

**PREPARED STATEMENT**

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**“Russia: Rebuilding the Iron Curtain”**

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Thank you, Mr. Chairman, for inviting me to appear before your Committee. It is not an assignment, however, that I do with pleasure.

As an eternal optimist, I have for decades been one of those who believed that Russia could make the transition from communism to democracy, a development which in turn would help to integrate Russia into the West. In the long run, I am still certain of this eventual outcome. In the short run, however, it is obvious that President Putin is building a more autocratic regime, an internal process that in turn has strained Russia's relations with the West.

The appropriate policy response to these new developments is not a return to containment or isolation of Russia. Rather, a more substantial agenda between the Russian and American governments would create more permissive conditions for democratic renewal inside Russia. A new American policy towards Russia must pursue both – a more ambitious bilateral relationship and in parallel a more long-term strategy for strengthening Russian civil, political, and economic societies, which ultimately will be critical forces that push Russia back onto a democratizing path. As the Bush and Putin administrations wind down, grand new initiatives in U.S.-Russia relations are unlikely to unfold in the next two years. New leadership in both countries in 2008 will open a new window of opportunity to reorient the bilateral relationship along a more constructive path, which in turn will provide a more conducive environment for fostering democratic development inside Russia.

To make the case for this dual track approach for dealing with Russia, my written testimony proceeds in four parts. Section one describes the erosion of democracy under Putin. Section two explains why this more autocratic regime in Russia has not caused economic growth, produced a more effective state, or made Russian citizens more content. Section three outlines three false assumptions made by the Bush Administration about Russia which have impeded the emergence of a more effective U.S. policy towards Russia. Section four offers several concrete policy recommendations for changing the troubled bilateral relationship.

## **I. The Erosion of Russian Democracy.**

Seven years ago, when President Putin first assumed office, Russian observers could engage in an interesting debate about the future trajectory of Russia's political system. Already in 2000, there were ominous signs that Putin aspired to weaken checks on presidential power and eliminate sources of political and economic opposition.

At the same time, back in 2000, defenders of Putin could posit that some of the Kremlin's political reforms were not really antidemocratic, but rather policies aimed at restoring order and stability, that is necessary corrections in response to the tumultuous 1990s.

Today, this debate is over. Among politicians, academics, and pundits in the United States and Europe who follow Russian affairs, the overwhelming majority believe that the Russian regime under Putin is becoming increasingly autocratic. The debate remains regarding the causes, severity, and final destination of this autocratic trajectory, but only the most stalwart defenders of Putin continue to deny the trend line.

Putin did not inherit a consolidated democracy when he became president in 2000, and he has not radically violated the 1993 constitution, cancelled elections or arrested thousands of political opponents. Russia today remains much freer and more democratic than the Soviet Union. Yet, the actual democratic content of the formal institutions of Russian democracy has eroded considerably in the past seven years. Putin has systematically weakened or destroyed every check on his power, while at the same time strengthening the state's ability to violate the constitutional rights of citizens. <sup>[1]</sup>

***Taming the Independent Media.*** Putin and his government initiated a series of successful campaigns against independent media outlets. When Putin came to power, only three networks had the national reach to really count in politics—ORT, RTR, and NTV. By running billionaire Boris Berezovsky out of the country, Putin effectively acquired control of ORT, the channel with the biggest national audience. RTR was always fully state-owned, so it was even easier to tame. Controlling the third channel, NTV, proved more difficult since its owner, Vladimir Gusinsky, decided to fight. But in the end, he too lost not only NTV but also the daily newspaper *Segodnya* and the weekly *Itogi* when prosecutors pressed charges. NTV's original team of journalists tried to make a go of it at two other stations, but eventually failed.

Under control of those closely tied to the Kremlin, the old NTV has gradually come to resemble the other two national television networks.

In 2005, Anatoly Chubais, a CEO of United Energy System (UES) and a leader in the liberal party Union of Right Forces (SPS) was compelled to sell his much smaller private television company, REN TV, to more Kremlin friendly oligarchs. Today, the Kremlin controls all major national television networks.

In the first few years of Putin's presidency, the Kremlin seemed content to control national television networks, the main source of news for most Russians. Newspapers, webpages, and even regional television networks were left alone. More recently, however, the reach of the Kremlin has expanded to derail or interfere with print and web media. Most major Russian national newspapers have transferred ownership in the last several years to individuals and companies loyal to the Kremlin. *Novaya Gazeta* is the last truly independent national newspaper. On the radio, *Ekho Moskvy* remains an independent source of news, but even its future is questionable.

***Undermining Federalism.*** Putin also has weakened the autonomy of regional governments. Almost immediately after becoming president in 2000, Putin made reining in Russia's regional executives a top priority. He began his campaign to reassert Moscow's authority by establishing seven supra-regional districts headed primarily by former generals and KGB officers. These new super-governors were assigned the task of taking control of all federal agencies in their jurisdictions, many of which had developed affinities if not loyalties to regional governments during the Yeltsin era. These seven representatives of federal executive authority also investigated governors and presidents of republics as a way of undermining their autonomy and threatening them into subjugation. Putin also emasculated the Federation Council, the upper house of Russia's parliament, by removing governors and heads of regional legislatures from this chamber and replacing them with appointed representatives from the regional executive and legislative branches of government.

Regional leaders who have resisted Putin's authority have found elections rigged against them. In the last gubernatorial elections in the Kursk, Saratov, and Rostov oblasts, as well as in the presidential races in Chechnya (twice) and Ingushetiya, the removal of the strongest contenders ensured an outcome favorable to the Kremlin. In September 2004, in a final blow to Russian federalism, Putin announced his plan to appoint governors. Putin justified the move as a means to make regional authorities more accountable and more effective, yet, the overwhelming majority of the newly appointed governors have been the old governors in place before.

***Weakening Parliament.*** In December 2003, Putin made real progress in weakening the autonomy of one more institution of Russia's democratic system – the parliament. After the 1999 parliamentary election, Putin enjoyed a majority of support within the Duma.

To make the Duma more compliant, Putin and his administration took advantage of earlier successes in acquiring control of other political resources (such as NTV and the backing of governors) to achieve a smashing electoral victory for the Kremlin's party, United Russia, in the December 2003 parliamentary election. United Russia

and its allies in the parliament now control two-thirds of the seats in parliament. In achieving this outcome, the Kremlin's greatest asset was Putin's own popularity, which hovered around seventy percent during the fall 2003 campaign.

Constant, positive coverage of United Russia leaders (and negative coverage of Communist Party officials) on all of the Russia's national television stations, overwhelming financial support from Russia's oligarchs, and near unanimous endorsement from Russia's regional leaders also contributed to United Russia's success. For the first time ever, the Organization for Security and Cooperation in Europe (OSCE) issued a critical preliminary report on Russia's 1999 parliamentary election, which stressed "the State Duma elections failed to meet many OSCE and Council of Europe commitments for democratic elections."<sup>[2]</sup>

### ***Marginalizing Independent Political Parties.***

Putin and his administration have weakened dramatically independent political parties while at the same time strengthening those parties either created by or very supportive of the Kremlin. The independent liberal parties, Yabloko and the Union of Right Forces, and as well as the largest independent party on the left, the Communist Party of the Russian Federation are all much weaker today and working in a much more constrained political environment than they were during the Yeltsin era. Other independent parties such as the Republican Party headed by Vladimir Ryzhkov and the Popular Democratic Union headed by former Prime Minister Mikhail Kasyanov have not even been allowed to register to participate in elections. Other independent parties and candidates have been disqualified from participating in several local elections for blatantly political reasons. For the 2008 presidential election, Ryzhkov and Kasyanov are two of the opposition's strongest candidates, yet, neither are likely to be on the ballot. These independent parties also face financial constraints as the Kremlin threatens sanctions against potential backers from the private sectors.

Mikhail Khodorkovsky's imprisonment sent a powerful message to other businesspeople about the costs of being involved in opposition politics.

At the same time, United Russia – the largest pro-Kremlin party in the Duma – enjoys frequent television coverage and access to generous resources. Just Russia – a Kremlin invention designed to take away vote from the Community Party – also enjoys state and private sector backing. In the last election cycle, the Kremlin helped to create a nationalist party, Fatherland, which preformed surprisingly well in the 2003 parliamentary elections. However, when Fatherland's leaders began acting as independent politicians, the Kremlin quickly replaced the leadership and gutted the organization of its resources, reducing Fatherland today to a marginal political actor.

### ***Weakening Civil Society.***

In his second term, Putin has even decided that non-governmental organizations (NGOs) are a threat to his power. A new law on NGOs now gives the state numerous ways to harass, weaken and even close down organizations considered too political. To force independent NGOs to the margins of society, the Kremlin has devoted massive resources to the creation of state-sponsored and state-controlled NGOs. Perhaps most amazingly, even public assembly is no longer tolerated. Last month, Other Russia – a coalition of civil society groups and political parties – tried to organize public meetings in Moscow and St. Petersburg. Both meetings were disrupted by the presence of thousands of police officers and special forces, and hundreds of demonstrators were arrested. This scale of repression has not occurred in Russia in the last twenty years.

In his annual address to the Federation Assembly in April 2007, Putin struck a xenophobic note when he warned of Western plots to undermine Russian sovereignty. He asserted, "There is a growing influx of foreign cash used directly to meddle in our domestic affairs... Not everyone likes the stable, gradual rise of our country. Some want to return to the past to rob the people and the state, to plunder natural resources, and deprive our country of its political and economic independence." Putin has matched his rhetoric with actions. His government has tossed out the Peace Corps, closed down the office of the Organization for Security and Cooperation in Europe in Chechnya, declared *persona non grata* the AFL-CIO's field representative, Irene Stevenson, in Russia, raided the offices of the Soros Foundation and the National Democratic Institute (NDI), and most recently forced Internews-Russia to close its offices after accusing its director of embezzlement.

While weakening these checks on presidential power, Putin and his administration have not initiated any serious reforms to strengthen other democratic institutions. Most importantly, Russia's judicial system

has not become more independent or more professional during the Putin era. And when major political issues are at stake, courts quickly become another tool of presidential power as was the case during NTV's unsuccessful struggle to remain independent or during the arrest and prosecution of Mikhail Khodorkovsky. The Russian government has even pressed for disbarring Karinna Moskalenko, a lawyer who has assisted with Khodorkovsky's defense.

More generally, Putin has also increased the role of the Federal Security Service (the FSB, the successor to the KGB) in governing Russia and arbitrarily wielded the power of state institutions such as the courts, the tax inspectors and the police for political ends. The Russian polity evinces considerably less pluralism today than it did in 2000, and the human rights of individual Russian citizens are less secure.

## II. Autocracy: Necessary Evil in Post-Revolutionary Russia?

Few still try to describe Putin's regime as a democracy, but many justify his actions as a necessary means to other, important ends: economic growth, state capacity, and citizen satisfaction. Without question, compared to ten years ago, there are real positive developments in each of these three categories. And yet, the trend lines in each of these three categories are not only positive, but a mix of good and bad news. More importantly, the cause of the positive developments is **not** growing autocracy.

### *A Thriving Economy?*

During Putin's time in power, the Russian economy has grown tremendously, averaging over a 6.5% percent over the last seven years.

When compared to a decade of depression in the 1990s, these growth rates are especially impressive. During this same period, the Russian government has produced budget surpluses, eradicated foreign debt, accumulated massive hard currency reserves, and maintained modest rates of inflation. The stock market is also booming and foreign direct investment, while still low compared to other emerging markets, is beginning to rise rapidly compared to the dismal decade after the collapse of the USSR. Average Russians also have enjoyed a substantial increase in living standard. Disposal incomes are skyrocketing, consumer spending is increasing, and unemployment and poverty have declined dramatically. Russians are wealthier today than ever before.

**Table One**  
**Positive Economic Trends**

	1999	2000	2001	2002	2003	2004	2005	2006
GDP growth (%)	6.4	10.0	5.1	4.7	7.3	7.2	6.4	6.6
Foreign Direct Investment (\$mn)	3309	2714	2748	3461	7958	15444	15151	30000
Inflation (CPI, %)	85.6	20.7	18.6	15.1	12.0	11.7	10.9	9.7
Budget Balance (% GDP)	-3.6	0.8	3.0	1.4	1.7	4.3	7.5	7.4
Foreign Currency Reserves (\$bn, incl. gold)	12.5	28.0	36.6	47.8	76.9	124.5	182.2	303.0
Stabilization Fund (\$bn)	-	-	-	-	-	18.7	42.9	90.2
Stock Market Index (RTS Index; rubles)	175.3	143.3	260.1	359.1	567.3	614.1	1125.6	1921.9
Real income per capita (annual % change)	-11.9	13.4	10.0	10.8	14.6	11.2	9.3	10.0
Unemployment (%)	12.4	10.7	9.1	8.0	8.3	8.13	7.58	6.6
Poverty (% population)	41.5	29.0	27.3	24.2	20.6	17.8	15.8	14.5

(Sources: World Bank, Goskomstat, IMF, RIA Novosti, RTS Index, EBRD, Economist, other news sources)

In his first term, Putin initiated several important economic policies that in the margins have contributed to some of the economic success.

For instance, Putin and his government introduced a 13 percent flat tax, a major reduction in the corporate tax and the creation of a stabilization fund in which to park much of the windfall revenues from soaring energy prices. These reforms, however, did not drive economic growth in Russia over the last several years. Instead, the devaluation of the ruble in August 1998 first jumpstarted Russian agricultural and industrial production, and then rising energy prices, beginning in 1999, ultimately fueled Russia's economic turnaround in this decade.

To the extent that Putin's economic policies contributed at all to economic growth, they did not require antidemocratic reforms to be implemented.

More broadly, it is very difficult to identify a causal relationship between growing autocracy and economic growth in Russia.

The authoritarian contributions to political stability, and therefore economic growth, are very difficult to

isolate from the more general stabilizing effects of skyrocketing energy revenues, sound macroeconomic policy and the retirement of an erratic, unhealthy Boris Yeltsin. Would the Russian economy have grown more slowly had NTV been allowed to operate as an independent television network? Has Putin's appointment of governors (as opposed to their election) produced any positive effect on regional investment patterns? And most absurdly, how does the detention of Garry Kasparov and his associates contribute to political stability or economic growth?

In fact, if the correlation between growing authoritarianism and economic growth may have been innocuous in the first part of the decade, there are now signs that a causal relationship does exist and that it is negative. Most strikingly, Putin and his Kremlin associates have used their unconstrained political powers to redistribute some of Russia's most valuable properties. The seizure and then reselling of Yukos assets to state-owned Rosneft was the most egregious act of state-led redistribution, which not only destroyed value in Russia's most profitable oil company, but slowed investment (foreign and domestic) and spurred capital flight. State pressure also compelled the owners of the private Russian oil company, Sibneft, to sell their stakes to the state-owned Gazprom in 2005. Royal Dutch Shell also was pressured to sell a majority share to Gazprom in its Sakhalin-2 project in Siberia. In parallel with other sales, these assets transfers have transformed a once private and thriving energy sector into a state-dominated and less efficient part of the

Russian economy. [3] The remaining three private oil producers—LUKoil, TNK-BP and Surgut—all face varying degrees of pressure to sell out to Putin loyalists. Under the banner of a program called “national champions”, Putin's regime also has directed the redistribution of major assets in aerospace, automobile and heavy machinery industries in a way that reasserts state control. Ownership is also becoming much more concentrated.

This unconstrained Russian state also has destroyed Western wealth and discouraged investment by arbitrarily enforcing environmental regulations against foreign oil investors, shutting out foreign partners in the development of the Shtokman gas field, and denying a visa to the largest portfolio investor in Russia, British citizen William Browder.

During this same period, according to the Russian think tank INDEM, corruption has increased tenfold, from \$31 billion in 2001 to \$319 billion in 2005. Russia's ranking on economic competitiveness, business friendliness, and transparency have all fallen in parallel to the rise of autocracy. In 2006, Transparency International ranked Russia 121st out of 163 countries on corruption, putting Russia between the Philippines and Rwanda. Russia ranked 62 out of 125 on the World Economic Forum's Growth Competitive Index 2006, a fall of nine places compared to 2005. On the World Bank's "Doing Business" Index 2006, Russian ranked 96 out of 175.

Despite the rise of this predatory state and the subsequent decline of secure property rights, the Russian economy has continued to grow, but mainly because of high world energy prices. And strikingly, even with Russia's resource advantages, Russian growth rates under Putin hover well below the region's average. In 2000, the year Putin was elected president, Russia had the second-fastest growing economy in the post-Soviet space, behind only gas-rich Turkmenistan. In 2005, as shown in Table 2, Russia fell to 13<sup>th</sup> in the region, outpacing only Ukraine and Kyrgyzstan, both of which were recovering from “color” revolutions.

## Table Two

## Real GDP Growth, %, 1999-2006

Country	1999	2000	2001	2002	2003	2004	2005	2006	Average	Rank
Turkmenistan	16.5	18.6	20.4	15.8	17.1	14.7	9.0	9.0	15.1	1
Azerbaijan	11.4	6.2	6.5	8.1	10.4	10.2	24.3	31.0	13.5	2
Armenia	3.3	6.0	9.6	13.2	14.0	10.5	14.0	13.4	10.5	3
Kazakhstan	2.7	9.8	13.5	9.8	9.3	9.6	9.7	10.6	9.4	4
Tajikistan	3.7	8.3	10.2	9.1	10.2	10.6	6.7	7.0	8.2	5
Latvia	4.7	6.9	8.0	6.5	7.2	8.6	10.2	11.9	8.0	6
Estonia	0.3	10.8	7.7	8.0	7.1	8.1	10.5	11.4	8.0	7
Belarus	3.4	5.8	4.7	5.0	7.0	11.4	9.3	9.9	7.1	8
Russia	6.4	10.0	5.1	4.7	7.3	7.2	6.4	6.7	6.7	9
Ukraine	-0.2	5.9	9.2	5.2	9.6	12.1	2.7	7.1	6.5	10
Georgia	3.0	1.9	4.7	5.5	11.1	5.9	9.6	9.0	6.3	11
Lithuania	-1.5	4.1	6.6	6.9	10.3	7.3	7.6	7.5	6.1	12
Uzbekistan	4.3	3.8	4.2	4.0	4.2	7.7	7.0	7.2	5.3	13
Moldova	-3.4	2.1	6.1	7.8	6.6	7.4	7.5	4.0	4.8	14
Kyrgyz Republic	3.7	5.4	5.3	0.0	7.0	7.0	-0.2	2.7	3.9	15

During Putin's second term, the government has all but abandoned the pursuit of liberal economic reforms, because oil revenues have undermined the government's will for reform. Putin's liberal economic advisor Andrei Illarionov resigned in protest, becoming one of the regime's most vocal critics.

### A more democratic Russia

would have grown even faster. The strengthening of institutions of horizontal accountability, such as a real opposition party, a genuinely independent media or a court system not beholden to Kremlin control, would have helped to tame corruption, secure property rights, and thereby encourage investment and even more substantial economic growth.

### *A More Effective State?*

There can be no question that the Russian state under Putin is bigger and is more powerful in certain spheres of activity.

There also can be no question that Russian citizens perceive the state to be more stable, a condition that most admire. Yet, is growing autocracy a necessary condition for producing a more effective state in Russia? Such a relationship is most certainly not true around the world, as there are dozens of autocracies with very weak states, and dozens of democracies with very strong states. In the Russian case, the assumed positive relationship between growing Russian autocracy and stability is not so apparent. Decision-making within the Russian state has become more centralized and the size of the state, measured as the number of federal employees, has nearly doubled from roughly 700,000 employees at the end of the Brezhnev era to 1.5 million today. But it is not obvious that the Russian state has become any more effective in providing basic public

goods as a result. <sup>[4]</sup>

As to security, the most basic good that the state should provide, the number of terrorist attacks in Russia has increased substantially in this decade compared to the Yeltsin era. The second Chechen war is now in its seventh year, with no end in sight, rather there are signs that the conflict is spreading beyond Chechnya's borders. The murder rate in Putin's Russia

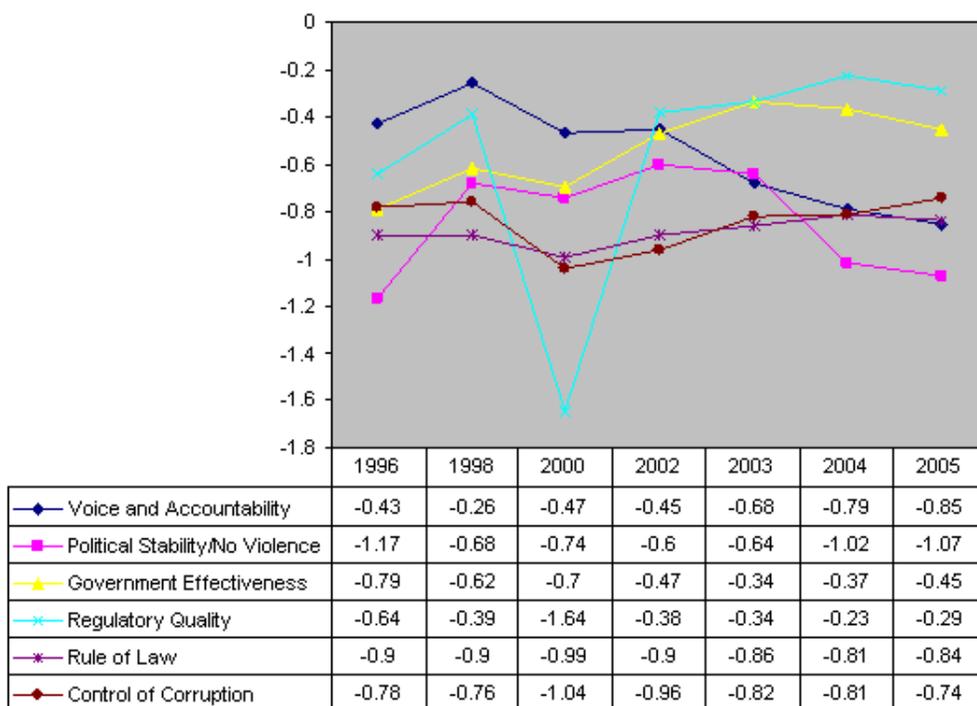
has also increased: between the "anarchic" years of 1995-99, the average annual number of murders was 30,200, while during the "orderly" years of 2000-04 the number was 32,200. In this decade, Reporters Without Borders has counted 21 journalists murdered in Russia, including in October of last year, Anna Politkovskaya, Russia's most courageous investigative journalist. Russia ranks as one of the most dangerous places in the world to be a journalist.

More general trends in governance, as measured by the World Bank, show some positive signs over the last ten years, especially in regulatory quality and government effectiveness. These positive trajectories,

however, started *before* the Putin era. During his time in office, the other World Bank governance indicators are either flat or negative.

**Table 3**

Trend of governance indicators in Russia, 1996-2006



Of course, just as giving Putin credit for Russia's growing economy is silly, blaming Putin personally for these negative governance trends is also unfair. However, if Putin is trying to build a more effective state, his autocratic reforms do not appear to be contributing to that goal.

### ***Happier People?***

The end of communism in the Soviet Union triggered a level of economic and political dislocation rivaled only by what transpired in France after 1789 or Russia in 1917. In addition to trying to create new political and economic institutions in the wake of communism's collapse, Russian leaders also faced a third challenge of defining new borders.

Whatever the positive consequences that revolutions generate in the long run, there is no doubt that they are terrible periods to live through for the majority in the short run. Inevitably, all societies enduring revolutionary change eventually yearn for stability.

By the end of the 1990s, especially after the August 1998 financial crash, Russians desperately wanted the revolution to end.

Putin came along just at the right time to get credit for ending this revolutionary period. First and foremost, the 1998 financial crash compelled tight fiscal policy and responsible monetary policy, which in combination with a devalued ruble and soaring energy prices, finally generated positive economic growth in Russia

for the first time since independence. Putin had nothing to do with these policies, but his timing for taking credit for these positive changes was perfect. He also stepped in as prime minister in the summer of 1999 to take charge of a weak government and fill in for an ailing president just as Russia was under attack from Chechen rebels and alleged Chechen terrorists.

Putin appeared to take charge of the war, repelling the Chechen rebels who had invaded neighboring Dagestan and then ordering Russian soldiers back into Chechnya.

The economy, political stability, and national security all seemed to be improving with Putin's arrival as prime minister and then president. Consequently, Putin's popularity soared. His approval ratings have hovered above seventy percent ever since, an accomplishment few elected or unelected leaders can claim in the seventh year in office. To be sure, Putin's control of the media and stifling of the opposition helps enormously in maintaining his positive ratings.

Yet, many other dictators around the world have the same level of control over their media and political institutions and yet do not maintain such high approvals ratings. There should be no doubt that today a greater number of Russian citizens are happier about their personal well-being and more satisfied with their president than they were seven years ago.

The sources of Russian stability and economic growth -- that is, those outcomes most valued by Russian citizens -- have had little to do with growing autocracy. Again, soaring oil prices -- a consequence of the world economy and not Putin's policies -- would have delivered the same economic windfalls to anyone in the Kremlin at the time and any kind of regime in place to rule Russia at the time.

Moreover, when public opinion surveys are examined closely, one sees very strong support for Putin personally, but much weaker support for his political reforms and policies. Super majorities still believe that political leaders should be elected. Initially, most Russian did not endorse Putin's decision to appoint, rather than elect, governors. Likewise, solids majorities value an independent media, checks and balances between parliament and the president, and a balance of power between federal and local governments. The word "democracy" assumed pejorative connotations during the 1990s when the word became associated with economic depression, state collapse, and in Yeltsin's second term, feckless leadership. Consequently, Russians embrace of democracy as the best political system is low compared to world averages. Nonetheless, over fifty percent still believe that democracy is better than any other system of government, while only a third of Russian citizens disagree.

Two factors explain the gap between Putin's personal approval ratings and these lower levels of support for his policies. First, most Russians do not perceive Putin as rolling back democracy. After all, the formal institutions of democracy, including elections, are still in place. Second, democracy is not assigned a high priority for most Russians today.

### **III. Erroneous Assumptions of the Bush Administration**

For many years, President Bush and some members of his foreign policy team downplayed the significance of these anti-democratic trends in Russia. <sup>[5]</sup>

Three major assumptions shaped the Bush's Russian policy: (1) Putin's anti-democratic moves were a logical and temporary response to the anarchy of the 1990s, but the long-term trend in governance were still positive; (2) even if Putin did not share our values, he was a rational pragmatist with whom we could do business, and (3) Bush's close personal relationship with Putin could be leveraged when needed to persuade the Russian president to do the right thing. To varying degrees, all of these assumptions have now proven to be erroneous.

#### ***Democratic Reform Is a Long and Winding Road.***

Putin began to weaken democratic institutions well before President Bush came to office. As a presidential candidate, Bush recognized these negative developments and criticized the Clinton Administration for not

doing more to recognize and stop these autocratic trends. <sup>[6]</sup> Once in office, however, Bush and his closest Russian advisors changed their tone and adopted (at least rhetorically) a longer term perspective on Russia's political trajectory. Compared to the Soviet Union, Bush officials argued, Putin's autocracy innovations look tamed.

More generally, it is hard to argue with the observation that Russians today still enjoy individual freedoms to a degree well beyond almost all previous generations of Russian citizens. Putin apologists within the Bush administration also contrasted his “orderly” government with the alleged chaos of the Yeltsin era. Finally, Putin defenders within the American government emphasized that democratic reforms take time, just as they did in the United States.

This analysis of Russian internal affairs was deeply flawed. Democratic reforms do take time. But making such claims about the long term future should in no way excuse short-term detours. It was Putin and his policy preferences – not Yeltsin’s failures, modernization trends, Russian history, or Russian culture – that determined the shape and scope of Russia’s new autocratic regime. This outcome was neither predetermined by structural forces that predated Putin nor is this current interregnum in democratic development a *necessary* step towards deeper, more lasting democracy. Thankfully, this kind of rationalization for Putin’s policies is no longer part of the Bush Administration’s analysis. As Condoleezza Rice bluntly and correctly stated earlier this month, “Everybody around the world, in Europe and the United

States, is very concerned about the internal course that Russia has taken in recent years.”<sup>[7]</sup> One can only wonder if the Administration would have been more effective in trying to impede autocratic consolidation in Russia had they reached this conclusion earlier in the decade.

### *Interests Always Trump Values.*

While Putin’s systematic dismantling of democratic institutions gained momentum, Bush and some of his advisors emphasized Putin’s pragmatism in foreign policy matters. Regarding other parts of the world, Bush argued that promoting freedom and liberty would make the United States safer. Regarding Russia, however, Bush administration officials presumed that regime type would not affect Russia’s foreign policy behavior.

On some issues of mutual interest to the United States and Russia, Russia’s autocratic drift internally does not seem to have much impact. For instance, Russia’s position on Iran has remained fairly consistent over the last ten years. Likewise, Russia would have sided against the United States regarding the decision to invade Iraq no matter who ruled in the Kremlin and what kind of political regime was in place.

At the same time, there is a new grand strategy in Russian foreign policy that is anti-American, anti-Western, non-cooperative, and confrontational.

Unlike either Gorbachev or Yeltsin, Putin understands the world primarily in zero-sum terms, especially when dealing with the United States.

For two decades, integration into the West was the central objective of Soviet and then Russian foreign policy; making internal political changes – i.e. democratization – was accepted as the price of admission into the West’s clubs. Putin has a different approach. Because he does not aspire to mold Russia’s political system into a Western-style democracy, he cares far less about Western opinions and Western conditions for membership into Western clubs. Instead, his framework for understanding the world has more in common with Khrushchev or Brezhnev than Gorbachev or Yeltsin. As he declared in the annual address to parliament earlier this year, he believes that the United States is sending agents into Russia to foment “instability.” In his speech earlier this month commemorating the Soviet Union’s victory in World War II, Putin seemed worried about the rise of another world power intent on dominating the world: “The number of threats is not decreasing. They are only transforming and changing the guise. As during the Third Reich era, these new threats show the same contempt for human life and claims to world exclusiveness and diktat.” These are not the words of a pragmatic realist, seeking to do deals with American and European leaders. These are the words of a paranoid leader, who seems to need external enemies as a means for creating domestic legitimacy.

Likewise, Russian sanctions against Georgia, transportation delays of goods and people going into Estonia, and energy disruption with Ukraine are not components a pragmatic foreign policy, but rather policies that actually damage Russian economic interests and international reputation. The rhetoric and actions echo the thinking and strategies of earlier autocrats who ruled Russia. Such behavior does not reflect the norms that usually regulate relations between democracies. As Estonian President Toomas Hendrik Ilves

commented, in response to the Russian decision to halt oil shipments to Baltic Sea ports, attacks on Estonia government websites, and the physical harassment of Estonia's ambassador to Russia by the pro-Kremlin youth group, Nashi, all in reaction to Estonia's decision to remove a Soviet era war monument, "It is customary in Europe that differences, which do, now and then, occur between states, are solved by diplomats and politicians, not on the streets or by computer attacks."<sup>[8]</sup>

### ***The Bush-Putin Friendship.***

Since the very first months of his presidency, President Bush made a calculated decision to try to befriend President Putin. At their very first meeting in Slovenia in June 2001, Bush bent over backwards to make Putin feel comfortable. That's when Bush famously looked into Putin's soul and saw a man he

"to be very straightforward and trustworthy."<sup>[9]</sup>

Ever since then, Bush and his administration have touted this close, personal relationship as an indispensable mechanism for dealing with difficult issues in U.S.-Russia relations.

For outside observers, the true nature of this presidential friendship is difficult to assess. What is clear is that Bush has not persuaded his friend Putin to make any positive steps towards democracy. Regarding international affairs, Putin pursues policies that he believes serve Russia's national interests, with little attention paid to American interests. He most certainly has not done Bush many favors regarding foreign policy. And Putin's rhetoric regarding the United States does not sound very friendly. Perhaps time will reveal that the Bush-Putin friendship did indeed yield levels of cooperation between the United State and Russia

that would not have been possible otherwise. To date, however, the public record supporting such a claim is thin.

## **IV. A Dual-Track Agenda for Renewal**

Some Americans cite the roll back of democracy inside Russia and the dismal record of achievement in U.S.-Russia relations over the last several years to argue for a new policy of containment and isolation towards Russia. This is the wrong conclusion.

In the last years of the Bush and Putin administrations, serious change in the bilateral relationship is unlikely to occur. Instead, avoiding further confrontation, diffusing rhetorical flurries, aiding Russia's embattled democrats, and confronting Russia's bullying of its neighbors must remain the focus. For Congress, pursuing such a policy of status quo maintenance does not include cutting the Freedom Support Act funding by 40 percent, as had been recommended by the Bush Administration in the 2008 budget. Instead, Congress should embrace the analysis and policy recommendations of the "Russian Democracy Act of 2002" (Public Law 107-246, 107<sup>th</sup> Congress) and continue to support the development of Russian civil society. Congress also should provide increased support to help consolidate democracy in Georgia and Ukraine. Faltering democracy in either of these two countries will send a terrible signal to democratic forces throughout the region, as well as to democrats inside Russia.

New leaders in the Kremlin and the White House will create an opportunity to start anew. The most effective American strategy to help slow Russia's democratic deterioration is not isolation, containment, or confrontation, but rather deeper engagement of both the Russian government and Russian society. The United States does not have enough leverage over Russia to influence internal change through coercive means.

Only a strategy of linkage is available. A more substantial agenda at the state-to-state level would create more permissive conditions for greater Western engagement of Russian society. A new American policy towards Russia

must pursue both – a more ambitious bilateral relationship and in parallel a more long-term strategy for strengthening Russian civil, political, and economic societies, which ultimately will be critical forces that

push Russia back onto a democratizing path.

***Towards a Nuclear Free World.*** Central to rekindling a grander U.S.-Russian relationship must be a recommitment to the goals of the Non-Proliferation Treaty: an end to all nuclear weapons. As the first two nuclear powers and the two countries with the largest nuclear arsenals, Russia and the United States must provide international leadership in reducing the number of nuclear weapons in the world to the lowest number possible. Accelerating the dismantlement of nuclear weapons, perhaps even with the aid of a new treaty, would be one way to generate a new atmosphere of cooperation between Russia and the United States and help the United States in its quest to discourage proliferation of nuclear weapons worldwide. A treaty that defined rules for counting warheads, specified a timetable for dismantlement, included robust verification procedures, made cuts permanent, and did not allow demobilized weapons to be put in storage (as is now the practice under the Strategic Offensive Reductions Treaty signed in Moscow in 2002) would send a message to the world that the United States is serious about meeting its obligations specified in Article 6 of the Nuclear Non-Proliferation Treaty (NPT).

In addition, Russian and American officials must commit to a new bilateral agreement, which pledges to discontinue research and development of new nuclear weapons. Neither the United States nor Russia needs to develop “mini-nukes” or bunker-busting nuclear weapons, since the deployment of such systems would increase, however slightly, the probability of using nuclear weapons. The administration should also move

quickly to expand and accelerate Cooperative Threat Reduction (CTR).<sup>[10]</sup> Special new emphasis should be placed on the removal of highly enriched uranium from Russian naval systems scheduled for dismantlement.

Almost two decades after the end of the Cold War, it is simply absurd that American and Russian nuclear forces remain on hair-trigger alert. This practice must be stopped immediately.

George Shultz, William Perry, Henry Kissinger and Sam Nunn have articulated a plan for jumpstarting the process of moving closer towards a nuclear world.<sup>[11]</sup> The next American president should embrace their proposal, which could serve as a cornerstone for developing a deeper strategic relationship with Russia. A better strategic relationship might also make possible Russian cooperation in the creation of a guaranteed supply of nuclear fuel for countries seeking to exploit nuclear technology for the production of energy. Chairman Lantos already has introduced legislation, called “The International Nuclear Fuel Bank Proposal of 2007,” which should be passed immediately. Similar initiatives are needed to create an internationally organized mechanism for storing spent nuclear fuel.

### ***Missile Defense.***

President Bush is right to expand ballistic missile defense systems against a future attack from Iran. He is also right in offering to develop this defense system with Russia. The Russian negative reaction to the proposed deployment of interceptors in NATO allies reflects again an irrational, zero-sum attitude to security issues.

This administration and the next American president should continue to explore ways to cooperate with Russia

on missile defense, since this kind of cooperation can produce more security for both countries without increasing vulnerabilities to each other.

### ***Economic Integration.***

Cooperation on nuclear issues should be the cornerstone of a renewed bilateral relationship with Russia. At the same time, a Russia more integrated into Western economic institutions is more likely to become a stakeholder in this system.

No act would buy the next American president greater goodwill among Russian state officials and society at large than Russia’s graduation from the Jackson-Vanik amendment to the Trade Act of 1974. Jackson-Vanik rightly denied Most Favored Nation status to the Soviet Union due to the restrictive emigration practices of the time.

Certainly some of the human rights problems that Senator Jackson and Congressman Vanik wanted to address in 1974 remain, but Jackson-Vanik no longer addresses these new strains of democratic infringements. To underscore the absence of Cold War thinking in the U.S., Congress should graduate Russia from Jackson-Vanik and thereby allow Russia to obtain permanent normal trading status with the United States.

To make the right signals about democracy to human rights activists inside Russia, the next president should work with Congressional leaders to initiate legislation to deal with new forms of human rights abuses in Russia today.

Specifically, the president should urge Congress to provide new resources to the Jackson Foundation, a non-profit organization established with seed money from Congress to continue Jackson's agenda of promoting of human rights and religious freedoms in the Soviet Union and then Russia. A better funded Jackson Foundation could make direct grants to those activists and organizations in Russia that are still dedicated to the original principles outlined in the 1974 legislation.

### ***Maintain Democracy Assistance.***

Paradoxically, at a time when Russian democracy is eroding, the Bush administration has called for substantial cuts in its budget for democracy assistance (or what it now calls "Governing Justly and Democratically") to Russia, from \$43.4 million in FY06 to just \$26.2 million proposed for FY08. These requested figures for less are less than what the Bush administration seeks for democracy assistance in Liberia

and Kosovo. At a time when democracy is under assault, these cuts cannot be justified. How these funds are spent should be examined closely. After more than a decade of support for democratic change in Russia with few measurable results, Congress should initiate a serious assessment of U.S. democracy assistance programs in Russia. But limited success in the past should not be used an excuse for discontinuing efforts in the future.

***Speak the Truth about Democratic Erosion in Russia.*** Just weeks before assuming her responsibilities as National Security Adviser in 2000, Condoleezza Rice wrote about the deleterious consequences of not speaking honestly about Russia's internal problems: "The United States should not be faulted for trying to help. But, as the Russian reformer Grigori Yavlinsky has said, the United States should have 'told the truth' about what was happening [inside his country]." She then attacked "the 'happy talk' in which the Clinton administration engaged."<sup>[12]</sup>

Dr. Rice's message is even truer today. The aim of speaking the truth is not to lecture Putin or try to persuade him to change his ways, but rather to demonstrate solidarity with Russian human rights and democracy activists.

Direct personal engagement of Russian democratic activists also matters. When Ronald Reagan traveled to the Soviet Union in May 1988, he discussed arms control and regional conflicts with Soviet leader Mikhail Gorbachev. Yet, Reagan did not let his friendship and cooperation with Gorbachev overshadowed his other agenda while in town – human rights. Speaking in Helsinki the day before entering the Soviet Union for the first time, Reagan proclaimed that "There is no true international security without respect for human rights... The greatest creative and moral force in this world, the greatest hope for survival and success, for peace and happiness, is human freedom."

During his stay in the Soviet capital, Reagan echoed this theme in action and words many times, whether in his speech to students at Moscow State University or in a luncheon with nearly a hundred human rights activists at the American ambassador's residence. Reagan did not simply show up for a photo op with these enemies of the Soviet dictatorship.

He ordered that the ambassador's finest silverware and linens be used to accord these human rights activists the same respect that he showed for his Soviet counterpart. American officials must again adopt a similar strategy of using meetings with Russian democratic and human rights activists to help elevate attention to their cause and help prevent these brave people from further harassment from the Russian government.

### ***Increase Funds for Education and Exchanges.***

Education is the ally of democracy and democracy is the ally of the United States. The United States must devote greater resources to developing higher education within Russia and financing the studies of more Russians at American and Western universities. The United States has no greater asset for promoting democracy than the example of our own society. The more Russians who come to the United States, the better. Inside Russia, special emphasis must be placed on promoting public policy schools. Subsidizing internet access and promoting the study of English within Russia are two additional powerful tools for promoting democracy within Russia and integrating Russian society into the West.

***Focus on 2008.*** The 2008 Russian Presidential Election is the next test of Russian democracy and the last critical milestone in U.S.-Russian relations for the Bush Administration. The process by which Putin decides to navigate the scheduled presidential election in 2008 is critical. If Putin steps down after his second term as the constitution calls for, then Russian democracy has a chance for renewal. Even if Putin's chosen successor wins, a competitive presidential election that occurs on time and under law will help to institutionalize this method for choosing Russia's leaders and raise the stakes for transgressions against the constitution for aspiring autocrats in the future. If, however, Putin decides to change or violate the constitution to stay in power, he will undermine his own legitimacy since solid majorities in Russia believe that their leaders should be elected.

President Bush and his administration can do very little to revitalize democratic institutions weakened by Putin's rule over the last several years. Bush cannot establish independent television in Russia, bring back to life Russia's liberal parties, or stop the war in Chechnya. On issues of human rights and democracy, Bush also lacks the credibility within Russia to act as a moral authority. However, on the issue of the 2008 elections, this is last time that Bush can try to use his personal influence with Putin to help convince the Russian president of the advantages of retirement in 2008.

Through private communications, Bush can emphasize why a peaceful, democratic transition of power in 2008 would cement Putin's historical legacy as state builder (however unjustified from our perspective), while clinging to power beyond his second term would make Putin look like a typical autocratic thug.

In parallel to this private campaign with Putin, Bush and his government must also focus attention and greater resources on those Russian societal actors dedicated to making the 2007 parliamentary election and the 2008 presidential elections free and fair.

In particular, American and European funding sources must provide Russian election monitoring organizations with the means to place their people at all or most polls, to conduct parallel vote tabulations (PVT) and to carry out national exit polls. During the 2007-2008 election cycle in Russia, the United States also must remain unequivocal in supporting the OSCE's election observer mission in Russia.

### **Conclusion**

The United States does not have the power to reverse anti-democratic trends inside Russia. Russia is too big; Putin is too powerful. But U.S. officials must make clear on which side of the fence America stands. In reflecting on the Cold War era in Europe and Asia in a speech at the National Endowment for Democracy in 2003, Bush stated, "[We] provided inspiration for oppressed peoples. In prison camps, in banned union meetings, in clandestine churches, men and women knew that the whole world was not sharing their own nightmare.

They knew of at least one place – a bright and hopeful land – where freedom was valued and secure. And they prayed that America would not forget them, or forget the mission to promote liberty around the world."

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Democrats in Russia are still praying that we do not forget them and do not abandon our mission to promote liberty *everywhere* in

the world, including Russia. Engaging both state and society is the task for American policymakers.

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[1] On the illiberal elements of Russian democracy before Putin, see Michael McFaul, *Russia's Unfinished Revolution: Political Change from Gorbachev to Putin* (Cornell University Press, 2001), chapter nine.

[2] "Statement of Preliminary Findings and Conclusions, Russian Federation State Duma Elections, 7 December 2003" (Vienna: Organization for Security and Cooperation in Europe/Parliamentary Assembly [OSCE/PA], International Election Observation Mission, December 2003), [http://www.osce.org/documents/odihr/2003/12/1629\\_en.pdf](http://www.osce.org/documents/odihr/2003/12/1629_en.pdf)

[3] The chair of Gazprom's board is Dmitry Medvedev, Putin's friend from St. Petersburg and the current deputy prime minister. Gazprom's president is another Putin crony, Aleksei Miller. The chair of Rosneft's board is Igor Sechin, Putin's long-time aide and KGB comrade.

[4] On Russia's weak and corrupt state, see the late Anna Politkovskaya's, *Putin's Russia: Life in a Failing Democracy* (Metropolitan Books, 2004).

[5] In the early years of their tenure in office, senior foreign policymakers in the Bush Administration did not have a shared assessment of internal dynamics inside Russia. Some senior officials had a more skeptical view of Putin and his agenda from the very beginning.

[6] For details see chapter thirteen of James Goldgeier and Michael McFaul, *Power and Purpose: American Policy toward Russia after the Cold War* (Washington: Brookings Institution Press, 2003).

[7] Rice, as quoted in "Rice 'Troubled' by Kremlin's Concentration of Power," *Reuters*, May 10, 2001.

[8] Ilves, as quoted in Steven Lee Myers, "Friction Between Estonia and Russia Ignites Protests in Moscow," *New York Times*, May 3, 2007, p. A3.

[9] "Press Conference by President Bush and Russian President Putin," Brdo Castle, Brdo Pri Kranju, Slovenia, June 16, 2001, p.

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Of course, metrics for measuring success must be made clear and information about progress in meeting these goals must be made more readily available. The lack of access to storage facilities operated by the Russian Ministry of Defense and the Agency for Atomic Energy (formerly the Ministry of Atomic Energy, Minatom) has been a real impediment to the deeper development of the Nunn-Lugar program for safe and secure dismantlement of nuclear weapons. In the summer of 2005, following on the heels of discussions held by Bush and Putin at their Bratislava summit in February 2005, the Russian government offered the United States a small number of opportunities to inspect sites, a step hailed by Senator Lugar on his trip to Russia in August 2005. To expand these opportunities further, American officials could lessen Russian suspicions about American intentions in seeking greater access by giving Russian officials greater access to American storage facilities. The more transparency, the better.

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George Shultz, William Perry, Henry Kissinger and Sam Nunn, "A World Free of Nuclear Weapons," *Wall Street Journal*, January 4, 2007.

[\[12\]](#)

Condoleezza Rice, "Exercising Power without Arrogance," *Chicago Tribune*, December 31, 2000.

[\[13\]](#)

<http://www.whitehouse.gov/news/releases/2003/11/20031106-2.html>