have been appalled by the brutality of Moscow's military operation, Russians have approved it as necessary to putting an end to the terrorist threat emanating from Chechnya, restoring order to a Russian territory, and safeguarding the country's territorial integrity. Against the background of what Russians saw as an illegal and inhumane NATO air campaign in Kosovo, Russians have been incensed by the West's criticism of their actions in Chechnya. The criticism is, to their minds, evidence of a double standard, of a refusal to treat Russia as an equal, and of an unwillingness to appreciate the depths of the problems Russia now confronts, problems, moreover, that many Russians believe arose out of their following Western advice over the past decade.

Both Russian and American leaders would like to halt—and if possible reverse—this deterioration in relations before it does irreparable harm. Each side recognizes that the other will remain critical to its own security and well-being well into the future. The emergence of a new leadership in Russia, the transfer of power from President Yeltsin to President Putin, provides an opportunity to put the relationship back on track. Whether this opportunity will be seized remains an open question. Much, to be sure, will depend on the course the new Russian leadership takes. There are actions, for example, in Chechnya and, more broadly, in the area of human rights and civic freedoms, that the Russian government could take that would undermine all hopes for near-term improvement in relations.

At the same time, in plotting our course toward improved relations, we need to take a hard look at Putin, appreciate the complexity of the problems confronting him and the constraints on his ability to act, separate the substance from the style of Russian foreign policy and determine where differences over substance preclude productive interaction, and articulate clearly what we need from Russia to build public support at home for active engagement with Russia. Moreover, we need to keep our goals in line with Russia's capabilities if we are to avoid the cycle of great expectations followed by profound disappointment and mutual acrimony that has bedeviled the relationship over the last several years.

RUSSIAN DEMOCRACY FRAGILE AT BEST

Putin's election as president on March 26 marked the first democratic transfer of power in Russian history, the Clinton Administration and many commentators have maintained. And, indeed, the election probably met minimal standards for being declared democratic and free and fair. Turnout was just under 69 percent; the voters had a choice of eleven candidates representing a range of political views. While there have been charges of fraud, and it is likely that fraud did occur in some districts, no one has offered credible evidence of massive fraud that would have denied Putin victory in the first round. The official electoral results were in line with preelection polling. The only surprise was that the communist party candidate did better than expected, and that was unlikely the result of widespread fraud. Consequently, we can be confident that Putin's election at some level represents the will of the Russian people.

This is not to say that all is well with democracy in Russia. Far from it, particularly when one looks beyond the simple mechanics of voting and vote counting to the deeper political structures and the vitality of democratic virtues. At a minimum, Putin's phenomenal rise from political obscurity to Russia's highest office in eight months should give pause to anyone concerned about the consolidation of democracy. The rapidity with which Russians swung from overwhelming support for former Prime Minister Primakov to overwhelming support for Putin underscores how unstructured Russian society is, how poorly societal interests are articulated, and, thus, how easy the electorate is to manipulate. That Putin's rise came against the background of a shockingly brutal, but seemingly successful, military operation in Chechnya should raise concerns about the standing in Russian society of the democratic virtues of tolerance and compromise. The Kremlin's cynical use of its near monopoly of the media last fall to destroy Putin's rivals with half-truths and fabrications was hardly democratic in spirit, even if those opponents engaged in similar tactics.

More troublesome is the near total absence in Russia of accountability to the public, the bedrock of democracy. As many commentators have pointed out, Putin failed to lay out a detailed political and economic program during the presidential campaign. He sent contradictory signals on his commitment to economic reform and democracy, telling different audiences what they wanted to hear. This is hardly unheard of in countries we call democratic without reservation. But the point is that the Russian public has no effective means to hold Putin accountable. Russia lacks a dense network of civic organizations to put pressure on the government between elections and check its behavior. Moreover, other elected officials, who might act as a democratic check on Putin, are no more beholden to their electorates than he is.

CONSTRAINTS CONFRONTING PUTIN

The reverse side of this lack of accountability is that Putin's popular mandate brings him very little in the political arena in which he must now operate, one that is dominated by the competing elite circles and coalitions that have emerged over the past decade. There are few ways he can mobilize his popular support for political advantage now that the elections are over. There are no indications, for example, that the people are about to take to the streets in support of Putin as they did for Yeltsin a decade ago. Putin will require other resources to manage and discipline these elites, a task that is essential to his carrying out his agenda, whatever it might turn out to be. We should not overestimate his chances. He faces serious constraints. Four stand out.

First, although the Russian Constitution invests the president with vast powers, something that has given rise to the myth of a "superpresidency," in practice, his power is much less. Over the past decade, multiple autonomous centers of power have emerged as a result of the devolution, fragmentation, privatization, and erosion of state power. In relative terms, considerable power now lies in the hands of regional elites and business magnates, or "oligarchs" as they are often called.

The levers that Russian leaders once used to control regional elites have all atrophied. The dense, countrywide administrative structures of the Communist Party of the Soviet Union collapsed with the breakup of the Soviet Union and have yet to be replaced. Law enforcement agencies and the courts, even if nominally subordinate to Moscow, often do the bidding of regional leaders, because their officials are dependent on the goodwill of those leaders for housing, conveniences, and other amenities. Regional military commanders often cut deals with local elites to ensure an adequate flow of energy and provisions to their garrisons. As a result, the loyalty of the institutions of coercion to the Kremlin is dubious at best outside of Moscow.

The Russian president may be the strongest of all the centers of power, and he may be able to enforce his will on one or more of the competing centers. But even one-on-one, victory is not ensured; within just the past week Putin had to back down from an effort to depose the governor of his home region, St. Petersburg, a man for whom he has expressed contempt in public, because of the governor's formidable regional political machine. This failure only underscores the point that Putin certainly lacks the resources to take all the competing power centers on at once. In other words, he cannot govern the country against the wishes of the regional barons and oligarchs. At best, he can exploit the contradictions among them to expand his own room for maneuver, enhance his own power and authority, and rebuild the state as an autonomous entity. Success in such an effort is uncertain, however; it will require considerable political will, imagination, skill, and time.

Second, the resources are lacking for the vigorous pursuit of rebuilding the state, which Putin has set as his primary goal. In the past decade, Russia has experienced a socio-economic collapse unprecedented for a great power not defeated in a major

war. The economy has been cut in half Russia's GNP is now roughly 7 percent of the United States'. Although tax collection has improved over the past several months, the Russian federal budget still amounts to about $25 billion at current exchange rates, that is, roughly what the United States spends on the Intelligence Community alone. Putin does not have resources to spend more on the military and security services, pay off pension and wage arrears, rebuild a shattered public health system and a deteriorating educational system, build up an independent judiciary, aggressively combat corruption, create the institutions of a well-functioning market cconomy, and so on. He will have to make difficult choices.

Third, Putin lacks sufficient loyalists to man the government. The conventional wisdom in Moscow is that it takes some 400 people to staff the key positions in the government and presidential administration. According to informed Moscow sources, Putin's bench of loyalist is very narrow, perhaps as few as forty people, largely drawn from his security services associates from St. Petersburg. Many of these individuals already hold important positions in Moscow, such as Sergey Ivanov, Security Council secretary, and Nikolay Petrushev, FSB director. Consequently, Putin will have to reach out beyond his loyalists to staff the government. Even if he appoints "technocrats," as he most likely will, they will be connected to one or another elite coalition vying for power and influence in Moscow; that is simply the nature of the Russian politics. This will produce a coalition government Russian-style, based not on political parties, but on elite coalitions and lobbies. Such a coalition will inevitably erode the cohesion and effectiveness of Putin's government.

Fourth, and perhaps most important, there should be serious questions about Putin's leadership abilities. Contrary to the conventional wisdom in Washington, we know much about Putin, more, for example, than we knew about either Gorbachev or Yeltsin when they assumed power. Little in his biography, however, is encouraging on the key question of whether he is prepared to lead Russia. His KGB days in Leningrad and East Germany, his term as deputy mayor of St. Petersburg in the early nineties, and his positions in Moscow since 1996 all suggest a man of limited horizons and narrow goals. He has spent most of his career as a deputy or less; rarely, has he been in charge. There is nothing in his background to suggest that he ever harbored ambitions to rise to the pinnacle of power in Russia, nothing to indicate that he has honed the political skills needed to impose his will on Russia's unruly political system. He may know the West better than any Russian leader since Lenin, because of his KGB experience, but he probably understands Russia more poorly than any Russian leader in the twentieth century—there is little evidence that he traveled widely around the country before he became Prime Minister last August.

Putin may surprise us, as have other gray figures in Russian history. He may turn out to be a forceful, energetic, effective leader with a compelling vision of what Russian can be both at home and abroad around which he can rally competing elites. Certainly, that is what the numerous Kremlin emissaries to this town over the past few months would like us to believe. At the moment, however, we are right to have our doubts.

EMERGING ELITE CONSENSUS

Despite the constraints on Putin, there is still room for progress on the economic front, in the consolidation of society, and in the pursuit of a more coherent foreign policy. With a different president perhaps even more progress could be made, for the past decade has not passed in vain, despite all the frustrations, disappointments, and setbacks. A broad, if shallow, consensus has emerged across the political spectrum—including most emphatically the communists—as Russians have come to realize that there can be no return to the Soviet past, even if many vehemently disagree with the policies of the past decade. Ideological cleavages have given way to competition among vested political/economic issues as the defining feature of Russian politics. This change is reflected in the composition of the new Duma, which is dominated by non-ideological, pragmatic—some would say cynical—deputies.

For all the resentment of the West, mainstream political figures admit that Russians themselves bear ultimate responsibility for what has become of their country. Moreover, in the past two to three years, they have come to accept the predicament their country faces. Putin himself made this point emphatically in a document he released at the end of last year, before Yeltsin's resignation, entitled "Russia at the Turn of the Millennium." Among other things, he noted that the Russian economy would have to grow at 8 percent a year for the next fifteen years for Russians to enjoy the standard of living now enjoyed by Spain and Portugal. Finally, Russians now realize that they must rely first of all on themselves in any effort to rebuild their country and regain their standing in the world.

In addition to this consensus, an improved economic outlook will give the Russian government more room for maneuver. The financial collapse of August 1998 turned out to be a blessing in disguise. The sharp devaluation of the ruble followed by a sharp rise in oil prices has fueled an economic recovery over the past year. In 1999, the economy turned in its first year of undoubted economic growth in the past decade, with GNP rising by over 3 percent. Forecasts for this year are for continued growth, perhaps as high as 5 percent. In the absence of more thoroughgoing reforms, this recovery remains fragile. But, for the moment, it has brought more money into the economy, increased tax collection, and put considerably more resources at the government's disposal.

What will this consensus and increased resources mean for Russian economic policy, domestic politics, and foreign policy over the near term?

On the economic front, we are likely to see progress on building a more favorable environment for investment, both domestic and private. But we are unlikely to see the radical breakthrough some are predicting: Even if the government comes up with a radical plan, implementation will be spotty, for that will require millions of Russians to change deep-seated habits and weak government institutions, particularly the judiciary, to enforce new legislation. Nevertheless, over the next several months, we are likely to see a new tax code that reduces and rationalizes taxes, progress on production sharing arrangements, and improved protection of minority shareholders' rights. The outlook for land reform is less certain. It remains a contentious issue, as it is in all societies moving away from traditional to more market-based forms of landholding, but support for land reform is growing. Over a quarter of Russia's eighty-nine regions have already passed laws permitting the buying and selling of land, despite the absence of an overarching federal land code.

On domestic politics, Putin has set his primary goal as rebuilding the state. Progress will be slow, as Putin will have to sort out arrangements with still powerful regional elites if he is to create a flexible, productive federal system. Restoring order, another of Putin's priorities, could put some democratic freedoms at risk, particularly since Putin will have to rely on security services that have been left largely unreformed since the breakup of the Soviet Union. Moreover, Putin's own comments on the press, including his labeling of RFE/RL correspondent Babitsky as a traitor for reporting on the Chechen side of the Chechen conflict, suggest less than a full commitment to some democratic freedoms.

Progress is also likely to be slow on two issues of great importance to the United States: corruption and the war in Chechnya. The corruption problem is massive; there are no simple quick solutions. Moreover, since virtually everyone is guilty in some way, unless the issue is treated with extreme care, any anti-corruption campaign risks looking like a politically motivated attack on one's opponents. Such an approach would create more problems than it would solve, while undermining efforts to democratize Russia. Bringing the Chechen conflict to a "victorious" end remains an imperative for Putin, in part because the military's loyalty is critical to his own power position and the military is intent on crushing the Chechen rebels. Moreover, in the eyes of the Russian public it is still his most visible success. Without major successes in other areas, Putin will have little room for negotiating a political solution to Chechnya. That said, as Chechnya looks increasingly like a quagmire, he will be seeking a face-saving way out of the conflict.

FOREIGN POLICY UNDER PUTIN

The broad outlines of Putin's foreign policy have emerged over the past several weeks in three documents that have been released or discussed publicly: the national security concept, the military doctrine, and the foreign policy concept. These documents have been in the works for several months and reflect not simply Putin's preferences but those of the Russian political elite as a whole. Three aspects of these documents merit particular stress.

First, they make clear that the major threat to Russia's security arises from internal decline and decay. As a result, the first goal of Russian foreign policy is to help create conditions that are conducive to internal reconstruction. This entails ensuring continued Russian access to Western money, technology, and markets, which is critical to economic recovery, as well as working to integrate Russia into the global economy as smoothly as possible. In the short-term, it also calls for stepped up efforts to restore relations with the IMF and to move ahead on debt restructuring or relief with the Paris Club.

Most important, the requirements of internal reconstruction require that Russia avoid confrontation whenever and wherever possible. In particular, the Russian leadership understands that it cannot afford a complete break in relations with the West, even if it wants to pursue its own interests more aggressively in Europe, the

Middle East, East Asia, and the CIS. In addition, while the Kremlin will continue to talk of Russia as a major force in world affairs, in practice it will tend to focus on those few areas that are genuinely critical to its own recovery, which include strategic relations with the United States, European security matters, the Caspian region, Iran, and the CIS, as well as admission to the World Trade Organization and access to Western markets. In other words, Russia will act like a regional, rather than a world, power, no matter what the rhetoric.

Second, as a result of developments over the past few years, Russia's attitude toward the outside world has changed. In an earlier version of the national security concept adopted in 1997, Russia saw the outside world, and particularly the West, as relatively benign. The latest foreign policy documents make it clear, however, that the West looms as something of a threat. The opening paragraphs of the new national security doctrine, for example, sharply contrast Russia's effort to build a multipolar world in which economic and political factors play an increasingly greater role with the alleged effort of the West led by the United States' to dominate international relations through unilateral actions, often involving the use of force.

Third, the Russian political elite is well aware that disarray and lack of coordination in foreign policy decision-making and implementation have only exacerbated problems arising from Moscow's shrinking resource base. The rapid turnover in key personnel—five Prime Ministers, three Foreign Ministers, three Defense Ministers, five Ministers of Finance, five heads of the Presidential Administration, and seven Security Council secretaries since January 1, 1996—has hampered the pursuit of a coherent foreign policy, as have rivalries among ministries and large commercial entities, such as the gas monopoly, Gazprom, and one of Russia's leading oil companies, Lukoil. In the past, it often seemed that Russian policy was not so much set by the government as by the agencies that had assets to bring to bear on the issue, with decisions being made on the basis of narrow bureaucratic concerns rather than national interests. If Putin can impose greater coordination and coherence on Russian foreign policy—a big if—Russia could play a much more effective and active role abroad despite its current weakness.

Given these fundamental concerns, Putin will likely continue to reengage the West, and the United States in particular, as he has since he became acting President three and a half months ago. He is pressing for Duma ratification of START-2, which could occur this Friday. He will engage more actively in discussions of ABM Treaty modification, START-3, and national missile defense, despite deep-seated concerns about U.S. policies on missile defense. He will seek to invigorate Russia's contacts with NATO, as was evident in his decision earlier this year to meet with NATO's secretary general over the objections of his military.

If Putin turns out to be a strong leader, despite continuing doubts, the West could have greater confidence in his ability to cut deals and make them stick. That would be a major improvement over the last years of the Yeltsin era. Nevertheless, it would be a grave mistake to think that rapid progress can be made on many of the issues on the U.S.-Russian agenda: ABM modification/START-3, Russian-Iranian relations, Caspian pipelines, and so on. These are complex matters that would be difficult to resolve even with much greater mutual trust than now exists.

U.S. POLICY

Despite all the uncertainties about Putin and his policies, the United States should seize the opportunity of a new Russian leadership to reengage Russia in an effort to reverse the deterioration in our relations. This is not the place to go into to detail on how to approach specific issues, but some guidelines are in order.

The first task is to rebuild the trust that has been lost over the past few years, for that is indispensable to productive negotiation on strategic issues and non-proliferation concerns that lie at the top of our agenda with Russia. We can begin to do this in part by talking in less grandiose terms and more realistically about the quality of our relations with Russia. The Administration's earlier talk of "strategic partnership" created expectations in Russia that we were never prepared to meet, and our failure to meet them led many Russians to ascribe to us pernicious motives we never in fact entertained. Now is the time for a little honesty. Our relationship with Russia is not yet one of genuine partnership, nor is it likely to become one over the next few years. Building such a relationship is a worthy goal, but, for the moment, we have a mixed relationship of cooperation, competition, and neglect, depending on the specific issue. There is nothing unusual or wrong with this. This is the type of relations we enjoy with most countries around the world. We need to say this publicly.

In line with the real nature of our relations, we should make clear in our public pronouncements and private conversations that the intensity of our engagement

with Russia will vary from issue to issue. On some issues, such as the strategic nuclear balance and proliferation of weapons of mass destruction, Russia will be the central focus of our policy. On others, such as European security, it will be one among a number of key players, but not necessarily the most important. On still others, such as security in East Asia, it will play a lesser role. On a range of global economic matters, it will be a secondary consideration at best. We also need to make clear that the continuation of Russia's brutal war in Chechnya will put strict limits on how far relations can improve.

In addition, as we seek to reengage with Russia, we need to appreciate Russia's limited capacity to engage, both material and psychological. For this reason, it is imperative that the United States set realistic goals that take into account Russia's dwindling resources and focus on issues where Russia remains relevant. That will produce the best chances for the success that is necessary to build public support in the United States for continued constructive engagement. On issues of economic and domestic political development, we should resist demanding too much of Russia, as we have in the past. We need to appreciate the full complexity of the challenges facing Russia as it moves away from its Soviet past and recognize that our own understanding of the processes underway there is far from complete. Instead of pressing programs on Russians, we should let them take the initiative, while underscoring our readiness to help if the programs and policies they adopt make political and economic sense.

Finally, in engaging Russia, we should remain a respectful distance from the Russian leadership, in sharp contrast to the Clinton Administration's approach with Yeltsin. Intense relations will only warp our perceptions of developments in Russia, in particular by blinding us to the downsides, as happened with the Administration's embrace of Yeltsin. At the same time, we need to build a broader network of contacts, in Moscow and in the regions, both to obtain a fuller and more balanced picture of the situation in Russia and to help rebuild the reservoir of goodwill that has been drained over the last seven years.

Such engagement might lack the high drama of the past few years, and it might sound pedestrian to some. But only by lowering our expectations, by understanding where our interests overlap and conflict with Russia's, and by acknowledging the limits on our ability to cooperate, in short, only through greater realism, can we hope to put back on track relations with a country that will continue to be vital to our own security and well-being well into the future.

Senator SMITH. Thank you.

Dr. McFaul, I think we will go to you next and then to questions.

STATEMENT OF MICHAEL A. MC FAUL, PH.D., SENIOR ASSOCIATE, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, WASHINGTON, DC

Dr. MCFAUL. Thank you, Mr. Chairman. Thank you for inviting me here today.

I have a longer statement which I have submitted to the committee and I am just going to summarize my remarks by answering three questions: First, why did Putin win? Second, what does it mean for Russian democracy? And third, what does it mean for the United States?

First, why did Putin win? Obviously, the jump start for his electoral success was his actions regarding the war in Chechnya. There is no question about it that the rise of Mr. Putin in popularity coincides and correlates very directly in the fall of 1999 with his actions in Chechnya.

However, there are two caveats to this argument and I think it is important for us to realize this. First, when you look at the opinion polls—and I conducted opinion polls that I myself commissioned, and wrote; these are not done by other agencies—there are two very striking things. They were responding to the feeling of insecurity in Russia and not necessarily responding to the imperial design of Russia in Chechnya.

In fact, in our polls in December of 2,000 Putin supporters, that is those who plan to support Mr. Putin in the Presidential election, 32 percent said we should support the inclusion of Chechnya into Russia at whatever cost, but 28 percent of Putin supporters, not Russians in general, said we should let Chechnya be a free and independent state.

That is a very striking conclusion in terms of what we traditionally think about who Mr. Putin is. I think therefore you have to look beyond the question of Chechnya to answer the question of why did Putin win.

The second factor is what I would call an optimistic vote for the future. This is very clear in the studies we have done both in the focus groups and opinion polls. That is, everybody saw in Mr. Putin something they wanted. So in the laundry list, for instance the day before the election, sitting listening to 18 to 35 year olds in Moscow say, why are you planning to vote for Putin, they listed everything from his conduct of the war in Chechnya, somebody else argued that I am voting for Mr. Putin because I want him to eliminate all people of non-Russian ethnicity from Moscow—that was a statement by a guy that looked like he should be on MTV, by the way; a very frightening thought in my opinion.

But then a third a young woman said: I support Mr. Putin because I want my grandmother to have a higher pension. A fourth young lady said: I support Mr. Putin because I want increased spending for education. The list could go on.

That is, this is a vote for the future and, precisely because Putin did not lay down his set of policies—and if I were running his campaign I would have recommended the same—everybody could see in this candidate what they wanted to see. It was a vote for the future, not for the past. In particular, his youth was very important to his supporters in determining whether they should support him or not.

A third factor, often forgotten in our analysis here was the incredibly weak opposition that Mr. Putin faced in this election. We oftentimes forget this, but I think when the historians write the story of Russian politics in the 1990's they will not focus on the brilliance of the Kremlin, they will focus on the ineptitude of the opposition, and first and foremost the Communist Party.

A fourth factor was the early vote. Mr. Putin owes Mr. Yeltsin a lot by having pushed up the electoral calendar to March instead of June, because Mr. Putin fell from 55 million people—now I am quoting their own campaign headquarters numbers—who were going to support him in January to 40 million in March. Think about that. I am looking at two men who have run for office many a time. Imagine losing 15 million supporters in 3 months. Had that election happened in June we might have seen a very different kind of outcome.

That leads me to the final non-factor, which was the campaign. Much has been made of the television control from Mr. Putin, the fact that he won because of that. That was part of it, but I would just remind you that in controlling the state television during that period he managed to lose 15 million voters in 3 months. Not much of a campaign in my estimation.

Likewise, Mr. Yavlinsky, a man I know and admire and believe ran a brilliant campaign this time, and by the way who spent millions of dollars in this campaign, violating their own campaign laws, had no restrictions this time for the first time ever in running, managed not to get beyond his traditional core electorate of about 6 percent. And Zyuganov, who spent no money on television, managed to do 4 percentage points better in a 3-month period.

So I think it is a very complicated situation looking at why Mr. Putin won, and not just the war in Chechnya. This election was about, in my opinion, the end of the Russian revolution of the 1990's and a vote for something new and different, and Mr. Putin, everybody can see that in him.

What does this election mean for democracy? I think it is one step forward and two steps backward. There is no doubt about it that this was not an even playing field. There is no doubt about it that parties did not play the role that they should in consolidated democracies in forming and structuring the vote. It troubles me that Mr. Putin became popular because of this anti-democratic action in Chechnya.

The fact that he comes from the KGB also troubles me. I have spent a good 15 years of my life defending and helping people who are trying to escape the control of the KGB, and even at times during the 1990's I myself have been hassled by that organization. So it is hard for me to look at somebody from their ranks becoming President of Russia and think that this is a good sign for democracy.

Finally, as I have written before, there is no doubt about it—and here I agree with my colleague Tom Graham—that Mr. Putin has not demonstrated that he is committed to democracy. On the contrary, he has demonstrated that he is indifferent to democracy. I would just remind you of the list. Look at what he has done in Chechnya, look at how he treated Mr. Babitsky and his attitude toward the press in general. Look at the statements they have floated regarding changing the electoral law in a way that would be anti-party in my opinion. He has floated the idea of appointing Governors rather than electing them and has even talked about extending the Presidential term.

Now, any one of those initiatives in and of itself would not be a step backward for democracy, but combined I think they demonstrate that democracy is something that when it is convenient he will abide by it. I think personally, having met him in the early nineties, he is too modern of a guy to want to go back to some kind of authoritarian regime. He kind of knows in his heart that democracy is part of being modern. And yet he has other priorities, state-building and market reform, that he thinks are more important, and therefore he is willing to sacrifice democratic practices in the name of these other agenda items.

But democracy in all countries is not made just by one man at the top or cannot be determined the trajectory of that democracy just by one vote. I think it is premature to suggest today, as many in this town now do, that Russia is not a democracy. On the contrary, I think we have to ask the question, well, compared to what?

Let me remind you, the elections were held according to the constitution. Let me remind you that two-thirds of the electorate

showed up. Let me also emphasize here, this is a very sophisticated electorate, a very literate society. Our opinion polls and focus groups show quite strikingly, in my opinion, that they knew what they were doing. They were not just lambs being led to vote because that is the way they do it. No, they made a decision to go vote.

Now, compared to the United States, compared to Poland today, compared even to the early 1990's, Russia is not a democracy and the trajectory is in the wrong direction. But it would be wrong, I think, to argue that there are not democrats, democratic institutions, and people that espouse democratic values in Russia today.

In other words, one of the things that I think is dangerous is to say there is no democracy in Russia, therefore there is nothing left to preserve or fight for. I think that would be a premature decision made in the midst of Russia's tumultuous transition, and we simply cannot do it today.

First, elections are still consequential. If you do not believe that, I would advise you to invite the four Governors who lost last December and the dozens of Duma deputies that lost their seats and ask them what they think about elections. It was pretty consequential for their careers. Incumbency rates are much higher in the United States and the U.S. Senate than it is in the State Duma today. Elections for those losers are very consequential.

Second, parties still exist. They are weak, but they are there and they need to be supported.

Third, there are tens of thousands of non-governmental organizations. They are still there. They are weaker than they were 5 years ago, but they are still there and they are fighting.

Fourth, there is still independent media in Russia, again weaker than they were 2 years ago but still fighting.

Fifth, the most important thing I believe is the people of Russia. When asked point blank, do you think we should elect your leaders or have them appointed, two-thirds say they should be elected. When asked, do you think there should be one person on the ballot or two, 80 percent said that there should be two people on the ballot. That is, I think there is something worth fighting for in terms of Russian democracy.

So finally, my third question, what does this mean for U.S. policy? I think we are heading to very difficult waters, quite frankly, because Putin is going to send us very mixed signals. I think he is going to be very positive on the economic side. To answer your question earlier, Senator Lugar, he has hired the best and the brightest. He has the Chicago School guys there. They are writing very pretty words. Words do not necessarily translate into policy, and maybe during questions we can talk about that, but in terms of the people he is leaning on for advice, they are in my opinion the right people. So I think we are going to see positive signs on that front.

Second—we have already seen it—we are going to see positive signs on the arms control front and in general a kind of pragmatic approach to Western relations, not the emotional, erratic approach that we had with Mr. Yeltsin, the kind of love affair we had with him where sort of one day we are on, one day we are off. This is going to be a much more businesslike relationship with Mr. Putin.

But third, we are going to see negative signs on democracy. Therefore the question before you and before U.S. policymakers in general is going to be how to—and here I totally agree with Dr. Brzezinski—have a discriminating policy, to react positively on the economic side and the arms control side and negatively when we see steps that are going away from democracy.

Now, some think we should just take that trade. Some think we spent way too much time focusing on domestic politics in Russia; it was misguided, it was naive, it is none of our business, and it worsened the U.S.-Russian relationship, negative attitudes in Russia are a result of our democracy and economic assistance.

I emphatically disagree with that approach to international relations and U.S. policy toward Russia in general. In fact, I would like to go back to the Reagan years and remind you of what Ronald Reagan said about U.S.-Soviet relations, because I think much of what he said and outlined as a strategy, is still relevant today. Because I do not believe that the state in Russia has made its transition to democracy fully, we therefore need to have state to state relations, but we also, as President Reagan said, need to continue to engage Russian society and to promote the development of human rights and democracy in that country.

Let me remind you that every time President Reagan went to Russia he met with the leaders of the Soviet Union, but he also met with the human rights activists fighting for democracy. I think that needs to be our approach today. After all, the cold war did not end because of some brilliant arms control negotiators in Geneva finding a new solution to help end the cold war. The cold war ended because of regime change within the Soviet Union, and the cold war will begin again if the regime change goes in the opposite direction.

So I think this makes it very clear, what we need to do. We need to react positively to economic reform issues and be in a reactive mode, not a prescribing mode, at this point. They know what they need to do on the economic side.

But on democracy I think we need to be proactive. We need to be supporting Russian democrats, not withdrawing the support, as you have been doing in terms of our assistance program toward Russia in the last few years. This means standing by democrats in Russia symbolically. It means standing by these democratic organizations, both before the Senate when there are summits to say that we recognize these people as an integral part of our relationship with Russia—and to answer your question, Mr. Chairman, whether we should listen to Mr. Putin or to Mr. Kovalyov, my instincts are with Mr. Kovalyov, not with Mr. Putin.

We need to raise awareness of abuses, as you have done over the years. I think we need to do much more of that, both anti-semitism, on Chechnya, and in a whole wide range of other issues. We need to increase our democratic assistance, not decrease it.

Here let me be very clear about what I mean. No money to the Russian state. The Russian state does not need our money. The Russian state has plenty of money today. It means small amounts of money to Russians, not Russia. We need to start being more discriminating about that and reach out to societal groups that are

seeking to check the power of the Russian state and not deal so much with the state any more.

Here I think this means small assistance, not big assistance, and first and foremost I think it means education, increase all of our educational programs, all of our exchange programs. I teach at Stanford University. I have several students from Russia and other Newly Independent States, and I can tell you 4 years of education at Stanford has radically changed the way they think about Russia. I think we need to do much, much more on that front.

Finally, I just want to say one last thing. There are still democrats in Russia, with a small "d", not a big "D", fighting to make it a better place. They believe truly—I have just come back from Russia 2 weeks ago—that they believe that we are abandoning them now. They think on the one hand we want arms control and so we do not care about democracy any more. They think that the "who lost Russia" debate has now taken over, so they are getting flushed away, if you will, with all the other things that I think rightly should be changed.

I think we have to refocus our attention on these people. As long as there is one democrat in Russia still standing, still fighting to make Russia a more democratic place, I think we should be standing next to them.

Thank you very much.

[The prepared statement of Dr. McFaul follows:]

PREPARED STATEMENT OF DR. MICHAEL A. MCFAUL

"RUSSIA'S 2000 PRESIDENTIAL ELECTIONS: IMPLICATIONS FOR RUSSIAN DEMOCRACY AND U.S.-RUSSIAN RELATIONS"

In all democracies around the world, national elections generate important data about the condition of the political system and the concerns, hopes, and beliefs of society. In new democracies such as Russia, national elections are even more important as they provide crucial measures of democratic consolidation or the lack thereof.

Russia's latest presidential election, completed on March 26, 2000, represented one step forward and two steps backward for Russian democracy. For the first time in Russia's history, power within the Kremlin changed hands through an electoral process. The election did occur and was conducted as prescribed by the constitution. More than two-thirds of the eligible voters participated, and they appeared to make informed choices between a range of candidates who offered alternative platforms, policies, and leadership styles. The differences between presidential candidates Vladimir Putin, Gennady Zyuganov, and Grigory Yavlinsky, were real and the Russian voter—judging by my own research using polls and focus groups—appeared to know the difference. [1] At the same time, this election did not occur on a level playing field. Vladimir Putin enjoyed tremendous resources advantages that tainted the process. Although weak in some arenas, the Russian state still enjoys too much power regarding the electoral process, while societal organizations—political parties, civic organizations, trade unions, and independent business groups—remain too weak to shape the outcomes of elections.

Does this recent election represent a fundamental turn away from democratic practices or a temporary setback for democratic consolidation in Russia? It is too early to tell. However, prematurely answering this question in either the affirmative or the negative will most certainly generate distortions of analysis and bad policy. Putin may turn out to be Russia's Milosevic. He may develop into a weak leader presiding over a feudal order, dominated by oligarchs and regional barons, in which the people have little say. But he may also lead Russia out of its chaotic, revolutionary, and anarchic recent past and into a more stable decade of economic growth and political stability. So far, he has provided mixed signals on which direction he wants to take Russia.

During this uncertain time in Russia, the task before U.S. foreign policymakers is to remain true to our principles and defend our national security interests which,

in my opinion, includes the development of democracy in Russia. Unfortunately, this will be a difficult task in the next few years since Russian leaders will continue to send mixed signals. To fully embrace Putin is foolhardy. To fully reject the new president of Russia is equally shortsighted. U.S. foreign policymakers must be prepared to respond to positive steps initiated from the Kremlin but also react against negative developments as they occur.

To demonstrate why Russian democracy is alive but not well and then outline U.S. policy recommendations for addressing this situation within Russia, this testimony proceeds in four parts. Section one explains why Putin won. Section two suggests what Putin's electoral victory might mean for Russian policy. Section three discusses the implications of this recent electoral cycle for Russian democracy. Section four outlines a set of policy prescriptions for the United States that follow from the analysis of the first three sections of this testimony.

I. WHY PUTIN WON

The first step in coming to grips with a post-Yeltsin Russia is to understand why Putin won the March 2000 presidential election. The election reveals much about the evolution of Russia's political system and the mood of Russian society.

The simple story for why Putin won is the following. Putin was chosen by Yeltsin and his band of oligarchs as a loyal successor, who would (1) keep them out of jail, and (2) preserve the basic system of oligarchic capitalism, in which oligarchs make money not by producing goods and services sold for a profit in the market, but by stealing from the state. To get him elected, they had to provoke a war with Chechnya as a way to boost Putin's popularity. Some assert that this cabal even blew up apartment buildings in Moscow and elsewhere last fall, and murdered innocent Russian citizens as a way to bolster support for the war and Putin. The "popular" war, however, could only sustain Putin for so long. Therefore, Yeltsin resigned on December 31, 1999 to allow the presidential election to happen in March instead of June. As acting president, Putin had at his disposal all the resources of the Russian state, which he wielded convincingly to run away with election victory.

There is much truth to this simple account. Yet, to know the rest of the story, one has to question the genius of the Kremlin and the stupidity of the Chechens as well as bring others actors into the analysis, including first and foremost the voters and the other presidential candidates.

The Chechen War

Why do we always think that the people in the Kremlin are so smart and everyone else in Russia is so dumb? In the summer of 1999, no one believed that a quick little war with the Chechens would be the formula to deliver electoral success the following year. On the contrary, when Yeltsin ordered the Russian military to respond to the Chechen incursion into Dagestan in August 1999, most electoral analysts in Russia thought that the counter offensive would result in another unpopular military debacle. If the entire event was staged to assist Putin's electoral prospects, then Shamil Basaev—the Chechen commander who lead the military intervention in Dagestan to free the people of Dagestan from Russian imperialism—must either be a traitor or a fool. Basaev, it should be remembered, is the same Chechen commander who managed to seize a Russian hospital in southern Russia in the August 1995, killed hundreds of Russians citizens, and then escaped. His record in the field suggests that he is neither a traitor nor a fool.

However, he did overestimate the anti-imperial sentiment in Dagestan and underestimate the resolve of the Russian state to respond. As Prime Minister and with the blessing of Boris Yeltsin, Putin acted decisively. Everyone who has discussed the Chechen war with Putin personally will tell you that Russia's new president expresses real passion about his resolve "destroy the Chechen terrorists." For the first time since 1941, a military force invaded Russia last summer. To argue that the Russian military response to this incursion was motivated solely by electoral calculations, therefore, is inaccurate. Any responsible leader of any country would have responded in a similar way. Terrorist attacks on apartments buildings in Moscow and elsewhere shortly after the invasion heightened the feeling of a nation under siege within the Russian population.[2] Society demanded a response from its leaders and Putin responded.

What was different about this particular response was its "success" or appearance of success. In the first Chechen war, Russian forces appeared to be losing the war right away, in part because they performed so miserably and in part because the rational for the war was not embraced by either the Russian army or the population as a whole. An independent media, lead by the national television network NTV, reported on military setbacks and continued to question the purposes of the war. After several months of fighting, a solid majority in Russia did not support the war.

Compelled by electoral concerns, Yeltsin called for a cease-fire in April 1996 and then allowed his envoy, Aleksandr Lebed, to broker a temporary settlement with the Chechen government. The second war started under very different circumstances. First, the Russian military and the Russian people believed that the rationale for the war was self-defense. A majority of Russian citizens supported the counter offensive from the very beginning and have continued to support the invasion of Chechnya throughout the military campaign. Second, the Russian army used different tactics in this campaign relying on air power to a much greater extent than the first war. The complete demolition of Grozny is the gruesome result of this change in tactics. Third, the media coverage of the war within Russia has been much less critical of both the military tactics and the political rational. Over time, NTV has become more critical of the war aims and the means deployed, but only lately and not nearly to the same degree as in the last war. All other major media outlets firmly support the Kremlin's position.

Consequently, this second Chechen war has been a popular war in Russia. Public support has remained steady at roughly 60 percent throughout the war and has not wavered, as many predicted, when Russian casualties increased. Without question, this popular support for the war translated into positive ratings for Putin as a political leader. Opinion polls conducted in the fall of 1999 demonstrated that people were most obliged to Putin for accepting responsibility for the security of the Russian people. He looked like a leader at the top who was taking charge during an uncertain, insecure time and then delivered on his promise to provide stability and security. By the end of 1999, he enjoyed an astonishing 72 percent approval rating.[3]

A Vote for the Future, not the Past

Putin's decisive response to the sense of insecurity that prevailed in Russia in the fall is the reason why he initially rose in the poils. However, Putin's policy in Chechnya is not the only reason why Putin maintained a positive approval rating throughout the spring of this year. In fact, our polls of Russian voters in December 1999-January 2000 showed that 28 percent of those planning to vote for Putin believed that Chechnya should be allowed to leave the Russian Federation, while roughly the same number of his supporters—35 percent—believed that Russia should keep Chechnya at all costs. This distribution of opinions roughly reflects the distribution of opinions on this question among all Russians.[4] Therefore, Putin's execution of the Chechen war is not the only reason why Russian voters supported him. Other factors—more psychological than material in nature—also came into play.

First, Putin symbolized for voters the end of revolution. For the first several years of the last decade, Russian politics were polarized by the struggle between communists and anti-communists. Unlike the more successful transitions from communist rule in Poland or Hungary, the debate about communism as a political and economic system continued in Russia for many years after the Soviet collapse. A period of volatile and unpredictable politics resulted. In his last years of power, Yeltsin further fueled political instability by constantly changing prime ministers. Putin's coming to power signaled for many an end to this volatile period—the Thermidor of Russia's current revolution. His youth and energy also punctuated the end of an old and sick ruler at the top. The voters welcomed this generational change. In focus groups that I commissioned in December 1999 and March 2000, Russian voters uniformly stated that Putin's youth was a positive attribute.

Second, Putin's lack of a record as a public leader allowed voters to believe anything they wanted about him. In focus groups that I commissioned on the eve of the March 2000, participants generated a long and diverse list of expectations they had about Russia's future under Putin's leadership. The list included everything from order in Chechnya, respect for Russia on the international stage, and a crackdown on crime to higher pensions, a better educational system, and more job opportunities for young people. In other words, supporters were casting their votes for Putin as a future leader, and were not supporting him for his past achievements, his ideological beliefs, or his policy positions. Putin and his campaign managers understood this mood in the Russian electorate and therefore deliberately refrained from articulating a program or set of policies before the election. To do so would have alienated a part of Putin's rather eclectic electoral base.

This electoral motivation is radically different than what we witnessed among supporters of Yeltsin in 1996. In that election, voters knew exactly what they were getting with Yeltsin and had no illusions about a more promising future. Yeltsin won 54 percent of the vote in the second round of the 1996 election even though his approval rating was 29 percent at the time. In 1996, people were voting against communism, supporting the lesser of two evils. In 2000, Putin supporters have a much more positive assessment of their leaders and are much more optimistic about

the future. They were more motivated by this emotional feeling about the future and less motivated by individual material interests, ideological beliefs, or party identification. For instance, when asked in a January 2000 poll, about their attitudes about Russia's political future, 41 percent of respondents believed that the new year would be an improvement over the last year, while only 9 percent believed that the political situation would worsen. Likewise, regarding the economic situation in the country, 39 percent believed that the economy would improve in 2000 while only 12 percent believed that the economy would worsen. [5] The last time that Russians were so optimistic about the future was the fall of 1991.

Strikingly, Putin's support was national in scope and not influenced by age or even income level. He did just as well in rural areas as urban areas and won as many votes from poor as he captured from the rich. Amazingly, he won the most votes in 84 out of 89 regions. Communist leader Gennady Zyuganov, his chief opponent, won in only 4 regions, while Aman Tuleev received the highest number of votes in the region where he is governor, Kemerovo Oblast. In contrast, Zyuganov placed first in 25 regions in the second round of the 1996 presidential vote.

The Absence of an Effective Opposition

In addition to Chechnya and this psychological yearning for a better future within the Russian electorate, a third important reason why Putin won was the weak competition he faced. Often forgotten in analyses of Russian politics, the real story of the 1990s is not how clever the Kremlin has been, but how ineffective the opponents of the Kremlin have performed. The Communist Party of the Russian Federation (CPRF) has continued to dominate the space of opposition parties in Russian electoral politics and yet this party has not generated new leaders or a new image. The contrast between the modern, Western-oriented, and young leader of the left in Poland, Mr. Kwasniewski, and the traditional, anti-Western, and old leader of the left in Russia, Mr. Zyuganov, could not be more striking.

Years ago, well before we had even heard of Vladimir Putin, all experts on Russian electoral dynamics knew that whoever emerged as the candidate of the "party of power" would win the 2000 election. The reasoning is simple when one remembers the solid and consistent electorate support for Zyuganov and Russia's two-ballot electoral system. Gennady Zyuganov, the head of the CPRF, was assured a second place showing and possibly a first place showing in the first round no matter who ran against him in this presidential election. His voters have consistently supported him and his party for the last decade. There was no reason to believe that they would not support him in this election. At the same time, polls also have showed for years that Zyuganov would lose to almost everyone in a run-off. The only presidential contender he could beat was Vladimir Zhirinovsky. Consequently, Putin and his associates were eager to see Zyuganov and the CPRF do well in the parliamentary vote to insure that he would participate in the presidential election.

We also knew that Grigory Yavlinsky, the head of the liberal opposition in Russia and the party head of Yabloko, would run for president in 2000. Yet, no serious analyst ever believed that Yavlinsky stood a chance of getting into a second round. Like Zyuganov, Yavlinsky also has his loyal electorate, but his core of supporters has never exceeded more than 5 percent of the voting electorate.

The only real question, then, was who would emerge from the so-called party of power. Two years ago, Moscow mayor Yurii Luzhkov looked poised to assume this mantle. Then last year, former prime minister Yevgeny Primakov emerged as a more likely candidate, especially after the extremely unpopular Boris Yeltsin fired him as prime minister. Primakov's popularity soared and many regional leaders and part of the Moscow elite rallied to his cause. As a symbol of stability in a time of uncertainty, Primakov skyrocketed in the polls. Having navigated Russia out of a financial crisis that began in August 1998, Primakov earned a reputation as a pragmatist who would chart a slow, "centrist" reform course somewhere between radical reform and communist restoration. He originally joined the Fatherland-All Russia electoral bloc as a means to jump-start his presidential bid and as a strategy for building parliamentary support for his presidency.

These plans proved premature. In fact, Primakov's participation in the parliamentary election exacted real damage to his prospects as a presidential candidate. During the fall campaign, the Kremlin's media empire launched a full-scale negative campaign against Primakov and his bloc. With varying degrees of truth and evidence, the Kremlin's media accused the former prime minister of being a feeble invalid, a lackey of NATO, a Chechen sympathiser, a closet communist, and a destabilizing force in international affairs who had ordered the assassination attempt against Georgian president, Eduard Shevardnadze. This smear campaign, in combination with Putin's spectacular rise in popularity, helped to undermine popular

support for Fatherland-All Russia. They won only 12 percent of the popular vote, while the Putin-endorsed Unity bloc won 24 percent.

In effect, the parliamentary vote served as a presidential primary for the party of power. Primakov lost this primary and pulled out of the presidential race.

With Primakov out of the race, there was never any question that Putin would win the presidential election. The only real question was whether Putin could win more than 50 percent the first round and avoid a run-off He did, capturing 52.9 percent of the vote in the first round compared to Zyuganov's 29.2 percent.

The Early Election

The final critical factor to Putin's electoral success was the early date of the election. By resigning on December 31, 1999 and thereby moving the electoral calendar forward three months, Yeltsin delivered to Putin the most important campaign present of all. According to Putin's own advisors, his popularity peaked in mid-January when 55 million eligible voters were prepared to vote for him. On election day on March 26, 2000, only forty million voters cast their ballot for the acting president. In other words, Putin lost the support of five million voters every month between January and March. Putin campaign strategy of no campaign was only viable in a short-campaign season. If the vote had occurred in June, Putin most certainly would have faced a run-off.

The Insignfficance of the Campaign Itself

This rapid decline in support suggests that the tremendous television coverage that Putin received during this period as acting president did not bolster his electoral prospects. Nor, however, did Yavlinsky's massive media campaign increase his electoral support. At the same time, Zyuganov devoted very few resources to television and yet managed to capture thirty percent of the electorate. In other words, there appeared to be little correlation between money and television time on the one hand and electoral performance on the other.

Winners and Losers

Putin was the obvious winner of this election. As in all presidential systems, he will now serve for a fixed four-year term. The ebbs and flows of his popular approval rating will matter very little for the next three years. The fact that he won by only a few percentage points also will fade in importance over time.

Putin's small margin of victory, however, does have a few immediate implications as well as other more intangible psychological effects. Because Putin just squeaked by in the first round, he and his team are much less likely to dissolve the Duma and call for new parliamentary elections anytime soon. In the wake of the strong showing for the pro-Putin Unity bloc in the December 1999 vote and Putin's skyrocketing support earlier in the year, some of his allies, including the new leaders of the Unity bloc, had called for new elections for the Duma immediately after the presidential vote. They believed that Unity could win an even larger share of the parliamentary seats after Putin's election. Now, however, such a move is unlikely since most now believe that a new parliamentary vote would yield basically the same result as last December. This is a positive outcome, which will result in stable executive-legislative relations for the foreseeable future.

Putin's small margin of victory is also likely to make him more cautious in taking steps against those who helped him win. Before the election, for instance, Putin's advisors spoke brashly about removing "difficult" governors from office. With this smaller mandate, Putin is now less likely to move aggressively against regional leaders. He must tread especially lightly in those places where regional leaders probably falsified the results to help push Putin over the 50 percent threshold. If Putin strikes out against these regional leaders, they might be tempted to expose their falsification efforts, which in turn could call into question the legitimacy of the election results more generally. For the same reasons, Putin might now be more cautious about taking actions against the oligarchs, especially those that helped him win. He is also less likely to pursue constitutional amendments such as extending the presidential term to seven years. More generally, Putin does not start his first elected term with the same momentum that he would have had with a more decisive victory.

Gennady Zyuganov and the CPRF must be satisfied with their performance in the first round, even if they were unable to force a second round. Citing the results of their own parallel vote count, CPRF officials claim that the result were falsified and that Putin did not win 50 percent in the first round.[6] However, they have not pursued this issue vigorously. Many believe that they are not pursuing a court investigation of the election results because Zyuganov believes that the CPRF can cooperate with Putin in forming a coalition government. Communist leaders assert that Zyuganov's showing gives them a mandate to participate in the new government.

On election night, Putin made very conciliatory comments about Zyuganov and the communists, reflecting that their strong showing demonstrates that many Russian citizens are dissatisfied with the status quo. Boris Yeltsin would have never made such a comment on election night.

Putin, however, is not likely to include communists in major positions in his new government. He understands the importance of creating an ideologically unified team. At the same time, he is likely to continue to consult and cooperate with the communists on a whole range of issues where they hold similar positions. And this list is long, and includes continuing the war in Chechnya, greater support for the military industrial complex and intelligence services, and the building of a stronger state. More generally, Putin is much more of a nationalist than Yeltsin and therefore shares the worldview of many prominent CPRF leaders.

For Zyuganov personally, his strong showing—five points above what the CPRF won just three months earlier in the parliamentary vote—insures that he will remain the leader of the CPRF for the foreseeable future. The Kremlin had backed Aman Tuleev, hoping that the popular Siberian governor might win a large portion of the communist and protest vote and therefore weaken the lock of the CPRF on this part of the electorate. Outside of Kemerovo, however, support for Tuleev was minimal.

Russia's liberals suffered a major setback in this presidential election. The Union of Right Forces (SPS)—a coalition of liberals headed by former prime ministers Sergei Kiryenko and Yegor Gaidar, former deputy prime ministers Anatoly Chubais and Boris Nemtsov, and a handful of other prominent figures such as Samara governor Konstantin Titov and businesswomen Irma Kakamada—emerge from the December 1999 parliamentary vote with real momentum. To the surprise of everyone, they placed fourth in this election, winning 8.5 percent of the popular vote. Importantly, they surpassed the total of their rival, Yabloko, by new more than two percentage points. For many, their smashing electoral victory marked the rebirth of Russian liberalism. However, they then squandered this momentum by demonstrating indecision in the presidential election. SPS failed to endorse a presidential candidate, even though one of its founding members, Governor Titov, was on the ballot. Some, such as Kiryenko and Chubais, backed Putin while others wavered. In the end, SPS had no impact on the presidential vote.

Yavlinsky, however, fared no better. In this presidential vote, Yavlinsky was flush with money. Without question, he spent more on his campaign than any other candidate.[7] He also enjoyed access to all major television networks. He did endure some slanderous attacks from ORT, the largest television network, only days before the vote.[8] But, few experts believed that these attacks had any effect. By most expert accounts (including my own), Yavlinsky also ran a very professional campaign, his best performance to date. And yet, despite an excellent and well-funded campaign, marginal harassment form the state authorities, and no real competitors for the liberal vote, Yavlinsky won only 5.8 percent of the vote, well below his 7.4 percent showing in 1996 showing and only a fraction above what his party garnered in the December 1999 parliamentary vote. This result was a major defeat for Yavlinsky personally and for Russian liberals as a whole.

This election was also a setback for nationalist leaders and parties independent of the Kremlin. Zhirinovsky fared very poorly, winning a paltry 2.7 percent, and all the other nationalist hopefuls did not win more than one percent of the vote. This outcome is very different from 1996, when General Alexander Lebed won a strong double-digit third place showing, which then allowed him to play a critical endorsement role for Yeltsin in the second round.

In several respects, this first round of the 2000 vote resembled the second round of the 1996 vote. Third party candidates played a much smaller role in this last election. The biggest losers in this election were liberal and nationalist parties whose candidates performed so poorly that one has to wonder if they will be able to survive as political movements in Russia in the future.

II. IMPLICATIONS FOR RUSSIAN POLICY

Because Putin ran an issue-free presidential campaign, we know very little about what he intends to do as president. Putin himself probably is still forming views on the thousands of issues that he must now address. This is not a man who spent decades preparing to become president. The first time he ran for political office, after all, was last month! At the same time, we do have some clues regarding his priorities.

We know that Putin is committed to preserving Russia's territorial integrity. For years, many in the West have written about the fragmentation of power within the Russian Federation, the weakness of the center, and the possible disintegration of

the Russian state altogether. These threats have been greatly exaggerated. Chechnya's desire for independence from Russia is the exception, not the rule, among Russia's other republics. No other republic or oblast has ever made a credible threat to leave the federation. Under Putin, we will witness attempts to strengthen the center's control over the regions.

Regarding economic reform, Putin's initial signals have been clear and positive. Putin has invited a young team of economists many of whom formerly worked for former prime minister Yegor Gaidar to draft a comprehensive reform program. [9] The new program covers all the right subjects, including tax reform, deregulation, social policy restructuring, and new bankruptcy procedures. Words are just words. It remains to be seen if Putin has the will and the political skill to execute these plans. [10] At this early stage, however, there is little doubt among those liberal economists currently working for him that he intends to pursue radical market reforms.

Regarding foreign policy, Putin's initial signals have been less clear, but still mostly positive. He does not speak fondly of multi-polarity or use in the tired language of balance of power politics. Instead, he wants to make Russia a normal, Western power. His international heroes come not from the East or the South, but the West. [11] In his short time in office, he has devoted particular attention to England. He appears to want to give a greater focus to Europe and place less emphasis on Russia's relations with the United States. Yet, even with the United States, Putin appears ready to cooperate on key issues such as Start II ratification, Start III negotiations, and modification of the ABM treaty. At the same time, Putin has emphasized the need to expand Russian arms exports, a new initiative that could include the transfer of nuclear technologies to countries such as Iran.

The area in which Putin's views are most murky concerns democracy. Putin does not aspire to become a dictator. In words, he had pledged his loyalty to the constitution and has not supported (yet) calls for the creation of new authoritarian regime like Pinochet in Chile as a means for jumpstarting market reform. [12] Yet, he is also not a passionate defender of democracy. In his first several months in office, Putin has demonstrated that he is willing to use the power of the state and ignore the democratic rights of society in the pursuit of his objectives. For Putin, the ends justify the means.

In the realm of electoral politics, Putin and his allies wielded the power of the Russian state in ways that exacted considerable damage to democratic institutions. Putin and his allies created a party, Unity, out of thin air in October 1999, which then won nearly a quarter of the vote in December. State television incessantly promoted the new party and destroyed its opponents with a barrage of negative advertising never before seen in Russian politics. Putin then used national television to broadcast his anti-campaign campaign for the presidency.

More gruesome has been Putin's indifference to the human rights of his own citizens in Chechnya. Russia has a right to defend its borders. Yet, the atrocious violations of human rights in the cause of defending Russia's borders reveals the low priority Putin assigns to democratic principles.

Independent journalists and academics also have felt the power of the Russian state under Putin. Reporters such as Andrei Babitsky from Radio Free Europe have suffered the consequences of reporting news from Chechnya that inconveniences the Kremlin. Commentators and columnists critical of Putin report that many newspapers are unwilling now to carry their articles. Self-censorship has returned to Russia.

To date, many of Putin statements of political reform also sound anti-democratic. Putin advisers speak openly about eliminating proportional representation from the Duma electoral law, a revision that would practically eliminate all pro-democratic political parties in Russia. Putin and his aides also have expressed support for the highly anti-democratic idea of appointing rather than electing governors. Putin has even hinted that he would like to extend the term of the Russian president to seven years, instead of four. Individually, none of these innovations would spell the end of democracy. In combination, however, they could recreate a system dominated by a single "party of power," i.e., the Kremlin.

Despite all of these ominous signs, it would be wrong to conclude that Putin is an "anti-democrat." The Russian president is simply too modern and too Western-oriented to believe in dictatorship. Rather, Putin is indifferent to democratic principles and practices, believing perhaps that Russia might have to sacrifice democracy in the short run to achieve "more important" economic and state building goals. He will continue to allow for an independent press, elections, and individual liberties just as long as they do not come in conflict with his agenda of securing Russia's borders, strengthening the Russian state, and promoting market reform. But what happens, however, when democracy does become inconvenient for him?

III. IMPLICATIONS FOR RUSSIAN DEMOCRACY

The rise or fall of democracy in Russia does not depend solely on Putin's view about democracy. If the shape of the political system in Russia depended exclusively on Putin's preferences, then the polity could not be considered a democracy. Many in the West and Russia now make this assertion. It has become fashionable to assert that Russia is not a democracy. The rise of Putin is the latest confirming evidence. Some assert that Russia has never been a democracy. The tens of thousands of people who took to the streets throughout Russia a decade ago did not have any impact on the way decisions get made in Russia. Instead, contemporary Russia is compared at best to the late Soviet period in which a small group people at the top decide who will be president, who will be governor, or in short, who will make all political decisions. Others have even likened contemporary Russia to feudal Europe, a system in which a handful of princes—now called oligarchs and regional barons—decide all, while the peasants and serfs decided nothing.

Such historical analogies to Russia's past, however, are dangerously distorting. They suggest that no change in Russia has occurred in the last decade or the last four hundred years. These arguments imply cultural continuity in Russia; Russian leaders are authoritarian and Russia people support them because Russians leaders and Russian society have always supported dictatorship. This line of argument also suggests that there is no threat to Russian democracy today, because there is no democracy to be threatened.

To be sure, Russian democracy is weak and unconsolidated. Russia is not a liberal democracy. Pluralist institutions of interest intermediation are weak, mass-based interest groups are marginal, and institutions that could help to redress this imbalance—such as parliament, the party system, and the judiciary—lack strength and independence. The absence of these democracy-supporting institutions means that Russia's democracy is more fragile than a liberal democracy. In addition, a deeper attribute of democratic stability—a normative commitment to the democratic process by both the elite and society—is still not apparent in Russia. Although all major political actors in Russia recognize elections as "the only game in town" and behave accordingly, anti-democratic attitudes still linger in Russian elite circles and society as a whole.[13] Finally, the rise of a leader with Putin's background and the process by which he was elected are not positive signs for democratic consolidation. No one who fought for the destruction of the Soviet police state can be happy that a former KGB officer has now become the president of Russia.

Yet, when assessing Russian democracy and its prospects, the real question is compared to what? Compared to American democracy today, Russian democracy has a long way to go. Compared to Polish democracy today, Russian democracy is way behind. Yet, compared to other states that emerged from the Soviet Union, Russia does appear to have made progress in building a democratic political order. The degree of freedom of speech in Russia towers above Uzbekistan; the consequences of elections in Russia are much greater than in Kazakhstan. Even when contemporary Russia is compared to its own past, be it Soviet communism or tsarist absolutism, the current system is vastly more democratic. Peasants did not vote, did not read independent newspapers, and did not travel freely. Nor did Soviet citizens. Princes were not removed from power by the ballot box as were four out of nine regional leaders and hundreds of Duma deputies in the December 1999 election. The next time you hear someone argue that elections in Russia do not matter, ask one of these electoral losers if they agree. Moreover, let us not forget that two-thirds of an extremely educated population opted to participate in these elections of parliament and president. If elections were meaningless, then why did these people bother to show up?

The more interesting question is not whether Russia is a democracy or not, but rather to ask what is the trajectory for the future. Putin's victory and the process of that victory are not positive steps. Yet, it would be premature to generalize about the long-term future of Russian democracy from this one election. The same party can stay in power for decades in established democracies. Only time will tell if Putin's electoral is the beginning of the creation of one-party state or just a rather accidental consequence of a popular war, hopes of the future, and a weak opposition. At this period in Russia's history, the Russian people actually want a leader with a strong hand who promises to build a stronger state. Such desires are common after years of revolutionary turmoil. Those who claim that this election was undemocratic must demonstrate that the demos—the people—were prevented from voting into office someone more desirable for the majority. The demand for some other kind of candidate does not appear to be robust, and most certainly did not constitute a majority among Russian voters.

IV. IMPLICATIONS FOR U.S. POLICY TOWARD RUSSIA

The Putin era will constitute a very difficult period for U.S. policymakers. Putin's policies and actions will be neither all good nor all bad. For instance, he may proceed with economic reform, cooperate on arms control issues, but do little to crack down on corruption or defend democratic principles. How to respond to such mixed signals will present a major challenge to U.S. policymakers. There are no more good-guys and bad-guys, or communists and anti-communists, but only shades of gray in Russia today.

In developing a new strategy to deal with the Putin era—and a new strategy is necessary—the fundamental principles of U.S. policy towards the Soviet Union and then Russian must be remembered. For several decades, the United States was right to oppose Soviet imperialism, communist economics, and totalitarian politics. At different moments during the Cold War, U.S. politicians and diplomats argued for détente with Soviet dictators and a lack of attention on internal maters within the Soviet Union for the sake of allegedly more importance strategic goals such as arms control and "stability" in U.S.-Soviet relations. In hindsight, we can now see that this strategy was wrong. Clever diplomacy, greater respect for Soviet concerns, or arms control did not end the Cold War. Rather, it was the collapse of communism and the emergence of democracy within the Soviet Union and then Russia that suspended the international rivalry between the United States and the Soviet Union. It will be regime change in the opposite direction in Russia that will rekindle the Russian threat to the United States.

Consequently, the new refrain in Washington today about the need to focus less on Russia's internal problems and more on state-to-state relations is dangerous and shortsighted. U.S. policymakers must continue to see the development of a market economy and a political democracy in Russia as U.S. national security interests. If Russian democracy fails and a nationalist dictatorship eventually consolidates, we will go back to spending trillions on defense to deter this rogue state with thousands of nuclear weapons. After all, remember why we are about to spend billions on National Missile Defense to defend our borders against North Korea and other rogues states. The threat from North Korea is not only military capacity. Rather, the threat comes from the intentions of an erratic regime not answerable to its people. In fact, every country in the world that now threatens U.S. national security interests is an authoritarian regime. If Russia reverts back to dictatorship, the United States is much more likely to drift towards confrontation with this great nation. And no one will remember who ratified the Start II treaty or who negotiated the modifications to the ABM treaty.

How to remain engaged in Russia's reforms, however, must be rethought. Policies that worked in the past may not always work or be necessary in the future.

Economic reform

Regarding economic reform, the United States should refrain from prescribing formulas, and instead react to positive proposals originating from Russia. A decade ago, technical assistance for economic reform was critical and played a positive role in educating Russia's new leader about economic principles. That era, however, is over. Russian economists know what they must do regarding structural reforms. If they provide a program for tackling the issues of structural reform, then Western lending institutions such as the IMF and World Bank should respond in accordance with the level of commitment discerned in Moscow. Above all else, however, the IMF, the World Bank or any other Western agency should not deliver economic assistance based on political or strategic motivations. Rather, these institutions should focus exclusively on what they know best, economic reform. The converse is equally true. Sound economic assistance programs—if truly sound—should not be held captive to the ebbs and flows of the politics of U.S.-Russian relations. The IMF works best when it is acting like an independent bank—i.e., like the Federal Reserve—and works least effectively when it acts like another political arm of the U.S. government.

In return for more autonomy over decisions of when and how much to lend to Russia, the IMF and World Bank must make their decisionmaking processes more transparent. Greater openness will expose IMF and World Bank decisions to greater scrutiny, which can only improve the quality of decisions. Equally important, greater transparency will allow more Russians to understand and therefore engage in influencing the IMF-Russian relationship. More information about the execution of an IMF program should also be made available to the public as a way to help counter corruption.

Regarding U.S. bilateral economic aid to Russia, all economic assistance to the Russian *state,* including humanitarian assistance should be cut. These programs are

either unnecessary or fuel corruption. Only programs that assist Russian society directly should be continued. To their credit, the Clinton Administration gradually has reoriented U.S. assistance from the Russian state to Russian society, but a full shift in focus now needs to be completed.

Political Reform

Regarding democracy, the United States must become even more engaged in defending and assisting those individuals and organizations within Russia willing to fight for democratic institutions and values. Unlike the debate about the market, the debate about democracy in Russia is not over. As long as advocates for democracy within Russia still remain active and engaged in this battle of Russian democracy, we must continue to support their struggle with ideas, educational opportunities, moral support, and technical assistance.

Because Putin wants cooperation with the West, the Clinton Administration now has an opportunity to help the cause of Russian democracy. Rather than shower Putin with faint praise about his businesslike demeanor as a way to secure the Russian president's support for arms control treaties, Clinton and his foreign policy team need to stress that the preservation of democracy in Russia is a precondition for cooperation. In parallel to a more constructive engagement of Putin regarding issues of human rights, the United States also needs to give greater support to Russian societal forces still fighting to preserve Russian democracy.

This means empowering democratic activists in Russia through high-level meetings with U.S. officials. President Ronald Reagan never went to the Soviet Union to meet with Soviet leaders without holding separate meetings with societal leaders. This practice must return. Independent journalists, human rights activists, civic organizers, business leaders, and trade unions officials must be engaged, celebrated, and defended when the Russian state abuses their rights. The Clinton Administration was right to push for greater access to Chechnya by international agencies such as the International Red Cross. Likewise, the move by the Parliamentary Assembly of the Council of Europe (PACE) to suspend Russia's voting rights in the council should be applauded. The West must maintain the same standards when investigating abuses of human rights conducted by Chechen fighters. This campaign for ending the war in Chechnya and investigating human rights violations on all sides must be sustained and cannot be forsaken for short-term gains in arms control negotiations.

A renewed strategy for defending Russian democracy also means increasing, not decreasing as currently planned, assistance programs designed to strengthen the independent media, trade unions, political parties, civil society and the rule of law. Heroes in the struggle against Soviet communism such as Sergei Kovalev have warned that Russia democrats are facing their most difficult test in the coming years. Why are we abandoning these people now? Critics say that U.S. assistance to these agents of democratic change taint their image within Russia. I say that we should let Russia's democrats make decisions about their image at home. Let them decide the level of engagement they desire to pursue with their Western counterparts.

In the political realm, all of U.S. assistance should be transferred exclusively through non-governmental actors. This means continuing lending to small businesses, and supporting the development of political parties, civic organizations, business associations, and trade unions—not state bureaucrats. This means supporting public interest law organizations and providing seed money for a Russian Civil Liberties Union rather than giving money to Russian law enforcement officials. State reform in Russia will not be generated from within the state. Rather, state institutions will reform only when there are strong societal groups in place that can pressure them to do so. Likewise, the comparative empirical record of the post-communist transitions demonstrates that the best way to fight corruption is through greater democracy—i.e., greater empowerment of society as a control on state activities—not greater resources for state police agencies. In fact, after a decade of post-communist transition, one of the most surprising outcomes is the positive correlation between democracy and economic growth. [14]

More generally, programs that increase contacts between Russians and Americans must be expanded. America's most effective tool in promoting markets and democracy is the example of the United States itself. The more Russians are exposed to this model, the better. This exposure can come from military-to-military programs, sister city programs, or business-to-business meetings, but educational programs especially for young Russians must be emphasized above all else. Tens of thousands of Russian students, not dozens, should be enrolled in American universities. Mass civic education projects within Russia, with a focus on expanding internet access, also should be expanded. While hundreds of business schools have sprouted

throughout Russia, there are virtually no public policy schools and only a handful of organizations dedicated to the dissemination of materials on democracy. Because the concept of democracy in Russia has been discredited by all the nasty policies undertaken in its name, those seeking to resurrect democratic ideals must be fully supported. More generally, any program that increases the flow of information about entrepreneurial and civic ventures throughout Russia should be encouraged. The demonstration effect of a profitable small business in Perm will mean much more to a future entrepreneur in Novosibirsk than an example of success from the Silicon Valley. In providing this kind of assistance to Russian society, organizations that provide small amounts of support to many rather than large amounts to a few should take the lead in dispersing American assistance in Russia.

Keeping Our Eye on the Big Picture

Ten years from now, Putin's rise to power may look like the initial stage of authoritarian restoration in Russia and the beginning of sustained conflict in U.S.-Russian relations. The Yeltsin-Clinton era, despite all the setbacks, may seem like the good old days of U.S.-Russian cooperation. If this scenario unfolds, the U.S. policy of engagement with Russia will look in retrospect like a naïve project pursued by romantic liberals who did not understand the world in which they lived.

It is equally plausible, however, to assume that ten years from now our current debate about Russian dictatorship and failed U.S. policy towards Russia will look like a premature conclusion made by an impatient and exhausted American foreign policy community. Over the long-term, Russia's size, natural resources, educated population, and strategic location in Europe and Asia suggest that Russia will play a major role in the international system. Whether Russia makes this re-entry as a member of the intemational society of core Western states, or as a rogue state seeking to threaten this international society depends in large measure on the kinds of institutions that shape economic and political activity within Russia in the years to come. Several years after the collapse of the Soviet Union, there is still a chance that Russia will consolidate a market economy and a democratic polity, and that Russia therefore will join rather than threaten the community of democratic and capitalist states. That this window of opportunity is still open; considering all that Russia has endured over the last decade, is surprising.

Now, therefore, is not the time to declare Russia lost and abandon the strategy of engagement. Though resurgent, anti-Western forces in Russia do not enjoy a monopoly over policymaking in either domestic or international affairs. Disagreements between Russian and American diplomats over Iraq, Iran, or Serbia, past failures regarding aid programs, the threat of authoritarian rule within Russia, or the growing ill will between Russians and Americans more generally are not arguments for abandoning engagement, but evidence for the need to reorient and reinvigorate the policy.

NOTES

[1] Together with Professor Timothy Colton from Harvard University, I am midstream in a major research project on the Russian 1999 parliamentary elections and the 2000 presidential elections. This research project includes several national surveys of voters, focus groups conducted before and after both elections, and qualitative analyses of all the major campaigns. The National Science Foundation, the National Council for East and Eurasian Studies, and Mott Foundation, and the Carnegie Corporation of New York have provided generous financial assistance to support this research.

[2] To this day, we still do not know who was responsible for these terrorist attacks. What is clear, however, is that the vast majority of the Russian people believe—whether rightly or wrongly—that the Chechens executed these attacks.

[3] Agenstvo Regional'nykli Politcheskikh Issledovanii (ARPI), *Regional'nyi Sotsiologicheskii Monitoring,* No 49 (December 10-12, 1999) p. 39. The sample size of this survey was 3,000 respondents in 52 subjects of the Russian Federation.

[4] More specifically, our pre-Duma election survey conducted in late November and early December of 1600 Russian citizens asked a general opinion question about Chechnya. Respondents were given a five-point scale, where 1 was labeled "Keep Chechnya at all costs" and 5 was labeled "Allow Chechnya to leave the Russian Federation." The distribution of altitudes was: 33 percent position 1 (keep at all costs), 12 percent position 2, 14 percent position 3, 6 percent position 4, and 27 percent position 5 (let them leave); another 8 percent were undecided. In our post-Duma poll, conducted in late December and early January, we asked about voting intention in the presidential election. This is the fascinating thing. Of respondents who intended to vote for Putin, 35 percent favored position 1 on Chechnya (i.e., keep at all costs), 13 percent favored position 2, 12 percent favored position 3, 5 percent position 4, and 28 percent position 5 (the most dovish position). Opinions on Chechnya among prospective Putin voters are within a few percentage points of the distribution of altitudes within the entire population. In other words, 61 percent of Russians in the most hawkish category on the war intended to vote for Putin and 59 percent (the same!!) of Russians in the most dovish category intended to vote for Putin.

[5] Fond 11Obshchestvennoe mnenie," (FOM), *Soobshcheniya Fonda "Obshchestvennoe mnenie,"* No. 001 (536), January 12, 2000, p. 30.

[6] "Russia Communist say election results were rigged," *Reuters,* April 4, 2000.

[7] Of course, Putin enjoyed more time on television in his official capacity as president, but his campaign did not produce any television advertisements and refused to use the free national television airtime allotted to him as a candidate. Putin also did not participate in any presidential debates.

[8] ORT commentators asserted that Yavlinsky and his Yabloko were funded by German and Jewish organizations. They also showed clips of homosexuals announcing that they planned to vote Yavlinsky and intimated that Yavlinsky himself was gay.

[9] Under the direction of German Gref at the Strategy Center formed by Putin last year, this team of economists and lawyers in many ways represents the most liberal thinkers in Russia. Initially, Gref invited everyone to submit proposals to the Center. Over time however, a core group of former government officials from the Gaidar government have assumed primary responsibility for the drafting of key components of the new economic plans. The lists of specialists includes Vladimir Mau, Aleksei Ulukaev, Sergei Sinelnikov (all former Gaidar aides and deputies), Oleg Vyugin, Andrei Illarionov, Mikhail Dmitriev, and their chief mentor, Yevgenii Yasin.

[10] Some of these liberal economists currently working for the Putin team worry that expectations are too high right now. In a situation similar to 1992, people expect quick economic results. When they do not occur, radical economic reform ideas could be blamed and therefore discredited once again.

[11] See *Ot Pervogo Litsa: razgovory s Vladinziroin Putinyin* (Moscow: Vagrius Books, 2000).

[12] Most recently Pyotr Aven, president of Alfa bank, has urged Putin to pursue such a strategy. See Ian Traynor, "Putin urged to apply the Pinochet stick," *The Guardian,* March 31, 2000.

[14] See Jean-Jacques Dethier, Hafez Ghanem, and Edda Zoli, "Does Democracy Facilitate the Economic Transition? An Empirical Study of Central and Eastern Europe and the Former Soviet Union," unpublished manuscript, World Bank, June 1999; and chapter five of the *Transition Report 1999: Ten Years of Transition* (London: European Bank for Reconstruction and Development, 1999).

Senator SMITH. Thank you both very much.

As evidence of our democratic bona fides, what you hear outside is a protest on PNTR.

This has been excellent. You both have mentioned that Putin will probably seek accommodation with the West on arms control and economic relations, but what about its agenda on the near abroad? What do you see Russia doing with Belarus, Ukraine, and all of the Muslim states below it?

Dr. GRAHAM. Look, I think that the Russian Government, Mr. Putin himself, see this as something still of an extension of domestic politics in Russia. They are foreign, but not quite foreign. And Mr. Putin's goal, I think as shared broadly across the Russian political elite, is to try to both rebuild the Russian economy and at the same time extend its influence into the surrounding areas, the former Soviet Union. And obviously there is already an agreement to move toward something of a more confederate type of relationship with Belarus. I would expect that to continue, at least at the rhetorical level. There are going to be some difficult issues to work out in terms of monetary systems, fiscal systems, and so forth.

Ukraine, the South Caucasus, Central Asia, I think you are going to try to see Mr. Putin put together what I call the more coherent Russian foreign policy that will increase Russian presence and pressure in those areas, using the oil and gas, the energy levers, as a way of redirecting some of—focusing the thinking of some leaders, particularly Mr. Kuchma in Ukraine.

I think you are going to see similar things happening in the South Caucasus. Mr. Putin and the Russian political leaders are aware that successions are looming in most of the three, or two of the three trans-Caucasian states. They want to make sure that Russia's interests are taken into account. I think you will see a similar thing in Central Asia.

But this is going to be a real focal point of Russian foreign policy. The key issue will be in fact whether Putin is able to discipline the

policy, foreign policy machine in Moscow, and then also all those large enterprises, energy in particular enterprises, that have major interests in the former Soviet Union.

Dr. MCFAUL. Let me just add two things. First, I think we are going to see a turning inward in general in Russia under Mr. Putin. I do not think he sees himself and his role in Russia right now to play a large international role. Unlike Mr. Yeltsin, who took these kind of meetings, the G–7 or the G–8, whatever we call it now, very seriously in terms of his international status, I do not think that is going to be the case with Mr. Putin.

Second, I think he is going to be pragmatic in these relationships. I do not see, quite frankly, any support in any sector of society in Russia for the recreation of the Soviet Union or imperial design on the Newly Independent States.

What worries me is the third observation, which is that I think we tend to overestimate Mr. Putin's control over the army, over the FSB, and all sorts of areas. Let me just give you one example anecdotally. I know that myself and other academics in Russia and journalists in Russia have experienced more monitoring from the FSB in the last year and a half. I do not think that was a directive from Mr. Putin. On the contrary, I think the lower level guys who are doing this saw a guy like Mr. Putin at the top and said: Oh, now we have carte blanche, now we have got the green light to do whatever we want; we can go out and hassle these academics, right.

Similarly, I worry about that in the Caucasus, and I think Georgia might be a flash point in that regard. That is, should the war escalate, should there be some chasing of Chechen rebels into Georgia, and some commander wanting to do good, he thinks, by his chief commanding officer in Moscow decides to go in. That might not be a directive from Mr. Putin, but I think the consequences for us would be very serious. That is the kind of thing that I worry about, especially in Georgia today.

Senator SMITH. I wonder if—you talked about corruption and some of the tolerance for it ongoing. It just seems to me that will continue to be a cancer in the Russian Government and the Russian life if ultimately there are not some laws that the new generation that Dr. Brzezinski talked about can utilize to effect some change in that.

Or is this just so embedded, so ingrained, that it cannot change? Do you see Putin implementing laws, criminal laws that will ultimately provide a vehicle, a mechanism, to root this out?

Dr. GRAHAM. Let me just say that—and we have had hearings on this before—this corruption problem is massive. It in fact defines the way the political system operates. It is this intertwining of power and property in the public and private sphere in Russia. That is not something that emerged in the past decade. It has been an historic attribute of the Russian state.

Dealing with that, separating the government from the business community, is going to take a long time. It cannot be done overnight. Now, Mr. Putin and the Duma may pass some legislation that would provide a basis for dealing with corruption, call for more transparency. The real problem is that of implementation. Even if you are Mr. Putin and you want to go after this, how do

you go after it, the corruption, in a way that looks equitable, that does not appear to be your settling scores with your political opponents?

You can go after Mr. Bherezovsky. That would be wildly popular in Russia today. But that is only a single figure. If you try to go after some of the other oligarchs, where do you stop? Is Mr. Chubais on your list? Is Mr. Chernomyrdin on your list? Is Mr. Baradin, Putin's earlier employer, on your list?

How do you fashion this in a way that looks like the motives really are dealing with corruption and not a political settling of scores? So I think in the short run this is very difficult to do and I would question whether Mr. Putin has the political vision and the political skill in order to be able to conduct that type of policy.

I think as you look out over the longer term, particularly at a new generation of entrepreneurs that are arising in Russia, that are looking not only toward a domestic market, which is still important for them, maybe their first priority, but also want to be accepted as major capitalists on the global arena, that they are going to see that different standards of behavior are required, a different type of discipline is required. That is ultimately I think going to create the pressure groups inside Russia to begin to build an independent judiciary, to pass the appropriate laws, and gradually deal with what is a pervasive corruption problem.

What we can do to help on this really is encourage Russia's integration into the global economy, to bring these businessmen out into an environment that will compel them to deal in a different way if they are going to succeed.

Dr. MCFAUL. If I could add just two comments. First of all, Russia is right in the middle of the post-Soviet countries in terms of level of corruption, which is to say that this is a post-Communist phenomenon, not a Russian phenomenon.

Second, there is a very positive correlation within now the post-Communist world—and now I am talking about the entire post-Communist world—between low levels of corruption and democracy. In fact, it is a very striking correlation, Poland being one of the best, Uzbekhistan, Tajikistan being on the low side. I mention that because I think there is a misconception oftentimes in this city and most certainly in Moscow about how to deal with corruption. The idea is we need better laws and more policemen, right? Implementation, as Tom Graham just said.

That is part of it, but that is only part of it. It is also stronger civil society, stronger democracy. Let me give you one example from our own experience. We had an election, Presidential election, in 1996. There were some allegations of corruption, as you recall, people doing things they should not have been doing, people taking money from people they should not have, right.

Why do we know that? We know it because of two things. We knew it because of an independent media and we knew it because there is an opposition party, in this case the Republican Party, that had an interest in exposing that corruption and had the power to do so. It was not because of the LAPD, it was not because we hired a bunch of new guys to go around and to crack down on the oligarchs. It was because of transparency, in short because of democracy.

So I think when you are thinking of solutions for fighting corruption in Russia we need to be much more creative about things like expanding Internet access to NGO's, supporting an NGO. A very courageous man, Dimitri Vaseley, let me tell you about him. He used to run the Federal Security and Exchange Commission in Russia and resigned when there was just simply too much corruption, reprivatization, illegal seizing of assets in a St. Petersburg factory. He has now set up a nongovernmental organization which is trying to disseminate information about minority investor shareholder rights.

That is the kind of person you need to support, not the MVD or the FSB, the kind of Putin solutions. That to me scares me. That will just lead to more corruption, not less.

Senator SMITH. I think it is a wonderful distinction you have made between standing with Russians and not with Russia per se, and that there is a real difference and we need to be more discriminating in how we help and where we help and whom we help.

So gentlemen, our time is spent. I thank you both for the great contributions you have made to our understanding on this committee today about this very important issue, and hopefully this hearing has been listened to by our friends in Russia and lessons will be learned by them as well, because I think we all look forward to a day when there is more, not less, contact and better, not worse, relations.

So we thank you. I am going to leave open the record for questions that colleagues of mine may have for the administration or any of our witnesses today. For that, we thank you.

Dr. GRAHAM. Thank you.

Dr. MCFAUL. Thank you.

Senator SMITH. We are adjourned.

[Whereupon, at 11:56 a.m., the subcommittee was adjourned.]

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