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RUSSIA'S FOREIGN POLICY OBJECTIVES: WHAT ARE THEY?

HEARING

BEFORE THE

COMMITTEE ON INTERNATIONAL RELATIONS HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTH CONGRESS

FIRST SESSION

May 12, 1999

Serial No. 106–75

Printed for the use of the Committee on International Relations

U.S. GOVERNMENT PRINTING OFFICE
62–962 CC WASHINGTON : 2000

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RUSSIA'S FOREIGN POLICY OBJECTIVES: WHAT ARE THEY?

Wednesday, May 12, 1999

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, D.C.

The Committee met, pursuant to call, at 10 a.m., in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The meeting will come to order.

Before we begin our business, we are saddened this morning about the loss yesterday of our friend Admiral James "Bud" Nance, Staff Director of the Senate Foreign Relations Committee, with whom we had a great deal to do as we worked with that Committee.

Admiral Nance had a distinguished record of service in the Navy and in the White House. He made a special mark, however, in his years of service as a dollar-a-year adviser to Chairman Helms. His lifelong ties to the chairman, coupled with his intimate knowledge and appreciation of the workings of the national security apparatus in the executive branch, made him all the more valuable to the entire legislative branch's efforts to make a positive contribution to the development of our Nation's foreign policy.

Our Capitol Hill family will miss him greatly, and our prayers are with his wife, Mary Lyda, and his family this morning.

We also want to offer our condolences to Bob King, a longtime staffer on this Committee, on the loss of his father.

So please join us in a brief moment of silence in memory of Bud Nance and in condolences to Bob King.

[Moment of silence.]

Chairman GILMAN. Before we begin our hearing this morning, I note President Yeltsin's dismissal of Prime Minister Primakov and his government last night, further evidence of how volatile developments in Russia can be and in our own relations with Russia.

In the 106th Congress, the International Relations Committee will attempt to conduct a complete review of our relations with Russia, the impact of Russian foreign policy on United States interests around the world and the success or failure of our programs for democratic and economic reform in Russia.

The Committee began that process back in March with a hearing on Russian proliferation of technology related to weapons of mass destruction. Today we will be seeking to analyze Russian foreign policy and its objectives and, in so doing, seek to better understand whether Russian foreign policy is supportive or obstructive of our

own policy. While some of us today may see Russia as helpful to us in the diplomacy seeking an end to the conflict in Serbia, many of us are not certain that we fully understand Russia's long-term objectives in the region of the Balkans or in other regions stretching across Europe, the Middle East and Eurasia.

It is obvious, however, that all is not well in the U.S./Russian relationship or in our own American foreign policy toward Russia.

Let me cite some recent news analysis of U.S. policy toward Russia. From the *New Republic* of March 22nd, an article by Jacob Heilbrunn says, "However laudable the intentions, the result of Clinton's policies have been disastrous."

From the *National Journal* of April 17th, an extensive article by Paul Starobin, entitled "Moscow Mirage", states, "The Clinton Administration sees what it wants to see in Russia rather than what is really there."

From the *National Review* of October 12th, an op-ed piece by Dimitri Simes claims, and I quote, "The Administration has hopelessly botched its Russian policy."

I have voiced some strong concerns throughout the past year, both publicly and in correspondence with our President, over what we have seen as a highly negative Russian foreign policy. The President and his Administration have followed a policy toward Russia that has provided billions of dollars in assistance to its government directly through international financial institutions like the IMF, through favorable debt reschedulings, through Russian contracts with the Space Station, and through the grant of a quota to Russia for launches of American-made satellites.

The Administration's policy has also included working with Russia to denuclearize Ukraine and the other Soviet successor states that border on Russia that inherited nuclear weapons. That policy has also agreed to demands by Russia for revisions in arms agreements and for a growing role for Russia in the NATO alliance.

In 1995 and 1996, our Nation did little, if anything, when the Russian Government killed thousands of innocent civilians in the course of a brutal and unsuccessful military operation against separatists in the Russian region of Chechnya, violating its commitments as a member of the Organization for Security and Cooperation in Europe. The United States also offered incentives to Russia to halt its sale of nuclear reactors to Iran.

But what do we today see Russia doing as a result of this favorable American approach to its problems and demands? First, Russian proliferation of technology for weapons of mass destruction to Iran and allegations that Russia has violated U.N. sanctions on Iraq by providing arms and military equipment to Saddam Hussein's regime;

Second, new Russian arm sales to Syria, a state sponsor of terrorism;

Third, Russian sales of advanced weapons and military technology to Communist China, fueling a growing military threat to Taiwan and, potentially, to our American Seventh Fleet that is now deployed in support of democratic governments on the Pacific Rim;

Fourth, Russian entreaties to China and to India to join it in a strategic triangle of some sort with the apparent goal of undermining American leadership in unspecified ways; and, Fifth, Rus-

sia's insistence that it be allowed to maintain its military bases in Independent States like Ukraine and Georgia, forcing such states to agree to treaties legalizing those bases by simply refusing to withdraw Russian troops.

Then there is Russian manipulation of ethnic conflicts and energy pipelines in the region of the former Soviet Union in order to try to maintain Russian dominance over the states of that region and to make certain future West European dependency on Russian-controlled energy supplies.

Tomorrow morning our Committee will be holding a hearing on diplomatic initiatives for Kosovo. We, in our Nation, should be certain we understand what Russia is seeking by its involvement in the diplomatic solution to the Serbian conflict and by its possible participation in an international force for the Kosovo region.

We also should not ignore the long-standing allegations of corruption at high levels in the Russian Government or the complaints among Russian democratic activists that that corruption, the murder of Russian journalists and of the prominent Russian democrat Galina Starovoitova, the secret trials of environmental activists, and support of vestiges of the Communist regime, are actually symptoms of a real lack of democracy within Russia.

How can we truly assess Russia's future role and influence in Serbia if we fail to consider what influence its potentially growing presence there might have on the efforts to help democratize Serbia someday? In fact, we should ask whether Russian diplomacy won't simply result in a strengthening of Slobodan Milosevic as a ruler of Serbia.

This morning we have a small, but quite qualified list of witnesses. First, we will be hearing from the Honorable Steve Sestanovich, our U.S. Ambassador at Large for the New Independent States of the former Soviet Union.

We welcome you back, Mr. Ambassador.

Our second witness really needs no introduction, and we are very pleased that he has been able to be with us today, the Honorable Brent Scowcroft, former adviser to President Bush for National Security Affairs and retired Lieutenant General of the U.S. Air Force. We welcome you, General Scowcroft.

Finally, Mr. Michael McFaul, Senior Associate at the Carnegie Endowment for International Peace. We welcome Mr. McFaul.

At this time I would like to recognize the Ranking Minority Member, Mr. Gejdenson, for any opening remarks he might like to offer. Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman. Listening to your remarks, I am not sure whether we've gone back to the old Cold War, or it is the new political war over foreign policy here in Washington. I frankly felt 6 months ago when I heard the Republicans were going to make foreign policy the campaign issue for this year, I thought that the press had gotten its message wrong. But clearly, by your opening remarks, by the kind of blunders we have seen on the House floor on the situation in Kosovo, with the Speaker slinking in at the end and voting for the policy and the whip on the floor breaking arms to defeat the resolution, it is clear it is going to be very difficult to have a logical and thoughtful dialogue about our foreign policy.

It seems to me that Russia is a big problem, and it is also a tremendous opportunity. Sometimes, when I hear these statements, I get a sense there is a longing for the old Soviet Union so that it was nice and simple, we could just confront them and hope to defeat them someday. We have defeated them. They are in chaos, and we have to help find a way out of that chaos, and we are not going to do it just with polemics, trying to create blame for a situation that is inherently unstable.

It is a government that has never been a democracy. It is not a country that had democratic institutions and then lost them for a period of time. There were never serious democratic institutions in the Soviet Union. There were none in Russia, and today it is in the infancy of developing a democracy.

I come to the floor and I see amendments to cut Nunn-Lugar funds that helped do away with Russian weaponry. We need to find a way to engage the Russians not simply as the old Cold War enemy; we have to find a way to work with them, to deal with their economic and political crisis.

I think there is no question that we are trying to create in some quarters in this Congress the kind of isolation of Russia that was created after World War I. I don't think that is a good move. If we want to just create a new military adversary, then let's isolate the Russians, let's try to increase their own paranoia, and we will be back where we started, having missed a great opportunity to reduce the danger in the world.

Are there lots of dangers in Russia? You can be sure of that. When you look at people who operate nuclear power plants, who can't pay their employees for 5 or 6 months at a time, forget about the fissionable material; the scientists themselves will leave in order to feed their families.

We have to come up with a dynamic policy in dealing with Russia that encourages their good behavior where they make profits on legitimate activities like satellite launches, and discourages the proliferation of technology and personnel who have the knowledge of creating more proliferation.

We have to work with them to try to build both an economic system that we once fought, going from communism to capitalism, but we also have to support the development of a political system.

It doesn't take a political scientist to see what chaos they are in today. We have to think what consequences our actions will bring about in Russia, how do we help them get control of dangerous technologies, get an economy where they can afford to keep their scientists instead of having scientists work for renegade nations around the world; and I think we would do a better job of that if we held hearings that were based on really achieving a policy and had fewer attacks on the President.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Mr. Leach.

Mr. LEACH. Thank you, Mr. Chairman. I hadn't intended to make an opening comment, but I think several observations are in order after the last statement.

One of the great ironies and observations of congressional politics is that the minority side is criticizing a Speaker who supported their President and their position, and that strikes me as awkward.

Second at issue, because the word "Cold War" has been raised, is the policies that are in place having nothing to do with who is making the policies, having nothing to do with how one side or the other perceives those policies. But we are in the process at this very moment of looking at a situation in Kosovo where we may well be a thwarted United States of America, and conceivably stalemated in such a way that we will have raised the enmity of many around the world in the developing world, but most poignantly, in Russia and in China. We are in the process of looking at a "hot war" that we are not doing as well in as anyone in America would like and precipitating two new "Cold Wars."

That has nothing to do with any of the issues that this Congress is talking about in how we approach Russia or China, but simply to do with the ramifications of the hot war in Kosovo; and we, as a Congress, have to be very cognizant of that, and the Administration has to be cognizant of it. In fact, it could be that the two new Cold Wars that are being precipitated in potential may be more significant than the hot war itself in Kosovo; and these are the ramifications of the well-intended but perhaps counterproductive policy for which there is no aspect of partisan observations, simply an observation of what are the facts in the field.

Thank you, Mr. Chairman.

Chairman GILMAN. Mr. Lantos.

Mr. LANTOS. I didn't intend to say anything, but since the discussion has been opened up, I will make a couple of observations, Mr. Chairman.

At no time would we need bipartisan foreign policy more than we do now, and I am one of those who profoundly regrets that bipartisanship seems to be a rare exception these days and strident voices of partisanship are heard in the land.

I agree with my good friend from Iowa that our relations with Russia and our relations with China are certainly far more important than our relations with Yugoslavia, and I also think it is important to look beyond the daily irrational actions of Mr. Yeltsin and to ask what happened to U.S./Russian relations since the collapse of the Soviet Union.

Some of us visited the Soviet Union for many years, and then Russia, and after the breakup of the Soviet Union, there was an enormous amount of goodwill toward the United States. We had a leadership delegation that visited Russia just a week or two after the first summit between Mr. Clinton and Mr. Yeltsin in the spring of 1993, and the reception on the Russian side could not have been more enthusiastic, cordial and hopeful, maybe overly hopeful.

The following year we had another leadership delegation to Moscow. The reception was somewhat less ebullient. The third year it was not ebullient at all, and the reason, of course, is clear.

We had two examples before us in this century on how to deal with defeated powers. After the First World War, we acted in a narrow, myopic, non generous fashion, and we reaped Hitler in the Second World War.

After the Second World War, with the Marshall Plan, we acted in a singularly generous, farsighted, intelligent fashion, and we reaped two generations of peace.

When the Third World war ended which, of course, was the end of the Cold War with the defeat of the Soviet Union and the triumph of the democracies, we had these two examples, and we did not choose the intelligent second example.

The Russians had tremendous expectations of cooperation and assistance and help and participation. Yeltsin and his foreign minister were so pro-American that it was almost embarrassing to see them publicly express their love affair with us, but with the exception of Nunn-Lugar funds, there is very little we did.

Now, I understand corruption in Russia probably as well as anybody here, and I am not suggesting we should have pumped money into Russia, but we should have provided project aid. We should have provided specific assistance to groups. The much maligned George Soros recommended that $4 a month would have provided adequate retirement for Russian seniors, which would have been a pittance. He proposed that in a *Wall Street Journal* article that I still have in my office, one of the most intelligent suggestions of the post-Soviet era never acted upon.

I think it is not surprising that a country which was one of the two superpowers, which was looked up to from the Olympics to military might across the globe, feels unbelievably frustrated, and given the very second-quality, second-rate leadership, stumbles from crisis to crisis.

The China case, Mr. Chairman, is a bit different because I think in a sense what is happening is China is very salutary for those in this country—I don't include myself—who have been very naive about China. China is showing its true colors as a Communist dictatorship.

The Chinese leadership knows every bit as well as every Member of this Committee that the bombing of the embassy was by mistake, that the President and the Secretary of State and the Secretary of Defense and everybody else apologized. We stand ready to make financial restitution to the families of the victims, and we stand ready to bear the cost of rebuilding the embassy once the time comes.

But what the Chinese Communist leadership has done was to revert back to the most sickening characteristics of a Communist police state, lying through its teeth to its people and whipping up anti-Western sentiment. This is not a new phenomenon in China. It goes back to the Boxer Rebellion and way beyond, but I think it is important for us to sort of get our bearings straight and not engage in internecine warfare here, but to take a prospective look at our relations with both China and Russia and try to make the most of the singularly unstable and somewhat chaotic relationship and to awaken from our dream of viewing China as a great democratically moving ally; it is anything but that.

China has shown its true colors in the last few days, and that lesson had to be learned by some of our policy makers, both in and out of government.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Lantos.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman. I would ask that my full statement be made a part of the record——

Chairman GILMAN. Without objection.

Mr. SMITH [continuing]. Just make a couple of points.

We know that Sergei Stepashin has now been elevated to the post of prime minister, and I think it bears remembering that he is one of the chief architects of the Chechen War, which I and many others roundly criticized, and unfortunately, there were some within the State Department, and even our Vice President, who compared it to the civil war in this country, which I think was a very, very farfetched and misguided perspective to obtain.

As a matter of fact, at that time—and this isn't a partisan dig, and I think you know the earlier comments, not by my friend from California, but by my friend from Connecticut, I think it is very unfortunate to take the chairman's opening comments, which I think were very well thought out, and to reduce heartfelt and profound disagreements about our Kosovo policy and policies vis-a-vis Russia, and to reduce them to petty partisanship, I think does a disservice to honest disagreements.

I think we need to engage in those disagreements where they manifest themselves, in an unfettered way, knowing that where possible—and I underscore "where possible"—there ought to be a bipartisanship in our foreign policy. But to do so artificially, I think sets itself up to a policy that is not sustainable.

I think with our Kosovo policy there are very real problems with that policy. I find it absolutely staggering and disconcerting that there was no plan, and apparently there is no plan now for the 820- to 850,000 internally displaced Kosovar-Albanians who languish and potentially are dying, but certainly are at grave risk inside of Kosovo. I know because I have asked from the top, Wesley Clark on down, what was the plan. If we initiate bombing, where was the fire wall to protect the Kosovar-Albanians, and there was no plan, and there is no plan today.

The thought was that Slobodan Milosevic would blink early on. The idea was to bomb for 2 days, then pause and find a peace. Regrettably, the dictatorship has shown some resiliency and has not blinked.

I think it is wrong and misguided to criticize the Chairman and to reduce his comments to petty partisanship, because it is not. There are real differences.

There are also, as Mr. Leach pointed out, some very profound implications, however unwitting, that could manifest themselves in the PRC, as well as in Russia. We are now, and we have had hearings on the Helsinki Commission just recently. We are driving a whole generation of people who haven't made up their mind yet about NATO in the West into the hands of the ultranationalists, and that is very, very grave. I think we need to consider the implications as we go into the year 2000.

Mr. LEACH. Would the gentleman yield?

Mr. SMITH. I would be happy to yield to my friend.

Mr. LEACH. I apologize for taking the Chair's time, but just one observation: There are times that bipartisanship should imply a greater amount of unity. There are also times when the greatest reflection in world affairs of a Congress and an American people working together is to show differences of judgment. When all of this is over in Kosovo, I think it is going to be extraordinarily

healthy that the world is going to see a Congress with a panoply of judgment.

Mr. GEJDENSON. Will the gentleman yield?

Mr. LEACH. It is the gentleman's time.

Mr. GEJDENSON. I agree that there are lots of people on your side and on my side who have different views.

I think some of what is happening, though, particularly with the majority whip, Mr. DeLay, is not about a reflection——

Mr. SMITH. Mr. Chairman, could I have my time——

Chairman GILMAN. Gentlemen——

Mr. SMITH. The point—and I don't know what the exact word was, something about the Speaker and that he was slinking in and voting yes. The distinguished Speaker is a totally honorable man. I know that I was never contacted and told, you must vote this way or that; it was a vote of conscience.

Mr. Campbell, while I disagreed with his approach, I respected him enormously that he felt that the War Powers Act was triggered by this and there ought to be an up-or-down vote on this very important engagement. As we are seeing now, it is enlarging even at a time when the Russians are indicating Chernomyrdin and others are trying to perhaps put something together; and perhaps our Ambassador can shed some light on that.

We are enhancing the bombing, and maybe that is part of the strategy, I don't know, but I assume goodwill until shown otherwise, and I assume it of all parties.

Chairman GILMAN. I am going to suggest that since our time is limited today and we have a number of good witnesses waiting to be heard, we will move on with our testimony.

Ambassador-at-Large Sestanovich, Special Adviser to the Secretary of State for the New Independent States, assumed his position in September 1997 and is responsible to coordinate United States relations with Russia and the other states of the former Soviet Union. Ambassador Sestanovich has served most recently as Vice President for Russian and Eurasian Affairs at the Carnegie Endowment for International Peace. Previously, he was a Director of Russian and Eurasian Studies at the Center for Strategic and International Studies.

Before that, he served with our National Security Council and with the State Department.

Ambassador Sestanovich is an old Hill hand, having worked for Senator Daniel Patrick Moynihan some years back. We welcome Ambassador Sestanovich.

You may put your full statement in the record and abbreviate your remarks, whichever you deem appropriate. Please proceed.

STATEMENT OF AMBASSADOR-AT-LARGE STEPHEN SESTANOVICH, SPECIAL ADVISER TO THE SECRETARY OF STATE FOR THE NEW INDEPENDENT STATES

Ambassador SESTANOVICH. Thank you, Mr. Chairman. I would actually like to begin by saying that for Administration witnesses nothing is more illuminating and helpful than to open a hearing of this kind with the back-and-forth that I have just been privileged to hear. The only thing I could think of that would be better would be if I had the opportunity to ask you questions for the remainder

of the hour, and perhaps as a procedural innovation we might think of that next time.

Mr. Chairman, I have a fuller statement which I would ask to have put into the record.

Chairman GILMAN. Without objection, the full statement will be made part of the record.

Ambassador SESTANOVICH. I appreciate this opportunity to discuss Russian foreign policy and Russian-American relations. Even before the Kosovo conflict revealed deep disagreement between Russia and the United States on this defining international problem, Members of this Committee had raised questions, the kind that you have raised today and others, about the premises of our approach toward Russia. You have asked where Russian foreign policy, for that matter Russia itself, is headed.

Today's headlines about President Yeltsin's dismissal of Prime Minister Primakov give rise to further questions, and I am ready to say a few words about this situation later if you wish.

All these are large and urgent issues on which we need a frank and open dialogue between the Administration and the Congress. Our success will depend on the degree to which we can develop a common perspective, understanding, and strategy; and I hope we can contribute to that end today.

Mr. Chairman, our dialogue should start with a recognition of how thoroughly our relations with Russia have been transformed in the 1990's, as some of you have noted. The first post-Cold War decade, which is now almost behind us, has been marked by a pattern of cooperation between Russia and the United States that was unimaginable before the collapse of Soviet communism. I don't need to recite the diplomatic landmarks of this period, but they were all attended by the closest possible communications and coordination between Moscow and Washington.

As important as they were, however, the achievements of the 1990's did not obscure the fact that there are many in Russia who reject partnership with the West. They have rarely been so vocal as during the current Kosovo conflict. Some of these critics seem motivated by frustration at Russia's weakness. Others display outright hostility toward the United States and democratic capitalism. Still other opponents of cooperation with the United States seem guided by narrow economic or bureaucratic interests, and other opposition politicians find foreign policy issues a useful, rhetorical club with which to beat the government.

I might note that as Russia heads toward parliamentary elections this fall and Presidential elections in 2000, we should expect to hear more of this kind of rhetoric.

This mix of motives and perspectives, as well as the weak lines of institutional authority and control, can make it difficult to say what Russian foreign policy really is. Is it the offensive press spokesman of the defense ministry who compares NATO to Nazis, or is it the prudent decision to keep the number of Russian warships off the coast of Yugoslavia to a minimum?

At a time like this, we have to keep our eye on fundamentals, on the core interests and practical results that we want to advance in our dealings with Russia.

Last fall in Chicago, Secretary Albright stated, "Our most important priority in dealing with Russia is to protect the safety of the American people." In this spirit, and recognizing how many aspects of our relations I am leaving aside, whether it is economic issues or support for independent media, I propose today to touch on four security challenges we face and give you a brief assessment of the progress we are making in addressing them with Russia.

Let me start with nuclear weapons. The end of the Cold War made possible Russian-American agreement on deeper cuts in strategic nuclear arsenals than ever before, and both governments are committed to negotiating further cuts. Unfortunately, the START II treaty has become a political football in the Russian parliament. Despite the lack of progress toward ratification of the treaty, however, we are active on a number of fronts to bring our arsenals into line with post-Cold War realities. We have had expert consultations on the shape of a possible START III agreement, which could bring forces down by as much as 80 percent from Cold War highs.

Russian and U.S. officials have also met to implement the agreement reached last year by Presidents Clinton and Yeltsin on sharing early warning data on missile launches. We have begun a serious dialogue on the arms control implications of President Clinton's directive to explore limited national missile defense.

Mr. Chairman, three-quarters of our assistance dollars to Russia go to reduce the danger that nuclear and other weapons of mass destruction will fall into the wrong hands. The expanded threat reduction initiative, if approved by this Congress, will further strengthen our ability to block proliferation threats emanating from Russia and other countries of Eastern Europe and Eurasia. I strongly urge you to support this program and to fully fund the Administration's $1.03 billion assistance request for Eastern Europe and Eurasia.

Mr. Chairman, Russian-American cooperation on proliferation problems also has a strong basis in common interest; and let me say a word about that, because we have taken some important steps forward recently.

Our Special Ambassador, Bob Gallucci, and the Russian Space Agency head, Yuri Koptev, have developed a work plan to address some of our most pressing concerns about missile proliferation. We have concluded a similar plan to enhance export controls on nuclear technologies. American and Russian experts met last month to begin implementation of these plans, and we will continue to make this issue a high priority until we solve it.

Third, Mr. Chairman, let me turn to the question of Russian-American cooperation on the Kosovo problem. Until the opening of NATO's air campaign, our approaches to this matter had been broadly similar, including joint support of Resolution 1199 in the U.N. security council last fall. The Russian leaders had also made clear that they would not support the use of force by NATO, and when our military action began in March, it produced an outburst of Russian anger and hyperbole at all levels and across the political spectrum.

Since this initial rhetorical spasm, however, the Russian Government has adopted a posture different from Communist and nationalist spokesmen in two important ways. First, the government has

expressed its determination to stay out of the conflict, providing neither military equipment nor military intelligence. We have no information contradicting these statements.

Second, the Russian Government has sought to identify principles that could be the basis for a political settlement of the conflict. In Oslo last month, Secretary Albright and Foreign Minister Ivanov reached an agreement on all but one of these principles. Last week in Bonn the G–8 foreign ministers took another step forward and agreed on a full set of principles, including deployment of a strong and effective international security presence.

Today, a United States team led by Deputy Secretary Strobe Talbott is in Moscow for further consultations with Foreign Minister Ivanov and Former Prime Minister Viktor Chernomyrdin, who serves as President Yeltsin's special representative. We welcome Russia's movement toward joining the growing international consensus on this conflict, just as we welcome the prospect of Russian participation in a peace keeping force—and, I might say, participation by other countries as well.

Mr. Chairman, our interest in working with Russia to resolve the Kosovo crisis is but one example of an ambitious effort to deal cooperatively with problems of European security.

Consider the breakthrough agreement reached at the end of March on adaptation of the CFE treaty. This hard-won result was possible because the 30 nations around the negotiating table focused on what they could gain by agreeing rather than on the myriad obstacles in their way. The new agreement now provides an impetus for Russia to withdraw its troops and munitions from Moldova and to begin drawing down its forces in Georgia. If Russia will take steps to fulfill commitments it has made, the United States and others stand ready to help it deal with some of the practical problems that are involved.

Russian-American cooperation extends to other areas, Mr. Chairman; to Nagorno-Karabakh where our diplomats work together; to Bosnia where our troops serve side by side.

If we are honest, we have to admit that the Kosovo crisis has put new strains on Russian-American cooperation. Russia's cooperation with NATO seems likely to be on hold for the duration of the crisis, but the framework for this cooperation, the NATO-Russia Founding Act, remains intact. So do the interests, Russian and American, that led to its creation in the first place. On this basis of common interest, we should expect both sides to be making active use of this framework once the Kosovo crisis is behind us.

Mr. Chairman, I am sometimes asked by Russian journalists whether the U.S. Government is bothered by the apparent rise of anti-Americanism in Russia. My answer of course is yes; if it took hold, anti-Americanism would limit the ability of the Russian Government to pursue our common interests. But let me give you the second half of my answer as well.

To my mind, anti-Americanism in Russia is less about us and more about them. It is a tool for attacking Western-style institutions and, above all, attacking democracy itself. Looked at from this angle, the problem actually seems a little less hopeless, for everything that we know about Russian public opinion suggests that support for democracy remains strong in that country. As long as

it does, support for cooperation with the West, for integration rather than isolation, is likely to remain strong as well.

Thank you, Mr. Chairman. I look forward to your questions and those of your colleagues.

[The prepared statement of Ambassador Sestanovich appears in the appendix.]

Chairman GILMAN. Thank you, Mr. Ambassador.

Mr. Ambassador, what are Russia's foreign policy objectives in the Balkans?

Ambassador SESTANOVICH. Their objectives, if we look at what they say, are to end this conflict. They say that it has to be ended on a basis that protects the territorial integrity of Yugoslavia, and with that we can agree.

They say that they aim at a set of other objectives, like the return of refugees, the end of ethnic cleansing, and with those we can agree.

We can't agree on principles that will make it, or on goals that would make it, impossible for the allies of NATO or for other countries to actually deal effectively with the real problems that face the Balkans.

If Russian objectives are to solve this problem in Kosovo and instability in the Balkans more generally in a way that is simply aimed at hampering American policy, then we won't be able to cooperate; but if it rests on the kinds of principles that their political leaders have said are the ones that they are pursuing, then we have a basis to cooperate.

Chairman GILMAN. Mr. Ambassador, with all that we have been doing to try to help Russia directly and through multilateral means and all that we have done to integrate Russia into international organizations, why do we see so much anti-Americanism among the population in Russia?

Ambassador SESTANOVICH. Mr. Chairman, you raise a complicated question, and I hope that you will put that same question to Professor McFaul later because he is an especially careful student of it. But let me say that there are both signs of anti-Americanism in Russia that grow out of disagreement over, in the immediate case, the conflict in Kosovo, and that grow out of ideological motives.

There is still a large body of support for the Communist Party in Russia, and it is nothing if not anti-American. At the same time, it is important to see the sources of interest and affinity in Russian public opinion toward the West.

There was a poll that came out yesterday, Mr. Chairman, that revealed that 60-plus percent of the Russian population favors closer relations with the West and the United States. One can find many different trends here. I think we have to take this problem as we face it day by day.

Chairman GILMAN. Mr. Ambassador, will the Administration stand fast in refusing to increase Russia's quota for launches of American-built satellites until the proliferation by Russia of technology related to weapons of mass destruction to Iran has ended?

Ambassador SESTANOVICH. Mr. Chairman, as I indicated in my statement, our concern about the flow of missile technology and nuclear technology from Russia to Iran is as great as yours, and there

is no problem we have been working on more actively over the past couple of years than this one.

We have recently developed a work plan with the Russian authorities to try to increase control over this flow of technology. If we are able to succeed at that, it would create a basis for taking another look at the launch quotas that you described. If we can't succeed at it, it will be very hard to do that.

Chairman GILMAN. One last question, Mr. Ambassador.

Russia is in default on its Soviet-era debt, its Treasury debt, its Finance Ministry bonds, and I believe on its Eurobonds as well. It is also close to, if not in, default to the IMF. In fact, any new IMF loans will simply go to pay Russia's old IMF debts.

In private business that is called check-kiting. Why should we be supporting any further IMF loans without any new and real economic reforms in Russia and, particularly, given Russia's fairly negative foreign policy?

Ambassador SESTANOVICH. Mr. Chairman, we should support further IMF loans to Russia only if Russia is able to do what you describe, and that is, put together an economic reform program that creates confidence in the fund that it will be able to use the money well and repay it. That is why this has been a protracted negotiation between the Fund over the past several months, between the Fund and Russia to work through the very strict conditionality that the Fund has imposed.

I might note that the agreement that the Fund signed with the Russian Government, reached with the Russian Government last month, provides for the disbursement of funds only if the Russian Government is able to take a number of prior actions, some of which involve new legislation to accomplish exactly what you described, that is, more effective economic reform.

Chairman GILMAN. Thank you.

Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman.

Let me say that I agree there will be tremendous pressure from Capitol Hill not to increase the Soviet launches of American satellites. Even though I think we will damage the United States more in that process than we will the Russians. The less legitimate business we do with Russia in the kind of economic crisis that exists, aren't you just then increasing the pressure on them to proliferate? So if they can't do launching, what can they do—because that is where we are going to punish them.

We are going to punish them in places where they are doing legitimate business. I would say the Administration needs to stand up to Congress and go after those sectors where they are involved in illegal activities, trying to pressure Russia on those.

The problem in Russia is, we all love democracy, but democracy and economic collapse don't usually go together, and I think what you are seeing there, the pressures on the system, are the failure of their new freedom and economic system to improve the life of the average Russian. Then the politics play out, the nostalgia for the old Soviet Union where at least it was stable and at least there were no bread lines.

So I would like you to know—if you do what you say you are going to have to do, aren't you really encouraging the Russians to sell more weapons, to do more proliferation?

Second, I would like to understand the assessments I have heard on the news, that the feeling is that Yeltsin sacked his prime minister in order to shore up his own position in the upcoming impeachment situation. I would like you to help us understand why it strengthens Yeltsin to sack his prime minister.

And last, I would like to know, on Russia-Belarus unity, is this just rhetoric to keep everybody in each country feeling that they are still part of something bigger, or is there potential that there would be a joining of Belarus and Russia?

Ambassador SESTANOVICH. Congressman, I hope it won't surprise you to hear that I, from time to time, argue in the discussions that we have at the State Department that we need to stand up to Congress. So I fully endorse your recommendation there.

Chairman GILMAN. You will have to explain what that means, Mr. Sestanovich.

Ambassador SESTANOVICH. I completely agree with you that part of promoting an economic reform and recovery in Russia on a sound basis that strengthens democracy involves promoting legitimate business. I completely agree with you there.

Here is where we have a difficulty. It is hard for us to say simply, there is one sector that we say is clean and legitimate, while there is a dirty sector that goes on unregulated and uncontrolled by the government.

Our approach has been, while encouraging what contacts we can have with the defense industry in Russia, in promoting responsible business practice by them, to urge the Russian Government to get control of the dirty sector, and we need leverage to do that. The space launch quota is one element of that leverage, but it is in the Russian Government's interest in many other ways to get control of that dirty sector.

Mr. GEJDENSON. Let me interrupt for one second. The problem with that theory is the Russian Government can't collect taxes. It can't control these technologies because there is no system of government there, and maybe there is not the will either.

But let me tell you, I would think they would have the will to collect the taxes so they could pay their pensioners, so they could do the things they need to. They can't do it. It seems to me it is a wonderful theory, but it seems to me also that there is more involved.

I hope you can answer the last two, also.

Ambassador SESTANOVICH. The Russian democratic experiment is never going to succeed if one succumbs to that fatalism. We have to work with them in order to be able to accomplish some of these basic functions of government and of responsible international citizenship. I mean, governments have got to be able to control that kind of flow of technology or else they will not survive.

Russian tax collection, by the way, is up.

We have got to do more, though, than just rely on the commercial incentives that are available to us, even though they are very important. That is what I mentioned, the expanded threat reduction initiative that we have presented to the Congress. That will

help us to prevent the proliferation of Russian expertise by employing 8,000 to 10,000 more Russian scientists. I hope we will have your support on that.

Mr. GEJDENSON. Belarus?

Ambassador SESTANOVICH. Quickly on Belarus, Russians themselves will differ on whether there is just talk or anything happening there. It is a relationship about which both sides have very many reservations, but we watch it closely. Particularly, we watch it as a possible conduit for the flow of technology that we have been talking about just now.

As to President Yeltsin's change of prime ministers, he has—as you know—an impeachment vote scheduled this week in the Duma. He is putting another item on the table for them to address, which is confirmation of the prime minister, and that will force the Duma to consider which one it is going to go ahead with.

Chairman GILMAN. Thank you, Mr. Gejdenson.

Mr. Leach.

Mr. LEACH. I certainly would like to probe further this personal position of yours that you are an advocate of standing up to Congress and the Administration. Let me tell you, as someone who once worked at the Department of State, I am a very strong advocate of the Department of State, but I am not an advocate of the foreign policy that is being precipitated at this time by this Department of State. It is very serious, and I would like to read back a sentence of yours, or two sentences.

You state, "To my mind anti-Americanism in Russia is less about us and more about them. It is a tool for attacking Western-style institutions and above all democracy itself." I will tell you if that is what you are saying in the Department of State, you are misreading Russia profoundly as the Ambassador in charge of relations with Russia.

What is happening in Russia today is a profound reflection of Russian history and Russian attitudes toward religion. Everybody knows that they have a circumstance of identifying with the Serbs because of the Orthodox church. In addition, in 1941, every Russian believes, the Serbs held up the German army, Operation Barbarossa, and by that 2-week holdup, German tanks froze outside of Moscow 3 days before Christmas, and that saved Moscow and possibly Leningrad. That is the principal reason the Russians totally identify with Serbia.

It isn't escapism, that they are being antidemocratic. They are profoundly opposed to the foreign policy of the United States of America.

Now, there is a rationalization for that foreign policy, and there are also reasons not to support that foreign policy, but this type of escapist rhetoric of judgment precipitated by the Department of State and the Congress does not represent the highest traditions of the U.S. Department of State.

Because at the background of this were certain negotiations at Ramboulliet led by the United States Department of State in which an agreement was reached, but also in which threats were precipitated. The Department of State led the movement of suggesting if Milosevic didn't agree, we would bomb.

Milosevic didn't agree. To defend the credibility of the United States, we then bombed.

I consider that to be an exact reversal of historic 20th century American diplomacy first articulated by Teddy Roosevelt, which was to speak softly but carry a big stick. This Department of State took the reverse position. It spoke sharply and then had to rely upon a stick that is now perhaps becoming one of the greatest counterproductive policy mistakes of this century.

I want to ask you, do you believe our diplomacy has served us well? Do you believe that this is just a passing fad that is being used as escapism in Russia? Or do you think there is the potential here for a huge, marked difference in relationships between the United States and Russia based upon the policy that this Department of State has led?

Ambassador SESTANOVICH. Congressman, I hope you didn't misunderstand what I meant by that remark about what is involved in the growth of anti-Americanism in Russia. I didn't mean to trivialize it at all or to suggest that it is escapist.

To the contrary, I think it is, in fact, a broader phenomenon and a deeper one perhaps even than the emotions that you suggest in tracing a sense of Russian loyalty to Serbia—to Yugoslavia for standing up to the German invasion in 1941. That is, there is a deep identity crisis that is being resolved in post-Soviet Russia. It involves questions like, shall we be democratic or not, are we part of the West or not; and those are questions with which Russians are wrestling, have been wrestling before this crisis and will continue to wrestle with after this crisis.

I said, though, that it seems to me there is some reason for confidence in the result because if the issue is ultimately the one that I described, that is, this kind of identity crisis, what one sees is rather strong support for a democratic orientation. That gives us, I think, some reason to think that beyond this particular crisis there will be grounds for common interests between us and Russia.

I did not in any sense mean to trivialize it, and perhaps this is just a misunderstanding of the words.

I think there is, of course, a potential for the kind of change that you describe, that is, a breach between Russia and America, depending on the kind of answers that are given to the questions I mention—to these questions I have characterized as an identity crisis. Because there is that potential is why we are working on a cooperative relationship with Russia, why we have pursued the integration of Russia into international institutions and have spoken of democratic Russia as entitled to a large and honorable place in those institutions.

I don't have anything to apologize for in pursuing and advocating those policies, but I think they have to be based on a realistic assessment on what is happening in Russia.

Mr. LEACH. I appreciate that. My time has expired. All I can say is that you have begged the question. The issue is the ramifications of Kosovo policy on all of this and the public opinion polling, of which you have chosen one part to note, is very interesting because it has shown a remarkable turnaround in Russia altitudes toward the United States over a two-month period of time, a turnaround of stunning significance that will have enormously damaging impli-

cations for U.S.–Russian relations and, much more importantly, on the future of Russia itself.

It appears that this Department of State did not weigh that perhaps as much as it might have as it precipitated certain policies that appear to be producing very fair results today.

Ambassador SESTANOVICH. Can I add one comment on that, Mr. Chairman, if I might?

Of course we took those ramifications into account. Our premise in our relations with Russia is, first, that we have common interests and we should pursue the kind of integration that I have described;

Second, that where we have disagreements, we can't paper them over just because we are afraid the Russians will take it badly. To the contrary, we have to face up to those disagreements and pursue policies that are in our interests.

On that basis, we can have a productive relationship with Russia.

Chairman GILMAN. Thank you, Mr. Leach.

Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman.

As we look at Russia today, what we see, it seems to me, Mr. Ambassador, is an economic basket case and a nuclear superpower with a deeply wounded national psyche, and that is a rather dangerous and volatile combination.

Now, in planning policy for the post-Yeltsin era, it seems to me we need to be conscious of the enormous positive developments that have unfolded in Russia in the last decade. They have a free press. They travel freely. They have access to Western media. Practically all of the Russian leadership has recognized the enormous importance of economic cooperation with the West. Even General Lebed is making statements which indicate that he is beginning to understand that Russian economic development is inextricably intertwined with cooperation in the West. There is a multiplicity of political forces at play ranging from the most irresponsible of the unreformed Communists, Zhirinovsky, to truly Western-oriented bona fide democrats, with a small "D."

If you agree with this small framework, I would be grateful if you would share with us—and I know this has to be very preliminary—your appraisal of the change in prime minister ship that occurred today, the likely role former Prime Minister Chernomyrdin will continue to play with respect to the Kosovo crisis. Since Secretary Talbott is in Moscow as we speak, and you certainly are in close touch with him, what is Strobe Talbott's message to Yeltsin and the Russian leadership at this critical juncture?

Ambassador SESTANOVICH. Congressman, let me start with the last one. The message at this critical juncture is we have an opportunity, if Russia will seize it with us, to forge an international consensus about how to deal with the Kosovo conflict. We have a strong foundation for that consensus created by the agreement of the G–8 foreign ministers last week. That was an agreement on words, and now we have to see whether we actually can extend that to an agreement on action.

Strobe Talbott's team in Moscow is looking, in following up on these meetings during former Prime Minister Chernomyrdin's visit

to Washington for the G–8 foreign ministers' meeting, at whether we can go one level of detail deeper in understanding whether we really do have or can forge a common approach.

We have no reason to think that Mr. Chernomyrdin's role will change. He's been appointed by the President as a special representative on this issue. He's not part of the government apparatus in which Members submitted their resignations today and all of whom are on an acting basis from this day forward. He's President Yeltsin's representative. Deputy Secretary Talbott met with him today and will meet with him probably again tomorrow. We have no reason to think he will not be one of the sources of—one of the channels of—communication on this issue.

Of the significance of the change of prime minister ship, it is rather hard to tell at this stage. We know Mr. Stepashin. We don't know whether he will have a mandate to pursue different policies from Mr. Chernomyrdin. We can look at President Yeltsin's statement in which he expressed a commitment to accelerate economic reform. He expresses his dissatisfaction with the pace at which that had been pursued recently. In addition to expressing some thanks to Prime Minister Primakov and appreciation for the role he has played in stabilizing the situation in Russia, he did express dissatisfaction on this front. We may see some signs that Mr. Stepashin, if he is confirmed by the Duma, will have a mandate to work actively in that area, and certainly it is very necessary.

Chairman GILMAN. Thank you, Mr. Lantos.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Mr. Ambassador, I, too, believe like Mr. Leach—your statement about anti-Americanism in Russia is less about us and more about them. It is a tool for attacking Western-style institutions and, above all, democracy. Looked at from this angle, the problem is actually a little less hopeless. But from my mind, I think it is a little more hopeless. I say that because whether or not we are liked, liking someone and liking a country collectively may be good on the short term. Popularity should be fifth on the listing of priorities. I am concerned there are very few benign dictatorships out there that, if they move increasingly toward fascism or ultranationalism or back to communism, which the Duma certainly has indicated they are capable of doing, at home that means more human rights abuses in the future and more aggressive foreign policy. So that makes me more pessimistic, not less. Again, whether or not they like us or not is less important to me than anything else, especially those other points.

I do have a few questions. Sergei Stepashin, as I pointed out earlier, one of the main architects of the Chechnyan war obviously now has been raised to Prime Minister, as we have all noted. What impact, in your view, will that have realistically on Russian policy? It may have been a move obviously to divert attention or perhaps bring down the Duma if they fail in confirming him after three attempts, but what move will that have vis-a-vis Kosovo?

Second, in China, Russian Representative Victor Chernomyrdin has said there needs to be an unconditional halt to NATO bombing before anything relative to peace moves forward. What is the Administration's response to that? Has Ambassador Collins sought to

address the domestic audience in Russia on Russian television or in any other way, or try to give the NATO/U.S. side of things there? If you could, respond briefly to that.

Finally, in terms of the resolution Mr. Gejdenson offered on the floor several days ago, was that something that emanated from the White House or the State Department? To my mind, it was an after-the-fact confirmation or negation of the policy. Whose idea was it?It seems to me it was a very high-risk strategy. Frankly, Ithink ambiguity would have been the more preferable course to take because many of us had profound misgivings about this policy. But we were hoping it would end tomorrow, and in no way, shape or form did any of us want to convey to Milosevic or any of his cronies that the House was so divided. Yet this high-risk strategy was pursued. Where did that come from?

Mr. GEJDENSON. Would the gentlemen yield? I am sure the Ambassador doesn't know, and I can tell that you I do know. It came from language the Senate had passed by, I think, 57 votes a short time earlier. Frankly, we didn't believe that it would become a big political battle with the Whip's actions on the floor.

Mr. SMITH. Again, I have heard that stated a few times about the Whip, the Whip and the slinking in of the distinguished Speaker of the House. Again, you belittle our profound misgivings. I am one of those who follows this and has followed it ever since the beginning of the war in Slovenia when Croatia was under attack. I remember reporting to Brent Scowcroft and speaking to him and the NSC people about my visit to Vukovar and Osjek when they were under siege. So I have a long-standing concern about this. To belittle that is—somehow the Whip is saying, this was the political vote; it was not. It was a profound disagreement with the Administration and how they were pursuing their policy.

Again, I think you do us a great disservice when you keep saying that. I hope you would rethink your strategy, because this is not a political issue. This is an issue of profound differences, and the outcome—as we are seeing, the miscalculations that have been made are leading to a disastrous outcome. You keep bringing this up. My question really wasn't about the language, it was about the strategy.

Whose idea was it to go forward with this, Mr. Ambassador?

Ambassador SESTANOVICH. Congressman, I can't add anything to what Mr. Gejdenson said, but I can answer the other questions that you have put.

Ambassador Collins has, in fact, been on TV talking about this issue and has been interviewed in the newspapers. It is a high priority of ours to make sure that our views are understood by the Russian people.

I have seen the statement that Mr. Chernomyrdin made in China, or after his visit to China, proposing that the bombing has to end first before other issues are addressed. From our point of view, that is not a realistic way of solving this problem.

Mr. SMITH. I know I am over my time, but the original bombing strategy called for two days and a pause. I mean, we had an opportunity during Easter celebration—you had the Pope, eight cardinals, a cross-section of religious leaders saying, here is a pause

opportunity to try to make peace work. Isn't this an opportunity right now?

Ambassador SESTANOVICH. I think the Yugoslav Government understands very well how to seize that opportunity.

Mr. SMITH. But he doesn't care—the degrading even of his military. As long as his life and his power stay intact, the concern is that he will allow others to do the dying. The Kosovar Albanians, 850,000 strong, inside of Kosovo at grave risk, they are my highest concern, and we are not reaching them.

Ambassador SESTANOVICH. I am getting beyond my portfolio here, Congressman.

Chairman GILMAN. The gentleman's time has expired.

Ambassador SESTANOVICH. Mr. Chairman, if you would allow me to say one word about the other question that the Congressman raised, which was the significance of the change of the prime minister ship for the Kosovo policy. Our assumption is that President Yeltsin sets Russia's direction on this issue.

Mr. SMITH. Thank you.

Chairman GILMAN. Mr. Berman.

Mr. BERMAN. Thank you, Mr. Chairman.

I thought this was a hearing on Russian foreign policy, not on American policy toward Kosovo. I truly don't totally understand the point of my friend from Iowa. I understand why he thinks a policy that seems to have exacerbated that which it was designed to contain doesn't make a lot of sense. I don't understand the Ambassador's comments that he was not talking about Russian reactions to American policy in Kosovo, he was talking about a much broader question of anti-Americanism in Russia.

I guess I want to throw out a different theory that really isn't about hostility for Western—it is not really—the anti-Americanism isn't necessarily an attack on democracy. It is a feeling probably as much from what precipitated it—a cumulation of lots of things, but as much precipitated by what happened in August with, sort of the bottom falling out, as it is by the Kosovo episode. It is the sum total of a belief that we tried it their way, and look what we got. As a witness later today says, we are the size of Denmark economically. Add to that NATO expansion and just a whole accumulation of things, plus politics.

There is an election coming up, which is, by the way, something to say, in Russia. There is an election coming up both for the Duma and for the President, and some anti-American rhetoric now is probably good politics in the context of that election. I think you can probably be a democrat, small "D," and articulate sort of an anti-American position, and there is nothing much we will be able to do about this for the next year or so other than pursue sensible policies. We are still going to get that reaction because domestic politics in Russia requires it, and we shouldn't drive ourselves nuts, because there is not too much we can do about it.

Ambassador SESTANOVICH. I think the kind of feelings of marginalization and helplessness that you described maybe are an important part of what we are seeing now. You are certainly right that "small-D" democrats in Russia can express anti-American anger. I would add they do it with considerable unease, because I think they sense what it is really about—that it is about the sort

of broad political choices, the sort of ultimate political choices about the kind of country they are going to have and not just about policy issues.

You mentioned this "we tried it their way" sense of frustration created by last August's crash.

Mr. BERMAN. Or created by the reforms of 1993 or everything.

Ambassador SESTANOVICH. Sure. What is interesting is right after August there was a lot of that talk; "We tried it their way, now we will try it our way." You hear that much less now because there is a kind of realism about what the real possibilities are in the modern world.

People in Russia across the political spectrum who look hard at what the real options are for Russia don't kid themselves about a third way. There is much less of such talk now than in the early fall, and I think that is a very positive development.

Mr. BERMAN. One last point, much narrower. Mr. Gejdenson, the gentlemen from Connecticut, raised the issue on the space launches, and I just want to praise your answer. It is crazy not to allow space launches by an entity that is not proliferating, that is employing a lot of people, that is doing something that is helpful to us and helpful to American economic interests and Russian interests? In the course of doing that, the idea of leveraging realistic things, not change—not total tax collections, but some of the things you mentioned, are they putting monitors in some of these questionable plants? Are they actually going to pass the export control regime they have now talked about for a year and 3 months? Those specific kind of things—as part of reaching this—the Russians have a million people, as I understand it, that are employed in this program. There is some leverage there.

I hope at the end of the day we get to the point where they are doing some of the things we would like them to do on proliferation and we are lifting the cap, because that seems to me like the best possible outcome.

Ambassador SESTANOVICH. I can't improve on what you said.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Berman.

Mr. Campbell.

Mr. CAMPBELL. Thanks, Mr. Chairman.

Ambassador, I am going to use my time to try to convey a message and ask you maybe to convey it back to the Secretary and to the President. Normally I would use my time to ask you questions, but this is a very critical and unusual circumstance.

Let me begin with a moment of background, because you don't know me well. I happen to support the President in a large number of his foreign policy objectives and domestic objectives. For example, on foreign policy, I think he is absolutely right on family planning. I think he is right to reverse the Mexico City policy. I think he was courageous to reach out to China. I think he was especially courageous to go to Gaza and to stand up for some rights of people who don't have that many people standing up for their rights.

So I don't speak from the point of view of somebody who is a committed critic of the President, nor am I known as the most partisan member of my party. I don't think anybody in this body would say that. So my advice comes from a heart very worried by

what I perceive to be the Administration's choice—and here I am afraid you said it, although I think you said it humorously—to stand up to Congress, rather than to recognize a coequal branch. Since that is an issue of the most tremendous importance regarding Kosovo, I am going to take my time to speak to it.

When the Speaker of the House failed to quash me, when the Speaker of House failed to use his power to prevent a vote, he was criticized by people in the Administration, and it was said to be a sign of weakness. We heard some of that criticism today that the Speaker was supposed to stand up to the far right and prevent this vote from happening.

I am not far right. I am probably the most moderate Republican in the Congress. Certainly I am in California. What the Speaker did was to give us the right to vote, and that is not a sign of weakness. It was a respect for the constitutional process. His reluctance to impose his own will on the membership was, I think, a sign of tremendous respect.

For example, in the Persian Gulf War it was similar. The Speaker at that time, an honorable man, was Speaker Foley, and the Minority Leader Bob Michel, when I served before, they did not try to impose their will. They said, this is war and peace, and in war and peace we are not going to try to establish a party line and make you walk it.

As to pressure, there was pressure, Ambassador. There was pressure. Talk to Dennis Kucinich about pressure on the Democratic side. "I know you might disagree with this war, but for heaven's sake stick with the President on this one." That was an argument that was heard on the floor of the House, and truly it should have been left to the individuals.

The reason why the vote failed on an evenly divided vote, 213 to 213, was because the President didn't try. I think that members of his party tried, and I know for a fact that colleagues on this Committee tried to convince their colleagues. But starting from an attitude that we really only need to tell Congress what we are going to do, as opposed to we need to get the approval of Congress as a partner, flawed the outcome. It wasn't the President's proposal—I could have answered Chris Smith's question—because the President said he didn't need congressional support—because the Secretary of State said she didn't need to come to Congress. When I asked the Secretary of State in open hearing whether there were hostilities in Kosovo, she refused to answer my question.

Now, there are hostilities. I know the legal consequences of admitting that. But what she should have said is, "Yes, and we disagree with the War Powers Act for the following reasons." But to say to a Congressman sitting on this Committee, "I will not answer your question as to whether there are hostilities in Kosovo," is to denigrate the coequal branch of which I am certainly the most humble and least important Member, but, nevertheless, I am a Member.

I think that the President hurt his case measurably by sending this letter to the House floor during the middle of the debate, a letter that was misconstrued by people of good will that the President was promising he would indeed get a vote from Congress before in-

troducing ground troops. I don't criticize my friends for misconstruing it because I think it was intended to be misunderstood.

But what it says when you parse it is, and I quote the President, "I would ask for," (not I would obtain) "congressional support," (not congressional approval or vote) "before introducing U.S. ground forces into Kosovo into a nonpermissive environment." That doesn't mean before introducing U.S. ground troops. That means if you bomb Yugoslavia enough, what had been a nonpermissive hostile environment might become a quasi permissive environment.

This reliance upon torturing words was so disappointing when what our people wanted and the Congress wanted was clear talk, straight talk. Here it is. We are at war. Here is my case for being at war. Support me.

If the President had tried, he would have convinced at least one more Member, and he would have then had the approval for the bombing. It is a direct consequence of his not trying, in my judgment, that he suffered that blow to what he was attempting. Our country did not suffer because our constitutional processes worked.

Mr. Chairman, thank you for indulging me.

Chairman GILMAN. The gentleman's time has expired. Let me say——

Ambassador SESTANOVICH. Might I just have one word here?

Chairman GILMAN. If you wait just a moment. Let me say to our Committee we will continue right through the voting. I have asked one of our Members to go over and come back, and we will continue with the testimony right through the voting period.

Chairman GILMAN. Mr. Ambassador, I am sorry, did you want to respond?

Ambassador SESTANOVICH. I wanted to say to Congressman Campbell that he has given me the idea to say I need to clarify what I meant by "stand up to the Congress," which is I think something that you would agree with, which is when we have a disagreement, argue it out, say what we think. I will certainly convey, probably without the full eloquence that you gave to it, your message to Secretary Albright.

Mr. CAMPBELL. Thanks very much.

Chairman GILMAN. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

I want to welcome Ambassador Sestanovich to our hearing this morning. In the real spirit of bipartisanship, I wanted to make a statement earlier that I do associate myself with the comments made earlier by the gentleman from California, Mr. Lantos.

As you know, Ambassador, we had such a tremendous high when the Berlin wall came down, and there was tremendous expectation on the part of the world to think that now Russia is going to be part of us, living as a free people without communistic practices. All this has happened now after the many years that we have tried.

I wanted to ask you, do you perceive a danger or, at least in the Administration, a real danger of the failure on the part of the Western industrialized nations to provide substantive economic assistance to a former nuclear power as is the Soviet Union? There seems to be a little repetition of what happened. With the failure

of the Allies in World War I, we ended up really, really having the more serious situation of having to deal with a Nazi Germany.

Do you see any real sense of nationalism happening in Russia that will end up producing another Stalin? I sense that we have failed on the part of the economic industrialized nations in providing the proper economic assistance to Russia. You had mentioned earlier that 75 percent of our own economic assistance goes to the nuclear issues and not economic assistance. Can you correct me on that?

Ambassador SESTANOVICH. No, that is what 75 percent of our bilateral assistance to Russia is, in the area of threat reduction, and I think it is a very good investment. However, you should be aware that there are many other forms of assistance that the Russian Government receives from other countries and other institutions. From international institutions, the Russian Government has received credits on a very large scale. The IMF's program in Russia is now the largest single program that it has—its indebtedness or the credits that it has extended to Russia. The World Bank has large programs; the EBRD also. Many countries have extended Eximbank credits, trade credits.

Mr. FALEOMAVAEGA. What is the total? What is the bottom-line dollar value?

Ambassador SESTANOVICH. I will get some better numbers than I can give you off the top of my head.

[Ambrassador Sestanovich's response to this Question appears in the appendix.]

Mr. FALEOMAVAEGA. Billions? Hundreds of millions?

Ambassador SESTANOVICH. Tens of billions, surely.

Mr. FALEOMAVAEGA. And they are still asking for more.

Ambassador SESTANOVICH. It is a long process, and their economic situation is very difficult. It is very difficult above all because—not because the level of assistance has been inadequate, but because Russian——

Mr. FALEOMAVAEGA. I am sorry, Mr. Ambassador, but I would like to yield to my friend from Massachusetts for a question.

Mr. DELAHUNT. I thank the gentleman for yielding.

I think the point that my friend is making—and maybe I am wrong—but, in the aftermath of World War II, this Nation, I think, did something that was extraordinary, clearly it was unpopular at the time, and that was the Marshall Plan. I think what he is suggesting is that this didn't occur with the demise of the Soviet Union and the aftermath of the Cold War, and possibly we missed an opportunity.

I agree with Mr. Berman and Mr. Gejdenson, it just makes no sense to punish the Soviet Union and punish ourselves and drive them further into the area of proliferation.

I just have one quick question relating to Kosovo. Several statements have been made that it was—and I just wrote this down—the original strategy was two days and a bombing pause. I never heard that, Ambassador. I never heard that from the Administration. I haven't heard it anywhere. Another claim that was made was that Milosevic would blink. I never heard anyone from the Administration suggest that. Can you tell me, is—am I accurate in

saying that was never a pronouncement of the Administration in terms of the crisis that we are currently experiencing?

Ambassador SESTANOVICH. I am with you, Congressman. The 2 days and a pause is a formula that is unknown to me. I hope that it is not established as retrospective in rewriting the history of this.

Mr. DELAHUNT. I am really concerned that we are going to create facts, as we often do here, by simply repeating them often enough. I have never heard the Administration stake out that position. If there is evidence of that, I would like somebody to come forward and provide that documentation.

I have to leave now because I am in the midst of being on the floor.

Chairman GILMAN. We will have to recess the hearing until Mr. Ballenger returns, when will he be taking over the chair.

The Committee stands in recess just for a few minutes.

[Recess.]

Mr. BALLENGER. [Presiding.] I am filling in until our leader gets back—Congressman Cass Ballenger. I am sorry I missed substantially what you said here, and then I was just about listening to Tom Campbell's description of his status as far as politics is concerned, and they asked me to go vote real quick and come back so we can keep this thing going.

But I would like to ask you what has occurred in the paper this morning, and I think this question leads to it. During his 1992 visit to China, President Yeltsin stated that Russia should sell China its most sophisticated weapons and so forth. Since then Russia has sold China advanced fighter aircraft, quiet-running diesel subs, guided missile, destroyers armed with advanced Sunburn anti-ship missiles and so forth. In fact, China now accounts for about 30 to 40 percent of all Russia's arms exports. One U.S. periodical described this as China's buying binge in Moscow and called it a message to the U.S. 7th Fleet. Isn't Russia helping China to challenge us as far as force projection in the Pacific Rim in the future is concerned?

Ambassador SESTANOVICH. Congressman Ballenger, you are right that China has become a big customer for Russian arms exports. You are also right that we need to look carefully when arms transfers of this kind have the potential to affect regional balances of power and create dangerous capabilities that threaten our servicemen who are stationed abroad. That is certainly the way in which we look at this problem.

I might say to you that it is our judgment that Russian transfers have not, in fact, significantly altered Chinese capabilities vis-a-vis our own in this region, but it is an important issue to watch closely because one could imagine transfers that would have that effect. For that reason, this is an issue that we discussed with the Russians; and were we to see the kind of trends that would have that threatening potential, it would be a problem for us.

Mr. BALLENGER. A couple more on that line. Is the United States concerned over Russia's assistance to India in extending the range of its missiles and over the new Russian sales of cruise missiles to India? Did I state that properly? Is the United States concerned about Russia's assistance to India to extend the range of its missiles?

Ambassador SESTANOVICH. Let me say that we are concerned about transfers, military transfers particularly, of sophisticated equipment and capabilities from any direction to India because our effort has been to—in the wake of India and Pakistan's nuclear tests—to show that there is an international consensus against the appearance of new nuclear powers. I am not familiar with the particular case that you are referring to, Congressman.

Mr. BALLENGER. The sale of cruise missiles to India.

Ambassador SESTANOVICH. Let me see if I could leave it this way, Congressman. I would be glad to arrange a classified briefing for you on this subject. My understanding about the most recent Russian transactions with the Indians in this case is that they involved training and maintenance. Let me look into it further, and if you would be interested in a classified briefing, we could certainly set that up.

Mr. BALLENGER. In the *New York Times*, April 27th, 1998, Russia——

Ambassador SESTANOVICH. Often classified material.

Mr. BALLENGER. Classified as far as the *New York Times* is concerned. It said, "Russia helping India to extend range of its missiles." Obviously sometimes the *New York Times* gets ahead of the rest of us around here. I just was curious.

Ambassador SESTANOVICH. They are ahead of me on this point, Congressman, but I would be glad to look into this for you.

We have seen the press reports concerning the transfer of rocket stages from Russia to India. The transfer of these rocket stages was permitted by the agreement the United States negotiated with Russia in July 1993 to resolve a 2-year dispute over Russian plans to assist India in the indigenous production of cryogenic rockets. The results of those negotiations were briefed to Congress and widely reported in the press at the time.

Pursuant to the July 1993 agreement, which was implemented beginning in September 1994, Russia agreed to limit the cryogenic engine contract to the transfer of seven complete rocket-stages to India.

We have no information to indicate the Russia has not been abiding by its agreement. Were we to obtain information to the contrary, we would make our concerns known to senior levels of the Russian government, and would Urge the GOR to bring its missile exports in line with its bilateral and multilateral missile nonproliferation commitments.

Mr. BALLENGER. Let me just ask a basic, then. Russia's ability to produce cruise missiles of some capabilities, is that fairly common knowledge or not?

Ambassador SESTANOVICH. Sure. I mean, this is the old joke the Soviet Union didn't have a military industrial complex; it was a military industrial complex, and with capabilities across the spectrum.

Mr. BALLENGER. I am just referring to the paper stories about India—I mean, China and Russia getting together to veto whatever is going to go on in Kosovo and telling us to get out immediately. How seriously do you take that, that basic threat or effort on their part?

Ambassador SESTANOVICH. There is no doubt if there were to be a U.N. Security Council resolution on Kosovo, it would have to be accepted by the permanent Member because they all have vetos.

Mr. BALLENGER. Right.

Ambassador SESTANOVICH. When you find Russian and Chinese spokesmen stating positions that are at odds with how we see the situation and the path toward a solution, it obviously reduces the likelihood that we are going to have consensus, a workable consensus, in the Security Council.

As I mentioned earlier, Congressman, perhaps it was when you were out of the room, from our point of view, what Mr. Chernomyrdin said after his conversations with the Chinese was unrealistic as a way of dealing with this problem. Proposing a bombing halt before the crucial issues are resolved is simply not the path that NATO has proposed or that will actually address this problem.

Mr. BALLENGER. Mr. Faleomavaega, you yielded a minute. Would you like the rest of your time?

Mr. FALEOMAVAEGA. I would like to restore my time if there is any way to.

Mr. BALLENGER. Sure, be happy to.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Again, Mr. Ambassador, I think the Chairman alluded to earlier about—as you had indicated—the Security Council. I think my question is relevant because Russia is a member of the Security Council. Will that be OK? I am just curious. As you know, the members of the nuclear club have the absolute veto for the Security Council wherever or whenever there are crises, especially military involvements, and all of these are taken into consideration. I have always been given the impression that if there was a crisis—not just the Kosovo crisis, let's just look at Yugoslavia as a whole with Slovenia and Croatia and Bosnia came into the picture—I have always been under the impression that the Security Council would be the base organization to which nations like ours and the 19 member nations of NATO would appeal in the United Nations to resolve this conflict. It is a military conflict. We've got a problem with Milosevic obviously, but then also you have to separate the good people of Serbia or those of Serbian ancestry. Sometimes we have a difficult time, having forgotten a little bit about the history, why there's such a close affinity between Russia and Serbia. That has been alluded to earlier, in World War II they were both fighting a common enemy, and that was Nazi Germany. I think I also understand the fact that Serbia would never want any German to come to their turf, if you will.

One of the successes as to why Tito was able to control Yugoslavia was because he was not only part Serbian, but I think he was also part Croatian. But because of that and the strong arm of Tito, even the mighty Soviet Union couldn't come in and take over Yugoslavia like they did Hungary and Czechoslovakia.

My point here, Ambassador, is why wasn't the Security Council the controlling organization of this whole crisis in Yugoslavia? Why NATO? My understanding is that NATO is supposed to be a defense security organization. Here is the point I am making: Ethnic cleansing, my gosh, there is ethnic cleansing all over the world. I

can tell you about the 100,000 Melanesians or West Papua New Guineans against which the Indonesian Government has been conducting military atrocities, murders, killings, rapes, and all of this—it is found in West Papua New Guinea.

My point is, does this mean that we are looking into ethnic cleansing, perhaps having security organizations in Asia, a NATO in Asia, a NATO in Africa, in the same way that we have a NATO that is supposed to defend countries in Europe? Because this is what we are leading into. I just am curious, did the Administration consult closely with President Yeltsin of Russia when the Yugoslavian crisis came to the front? Not just Kosovo, but the time that Slovenia and Croatia and Bosnia came into the picture.

Here is the concern that I raise, Mr. Ambassador. When the North Korean crisis became nuclear, we never bothered consulting with the South Korean leaders, and they were a little miffed about that. In the situation with China; we went to China; Japan also felt a little miffed about consulting with them and expressed their concerns. So now the situation is in Yugoslavia. I was just curious, Mr. Ambassador, had there been close consultations by the Administration with President Yeltsin way before the Kosovo thing ever came into being?

Ambassador SESTANOVICH. Absolutely, Congressman. Before the sort of deepening of the Kosovo conflict and crisis, last winter and spring, we consulted closely with the Russians and worked together with them to devise a settlement to the war in Bosnia. As I mentioned earlier, our forces served side by side in Bosnia in SFOR now, and have for, I believe, 3 or 4 years.

The consultations between Russian and American foreign ministries have been close. Our diplomats have participated in the contact group which has dealt with the Kosovo issue. President Yeltsin and President Clinton have spoken several times since the air campaign began and many times before that on this issue and have corresponded on the same subject frequently.

We were cosponsors of the U.N. Security Council resolution last fall. Our diplomats were together at the Rambouillet negotiations. President Yeltsin, President Clinton issued a statement on Kosovo at their summit in September in Moscow. So there has been no difficulty in understanding each side.

Mr. FALEOMAVAEGA. Did President Yeltsin agree to the provisions of the Rambouillet proposal to President Milosevic? As I understand, some of those provisions were very harsh.

Ambassador SESTANOVICH. We did not have full agreement with the Russians at Rambouillet.

Mr. FALEOMAVAEGA. Mr. Chairman, my time is up. I will try the next round. Thank you, Mr. Chairman.

Mr. BALLENGER. Mr. Cooksey.

Mr. COOKSEY. Thank you, Mr. Chairman.

Mr. Ambassador, welcome to the Committee. I'll try not to beat up on people from the State Department, and I will not raise the "K" word in our discussions today. I believe in the basic goodness of people and the Russian people, but Russia has changed. The former Soviet Republic no longer exists because of a flaw in economic policy and political policy. But whatever the reasons, it is

important, I feel very strong, that we should have good relations with Russia, and I think we could do it on a people-to-people basis.

I happen to believe that the leaders of too many governments, the Russian Government, our government probably and some other governments, have a lot of flawed leaders, and our systems don't always put the best and the brightest there. But in this era in which television is the medium, the person who gets there is the person who stands up on top of a tank and gives a speech, even though he has, maybe, a brain that is pickled by whatever. Or someone becomes a leader because he gives one speech and makes one statement in the province—and I will not use the "K" word—and he becomes the leader of Yugoslavia. That even happens today and probably in this country.

But still, accepting those premises, my question is who dictates Russian foreign policy toward the United States? Who dictates Russian foreign policy toward China? Who dictates Western foreign policy toward Western Europe? And who dictates Russian foreign policy toward the former Soviet Republics?

Now, and as an adjunct to that, I would like to know who dictates U.S. foreign policy toward Russia? How do you arrive at your foreign policy conclusions? Now, that is the first question.

Second question, there was a book that was published this year called "The Haunted Wood: Soviet Espionage, Espionage in the United States during the Stalin Period," and it was based on, as I am sure the period that an American writer or Russian writer had access to the KGB files in 1992. These files indicated that Alger Hiss was guilty, the Rosenbergs were guilty, a member of the State Department or more than one were spying for the Soviet Union, and even a Member of Congress from New York State was spying for the Soviet Union.

My question is, what is the State Department doing to make sure that you don't have someone that is spying for Russia today? The reason I ask that question is, do people in the Russian Government, whoever these people are that are dictating Russian foreign policy, do they know what our foreign policy is before Members of Congress? Do they know it because of their espionage, or do they know it because they are in this hearing room? I don't think this is the best place to learn what our foreign policy is going to be, but I am sure there are people here.

One of my great games that I play in this room is that I try to pick out who from the country being discussed is here representing that country. I already picked out about three people here that I assume are working for the Russian Government. But I won't put them on the spot.

But, anyway, if you could answer those questions, I would appreciate it, and hopefully that will——

Mr. SESTANOVICH. I hope there are some Russian diplomats here and others as well. I would hate to think that they have something better to do than to listen to our discussions. But I can assure you that the State Department spends a lot of effort at internal security measures to make sure that the people who work for us are security-conscious, could carefully control the information that is available to us that involves national security interests, and that only the people who should have access to that information do, and

that only the people who should be working at the State Department do. But if you are interested in a fuller discussion of that question, I can arrange for it.

The other question you asked is who dictates Russian foreign policy, and then you added as an aside, who dictates our policy. I think probably the word that would make it hard to answer that is "dictates," because I think both processes are much more diffuse and pluralist than the word "dictate" would allow.

The letter of the Russian Constitution gives the President the authority over foreign policy, but he has a lot of people who work for him. He has a foreign ministry, a defense ministry, an intelligence apparatus, a security council, a personal staff, and all of those institutions, and people have an influence. In addition, there is a Parliament that has its prerogatives, not so different from those in other countries, involving budgetary oversight.

Mr. COOKSEY. Is their level of sophistication greater than this country or less or——

Mr. SESTANOVICH. Their congressional staffs are not as big. I let you draw your own conclusions from that.

On the question of where our policy toward Russia, countries of the former Soviet Union and other countries comes from, it comes from a rather broad and open process of the same sort, which is ultimately, under the President of the United States.

Chairman GILMAN. The gentleman's time has expired.

Mr. Rohrabacher.

Mr. ROHRABACHER. Thank you very much, Steve.

First, about some of the points that Tom Campbell made earlier, and some of the things that we have been having to endure from the media as of late, and just to reaffirm, those of us who are elected by our constituents believe that our Constitution requires that the Congress play a significant role in determining foreign policy, especially the involving of the United States of America in a war. Clearly the founders of our Republic wanted the Congress to be involved in that and did not see that the President of the United States as an individual had the powers of a king in engaging the new country or the United States of America in a war.

We had gotten through that, and we spent hundreds of years under the rule of a king, and that is not what we have now. During the Cold War we permitted certain leeway and certain centralization of power to happen in the United States of America, and the Cold War is over. I think this is the process, what we see now, and some of the friction going on is a process in the shaking out and the redistribution of that power again after the Cold War.

Now, on to some specifics, and I am sorry I was not here earlier. I am the Chairman of the Space and Aeronautics Committee, and I had an important hearing about the implications of Y2K on our space program and whether or not there will be some major problems. But as the Chairman of that Subcommittee, I have been deeply involved with the effort to cooperate with our former enemies in Russia who are now our potential friends in the space effort.

Let me ask you this: I was not here to hear you say this, but is it my understanding that you suggested that Russia is not involved in proliferating weapons, missiles and other technology?

Mr. SESTANOVICH. I don't think I could have said anything of the sort, Congressman. What I said is that the flow of missile technology from Russia to other countries and particularly to Iran is one of our greatest concerns, and something we have spent an immense amount of time and effort trying to get the Russian Government to address and control.

Mr. ROHRABACHER. Fine. Because I heard another Member make a suggestion that you had indicated that.

Mr. SESTANOVICH. Please give me his name, and I will try to straighten him out.

Mr. ROHRABACHER. Now as to this situation in the Balkans, from what I understand, Curt Weldon, when he went there with the delegation of the Members of Congress to negotiate with the members of the Duma, reached a compromise solution with the members of the Duma and were about to underscore the importance of that kind of cooperation when they were informed that they should not go to Serbia and to Belgrade because Jesse Jackson's mission had been a failure and that the prisoners were not going to be released, and thus they were encouraged by the Administration to abort that part of their plan which was to go forward together, members of the Duma and Congress, to Belgrade, receive the prisoners, and announce to the world that there is an option that we have reached some sort of a potential breakthrough for a peace proposal.

Why did the Administration suggest to Congressman Weldon that the prisoners were not going to be released and try to discourage him from going to Belgrade?

Mr. SESTANOVICH. I spoke to Congressman Weldon a couple of times about this question, and I am a little surprised by your recollection of it, and I will tell you why. We had a discussion, he and I, when he was in Vienna in the middle of his discussions with the Duma-Congress group that was there, the kind of contact that, by the way, we think is very positive.

Congressman Weldon said to me that he had been given some vague statements from someone representing himself as an emissary of President Milosevic indicating that it might be possible to release prisoners if they visited. But he said he had no intention of going unless there was a public statement that there would, in fact, be a release of these prisoners so that he wasn't subject to the kind of bait and switch tactics that we have seen used by President Milosevic sometime in the past. I thought that seemed like a very good approach.

Mr. ROHRABACHER. So your answer is that the Administration did not discourage Mr. Weldon.

Mr. SESTANOVICH. I thought we left it when we talked was that his approach of insisting on a public statement that would get him—would put President Milosevic on the record about an intention to release prisoners seemed like a good protection for him. But if your question is broader than this as to whether it seemed like a good idea to get involved in negotiations with President Milosevic, that did not seem advisable. But on the question of prisoners, Congressman Weldon seemed rather aware of the risks involved in going without firm assurances.

Mr. ROHRABACHER. I understand from Mr. Weldon that they had agreed after negotiations with the Duma that Russians could

agree, and the Serbians who were present said that this would probably be acceptable and were on the telephone in communications with Mr. Milosevic, that instead of having NATO peace keepers as we were demanding, they would accept non-NATO peace keepers, the United Nations peace keepers, and they would be armed, and there would be autonomy for Kosovo. Just from a distance, it appears that the Administration is moving toward that position at this moment.

Is this correct? I mean, are we moving toward the point where we could now accept,—instead of the NATO peace keepers, U.N. peace keepers as Mr. Weldon negotiated in Vienna?

Mr. SESTANOVICH. Our view and that of the NATO Alliance has been that the only kind of peace keeping force that will solve the problem of creating enough confidence for refugees to return is one that has NATO at its core, and that is an unchanged position.

Chairman GILMAN. The gentleman's time has expired.

Mr. Burton.

Mr. BURTON. Thank you, Mr. Chairman.

Mr. Ambassador, we have been watching television in the last couple of days, and we have seen Mr. Chernomyrdin—I never can pronounce those Russian names.

Mr. SESTANOVICH. Chernomyrdin.

Mr. BURTON. Yes. Come back from China and say that they and the Chinese are of one mind that the United States and the NATO allies should stop the bombing and pull out of Kosovo. Now, with the upheaval that is taking place with Mr. Yeltsin firing Mr. Primakov and other members of the Cabinet, one wonders, if there might be a destabling influence in Russia that could lead to open hostilities. In other words, the Russians have been long-time allies of the Serbs. They told us and the Chinese have said you need to stop bombing and get out of there. They put a Russian trawler out there in the sea for intelligence purposes, we understand. Now you have this upheaval there in the hierarchy in Russia. I just would like to have your opinion as to whether or not you think this could lead to some direct or more involvement by Russia and possibly China in the Kosovo issue if we don't adhere to their wishes.

Ambassador SESTANOVICH. Congressman, President Yeltsin has made some very strong statements about the importance of staying out of this conflict. He has said that there is—and he has given directives to make sure that there is no risk of that—that there is no provision of military equipment to Yugoslavia which would violate a U.N. embargo, that there is not a provision of military intelligence to the Yugoslavs.

We don't have any indication that anything is happening other than what President Yeltsin has said on that, and we certainly would not want the kind of hostilities that you describe to take place. So we are mindful of that. They are very mindful of it.

Mr. BURTON. I understand and I know that Yeltsin is concerned about it, but they are trying to impeach him right now. He has just fired his foreign minister and other members of the cabinet. You have got some real hard liners in the Duma over there, and some of those hard liners, or many of those hard liners, are former Communist Party members who are——

Ambassador SESTANOVICH. Current Communist Party?

members.

Mr. BURTON. Current Communist Party members, who are very supportive of Milosevic, and they don't want us in there; and I just wondered if we had any intelligence information or information through the State Department that would lead one to believe that we might have a problem with Russia and maybe even China, if something isn't done to bring about a halt to the problem in Kosovo.

Ambassador SESTANOVICH. I can't speak about China. I can tell you that the activities of the Russian Government indicate that they are following the concert directives that President Yeltsin has spoken of publicly.

Mr. BURTON. So your position is that Yeltsin's——

Ambassador SESTANOVICH. As to the members of the Duma, they are not in a position to make decisions of that kind.

Mr. BURTON. Unless they impeach him.

Ambassador SESTANOVICH. Even then.

Mr. BURTON. Now, let us talk about one other subject, quickly before my time runs out. Have you or other top officials of this Administration ever been presented with credible reports or evidence that top Russian officials have personally engaged in activities that would be considered corrupt by our standards? I didn't know that was a funny question, but that is OK.

Ambassador SESTANOVICH. I think it is fair to say that the ethics laws and regulations that govern the activities of Russian political figures and the general practices are a little looser than they are here.

Mr. BURTON. I have been told that there was a report that State Department had seen or had been involved in that showed that there was corruption by top officials in the Russian Government, and it was not made available or public.

Chairman GILMAN. The gentleman's time has expired. I thank the gentleman. We thank the Ambassador for being patient in extending his time for us throughout the vote period. We now proceed to the next witness.

[The prepared statement of Ambassador Sestanovich appears in the appendix.]

Chairman GILMAN. Our next witness is General Scowcroft.

Mr. FALEOMAVAEGA. Mr. Chairman.

Chairman GILMAN. Yes, Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Could I just convey a question to the Ambassador before he leaves. I really would appreciate it.

Chairman GILMAN. All right. We are running late. If you would, go ahead.

Mr. FALEOMAVAEGA. Mr. Ambassador, I understand there's a Russian company who is in concert with a New York firm that wants to set up a multi billion dollar nuclear storage facility somewhere in the South Pacific.

Can you check that out for me, Mr. Ambassador, if this is true? I want to know the name of the Russian company and also want to find out if this is in accordance with our stated public policies about Russian companies that go out setting up nuclear storage facilities.

Chairman GILMAN. Mr. Ambassador, if you would submit that to the Committee we will make it part of the record. Thank you very much.

We now proceed to our second panel, General Scowcroft and Dr. McFaul. Lieutenant General Scowcroft is President of the Scowcroft Group, an international investment advisory firm, and President of the Forum for International Policy, a nonpartisan, nonprofit organization providing independent analysis on major foreign policy issues.

General Scowcroft has served as National Security Adviser to Presidents Ford and Bush, as a Military Assistant to President Nixon and as Deputy National Security Adviser to Presidents Nixon and Ford. General Scowcroft has held a broad range of positions during his military career and has subsequently chaired and served on a number of important policy advisory councils.

We also have with him on this panel Dr. Michael McFaul. Dr. McFaul is a senior associate at the Carnegie Endowment for International Peace. He is an Assistant Professor of Political Science at Stanford University and a research fellow at the Hoover Institute.

We welcome our witnesses. We regret it has taken this long to get to your testimony. We thank you for your patience.

Chairman GILMAN. General Scowcroft, you may proceed. You may put your full statement in the record and summarize it with a statement, if you prefer.

STATEMENT OF HON. BRENT SCOWCROFT, LT. GENERAL, USAF (RETIRED), PRESIDENT, THE SCOWCROFT GROUP, INC., PRESIDENT, THE FORUM FOR INTERNATIONAL POLICY, FORMER ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS

General SCOWCROFT. Thank you very much, Mr. Chairman. It is a great privilege to be here before the Committee on such a complicated and important subject. I do not have a written statement, but I do have a few preliminary remarks I would like to make.

Without going into the historic roots of Russian foreign policy, let me make just a few introductory remarks about some of the forces I think are motivating Russian foreign policy today.

I think there are two principal aspects to Russian foreign policy, motivating them. Both of them are resulting from the conditions in which Russia finds itself today. A deplorable economic state and deteriorating scientific and defense establishment industry is one. The disappearance of the Soviet Union is another, and finally, deep humiliation about their fall from great power status to a middling political power with an economy about the size of the State of Illinois.

The first state, their deplorable economic state affecting their military and their defense industries, leads to arms sales, technology sales, scientific missions and so on that are certainly affecting us in a number of parts of the world.

My sense is that the primary motivation is economic rather than political but, in some cases, I don't think you can rule out a political motive. They are desperate to keep their arms industries going. They are desperate to keep their scientists employed, and in addi-

tion to that, the control of the state over all of its entities is fairly loose.

The second part, the disappearance of the Soviet Union, has not fully been accepted by a number of quarters inside Russia, and there is a sense that somehow the former parts of the Soviet Union eventually will in some way rejoin or something and that the vast raw materials, for example, down in the Caucasus and in central Asia really, by right, belong to Russia. I think that, in part, motivates some very troublesome aspects of Russian policy in, for example, Georgia, in Azerbaijan, and elsewhere in central Asia.

In addition to that is a third, the sense of humiliation of Russians, of a proud country reduced from its Cold War status to its present condition. I think that sense of humiliation is leading them to lash out in many directions, is in itself beginning to breed an anti-Western sense of nationalism, and I will mention that a little later.

In the early post-Cold War years, I think the United States in its policy was very cognizant of this sense of humiliation. We really reached out to try to avoid saying that the Soviets lost the Cold War, reached out to make them feel a member of the Western community.

That even went to the extent in 1993 of looking the other way when a disagreement between Yeltsin and the parliament led to a shelling of the parliament building when they refused to be dismissed. In 1994, in the tragedy in Chechnya, the Administration said, initially, that it is an internal matter—quite different from what we have said subsequently about Kosovo, for example.

We really reached out to try to embrace the Russians, but I think gradually we have changed. We have not changed our policy. What we have changed is the execution of the policy. Gradually, we have turned to a policy either of neglect of Russia or hectoring them on issues that are of importance to the United States. I think it is further humiliating them and is a primary cause now of the growth of anti-Western and anti-U.S. nationalism in Russia.

I think this change, again in execution, not in policy, really began with NATO expansion. NATO is, for the Russians, the living symbol of their defeat and fall from power. Now, do the Russians go to bed every night worrying about NATO, wake up every morning cursing NATO? No, of course not, but NATO is still a four letter word for the Russians and will always remain one.

With respect to NATO expansion, all of the prospective new members of NATO, with the exception of Slovenia, are former members of the Warsaw Pact or of the Soviet Union itself. I think the Russians could be excused if they think that all this is happening to them because they are weak and we are taking advantage of that weakness, thus, again, reminding them how they have changed and deepening their humiliation.

I think almost everything that has happened in the last years, whether it is this, whether it is the ABM treaty, or proliferation, has furthered this attitude. To me, the climax of this trend took place in January this year when the Secretary of State went to Moscow to meet with Prime Minister Chernomyrdin.

She said she had a five point agenda: First, the Russian budget is unrealistic; second, the CFE proposals, that is, conventional force

changes, in Europe are unacceptable; third, we deeply resent the anti-Semitic character of recent Russian remarks. Fourth, the transfer of missile and nuclear technology to Iran is unacceptable, and if it continues, we will cutoff quotas for Russian rocket launches. This seems to me counterproductive and, again, could be interpreted by Russians as an economic competition seeking to shut down their rocket industry in favor of ours. Last, we have a problem with the ABM treaty because of rogue nations with missiles, and we would like to negotiate revisions. If we can't do that, we may have to denounce it.

The only thing the Russians have left of great power status is their nuclear weapons; and the abrogation of the ABM treaty could jeopardize their ability, especially in their weakened state, to maintain a robust deterrence.

When Ms. Albright was asked the question, well, given this list, the agenda you have, is it time to return to a policy of containment of Russia? She said, don't be ridiculous, our policy is engagement. I think this is illustrates the problem we face. We are doing things unconsciously to the Russians that are driving them into hypernationalism.

It is not our intent, but we need to look at our policies to see if there are not ways we can engage the Russians, on nonproliferation, for example.

We just beat up on them in Iran. Have we asked them to help us with North Korea, with Libya, with all of the others "rogue" states? No. Take the ABM treaty. Ronald Reagan said when we develop SDI that we will give it to the Soviet Union. Why not go to them and say, look, we both face this threat. Why not cooperate in dealing with it?

I don't think the Russians are in a position to do anything about any of these things, they are so weak. It is the attitude and the perception of us taking advantage of them in that condition which troubles me.

The final chapter in this saga was the initiation of a bombing campaign in Kosovo when Primakov was literally in the air flying to Washington, the ultimate humiliation. Either he came to Washington as if nothing had happened or had to turn around and go home. While I agree with Congressman Leach's comments about Russia and Serbia, I think a lot of their motivation right now is not a Serbian-Russian love affair so much as it is the Russians want to be a participant. They want to be included. They don't want to be ignored except when we beat up on them.

Ironically, we are now turning to them, imploring them to bail NATO out of a failed or a faltering military policy. This is an enormous temptation for the Russians, both to deal NATO a blow and to appear now as a key peace maker, the person or the country that will solve the problems we face in Kosovo.

So I think, basically, while the Russians are doing a number of things that we don't like and we certainly ought to call them to account for it, we are in danger of promoting, by our actions, not by our policy, a virulent anti-West, anti-U.S. nationalism which we will come to regret in coming years.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, General Scowcroft.

Chairman GILMAN. Dr. McFaul.

STATEMENT OF DR. MICHAEL A. MCFAUL, SENIOR ASSOCIATE, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, ASSISTANT PROFESSOR OF POLITICAL SCIENCE, STANFORD UNIVERSITY

Mr. MCFAUL. Thank you, Mr. Chairman. I have a longer statement which I would like to submit to the record and just summarize here.

Chairman GILMAN. Without objection the full statement will be made part of the record. You may go ahead with your summary.

Mr. MCFAUL. Thank you. It is both a pleasure and honor to be here. In answering your question on what are Russian policy foreign objectives, my answer is it depends on who you ask in Russia.

In making our assessments of Russia's behavior in the world, I think it is absolutely critical that we realize that Russia today is not a totalitarian state dominated by the central community of the Communist Party, the Soviet Union. That state disappeared in 1991.

Rather, Russia is a democratizing state, a weakly institutionalized democracy with a lot of deficiencies, but a democratizing statement nonetheless. Consequently, Russia's foreign policy is a product of domestic politics, competitive domestic politics in Russia today.

That system is highly unstable and highly erratic with poor institutions, unlike our own; but the policies that we see throughout the world are a product of domestic politics in Russia. It is not too much unlike the debate I heard here earlier this morning between you. I heard lots of different foreign policies. Had a Russian walked in and asked different ones of you, he might have had five or six different ideas about what American foreign policy is today. I think we need to remind ourselves that it is precisely the situation you have in Russia today.

Now, there are a few things that most Russians agree upon. First, they all recognize that resolving Russia's economic decline and internal weakness is a precondition for establishing Russia as a great international power again today. You cannot be an international actor if your economy is the size of Illinois, no offense to Illinois; nor can you be a serious international player if you can't control your own borders. Everybody recognizes that.

Second, all Russian actors agree that Russia must pursue economic, political, and military integration within the Commonwealth of Independent States. Russia, quite frankly, wants to continue to have a sphere of influence in the Commonwealth of Independent States. There is little disagreement in Russia today about that.

Third, most leaders, not all, but most leaders in Russia believe that Russia's nuclear arsenal is the one power attribute that still accords Russia special status in the international system, just as General Scowcroft said. As a consequence they do not want to lose that. That is where it ends, though. That is where the consensus ends.

After that, on virtually every other major foreign policy issue, I think there is major disagreement in Russia; and to understand

what the policy is, one needs to understand who is up and who is down in terms of Russian domestic politics.

Let me spell out for you four different camps in Russia which I think the ebb and flow of them are important to understanding the conduct of Russian foreign policy.

First, there are what I call the pro-Western idealists. These are individuals and parties who have a normative commitment to integrating Russia into the Western community of democratic states. They believe that Russia is best served by becoming an integral member of the West.

This group includes the liberal reformers that dominated the government in the earlier part of this decade, personified first and foremost by former Foreign Minister Kozyrev. They dominated in 1992 and 1993. Their power has waned ever since; and today they are marginal actors in the definition of Russian foreign policy, but they are still players nonetheless.

The second group is what I call the pro-Western pragmatists. This group also believes that Russian interests are best served by Russian integration with the West, but they believe this for material, economic reasons, not for normative reasons. They are not what I would call democrats with a small "D" necessarily. Rather, they are economic actors that see a win-win situation in terms of Russia integrating into the West.

This includes companies like Gazprom, the largest gas company in the world, oil companies, mineral exporters, high-tech enterprises and large financial organizations. There are also a few important Governors that I would put in this camp, as well as a whole host of Russian nongovernmental organizations, church groups, trade unions, student associations, and women organizations that also believe that it is in Russia's interest to integrate into the West.

Former Prime Minister Viktor Chernomyrdin is the leading political figure in Russia that I would identify with this camp; and also, by the way, I would say that the majority of Russian citizens also were in this camp, although that has changed in the last month. From 1993 until August 1998 this group dominated the definition of Russian foreign policy and, depending on the issue, they still play a very important role in the conduct of Russian foreign affairs abroad.

Third group I would label—and this might sound a bit like an oxymoron, but as the anti-Western pragmatist. Like the second group, this group believes that influence in foreign policy debates and the definition of foreign policy should be driven first and foremost by Russian interests and not norms, morals, or revolutionary missions.

However, this group does not believe that integration in the West is a win-win situation for Russia. Rather, they look to the world to be a zero-sum game competition between Russia and the West; and so if America is up, that means Russia is going down.

They look at the world as a unipolar world today, dominated by the United States; and they want to do everything they can to destroy American hegemony and create what they term a multipolar world.

However, this group are pragmatists. They are well aware of Russia's weakness, and so they realize in the short term they need Western engagement but not necessarily to integrate with the West, but actually to compete with the West.

In this group I would say that Prime Minister—or I should say former Prime Minister Primakov, is the leading proponent of this view. Many nationalist groups I would put in this group as well, directors of military enterprises, some, but not all, within the ministry of defense, and the Russian intelligence community. From August 1998 until today, literally this morning, this group dominated the definition of Russian foreign policy.

Then my fourth group, finally, are what I call the anti-Western ideologies. These folks are passionately anti-Western. They are motivated by norms, ideological beliefs, sometimes ethnic, civilizational kinds of things; and they promote a kind of foreign policy that is actually not in Russia's national interest, at least from my point of view.

This includes Mr. Zhirinovsky, the head of the Liberal Democratic Party. It includes many, many members of the Russian Communist Party today and even more radical groups on both the left and the right.

This group gets a lot of attention in the West for the things they say about foreign policy, but I think it is important to realize that they have never been in control of foreign policy in Russia and are unlikely to be in control of Russian foreign policy in the near future.

Let me turn briefly to Kosovo to illustrate how these different groups have competed for influence and how it influences the conduct of Russian foreign policy.

The initial reaction to Kosovo was dominated by the anti-Western ideologies. If you looked and you saw the camera shots outside of the American embassy, it was Zhirinovsky out there. It was the Communists out there, throwing beer cans and talking about Western imperialism. They were in charge; and it seemed for a time, by the way, that they would push Russian policy in directions that I think would not have served Russia's national interest.

However, the second phase of the Russian policy was not dominated by them. Russia did not go to war to help their Serbian brothers, i.e., norms, ethnic ties, rather than interests. Rather, Mr. Primakov realized that that was not in Russia's interests, and the second phase of Kosovo—Russian policy toward Kosovo was dominated by the anti-Western pragmatists.

They understood that Russia was too weak to do anything in this; and yet, they were motivated first and foremost to try to weaken the NATO alliance, to try to split the NATO alliance, and try to make this a losing proposition for the United States and, consequently, a winning proposition for Russia.

That group lost control of the policy. When Mr. Yeltsin appointed former Prime Minister Chernomyrdin, the pro-Western pragmatists took over the definition of Russian foreign policy; and after Primakov's dismissal this morning—by the way, I would add they are now firmly in the driver's seat until at least the next go-around in terms of the definition of Russia's policy toward Kosovo.

They believe that this is a win-win situation. They welcome the chance to be on the international stage, and they want to cooperate in a way with the NATO alliance to find a win-win situation in Kosovo.

Think about that. In the period of 4 weeks, Russian foreign policy had three different policies on Kosovo. If I had more time, I could walk you through a whole range of different foreign policy issues where you would see the exact same fluctuations and tendencies.

There is important lessons here, and I will be brief about what this means for U.S.-Russia relations. First, it means that we cannot assume some static foreign policy coming out of Russia. On the contrary, it is a very volatile situation domestically, and that means that Russian foreign policy is also going to be very volatile.

Now, in the short run I think that is negative and very bad. Who do you talk to? Who are your partners over there? It is difficult to know. In the long run, I think that keeps the door open that I would call the pro-Western pragmatists and even the pro-Western idealists might win out in Russia.

Today they're down and out. Today they don't dominate on most issues, but it is simply too early to say this game is over. This game is not over. I am a big fan of the NBA, watching a lot of NBA games. You turn it on in the second quarter and your team is down 20 points, you are a really foolish person to think that that is going to be the end of the game.

Right now, I think we are in the second quarter of our relationship. It is a long ways until we know the outcome of Russia's domestic politics; and we have to keep in mind, therefore, that positive outcomes down the road may be possible.

Finally, let me leave you with one last fact. The very fact that Russian groups are arguing and competing for interest about foreign policy, to me, is also a positive sign. This is a great, vast improvement over when we just read central Committee directives about what the Soviet Communist Party believed Soviet national interest in the world were.

The vigor of their debate and the range of opinions in Russia are almost as heated and vigorous as the ones you hear in your own building, and I think that is a positive sign for Russian democracy.

Thank you, Mr. Chairman.

[The prepared statement of Dr. McFaul appears in the appendix.]

Chairman GILMAN. Thank you, Dr. McFaul.

General Scowcroft, at the height of the Cold War our Nation found a way to balance Russian and Chinese antagonism to the benefit of our Nation in the so-called "Strategic Triangle." How can we best manage a situation in which Russia and China appear to work together to undermine America's ability to project power and influence in key regions, regions such as the Persian Gulf and the straits off of Taiwan?

General SCOWCROFT. Mr. Chairman, I think that we need to keep in mind the benefits of the kind of policy we had in the Cold War. A rule of thumb for me would be to have better relations with both the Russians and the Chinese than they can ever have with each other. They may be tactical allies now, and I believe the Russians

are doing things against their fundamental interests—selling weapons and technology to the Chinese.

I doubt the possibilities of a thorough strategic alliance between the two. There are too many enmities, but they are two big players in the world. They are two of our primary concerns in this new millennium, and we need to get it straight with both of them and act with respect to both of them from cold, calculated policy, not emotion.

Chairman GILMAN. I thank you for that response. General, some historians see Russian foreign policy historically rooted in a desire to make certain that the Russian state doesn't disintegrate and, therefore, inevitably resulting in policies that are meant to insure the existence of a "great, united Russia" and to make certain that regions bordering Russia, such as the Baltics and Ukraine, do not truly break away from Russian control. U.S. policy would prefer that Russia respect the territorial integrity of its newly independent neighbors, however.

Do you believe that Russian foreign policy toward its neighbors today is radically different from its previous incarnations under the czars and the Communists and will refrain once and for all from seeking to reinstate control over countries such as Ukraine?

General SCOWCROFT. I think the jury is still out. The Russians are searching for their soul in many respects. I think the historic arguments between the Slavophiles and the Westernizers in Russia is, in a way, still going on in modernized form. Who are they, the Russians are asking themselves, who are they, what are their fundamental interests, and so on.

Historically, Russia has been invaded over and over and over, and their fundamental security policy has been to build padding around the Russian heartland to give defensive space, and it has served them well.

One of the whole problems of Eastern Europe and what we do about Eastern Europe goes back to that. For the West, it has been a buffer against the infection of communist Russia. For the Russians it has been a bulwark that invaders would have to penetrate.

I think we ought to do two things: First of all, shore up, to the extent we can, the independence and the ability to survive of the former members of the Soviet Union, encourage them to have viable political systems and economic systems and let the Russians know that we consider them permanently independent. But, do it in such a way as not to drive Russia into a belief that we are trying to take advantage of their period of weakness to build a system around them by which we can throttle them or keep them under control.

Chairman GILMAN. That is trying to balance a pretty fine line.

General SCOWCROFT. It is a fine line. I don't think it is past our ability to do. If we don't do it we are going to fall off one way or another, and I think we will live to regret it.

Chairman GILMAN. Dr. McFaul, at our hearing back in July on U.S.-Russia relations prior to the August economic collapse in Russia, most of our witnesses felt that further IMF loans to Russia would only buy a little time before the next economic crisis in Russia. In fact, the IMF loan last year subsequently bought only a month's respite before the August collapse.

What, in your opinion, would be the rationale for providing a further IMF loan to Russia, and what new Russian economic reforms can you point to that would make Russia eligible for any new IMF funding?

Mr. MCFAUL. Thank you, Mr. Chairman. I should say that I am not an advocate of further IMF funding. I do not see a record of achievement under the Primakov Government in terms of economic reform. They have not done elementary things, and so I do not think it is—you shouldn't reward inactivity.

Having said that, the one rationale I could see for providing those funds is simply to avoid making the situation worse, but what IMF is talking about is simply take one check from one bank account and putting it in the other. They are not actually talking about transferring new money, and that would help Russia avoid further disaster.

Having said that, I think there is a real mystery going on in the Russian economy and, that is, our dire predictions from July of last year and after the financial crisis simply have not come true. If you look at the statistics just released last week, inflation is only 3 percent in April.

They are collecting more taxes last month than they did throughout the whole previous year. We do not have a good understanding of what is going on there. I suspect it is the state sort of buying time. I don't suspect it is fundamental economic reform, but I should note that we are pretty confused in terms of what is going on in the economy.

Chairman GILMAN. Thank you, Dr. McFaul.

Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman. Let me say that I do think that, General Scowcroft and Dr. McFaul, you are both correct. I mean, the most astounding I think I have learned in sitting on this Committee for 18 years is how much is just personal.

If the President doesn't visit the country enough, if the Secretary of State doesn't go there, if the Vice-president hasn't been there, they become obstreperous; and sometimes when you see areas of the world where we get a little trouble, you find that they at one point thought they were the center of activity; and now they think they are on the back road where nobody stops.

Whether they do it consciously or subconsciously, they always get our attention. I think we do need to pay a lot more positive attention to Russia and not just in these situations of crisis.

I agree in essence with both of you on the satellite launches. But I guess my question would be, if you agree with my position, that it is a bad place to put pressure, how do I convince Mr. Berman that there are good places to create pressure so that we have them clean up their act on proliferation without damaging their economy by limiting satellite launches. Frankly, I was one that would like to see an increase in Russian launches and a decrease in Chinese launches to make up for that shortfall we will face.

On arms proliferation, the United States sells about half the arms worldwide. It is a little hard for us to stand up and kind of vent our moral outrage at Soviet arms sales to keep their defense industries alive while we participate in a similar practice with other countries.

We think they are better countries, but the economic dynamic is similar in that it helps bring down the cost of this equipment when our own military buys it.

We have bipartisan problems in the Congress of the kind of insensitivity you mentioned. We recently had a gratuitous vote, in my opinion, that simply stated we will deploy an ABM, an antimissile system; and, one, we are not ready to do that.

Two, it was aimed at the North Koreans, who may have a missile that can reach us; but as you have said, simply ignored what is the largest number of missiles that could be aimed at the United States. How do we move forward there? I would like to hear more about that.

Third, one of our colleagues, Mr. Rohrabacher, continues to suggest that we simply pull out of NATO, that this Cold War is over and that we no longer need NATO or participate in NATO. So I would appreciate answers for those.

General SCOWCROFT. Mr. Gejdenson, that is quite a list, but let me say something quickly on each one.

On the launch quota as leverage, it just seems to me that it is counterproductive leverage. What we are saying is we are going to punish your good, honest firms who are doing things right in order to get at the ones who aren't.

It seems to me that instead of doing that, we ought to say we will increase the quotas for these firms to show that we are cognizant of the good and the bad actors.

Now, what we can substitute for it, I don't know. I have looked around. It is not easy, but I don't think you can defend the policy we have on the basis that we have to do something.

Mr. GEJDENSON. So you would be a very important voice on that issue in the coming months as Congress presses for the opposite, to shut off the launches, and I hope you speak out loudly.

General SCOWCROFT. I will be happy to because we have forgotten U.S. interests here. We need places to launch our satellites. We do not have the capability here, and we are going to fall way behind unless we can solve this problem somehow.

On the ABM treaty, it is a very complicated problem. I really do think we ought to try to enlist the Russians cooperatively. I think Michael makes a very good point, they are pretty hopeless now. They probably can't do anything even if they tried, but the psychological impact of our making the effort would be good.

We also need to think, in the whole missile business, about the Chinese and their attitude toward missile defenses and so on. There is no point in doing something which will create the problems we are trying to avoid.

On arms sales, I don't disagree with you, but I think we are thoughtful about our arms sales. It doesn't always work out, but the Russians are really not being thoughtful. They will sell to anybody who has the money to pay for it, and unfortunately, that is mostly the rogue states.

NATO, I think, is still of critical importance to the United States; and it is less what NATO does than the fact of NATO. It represents American participation in the security of Europe; and if we have learned anything in this century, it is that that is critical. We can-

not have a decent relationship, security relationship with Europe unless we have that kind of umbrella of NATO.

Mr. MCFAUL. Very briefly to go through your list.

Chairman GILMAN. The gentleman's time has expired.

Yes, Dr. McFaul.

Mr. MCFAUL. Two seconds. On satellite launchers, of course we should not punish Khrunichev and Lockheed, by the way, in this. It simply makes no sense. They are definitely part of what I call this pro-Western pragmatists. I actually worked at that company in the early 1990's, and there is no doubt in my mind that they see cooperation with the West as in their interest and in our interest.

On the ABM treaty, this is to me is a clear example of where emotion is trumping interests in Russia, and that to me says we have an opportunity to work with them, and I think there is lots of opportunities there. The ministry of defense officials are not as militantly anti-ABM and anti-ballistic missile defense as some of the politicians in the Duma.

Finally, on NATO, I would just agree with General Scowcroft and let us keep the door open all the way to Russia.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Gejdenson.

Mr. Cooksey.

Mr. COOKSEY. Dr. McFaul, could I get you to clarify one of your points. Was your second category pro-Western pragmatists or protagonists?

Mr. MCFAUL. Pragmatists, excuse me.

Mr. COOKSEY. Do you think I would be correct in my assumption, feeling, that the leadership of Belarussia would fit into your fourth category of anti-Western ideologies?

Mr. MCFAUL. Yes, that would be correct.

Mr. COOKSEY. My question about the view is, what is the likelihood of Russia forming a union with Belarussia as part of a greater Russia, and if so, how would that impact their foreign policy for the future?

Mr. MCFAUL. If you look at the evolution of that policy, what was very clear from, say, 1996 to 1998 is that the pragmatist were blocking it, right. There was a lot of rhetoric about yeah, yeah, yeah, we all need to get together, but in fact, if you looked at the policy, it was Russia blocking it because it wasn't in their economic interest.

When Mr. Primakov took over, he pushed more for that because it was seen as some kind of balancing against the United States which to me also seems absurd, but that is the way they framed it.

There is a lot of hesitation right now. There is a big debate going on. I suspect that as we get into the Russian electoral cycle, nobody is going to want to say I am against this unification; and so you are going to see a lot of rhetoric about, yes, of course, I am for it. However, I wouldn't expect it to happen anytime soon. I suspect after the election you might see the pragmatists reassert themselves on that policy.

General SCOWCROFT. I wouldn't disagree with that. I think the real danger here is, aside from these four groups, that there will arise because of a heightened spirit of nationalism, resentment at

the West and so on, a leader who promises order, who promises he is going to lead Russia back to a time of greatness; and it is in circumstances like that that they may reach out to Belarussia.

Short of that, I don't think it will happen, and I don't see that on the horizon; but if you look at the crop of Presidential candidates for the year 2000, it doesn't inspire confidence.

Mr. COOKSEY. General Scowcroft, I was in the Air Force this time 30 years ago, so I am impressed with your affiliation with the Air Force; but you were part of an Administration or two Administrations that I feel had sophisticated foreign policy and carried it out very effectively and accomplished their goals and had some overall strategic foreign policy.

I think that probably one of the problems that the Administration had was that they did not put as much emphasis on domestic foreign policy, and probably that contributed to losing the election or either didn't put emphasis on it or did not laud your successes.

I feel like currently we have an Administration that has put a lot of emphasis on domestic foreign policy and has a very unsophisticated foreign policy. I am from Louisiana and, a lot of people from Arkansas think that dealing with Louisiana is foreign policy, but that is neither here nor there.

My question is, how does this play out in Russia? I think most of the nations in this day and time that have any semblance of democracy, elect leaders or choose leaders based on domestic policy and these leaders often are very unsophisticated on foreign policy, and that becomes a secondary goal or objective, and it creates a lot of problems between nations.

What are the chances of getting a group of leaders in Russia that will have this increased sophistication on foreign policy, or do they have it now?

General SCOWCROFT. I think we are going to have to be patient about the Russian political system. They don't know where they are. They don't know what they want. All these groups are contending back and forth.

There are also the sophisticated urban areas of Moscow, St. Petersburg, then the rest of the country, which increasingly looks on Moscow as a hostile state.

All these things may take decades to work themselves out; and what we need to do is be patient, be firm, patient but helpful where we can. Economically I agree we can't help at all right now, but we ought not to do things that gratuitously give rise to a kind of a hostile sentiment in the Russians and lead the Russians to say we don't belong to the West, we can't get into NATO, we can't get into the EU, the West doesn't consider us as Western; therefore, we had better not be, we had better do something else. That is the danger.

Chairman GILMAN. The gentleman's time has expired.

Mr. COOKSEY. One quick question. I have a daughter who went to Russia some years ago in this people-to-people program. How effective do you think these programs are in developing a better relationship with these?

Is there any way that we can get more people-to-people relationship, because I don't have a lot of confidence in the politicians in either country.

General SCOWCROFT. We ought to push them wherever we can. Are they going to make a big difference in the short run? Absolutely not. But I think they certainly do no harm, and they advance our understanding of them and their's of us.

Chairman GILMAN. The gentleman's time has expired.

Mr. COOKSEY. Thank you, Mr. Chairman.

Chairman GILMAN. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman, and I personally want to welcome General Scowcroft and Dr. McFaul for our Committee hearing this afternoon.

General Scowcroft, I have always been an admirer of your perception and especially of the expertise, tremendous expertise, that you have in having to serve previous presidents, especially in the area of security.

You had indicated earlier that NATO, as a security, regional organization, was a must in order to provide stability in Europe, much to the chagrin, as you well know, of the Russians, because we know that the original purpose of NATO really was for defense purposes.

At that time, at the height of the Cold War, we were fighting the former Soviet Union, Socialist Republics. Now there is no more Soviet Union, and you are advocating that we should still have NATO for the sake of stability in Europe.

I would like your opinion as to where the Security Council of the United Nations comes into play? If we are going to have a regional security organization like NATO-Europe, why wouldn't we have one in Asia? Why shouldn't we have one in Africa?

When you are talking about basic foreign policies involving ethnic cleansing, we have them in Africa, we have serious problems in the Asia Pacific region—and for the very fundamental humanitarian reasons, I fully support the President's position on why we had to go to Kosovo because, for anything else, you remember it's the same reason why President Bush went to Somalia.

I want your opinion on this. If you think that NATO's is that important for Europe, shouldn't we also have regional security organizations in Asia and other regions of the world?

General SCOWCROFT. No, I don't think so. I think in this sense Europe is unique. It has been the cockpit of wars for 100 years. We have now, I hope, overcome that. If we ever have a really huge crisis again, a world crisis, the people who are going to stand by us in dealing with it are going to be the Europeans. It is not going to be India, it is not going to be China, it is not going to be Japan and so on, wonderful countries though they are.

The core of the kinds of things that we believe in and the core of the kind of world that we are promoting reside in the Atlantic community; and we need that kind of solidity.

I am much less concerned about NATO as an instrument to do anything, as I am about continuing to develop the sense between Europe and the United States that we are one, that we work together, that we think because that is what is going to make a better world for all of us.

Mr. FALEOMAVAEGA. General Scowcroft, I beg to differ with you on this issue. When NATO was founded, de Gaulle pulled out. For

some 40 years we single-handedly had to defend these European nations. Where was France?

Now, all of a sudden President Chirac is shining out like a good example of being one of the brothers of this compact that they were never a part of, and constantly, France is always on our heels, always disagreeing on policies that we have had even in this current Administration.

My question, too, where were our European allies when we were fighting in Vietnam? The South Koreans are the only ones that I saw when I was there. Are you also suggesting that the Japanese are not democratic enough to support these same fundamental principals that we are talking about?

General SCOWCROFT. No, I think you missed my point. My point is not that we agree on everything with the Europeans. My point is that we come from the same root principles; and therefore, we are natural allies. We differ on a number of things. The French never left the NATO alliance. They left the Integrated Command System. When the chips are down, the French are there. Anytime there is a little wiggle room, they will wiggle away.

What I am really saying is that we should not let this group that did so wonderfully in World War II and in the Cold War dissipate and have the United States go back to isolationism and Europe go its own way.

I am not sure European integration is at the point where it will make it without the kind of stability that the Atlantic alliance gives it.

Mr. FALEOMAVAEGA. My time is up. Thank you, gentlemen.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Faleomavaega.

Mr. Campbell.

Mr. CAMPBELL. Mr. Chairman, thank you. Two questions, one to General Scowcroft. Is SDI in our interest? Do you support SDI; and if so, how do you do it, given ABM? How do you bring it to fruition given the ABM treaty?

The question to Dr. McFaul, this is the big one, give us your answer on Kosovo.

General SCOWCROFT. Yes, I think SDI is in our long-term interests, but I underscore long term. I think we ought to proceed with a vigorous "R" and "D" program. I don't think we have the answer to a system that is deployable at anything like the cost and effectiveness that we really ought to have, but I think we ought to work on it, and I see no reason we shouldn't go to the Russians and say we would like their cooperation. We would develop a system cooperatively and then would provide it to any country that is worried about a missile attack on its territory. I would transform the program from a unilateral, in-your-face one, which we have now, to something which can be a defensive weapon for everybody.

Mr. CAMPBELL. To follow a moment, the ABM treaty, if it is interpreted to ban a deployed space-based missile system—I understand that the legal adviser to the State Department in the Reagan Administration argued that it did not prohibit it—but if you take the view that it did—do you take the view that it does—and if so, then we would, I take it, have to amend ABM or go to the Russians and denounce ABM, a technical term of denounce—I don't mean

criticize it, just say 6 months' notice we are out of it. Is that correct?

General SCOWCROFT. Yes, that is correct, we could. You see, I think the Russians would be amenable to modifications, assuming they are part of it—but weapons in space are something else. They won't agree to anything where they can't keep up and which we could use to deny them a deterrent capability.

Mr. CAMPBELL. Understood. Thanks.

Dr. McFaul, what is the right answer in Kosovo? What should we do? I know a million experts who told us what we have done wrong. I have tried to avoid saying that because I never claimed to have any far-sightedness. The procedures, that is my field, right, at least I think it is—constitutional, what should have been done constitutionally; but I don't know the right answer.

There are terrible human rights abuses. I don't want to make Russia our enemy for the rest of my lifetime. What is your answer right from this point? Not what should have been.

Mr. MCFAUL. Not what should have been done.

Mr. CAMPBELL. Take us from where we are today and move me forward.

Mr. MCFAUL. I want to make one comment as a social scientist, and then I will give you my views, which is that if you think about what I said about Russian foreign policy, I think there is a lot very similar about American foreign policy.

What is wrong about what is going on today is that we do not have a shared definition of objectives in foreign policy. Think about 10 years ago—you could say our strategy was containment of Communism, and there might be some people who would disagree; but most people, both in the Congress and the executive branch, would agree with that.

Today, we don't have that shared strategy; and, therefore, we tiptoe into things. People don't agree on the objectives; and, therefore, they disagree vehemently about the means.

My own view is that it was right to do something about it, that we had to do something. You cannot—both for, I think, moralistic reasons you cannot just sit by and watch genocide in Europe if you are serious about being a power in Europe—and I think we should be—but that we have to have the means lined up with the ends. That is where I think our mistake has been.

Today, of course, because there is not consensus about plying what I think are the right means to solve this, then I think we have to go for resolution. We have to do it with the Russians on board, and I do not see having the Russians being on board so far. I see it as a win for American foreign policy, not as some slippage so far, but we cannot allow—we have to now stay to the same objectives that we started from the get-go.

This is not about a marriage contract or some sort—negotiation is even the wrong word. There is nothing to negotiate about. In my opinion, there is nothing to negotiate. We have our terms, and until those terms are met we have to——

Mr. CAMPBELL. Pardon me, international security presence is what the Ambassador representing the State Department spoke of earlier, involving Russians and peace keeping. That is part of the answer. You see it, too, I take it?

Mr. MCFAUL. Yes.

Mr. CAMPBELL. So I am going to say something, and then you tell me whether it is right or wrong because I was really asking for you to give a definitive answer which would then be universally accepted by all.

Russian troops along with some NATO presence, maybe not United States and the UK because of the objection of Milosevic, a mixed group goes into occupied Kosovo. It is a horribly bombed country; huge amount of money needed then to rebuild Kosovo. The bridges that we bombed Monday—will be rebuilt on Monday by you and me, tax payers. A number of years this force resides there to keep the Serbians from coming back. Is that the answer that you see as appropriate?

Mr. MCFAUL. Unfortunately, I do and with one amendment—that I absolutely believe it has to be that American forces have to be part of that component; if you don't do that, then you don't achieve your primary objective, which is to get the Kosovars back, and that is the important words to remember.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Campbell.

Mr. Leach.

Mr. LEACH. General Scowcroft, earlier today I made an observation, may or may not be valid, but it struck me that from a diplomatic perspective this Administration had breached a century-long tradition of Teddy Roosevelt about speaking softly but carrying a big stick. In doing that, they have also breached a shorter-term policy of General Scowcroft's, and let me explain it.

It strikes me that under the Bush Administration, if there is anything that was a doctrine—and this is a doctrine that to a degree stems from the President and from his National Security Adviser, yourself, which is very Chicago school, using your terms of art, very cold and calculating—it was the Powell Doctrine, which was to carefully describe objectives and then to apply overwhelming force if it need be to carry them out.

It strikes me in Kosovo, which has enormous ramifications both for Russian policy as well as for NATO, we have struck a rather deep nail into the Powell Doctrine.

Objectives seem to be a bit fuzzy, but more importantly, we have decided to not prevail; and instead, we have a doctrine of what appears to me to be punishment, that is, that the policy in place is very punishing to the Serbs, but may well be a policy not designed to prevail, which is an extraordinary circumstance in geostrategic terms, partly because this is a civil war, partly because whether or not it is a civil war, it is a war, and NATO has now been identified with this new policy.

One aspect of NATO relates to whether anyone will want to join if this is the kind of policy that NATO comes to symbolize.

I would like to ask you, as a Chicago school theorist, as well as a former National Security Adviser, how you assess this policy. Do you think it is realistic?

General SCOWCROFT. I think NATO is very much at stake in Kosovo, depending on how it comes out. NATO will not disintegrate regardless of what happens, but it could erode and cease to be a cohesive force.

However we got to Rambouillet, we did it with the accompaniment of a lot of threats to Milosevic, threats by the Secretary of State, Secretary of Defense, SACEUR and so on. When a great power threatens, it has to be prepared to carry out that threat. We have not always done that in the past, but that is a cardinal rule, because if you don't carry it out, then people cease paying attention to your threats and then you do have to use force.

We operated from that point on with fairly fuzzy objectives. The Rambouillet objectives were different from those cited as the objectives of the bombing. They were not the same kinds of objectives, although they should have been identical, and our strategy was based on hope, rather than cold, calculating analysis. Once you say you are going to use force, you need to have it sufficient to achieve your objective.

I don't think the bombing is punishment. I think it is hope—hope that we won't have to get troops on the ground and we don't have to get into a dirty ground war, that somehow this immaculate coercion will change Milosevic's mind.

I don't think there ever has been a case—I can't think of a case where a bombing campaign by itself has changed a foreign leader's mind. The Serbs, if they stand for anything, it is their pride and their ability to take pain and show how tough they are.

So it seems to me that the part of the Powell Doctrine—and I don't like that term. I think it is a misnomer—which is essential is the need to achieve your objectives. You can try it with bombing, but if bombing doesn't work in the first 3 days, don't keep it up for 6 more months hoping it will.

You have to have something else in your kit bag to say, yes, we are going to achieve that objective. If this doesn't do it, then we will do something, and that is what I think was not done.

Mr. LEACH. I appreciate that, and I would only conclude by saying I have never known a policy that can be, in my judgment, legitimately criticized from two perspectives.

Either we should not have made the threats and not gotten involved; or if we did pursue it, we should have pursued it in a forthcoming way.

General SCOWCROFT. I think it is exactly right.

Chairman GILMAN. The gentleman's time has expired. Thank you, Mr. Leach.

Mr. Faleomavaega, just has one brief question, and then we will wind up our hearing.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman. I appreciate it.

Gentlemen, we have learned a lot of lessons from Vietnam, and coming down to the question of using military force in our dealings with the Russian Government, as my friend from Iowa alluded earlier, it has become known as the Powell Doctrine. If you will, General Scowcroft, carry a big stick and if you are going to use military force, use it all the way. But it seems that our policy now is that we have gotten rid of the basic Powell Doctrine, if you will, in the Gulf War, but now we are using limited use of force and you are suggesting it is OK to use limited use of force.

We learned our lessons from Vietnam. We bombed the heck out of those people. In fact, it energized the Vietnamese, whether they were Communists, pro-democratic or patriots, it energized those

people to the point they became nationalists, and I believe that we are doing the same thing to the Serbian people. Forget Milosevic. We are doing the same thing to the Serbian people.

I would like to ask the gentlemen, where are we going with this continued bombing? Do you think we should resort to a more forceful use of force of arms?

General SCOWCROFT. Just very briefly, I am pessimistic about the ability of negotiations to achieve our objectives—maybe to give us a fig leaf but not to achieve our objectives. I think the only way we can achieve our objectives is to prepare for and, if necessary, use ground forces.

Mr. MCFAUL. I would like to concur with that. I think that is right. What troubles me is because of the way of our own domestic politics in this country that we do not have the support either for the objectives or for the means of achieving those objectives.

Chairman GILMAN. Thank you. I want to thank our panelists, and thank our Members. The Committee will submit questions in writing to the State Department for expeditious response by the official witness at today's hearing. This hearing stands adjourned.

[Whereupon, at 1:20 p.m., the Committee was adjourned.]

A P P E N D I X

MAY 12, 1999

Chairman Benjamin A. Gilman
Opening Statement
"Russia's Foreign Policy Objectives: What Are They?"
Hearing of the Committee on International Relations
Wednesday, May 12, 1999, 10:00 A.M.
2172 Rayburn Building

The Committee will come to order.

In the 106th Congress, the International Relations Committee will attempt a complete review of US-Russian relations, the impact of Russian foreign policy on United States interests around the world, and the success or failure of our programs for democratic and economic reform in Russia.

The Committee began that process on March 25th, with a hearing on Russian proliferation of technology related to weapons of mass destruction. Today, we will seek to analyze Russian foreign policy and its objectives and, in so doing, seek to better understand whether Russian foreign policy is supportive or obstructive of US policy.

While today some of us may see Russia as helpful to us in the diplomacy seeking an end to the conflict in Serbia, some of us are not certain that we fully understand Russia's long-term objectives in the region of the Balkans or in other regions stretching across Europe, the Middle East and Eurasia. It is obvious, however, that all is not well in the US-Russian relationship–or in our American foreign policy toward Russia. Let me cite some recent news analyses of US policy toward Russia:

> From the "New Republic" of March 22nd, an article by Jacob Heilbrunn says: "...however laudable the intentions, the results of [President] Clinton's policy have been disastrous."
>
> From the "National Journal" of April 17th, an extensive article by Paul Starobin entitled "Moscow Mirage" states: "The Clinton Administration sees what it wants to see in Russia rather than what is really there."
>
> From the "National Review" of October 12th, an op-ed by Dimitri Simes claims, and I quote: "The Administration has hopelessly botched its Russia policy."

I myself have voiced strong concerns throughout last year, both publicly and in correspondence with the President, over what I have seen as a highly negative Russian foreign policy.

President Clinton and his Administration have followed a policy toward Russia that has provided billions of dollars in aid to its government–directly, through international financial

institutions like the IMF, through favorable debt re-schedulings, through Russian contracts for the Space Station, and through the grant of a quote to Russia for launches of American-made satellites.

The Administration's policy has also included working with Russia to de-nuclearize Ukraine and the other Soviet successor states bordering Russia that inherited nuclear weapons. That policy has agreed to demands by Russia for revisions in arms agreements–and for a growing role for Russia in the NATO Alliance.

In 1995 and 1996, the United States did little, if anything, when the Russian government killed thousands of innocent civilians in the course of a brutal and unsuccessful military operation against Chechnya–violating its commitments as a member of the Organization for Security and Cooperation in Europe. The US also offered incentives to Russia to halt its sale of nuclear reactors to Iran.

But what do we today see Russia doing as a result of this favorable American approach to its problems and demands? First, Russian proliferation of technology for weapons of mass destruction to Iran–and allegations that Russia has violated United Nations sanctions on Iraq by providing arms and military equipment to Saddam Hussein's regime.

Second, new Russian arms sales to Syria, a state sponsor of terrorism. Third, Russian sales of advanced weapons and military technology to communist China, fueling a growing military threat to Taiwan and, potentially, to our American 7th Fleet, deployed in support of democratic governments on the Pacific rim.

Russian entreaties to China and India to join it in a "strategic triangle" of some sort–with the apparent goal of undermining American leadership in unspecified ways.

Russian insistence that it be allowed to maintain its military bases in independent states like Ukraine and Georgia–forcing such states to agree to treaties legalizing those bases by simply refusing to withdraw Russian troops. Russian manipulation of ethnic conflicts and energy pipelines in the region of the former Soviet Union to try to maintain Russian dominance over the states of that region and to ensure future West European dependency on Russian-controlled energy supplies.

Tomorrow morning, the Committee will hold a hearing on "Diplomatic Initiatives for Kosovo." We in the United States should be certain we understand what Russia is seeking by its involvement in a diplomatic solution to the Serbian conflict–and by its possible participation in an international force for the Kosovo region.

We also should not ignore the long-standing allegations of corruption at high levels in the Russian government–or the complaints among Russian democratic activists that corruption, the murder of Russian journalists and of the prominent Russian democrat Galina Starovoitova, the

secret trials of environmental activists, and support for vestiges of the communist regime are actually symptoms of a real lack of democracy within Russia.

How can we truly assess Russia's future role and influence in Serbia if we fail to consider what influence its potentially growing presence there might have on our efforts to help democratize Serbia someday? In fact, we should ask whether Russian diplomacy won't simply result in the strengthening of Slobodan Milosevic as ruler of Serbia.

This morning, we have a small but quite qualified list of witnesses. First, we will hear from the Honorable Steve Sestanovich, our United States Ambassador-at-Large for the New Independent States of the former Soviet Union. Welcome back, Mr. Ambassador.

Our second witness really needs no introduction–and I am very pleased that he has been able to join us today. The Honorable Brent Scowcroft, former Adviser to President George Bush for National Security Affairs and Retired Lieutenant General in our United States Air Force. Welcome to you, General.

Finally, Dr. Michael McFaul, Senior Associate at the Carnegie Endowment for International Peace. Welcome to you, Dr. McFaul.

At this time, I would like to recognize the Ranking Minority Member, Mr. Gejdenson, for any opening statement he might like to offer. Mr. Gejdenson.

Are there any other Members wishing to make an opening statement?

We will now proceed with our testimony. Ambassador Sestanovich assumed his position in September, 1997, and is responsible to coordinate US relations with Russia and the other states of the former Soviet Union. He has served most recently as President for Russian and Eurasian Affairs at the Carnegie Endowment for International Peace. Previously, he was director of Russian and Eurasian Studies at the Center for Strategic and International Studies. Before that, he held positions with our National Security Council and State Department. He is an old Hill hand, having worked for Senator Daniel Patrick Moynihan some years back.

Ambassador Sestanovich.

We will now proceed to our second witness, General Scowcroft. Lt. General Scowcroft is President of the Scowcroft Group, an international investment advisory firm, and President of the Forum for International Policy, a non-partisan, non-profit organization providing independent analyses of major foreign policy issues. He has served as National Security Adviser to Presidents Ford and Bush, as Military Assistant to President Nixon and as Deputy National

Security Adviser to Presidents Nixon and Ford. General Scowcroft held a broad range of positions during his military career and has subsequently chaired or served on a number of policy advisory councils.

General Scowcroft.

We will now hear from our last witness, Dr. Michael McFaul. Dr. McFaul is Senior Associate at the Carnegie Endowment for International Peace, Assistant Professor of Political Science at Stanford University, and a Research Fellow at the Hoover Institute.

Doctor McFaul.

House International Relations Committee Hearing: "Russian Foreign Policy"
May 12, 1999

Opening Statement
Hon. Christopher H. Smith (R-NJ)

Mr. Chairman, thank you for holding this hearing today on Russia's foreign policy. Against the backdrop of this morning's news from Moscow, I consider our gathering today especially important as we try to keep abreast of events in Russia, events that may have serious implications for our own country and the entire world.

I would note parenthetically, Mr. Chairman, that today is the 23th anniversary of the founding of the Moscow Helsinki Group, the first public group founded in the old Soviet Union to monitor the Helsinki Accords.

I should say that for all our disagreements with Russia these days, who would have thought -- back then -- that Natan Sharansky would now be travelling to Russia as Trade Minister for Israel, and that Lyuda Alexeyeva would be living in Moscow and flying to Washington to testify before the Helsinki Commission, as she did last January.

Mr. Chairman, in the last several years, Russian foreign policy has turned away from what many thought would be a "strategic partnership" with the United States. Frankly, I always felt that this vision was a little too optimistic. Russia is, for all its present difficulties, a major power stretching across Europe and Asia, and will have its own foreign policy priorities.

Of course, there are vital issues where we need to work diligently with Russia, for the good of both our countries and indeed the world. The problem is, as you have pointed out quite cogently, Mr. Chairman, that Russia has engaged in questionable dealings with some states that are hostile to our values, and quite frankly, to the values of most Russians themselves.

Moreover, Russia is still trying to play the role of the eight-hundred pound gorilla in the former Soviet Union. As a result of pressure from Moscow, there are about 15,000 Russian soldiers stationed in Georgia. About 3,000 Russian troops are still stationed in the Transdnistria region of Moldova, despite a 1994 withdrawal agreement that by rights should have been ratified by the Duma long ago.

To be fair, should be noted that last year the Russian military withdrew its small contingent from the Skrunda radar station in Latvia, actually ahead of schedule. And the Russia-Ukraine friendship treaty recently ratified by the Russian parliament, while not entirely satisfactory to many on both sides, effectively signalled Moscow's recognition of Ukraine's sovereignty.

Mr. Chairman, there is a Banquo's ghost behind almost any discussion touching foreign relations in the Congress today. I know that everyone of us on this panel wants to find a just solution to the Kosovo conflict. I have had the impression that many people in Washington are looking at Russia as the "silver bullet" to rescue us from this crisis. I hope that Russia can play a positive role. However, I must note that in two years of intensive OSCE deliberations on the Kosovo crisis before the NATO action, when there was a chance to support democratic reforms in Serbia, the Russian position in Vienna was, unfortunately, not very constructive. I hope that the carnage in Kosovo and Serbia has brought Moscow to a more considerate, long-range position.

Mr. Chairman, I look forward to hearing the testimony of our witnesses.

"The U.S. and Russian Foreign Policy"

Ambassador-at-Large Stephen Sestanovich

Special Adviser to the Secretary of State for the New Independent States

House International Relations Committee

May 12, 1999

Thank you, Mr. Chairman, for this opportunity to discuss Russian foreign policy and Russian-American relations.

Even before the Kosovo conflict revealed deep disagreement between Russia and the United States on a defining international problem, members of this committee had raised questions about the premises of our approach toward Russia. You have asked where Russian foreign policy -- for that matter, Russia itself -- is headed. Today's headlines about President Yeltsin's dismissal of Prime Minister Primakov give rise to further questions. These are large and urgent issues on which we need a frank and open dialogue between the Administration and the Congress.

Such a dialogue should start with a recognition of how thoroughly our relations with Russia have been transformed in the 1990s. The first post-Cold War decade, which is now almost behind us, has been marked by a pattern of cooperation between Russia and the United States that was unimaginable before the collapse of Soviet Communism. The diplomatic landmarks of this period -- the 1994 trilateral agreement between Russia, Ukraine, and the United States; the withdrawal, also in 1994, of the Red Army from Germany, Poland, and the Baltic states; and the conclusion in 1997 of the Founding Act between NATO and Russia -- these were all attended by the closest possible communication between Moscow and Washington.

As important as they were, such achievements do not obscure the fact that there are many in Russia who reject partnership with the West. They have rarely been so vocal as during the current Kosovo conflict. Some seem motivated by frustration at Russia's weakness. Others display unconcealed ideological hostility toward the United States and democratic capitalism.

Still other opponents of cooperation with the United States seem guided by narrow economic or bureaucratic interests. They may hope bad relations with us will be good for their budget; at a time of economic crisis, they may also think that providing high-

technology to rogue states is too lucrative to resist. Finally, some opposition politicians find foreign policy issues a useful rhetorical club with which to beat the government. As Russia heads toward parliamentary elections this year and presidential elections in 2000, we should expect to hear more of this rhetoric.

This mix of motives and perspectives, as well as weak lines of institutional authority and control, can make it difficult to say what "Russian foreign policy" really is. Is it the offensive press spokesman of the Defense Ministry who compares NATO to Nazis? Or is it the decision to keep the number of Russian warships off the coast of Yugoslavia to a minimum? At a time like this, we have to keep our eye on fundamentals -- on the core interests, and practical results, that we want to advance in our dealings with Russia.

Last year in Chicago, Secretary Albright stated that "our most important priority in dealing with Russia is to protect the safety of the American people." In this spirit (and recognizing how many aspects of our relations I am leaving aside, from economic issues to support for independent media), I propose today to touch on four security challenges we face and give you an assessment of the progress we are making in addressing these challenges with Russia. The first of these challenges involves Russian and American nuclear arsenals and stockpiles; second, the threat of proliferation of weapons of mass destruction; third, the Kosovo conflict; finally, the strengthening of the institutions of European security.

Let me start with nuclear weapons. The end of the Cold War made possible Russian-American agreement on deeper cuts in strategic nuclear arsenals than ever before. And both governments are committed to negotiating further cuts that would bring forces down by as much as 80 percent from Cold War highs. Unfortunately the START II Treaty has become a political football in the Russian parliament. Although serious Russian political figures, notably including the senior leadership of the Russian military, agree that this treaty is as much in Russia's interest as in ours, it remains unratified -- almost six and a half years after it was signed.

Despite the lack of progress on START II ratification, we are active on a number of fronts to bring our nuclear arsenals into line with post-Cold War realities. To be ready for the day when the Duma is at last ready to act (the government did make an impressive push for ratification this winter), we have had expert consultations on the shape of a possible START III agreement. Russian and U.S. officials have also met to implement the agreement reached last year by Presidents Clinton and Yeltsin on

sharing early warning information, to reduce the risk of misinterpreting missile launch warning data. We have begun a serious dialogue on the arms control implications of President Clinton's directive to explore limited national missile defense.

Finally, Russia and the United States continue to work together on an effort that does as much as any other to increase our safety -- the Cooperative Threat Reduction program, originated by Senators Nunn and Lugar and supported since then by every Congress. Three quarters of our assistance dollars in Russia go to reduce the danger that nuclear and other weapons of mass destruction will fall into the wrong hands. The Expanded Threat Reduction Initiative (ETRI), if approved by this Congress, will further strengthen our ability to block proliferation threats emanating from Russia and other countries of Eastern Europe and Eurasia. I strongly urge you to support this program, and to fully fund the Administration's $1.032 billion NIS assistance request.

Mr. Chairman, Russian-American cooperation on proliferation problems has a strong basis in common interest. Any responsible government in Russia understands that Russia itself will be threatened by the uncontrolled flow of technology to Iran and other countries. In the past several years, there has been no problem on which we have worked harder with the Russian government than we have on this one.

In the last two months we have taken some important steps forward. U.S. Special Ambassador Gallucci and Russian Space Agency head Yuri Koptev have developed a work plan to address some of our most pressing concerns about missile proliferation, including rapid establishment of internal compliance offices at high-tech Russian missile enterprises. We have concluded a similar plan to enhance export controls on nuclear technologies. The Russian government has made a commitment to take effective measures to prohibit Iranian missile specialists from operating in Russia and to facilitate the early adoption of a new Russian export control law. U.S. and Russian experts met in late April to begin implementation of these plans; we will continue to make this issue a high priority until we solve it.

Mr. Chairman, let me turn to the question of Russian-American cooperation on the Kosovo problem. Until the opening of NATO's air campaign, our approaches to this matter have been broadly similar, including joint support of resolution 1199 in the UN Security Council last fall. But despite these joint efforts, Russian leaders had made clear they would not support the use of force, and when NATO military action began in March it produced an outburst of Russian anger and hyperbole at all levels and across the political spectrum.

Since this initial rhetorical spasm, however, the Russian government has adopted a posture different from communist and nationalist spokesmen in two important ways. First, led by President Yeltsin's own strong statements on the subject, the government has expressed its determination to stay out of the conflict, providing neither military equipment nor military intelligence. We have no information contradicting these statements.

Second, the Russian government has sought to identify a series of principles that could be the basis for a political settlement of the conflict. In Oslo last month, Secretary Albright and Foreign Minister Ivanov reached agreement on all but one of these principles; they could not agree on the need for an international peacekeeping force. Last week in Bonn the G-8 foreign ministers took the next step and agreed on a full set of principles, including deployment of a strong and effective international security presence.

Before we can speak of full agreement, of course, the NATO allies and Russia will need to conduct more detailed discussions, especially on the need for a full withdrawal of Serb forces and on the nature of the military force which would enforce a settlement. NATO allies are united in insistence that NATO form the core of the force, and it is clear that the refugees would return only under the protection of such a force. Today a U.S. team led by Deputy Secretary Strobe Talbott is in Moscow for further consultations with Foreign Minister Ivanov and former Prime Minister Viktor Chernomyrdin, who serves as President Yeltsin's special representative. We welcome Russia's movement toward joining the growing international consensus on this conflict, just as we welcome the prospect of Russian participation in a peacekeeping force.

Mr. Chairman, our interest in working with Russia to resolve the Kosovo crisis is but one example of an ambitious effort to deal cooperatively with problems of European security. Russia has been, and should remain, a vital partner in this effort.

Consider the breakthrough agreement reached at the end of March on adaptation of the Conventional Forces in Europe (CFE) Treaty. This hard-won result -- which involved meeting a timetable that many thought unrealistic -- was possible because the 30 nations around the negotiating table focused on what they could gain by agreeing rather than on the myriad obstacles in their way. (They wrapped up their work, let me add, in a very difficult atmosphere -- during the first week of NATO's air campaign in Yugoslavia.)

Russia's role was especially noteworthy. It had by far the most complex negotiating job of any CFE party, yet hammered out workable understandings in case after case. The new agreement now provides an impetus for Russia to withdraw its troops and munitions from Moldova and to begin drawing down its forces in Georgia. If Russia will take steps to fulfill commitments it has made, the United States and others stand ready to help it deal with some of the practical problems that are involved.

Russian-American cooperation extends to other areas. Our diplomats serve as co-chairs (with France) of the so-called Minsk Group initiative to find a political solution to the Nagorno-Karbakh conflict. Our soldiers serve side by side as peacekeepers in Bosnia, an arrangement that both sides are looking at as they consider how they might work together in Kosovo.

If we are honest, we have to admit that the Kosovo crisis has put new strains on Russian-American cooperation. Russia's cooperation with NATO seems likely to be on hold for the duration of the crisis but the framework for this cooperation -- the NATO-Russia Founding Act -- remains intact. So do the interests that led to its creation in the first place. On this basis, we should expect both sides to be making active use of this framework once the Kosovo crisis is behind us.

Mr. Chairman, I am sometimes asked by Russian journalists whether the U.S. government is bothered by the apparent rise of anti-Americanism in Russia. My answer, of course, is yes: if it took hold, anti-Americanism would limit the ability of the Russian government to pursue our common interests.

But let me give you the second half of my answer as well. To my mind, anti-Americanism in Russia is less about us and more about <u>them</u>. It is a tool for attacking Western-style institutions, and above all democracy itself.

Looked at from this angle, the problem actually seems a little less hopeless. For everything we know about Russian public opinion suggests that support for democracy remains strong. As long as it does, support for cooperation with the West, for integration rather than isolation, is likely to remain strong as well.

Thank you, Mr. Chairman. I look forward to your questions.

Testimony of MICHAEL MCFAUL

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House Committee on International Relations
Hearing on "What Are Russian Foreign Policy Objectives?"

May 12, 1999

What Are Russian foreign policy objectives? It depends who you ask? In making assessments of Russia's behavior in the world, it is absolutely critical that we recognize that Russia today is not a totalitarian state ruled by a Communist Party with a single and clearly articulated foreign policy of expanding world socialism and destroying world capitalism and democracy. That state disappeared in 1991. Rather, Russia is a democratizing state – a weakly institutionalized democracy with several deficiencies – but a democratizing state nonetheless. Russia's foreign policy, in turn, is a product of domestic politics in a pluralistic system.

In democracies, "states" do not have foreign policy objectives. Rather, individual political leaders, parties, and interest groups have foreign policy objectives. Under certain conditions, these various forces come together to support a united purpose in foreign affairs. At other times, these disparate groups can have conflicting views about foreign policy objectives. Likewise, they can even support the same foreign policy objective for different reasons.

Russia, today, is no different. Although Russian leaders share in supporting a few common, general foreign policy objectives, they disagree on many others. They also disagree on the means that should be deployed to achieve the same foreign policy objective. The foreign policy that eventually results is a product of debate, political struggle, electoral politics, and lobbying by key interest groups. Because Russia is undergoing revolutionary change internally, the foreign policy that results form Russian domestic politics can change quickly.

In my brief remarks today, I would like to cover six topics. First, I will outline the small set of foreign policy issues around which a consensus has emerged in Russia. Second, I will briefly describe the major schools of thought in Russia about foreign policy. Third, I will give a brief historical overview of the evolution of Russian foreign policy since the collapse of the Soviet Union in 1991, demonstrating how the fates and fortunes of different political groups in Russia have, in turn, impacted on changes in Russian foreign

policy. Fourth, I will then turn to Kosovo and show how these different schools of thought understand Russia's role in the conflict. Fifth, I will outline briefly how Russia's upcoming parliamentary election (Scheduled for December 1999) and presidential election (scheduled for June 2000) could change Russian foreign policy. Sixth, I will end by discussing the implications of this discussion of Russian foreign policy objectives for U.S.-Russian relations.

I. Russian Foreign Policy Objectives Recognized by All Major Political Actors in Russia

Every major political leader and party in Russia today recognizes that Russia is a country in rapid decline as an economy, a coherent state and an international player. Since 1991, the Russian economy has contracted faster and longer than any previous major power's in modern history. With economic decline has come state weakness. The Russian government struggles to provide the most elementary of public goods, such as a single currency, a common market, security, welfare and education. This domestic feebleness has played havoc with Russia's international clout, turning the once-proud actor into a mere observer with mostly symbolic roles to perform. The North Atlantic Treaty Organization's campaign against Yugoslavia brought Russia's international impotence into painfully sharp focus.

All political leaders and groups in Russia agree, therefore, that Russia's first foreign policy objective must be to reverse Russia's internal decline. Russia cannot be a major international actors with a shrinking economy that today is roughly the size of Denmark. Russia cannot be a serious player on the international stage if it cannot control its own borders. No major political force in Russia disagrees with these objectives. How Russia should achieve economic growth and preserve internal unity, however, remain contested issues.

In addition to reviving the economy and avoiding further disintegration of the federation, almost all of Russia's major political actors agree that Russia must pursue economic, political, and military cooperation within the Commonwealth of Independent States. Russia's foreign policy elite remains committed to establishing a Russian sphere of influence within the region. Again, they disagree about the means for achieving this objective. But no major political actor opposes greater cooperation within the Commonwealth as a Russian foreign policy goal.

A final foreign policy objective recognized by most leaders and parties in Russia is the maintenance of Russia's nuclear superpower status. Russia's nuclear weapons stockpile is the one power attribute that still accords Russia special status in the international system.

This set of objectives shape Russian foreign policy behavior and influence Russian foreign policy responses to other international issues in general and predictable ways. For instance, because of Russia's internal economic problems, Russia has supported

tacitly the control of the international oil supply recently, which has raised oil prices, increased hard currency revenues for Russian oil companies and the Russian government, and indirectly propelled a small boom in the Russian stock market. Because of Russia's problems with its own separatist republics including first and foremost, Chechnya, Russia does not support independence for Kosovo or a peace settlement that might create momentum for independence in the future. Because of Russia's desire to maintain the Commonwealth of Independence States as its sphere of influence, Russia does not support the deployment of American troops in Azerbaijan and fears further NATO expansion towards its borders. On these kinds of issues, Russians are united in defining their foreign policy objectives.

Beyond this rather short list of consensus issues, however, Russians remain divided over many important foreign policy questions. Rather than discuss every foreign policy issue in detail, I want to next outline the basic approaches to foreign policy from four distinct political groups in Russia today.

II. The Different Schools of Thought about Russian Foreign Policy Objectives within Russia

Pro-Western Idealists

After seventy years of Soviet communist rule, Russia only became an independent state again in December 1991. Innate structural forces did not cause the Soviet Union to collapse and compel Russian to emerge as an independent state. Rather, Russian democrats – in alliance with democratic forces in the Baltics, the Caucuses, and Ukraine – dissolved the Soviet Union. In their struggle against the Soviet empire, the command economy, and the totalitarian political system, Russian democrats adopted an ideology of opposition inspired principally by the West. Ideas about democracy, the market, self-determination, and integration with the Western capitalist system eventually crystallized during the peak of polarized confrontation in 1990-91 as concepts most clearly antithetical to the Soviet *ancien regime*. Consequently, when Boris Yeltsin assumed control of the newly independent Russian state in December 1991, he and his government were guided by this set of liberal ideas, ideas that included in foreign policy matters a distinctly pro-Western and peaceful foreign policy. Initially, these ideas had everything to do with the domestic revolutionary struggle against Soviet communism and virtually nothing to do with Russian national interests abroad or interests of economic groups, civic organizations, or the electorate at home. In other words, these groups had a normative commitment to Western values and Western integration, and were not driven solely by self-interest.

Advocates of this approach to Russian foreign policy (and political and economic reform internally) have always constituted a minority within Russia. In the early part of the decade, Democratic Russia represented this view. Until his dismissal as foreign minister in January 1996, Andrei Kozyrev represented this view regarding Russian foreign policy

and performed his functions as foreign minister accordingly so. Today, some, though not all, members of the political groups, "Right Cause" headed by Anatoly Chubais, Yegor Gaidar, Boris Nemtsov, and Boris Fyodorov; Yabloko headed by Grigory Yavlinsky; and Our Home Is Russia headed by Viktor Chernomyrdin, might still be identified with this normative commitment to reintegrating Russia with the West.

The most important advocate of this idealist, pro-Western approach to Russian foreign policy, however, has been Russian President Boris Yeltsin. Yeltsin's identification with liberal ideas and pro-Western foreign policies evolved because of his revolutionary struggle against the Soviet Union and the Communist Party. Because Western capitalist democracies were prosperous and opposed communism, Yeltsin and Russia's democratic movement looked to Western countries as allies in their common struggle against the Soviet system. Besides democracy and capitalism, there were no other attractive models or ideologies in the international system with which Russian revolutionaries could identify.

That Yeltsin should be associated with these ideals, however, is somewhat an accident of history. Unlike Walesa in Poland or Havel in the Czech Republic, Yeltsin was not a dissident in the Soviet Union, but a Communist Party apparatchik. Yeltsin teamed up with Russia's democrats in the late 1980s because they shared the same enemy –Soviet communism. Had Gorbachev not removed him from the Soviet Communist Party's leadership, he is unlikely to have become such a proponent of capitalism, democracy, and integration with the West. Had Yeltsin rose to power buoyed by a different ideology or backed by a different set of allies, Russian foreign policy might have adopted a more anti-Western bent much earlier.

This brief history of Yeltsin's political career and his beliefs is important for our discussion for two reasons. First, it underscores how lucky the West was that Yeltsin and his allies like Foreign Minister Kozyrev defined Russian foreign policy objectives in the early part of the decade. Had neo-nationalist Vladimir Zhirinovsky won the presidential election in 1991, Russian foreign policy in the 1980s would have been much more anti-Western. Likewise, had Communist party leader Gennady Zyuganov won the Russian presidential election in 1996, Russian foreign policy today also would be much more anti-Western than it is today.

Second, because Yeltsin was not a pro-Western dissident within the Soviet system during his formative years, his commitment to Western ideals and values is not as deep as other anti-communist leaders in the region. Consequently, Yeltsin has wavered over time, especially when under the pressures of electoral politics.

Yeltsin also is not a healthy man. With increasing frequency, he allows himself to make off-the-cuff remarks that contradict his own foreign policy objectives. Sometimes, these comments even contradict statements that he made only a day earlier.

Pro-Western Pragmatists

Eventually, this normative impetus for pursuing liberal, integrationist foreign policies faded as Russian expectations concerning Western assistance were not and could not be met, while euphoria for the markets, democracy, and the Western way ended. Even by the end Russia's first year of independence, foreign policy appeared to be drifting back to more anti-Western patterns of the Soviet period. Support for maintaining a pro-Western orientation in foreign policy was reinvigorated, however, when emergent economic interest groups with tangible interests in cooperative relations with Western countries, began to assert their influence in foreign policy matters. Groups with economic interests—Gazprom, oil companies, mineral exporters, and the bankers—began to replace individuals and groups with political ideas as the main societal forces influencing foreign policy outcomes.

Russian exporters desire access to Western markets, importers need Western goods, while Russian bankers seek partnerships with Western capital. Russian capitalists have used their influence over the Russian state to insure that the terms of trade remain favorable to local actors and that Russians, rather than foreigners, obtain the most lucrative Russian properties during privatization. These kinds of activities, however, should not be interpreted as ideologically motivated or normatively anti-Western, but rather a reflection of the foreign policy interests of Russia's capitalist class.

More perversely, Russia's new economic oligarchies also want Western financial institutions to remain engaged in Russia's economic reform process so that they do not have to pay for it alone. A billion dollars in transfers from the International Monetary Fund is a billion dollars that Gazprom does not have to pay in taxes. A multi-million dollar World Bank investment in restructuring the Russian coal industry also represents costs avoided by domestic capitalists. Even the smaller investments in institutional reforms provided by such international actors as the Agency for International Development or the European Bank for Reconstruction and Development represent projects that benefit local capitalists paid for by foreign governments.

The Russian business lobby has a rather limited scope of foreign policy interests. Above all else, they seek to maintain access to Western capital and markets. When security issues such as opposition to NATO expansion threaten these access interests, the coalition of liberals within the Russian government and their allies in Russia's economic society cooperated to sustain engagement. Regarding other foreign policy issues that are not seen to have a direct relationship to these economic interests, this same coalition either has neglected the problem altogether or allowed other foreign policy entrepreneurs to assume center-stage. For instance, Russian oil companies and bankers have demonstrated little interest in arms control issues, allowing other interest groups to dominate debate on issues like START II or CFE negotiations. Similarly, this engagement coalition has ceded arms trade promotion to the Ministry of Atomic Energy and individual enterprises of the military-industrial complex. When Western diplomats have attempted to link these peripheral issues with engagement, such as in the case of Russian sales of nuclear reactor materials to Iran or in the case of START II ratification, their strategy has failed.

Business people such as bankers, oil exporters, and CEOs at technology companies do not constitute the only group with tangible interests in a pro-Western Russian foreign policy. Many governors of Russian oblasts (such a Titov in Samara or Prusak in Novgorod) and presidents of Russian republics (such as Shaimiev in Tatarstan) see relations with Western companies, banks, and governments as the best way to jumpstart economic growth in their regions. Regional leaders have pushed for investment-friendly legislation such as Product Sharing Agreements. Through their control of the upper house of parliament, the Federal Council, regional leaders have become an increasingly important political force that has acted as a pragmatic check on more passionate anti-Western initiatives of their counterparts in the State Duma, the lower house of a parliament.

Although a less powerful political group than regional governors, hundreds of Russian non-governmental organizations -- including church groups, trade unions, student associations, and women's organizations -- have cooperative relationships with their Western counterparts and therefore also have a stake in good relations with the West.

Finally, opinion polls show that the majority of Russian citizens still see good relations with the West as an important objective of Russia foreign policy. This pro-Western orientation, however, has waned over the years. After the NATO bombing campaign in Yugoslavia, over seventy percent of Russians polled in early April 1999 have a negative view of the United States, while only fourteen percent still held a positive view.

Anti-Western Pragmatists

Like the second group, a third group that influences foreign policy debates in Russia today also attempts to define Russian foreign policy objectives in terms of interests rather than ideas, norms, or missions. However, this group does not think that Russia stands to gain from a pro-Western foreign policy or Western integration more generally. Rather than seeing Western-Russian cooperation as a "win-win" proposition, this group perceives international politics as a zero-sum game. If the West (and the United States in particular) is gaining, it means that Russia is losing. As self-acclaimed realists and balance-of-power strategists, this group sees the weakening of the United States and its NATO allies as **the** principal foreign policy objective of Russian diplomacy. These foreign policy thinkers want to transform the unipolar international system dominated by the United States into a multipolar system in which Russia would be one of many poles. Russian must pursue three strategies simultaneously to achieve this goal – become internally stronger both in economic and military terms, weaken the Western alliance by fomenting divisions, and balancing Western power by forming anti-Western alliances with countries such as China, Iran, Iraq, and India. Though less threatening to the West, this group also sees strengthening military ties among Commonwealth states as a way to weaken American hegemony.

At the same time, this group is also acutely aware of Russia's current weakness on the international stage. They understand that Russia has few levers of power to threaten or undermine American hegemony. In the short-term, they also recognize that Russia needs

Western financial assistance to avoid further economic decline. Consequently, for pragmatic reasons, the understand the necessity of cooperation with the West in the short-run even if their long-term objective still remains the weakening of the United States and its allies.

This view of world politics is most prevalent among Russia's foreign policy elite. The chief proponent of this perspective is prime minister Yevgeny Primakov. Moderate members of the Communist Party of the Russian Federation also adhere to these foreign policy goals as do some important nationalist organizations such as Spiritual Heritage. Directors of military enterprises, Ministry of Defense officials, and the Russian intelligence communities also understand foreign policy through this lens.

At times, Moscow mayor Yurii Luzhkov and his new party, Fatherland, issue statements on foreign policy that sound similar to this perspective. Krasnoyarsk governor, General Aleksandr Lebed, also and often sounds like an anti-Western pragmatist and sometimes even echoes themes articulated by anti-Western ideologues. Yet neither of these potential presidential candidates has developed a comprehensive foreign policy agenda, in part because neither candidate has been involved with foreign policy issues.

Anti-Western Ideologues

A fourth perspective on Russian foreign policy is passionately anti-Western. This group also sees international relations as primarily a balance-of-power battle between Russia and the West. In contrast to the anti-Western pragmatists, however, this group believes that material interests should not be the only motivation in foreign policy. In addition, ethnic, civilizational, and reputational concerns should be part of the equation.
For some in this camp, such as Vladimir Zhirinovsky, Russia must defend the Slavic nations of the world from NATO aggression as well as Islamic fundamentalism. China also features prominently as a civilizational threat to Russia for many foreign policy thinkers in this school.

For more openly fascist groups such as the Russian National Union, Russian foreign policy must be openly anti-Western, anti-Semitic, and anti-Islamic. From their perspective, Coca-Cola and MTV are just as much threats to Russian national security as is NATO. Radical groups on the left such as Viktor Anpilov's Working Russia hold the same view of the world, only their messianic mission is still world communism, not Pan-Slavism.

Even for more mainstream groups such as the Communist Party of the Russian Federation, passionate foreign policy aims can eclipse Russian material interests. For instance, Russia has a security and economic interest in ratifying the START II and moving on to START III because Russia simply cannot afford to maintain START II levels of nuclear warheads. Yet, Communist leaders in the Duma have blocked ratification because they perceive START II ratification as fulfillment of an American foreign policy objective.

As just mentioned, Vladimir Zhirinovsky and his Liberal Democratic Party of Russia is the most well-known political group in Russia that espouses this approach to Russian foreign policy. Radical groups like RNU and Working Russia also belong in this group, as do many members of the Communist Party of the Russian Federation. Although these Russian leaders often get the most attention in the West for their radical pronouncements, they are also the smallest and weakest lobby when it comes to the actual conduct of Russian foreign policy.

III. The Evolution of Russian Foreign Policy: From Pro-Western Romanticism to Anti-Western Pragmatism

Over the last decade, the ebb and flow of the political fortunes of the four groups just described above has influenced the definition of Russian foreign policy objectives and the conduct for Russian foreign policy. In the euphoric days soon after the collapse of Soviet communism, pro-Western idealists dominated the definition of foreign policy objectives and the conduct of Russian foreign policy. Under the leadership of Andrei Kozyrev, Russian diplomacy aimed first and foremost to promote Russian integration into the West as well as secure Western assistance for the internal transformation of Russia's economy and polity. To achieve these objectives, Russia foreign policymakers were prepared to accommodate Western interests on a whole range of issues.

The sway of liberal idealists over Russian foreign policy suffered their first setback after the 1993 parliamentary elections when Vladimir Zhirinovsky's Liberal Democratic Party of Russia captured almost a quarter of the vote. In the next parliamentary election in 1995, pro-Western political forces suffered an even greater defeat when the Communist Party of the Russian Federation emerged victorious replacing the LDPR as Russia's main opposition party. In response to this electoral outcome, Yeltsin fired Kozyrev and replaced him at the Foreign Ministry with Yevgeny Primakov, a candidate that the Communist Party applauded.

Primakov's appointment as foreign minister, however, did not signal a radical change in Russian foreign policy. Though Primakov himself was (and still is) a anti-Western pragmatist, he did not dominate the definition of Russian foreign policy objectives during his first years in office. Rather, Russia's financial groups played a key role in Russian foreign policy especially after Yeltsin's reelection victory in 1996. Russia's westward foreign policy orientation faced a major challenge during this period in the form of NATO expansion. No political actor of importance in Russia today, including even unabashed, pro-Western liberals, has supported NATO expansion. Yet, despite the black-and-white nature of this foreign policy issue within Russia, Russian liberals and economic interest groups that benefit from Western integration did not allow NATO expansion to derail Russian relations with the West.

The coalition of political leaders and economic interest groups in favor of Western integration suffered a real setback after the August 1998 financial crash. As a result of this economic crisis, Russia's financial oligarchs lost their influence within the Russian government, Yeltsin became a much weaker president, Primakov became prime minister, and Primakov's loyal

aide, Igor Ivanov, became foreign minister. With this new configuration of power internally, Primakov has had the opportunity to play a much more influential role in Russian foreign policy.

While the anti-Western pragmatists have assumed a dominant position in the conduct of Russian foreign policy since the August 1998 financial collapse, they do not have a monopoly on foreign policy. Pro-Western idealists have been severely weakened, but still are not extinct. Through their special relationship with Yeltsin, liberals such as Anatoly Chubais continue to have a marginal role in foreign policy matters as do the liberal-dominated media in Russia. On the other side of the spectrum, anti-Western ideologues have more prominence in Russia today than they did just three years ago, but these political groups are still not central players in foreign policy. The coalition of pro-Western pragmatists, however, still does compete for influence over Russian foreign policy even if they no longer dominate the process. On different issues, different coalitions emerge to define the policy. Debates and foreign policy changes in response to the Kosovo conflict offer a vivid example of how competition between different interest groups influence Russian foreign policy.

IV. Russia and Kosovo

Like no other international crisis of the last decade, NATO's bombing campaign against Yugoslavia has threatened to isolate Russia from the West. Siding with Yugoslav President Slobodan Milosevic and thwarting liberal reforms at home do not serve the long-term interests of Russia as a world power or Russians as a people. In the passion of the moment, however, Russian leaders have been tempted to take drastic measures to assist Serbia. Had they done so (or if they do so in the future), they would have precipitated a passionate anti-Russian response in the West. To date, however, these worst case scenarios have not unfolded. Although anti-American sentiment in Russia has skyrocketed in Russia and may remain widespread for some time to come, Russian foreign policy in response to Kosovo gradually have gravitated towards Western interests. This evolution is a direct consequence of the Russian domestic politics and the rise of fall of different foreign policy groups over the last six weeks.

The initial response to the NATO bombing campaign against Yugoslavia was passionately negative. Yeltsin, Primakov, and even some foreign policy experts from liberal parties like Yabloko adopted the rhetoric of anti-Western ideologues to record their outrage against NATO aggression. Conveniently forgetting the Soviet invasions of Hungary, in 1956, and of Czechoslovakia, in 1968, Foreign Minister Ivanov has called the NATO bombing the worst aggression in Europe since World War II. No one in Russia is prepared to disagree publicly with him. Nationalists and Communists long have rallied to the anti-American battle cry. Communist Party leader Gennady A. Zyuganov has compared "NATO ideology" to "Hitlerism," while several members of his party are calling for a military response. In the heat of the moment, Lebed advocated the transfer of anti-aircraft weapons to Serbia, Zhirinovsky's LDPR signed up thousands of Russian volunteers to send to assist Milosevic, and the Duma voted to form a new Slavic nation

by uniting the countries of Russia, Belarus, and Yugoslavia. At anti-Western protests near the American embassy in Moscow, Zhirinovsky and his ilk were front and center. Yeltsin even sent a Russian intelligence-gathering ship into the Adriatic Sea. Russian liberal leaders, many of whom privately detest Milosevic, nonetheless joined the anti-American chorus.

Russian public opinion was also united in its criticism of the NATO campaign. According to some polls, ninety percent of the Russian population believed that the NATO bombing campaign was a mistake, while 65 percent believed that NATO was the aggressor in the conflict. Anti-American sentiment in Russia, of course, is nothing new. What is new about this crisis, however, is both the degree of consensus and the new composition of the anti-American chorus. Traditionally, Russia's foreign policy elite rant about US hegemony while Russian grandmothers show up at anti-American demonstrations. At the beginning of the Kosovo conflict, however, it was young people throwing beer bottles at the US embassy in Moscow and organizing university teach-ins. In a first, Russian yuppies have joined skinheads in protesting against US "hegemony." Burned by the financial meltdown last August, Russia's young elite may no longer believe their future is best served by Western integration.

As the initial point person on the Kosovo crisis in Russia, Prime Minister Primakov did not allow passionate anti-Western rhetoric dictate Russian foreign policy. The gap between rhetoric and action has been pronounced. Primakov must have rejoiced at NATO's internal divisions over Kosovo as he and his allies in Russia celebrate any outcome that weakens or potentially divides the NATO alliance and makes the United States look bad on the international stage. Yet, Primakov the pragmatist also understood that Russia's interests would not be served by a military conflict with NATO. (In this regard, the overwhelmingly majority of Russian citizens concurred. Less than fifteen percent of Russians polled recommended that Russia get involved militarily in the Yugoslav war.) Russia could not afford a war. And even as NATO bombed a former Russian ally, Primakov still understood that Russia still needed engagement with the West – and first and foremost, the IMF – to address its economies woes. Rearming Milosevic would insure that Russia would be treated as a rogue state on the periphery of the international world system for years to come.

Instead, Primakov championed Russia as a peacemaker. Over night, Primakov and other Russian foreign policy officials became the world's leading proponents of international law and the most vocal defenders of the United Nations. Primakov welcomed Russia's new high-profile role in international affairs and saw a no-lose situation in the Kosovo conflict for Russia foreign policy aims. If peace talks began, Russia could take credit for them. If the war continued, Russia's image as a peaceful nation stood in sharp contrast to NATO's belligerent profile. In advocating a peaceful resolution to the conflict, Primakov could still hope to weaken NATO by advocating terms favorable to Milosevic. Domestically, Primakov also gained as his stature as a presidential hopeful well seasoned in the ways of the world grew.

Yeltsin loathed Primakov's new spotlight and therefore moved to turn the lights off his Prime Minister by appointing former Prime Minister Viktor Chernomyrdin as his special envoy for Yugoslavia. Pro-Western liberals lobbied hard for Chernomyrdin's appointment. Since taking over, Chernomyrdin has tried to find solution of mutual benefit for the West and Russia. Although Chernomyrdin has little mediation experience and knows virtually nothing about the Balkans, he has good friends in the U.S., including Vice President Al Gore. His reasoned statements on Kosovo have been a welcome contrast to he fiery rhetoric of Primakov and other anti-Western politicians in Russia. By cashing in on his old network of American friends, Chernomyrdin has helped to rebuild Russia's image in the West and restart his own political career at home. Subsequent Russian diplomacy (supported, by the way, by Primakov and Foreign Minister Ivanov) has turned the war into a major public relations coup for Russia in the West, culminating in the signing of a joint G-8 joint resolution on ending the conflict in Yugoslavia last week.

In a matter of weeks, Russian foreign policy on Kosovo has moved through three stages. The initial response to NATO's bombing campaign was passionate anti-Americanism. Under Primakov's guidance, this policy then mutated into a more pragmatic anti-Western stance. With the introduction of Chernomyrdin into the policy process, Russia foreign policy has moved even further towards open cooperation in ending the conflict in a way that serves both Russian and NATO foreign policy interests.

The current Russian foreign policy may still change depending on developments in the war and developments in Russian domestic politics. If the war escalates, it will become more difficult for Chernomyrdin or any other Russian leaders to cooperate with United States and the NATO alliance. Already, communists and nationalists have berated Chernomyrdin as an American lackey. Yeltsin's increasingly erratic behavior also might undermine U.S.-Russian cooperation on Kosovo. Finally, the standoff between Russia's president and parliament might soon reach a climax and could produce a new period of internal instability, which in turn could have foreign policy implications. To date, however, pragmatists have once again asserted their influence over Russian foreign policy at the expense of ideologues.

V. Russia's Electoral Cycle and Foreign Policy

The Yeltsin era is quickly coming to a close. Although Yeltsin has made countless blunders and tragic mistakes during his time in office, his Administration on the whole has demonstrated an unusual degree of cooperation with the United States over the last decade. Russia's presidential election, currently scheduled for the summer of 2000, will be the biggest event in U.S.-Russian relations for the foreseeable future. Almost all analysts agree that Russian foreign policy will change after these elections. However, little agreement exists as to how Russian foreign policy will change. Nonetheless, a few basic parameters will guide the next president in making foreign policy no matter who wins the election.

First, the next president will still have to contend with Russian weakness. This means continued reliance on Western financial assistance. This means that bold foreign policy initiatives cannot be financed. Even minor military innovations such as the development of a new tactical nuclear weapon are unlikely to occur because Russia will not have the resources to finance them. Second, the next Russian president will not have any romantic illusions about Western intentions. Pro-Western liberals, who still have access to Yeltsin today, will most likely be marginalized from the foreign policy process after the next election. Third, the next president is unlikely to represent or be influenced by anti-Western ideologues. This point is significant and often forgotten in Western policy circles. Had these forces performed better in elections in Russia in the last decade –i.e. had Zhirinovsky won the 1991 presidential election or Zyuganov won the 1996 presidential election – Russia would have adopted a much more militantly anti-Western foreign policy. Instead of a struggle between liberals and fascists, the battle for influence over Russian foreign policy is likely to be a struggle between anti-Western and pro-Western pragmatists.

Different candidates will pull Russian foreign policy in different directions. As president, Communist leader Gennady Zyuganov or Prime Minister Primakov will define Russian foreign policy in zero-sum terms when dealing with the West. Even Zyuganov will still recognize the need to maintain some kind of relationship with the United States, but both Zyuganov and Primakov will establish the weakening of the West (and especially the United States) as a long-term strategic objective.

Yavlinsky would be the most pro-Western president in the field of candidates today. But he is also very unlikely to win. Lebed has expressed a bizarre mix of very pro-Western policies and belligerent anti-Western policies, making him one of the most unpredictable candidates in the presidential race. But he is also a dark house candidate today.

The foreign policy consequences of a Luzhkov presidency are also hard to predict, but more consequential as he is one of the strongest candidates in the race to date. Regarding neighboring countries such as Latvia and Ukraine, Luzhkov has made openly bellicose statements. At the same time, Luzhkov has issued rather pragmatic statements about Kosovo, emphasizing that Russian must focus on rebuilding its economy, rather than fighting a new Balkan war, to reemerge as an international power. In making these kinds of statements, Luzhkov wants to position his political organization as a 'party of peace' in contrast to the Communist 'party of war.' Recently, Luzhkov has invited experienced foreign policy experts to assume major positions in his new party, Fatherland, including former presidential advisors Andrei Kokoshin and Sergei Yastrzhembsky. Fatherland's umbrella, however, is a big one and still includes more militant nationalists as well as some moderate communists, making it difficult to predict what a Luzhkov presidency will mean for Russian foreign policy.

VI. U.S. –Russian Relations.

Well before the Kosovo crisis, U.S.-Russian relations had suffered a series of major setbacks. Russia's nuclear technology transfers to Iran, NATO expansion, Russian military involvement in the Caucuses, U.S. plans to deploy national missile defense, and Russia's financial meltdown are just a handful of issues and events that have soured the bilateral relationship. Kosovo, however, has challenged Russian-American relations like no other event in this decade. In the United States, the blame game for "who lost Russia" began well before the NATO bombing campaign, but has gained even greater steam since the Kosovo crisis. In Russia, the NATO military action in the Balkans has confirmed what hard-liner nationalists and communists believed all along about Western intentions. The NATO military campaign also has undermined liberal, pro-Western forces within Russia and made these friends of the West question their previous allegiances. In Washington, analysts now talk openly about the need to return to a policy of containment. In Moscow, the foreign policy elite speaks about the return of the Cold War.

These fatalist assessments of U.S.-Russian relations are premature. Russia has not yet been "lost." Fascists or militant communists bent on conflict with the U.S. may control the Russian state some day, but they are not in power today and do not appear close to seizing power anytime soon. Pro-Western idealists also are not in power and are unlikely to come to power in Russia again anytime soon, though this group still plays a more influential role in the making of foreign policy than their ideological enemies on the far right or left. The real battle in Russia regarding foreign policy is between anti-Western and pro-Western pragmatists. Even after Kosovo, advocates of pragmatic engagement with the West have maintained their substantial influence over the conduct of foreign policy, especially in areas of special interest to them. Their continued existence, despite all odds, leaves the door open for U.S.-Russian cooperation of mutual benefit in the future.

If anti-Western forces were in firm control of Russian foreign policymaking, Russian troops would not still be deployed in Bosnia-Herzegovina under NATO command. Conventional Threat Reduction (CTR) would have been closed down a long time ago. At a minimum, we should have expected that these programs would have suspended after the Kosovo crisis. But most were not. Likewise, Primakov's government has continued to negotiate with the IMF and has not limited any U.S. assistance programs within Russia. Cooperation between American and Russian non-governmental organizations has continued throughout the Kosovo crisis, while the small handful of Western investors still involved in Russia have not been asked to leave. To protest the NATO bombing campaign, Prime Minister Primakov did turn his plane around and refused to meet with Vice President Gore, but the working groups of the Gore-Primakov Commission did meet nonetheless. Some programs such as shared early warning have been suspended temporarily after Kosovo, Russia's participation in the Partnership for Peace program is dead in the water, CFE negotiations have slowed, and the prospects of START II ratification are slimmer than ever before. In certain issue areas, however, U.S. Russian engagement continues unabated by recent geopolitical developments in the Balkans. The resilience of the cooperative bilateral relationship may be greater than most expected.

Ironically, the Kosovo crisis has demonstrated that the U.S. strategy of engagement with Russia can produce some tangible payoffs for American security interests. As an indirect result of engagement, the Russian position on Kosovo today has moved substantially closer to NATO's conditions for a settlement. Russia and NATO still disagree on the composition of the force, but Russia now agrees that an international military force must be deployed in Kosovo and tacitly recognizes that NATO states will make up part of this force. Imagine if containment had been the guiding principle of American foreign policy towards Russian throughout the 1990s? Russia would not be working with NATO to occupy Kosovo, but defending Serbia from NATO aggression. Moreover, Yeltsin designated Chernomyrdin to be his Yugoslav envoy precisely because he had good contacts in the West, including a close relationship with Al Gore. Critics have berated the Clinton Administration for focusing too much on individuals when dealing with Russia. And yet, Russia's recent cooperation regarding the Balkan crisis is the direct result of investments in personal relationships. Imagine if Zhirinovsky was conducting Russia's mediation efforts rather than Chernomyrdin? Imagine if Zyuganov were president today rather than Yeltsin?

The U.S. strategic of engagement with Russia has not transformed Russia into an ally. Given Russia's size, history, and culture, this was an unrealistic expectation from the very beginning. Moreover, over the last decade, the United States has failed to make the level of investments necessary to have any real influence over Russia's internal developments. Lack of U.S. presidential leadership combined with a public not fearful of external threats translated into a strategy of engagement with Russia on the cheap. Given the small amounts that we have been willing to invest in the Russian relationship, it is surprising in fact that the possibility of Russian-American cooperation still remains.

Now is not the time to give up on Russia or abandon the strategy of engagement. Though more powerful than anytime in the last decade, anti-Western forces in Russia do not enjoy a monopoly over policymaking in either domestic or international affairs. While pro-Western forces still exist in Russia, the United States should pursue those foreign policies that encourage their development and avoid those policies that promote their rivals. Disagreements between Russian and American diplomats over Iraq, Iran, or Serbia or past failures regarding aid programs are not arguments for abandoning engagement, but evidence for the need to improve the policy.

Response of Ambassador
Sestanovich (HIRC)
May 12, 1999
Transcript pg. 60, Lns. 1410-13

Taken Question:

What is the total [assistance from international donors and institutions]? What is the bottom-line dollar value?

Answer:

The difficulties of measuring various types of aid and credits provided by all donors makes giving a precise figure difficult. However, an approximate total of economic support to Russia from the international community, including all types of official credits and grants provided by individual donors and international financial institutions falls within the range of $110-$115 billion in drawn funds for the period 1989-1998. For the period of FY1992 to FY1998, the United States government budgeted approximately $5.4 billion. In addition, the United States government has provided commercial financing and insurance valued at approximately $8.4 billion. Attached, please find a chart that estimates other donor contributions, according to the Central Intelligence Agency.

	Pledged	Drawn
Argentina	100	100
Australia	569	543
Austria	781	621
Belgium	408	209
Canada	2334	2239
China	850	850
Cyprus	35	0
Czech Republi	5	5
Denmark	511	152
EBRD	3770	2171
European Unio	3131	2961
Finland	218	220
France	3728	2911
Germany	55965	52870
Greece	102	103
Hungary	110	110
IMF	37200	27100
India	139	141
Ireland	1	1
Italy	6165	2886
Japan	6241	2226
Kuwait	1500	1000
Luxembourg	3	3
Netherlands	816	609
New Zealand	119	119
Norway	361	107
Oman	200	200
Portugal	85	0
Saudi Arabia	1501	251
South Korea	2675	1475
Spain	1503	488
Sweden	140	50
Switzerland	566	119
Taiwan	30	30
Thailand	220	120
Turkey	1351	901
UAE	1005	505
UK	1037	513
Uruguay	80	80
World Bank	11674	6559
Total	147229	111548

Source: CIA

Questions for the Record Subitted to Ambassador Stephen Sestanovich
by Chairman Benjamin Gilman, House International Relations Committee
May 12, 1999

1. Mr. Ambassador, in January 1998, a spokesman for the Russian Finance Ministry stated that part of an IMF loan disbursement then made to Russia was to be used to pay for debts to Russia's defense-industrial sector. Do you believe that IMF loans should go to Russia's defense-industrial sector in general? At a time when Russian technology related to weapons of mass destruction is being proliferated to Iran?

Russia's successful transition to the market is essential to Russia's prosperity, democratic future and role as a constructive partner in world affairs. Assistance from the International Monetary Fund and other international financial institutions is designed to help Russia address structural and financial challenges associated with its transition to a market economy.

IMF loans are used for balance of payments support. They bolster Central Bank reserves, facilitating exchange rate management, sound monetary policy and the maintenance of a convertible currency. In some cases, the federal government borrows from the Central Bank to cover budget deficits and pay external debt based on agreed reserve and monetary targets. The programs agreed to by the IMF and the Russian government allowed for the Fund to monitor

Russian performance under its economic program and hold up loan tranches in case of non-compliance.

The Administration has been actively engaged for some time with Russia on the issue of nuclear and ballistic missile technology transfers to Iran. Some results have been achieved.

2. With support, Russia was added to the "G-7" group of advanced industrial states - despite the fact that it is far from an advanced industrial economy. What are the criteria by which Russia was added to the G-7 group? Why wasn't Ukraine considered for such membership - particularly since it gave up a huge nuclear arsenal and became a non-nuclear state at the request of the U.S.?

Russia's membership in the G-8 has helped the leading Western industrial democracies to make clear their expectations of Russia's role as a vast and important country, and enabled them to work with Russia in a increasingly productive manner on a widening range of issues.

In contrast to the G-7 mechanism, the G-8 focuses more on political and global issues and provides a forum for discussion of common concerns on areas such as combating terrorism, international crime, drugs, infectious diseases, and protecting the environment. Russia has a key role to play along with the other G-7 members in addressing these issues. It bears noting that the G-7 still meets to address international and financial and monetary issues.

Like Russia, Ukraine has had to overcome the challenges of a Soviet past as well as develop as an independent state. While Ukraine does not have Russia's range of geopolitical interests, the United States and other Western industrial democracies maintain an active dialogue with the Ukrainian government on regional and international issues.

Question:

3. Mr. Ambassador, at first President Clinton refused to go to a summit meeting in Moscow with President Yeltsin last summer until the Russian Parliament ratified the START-II Treaty. But then the President reversed his position and went to that summit. START-II remains unratified by the Russian parliament, however.

How was the change in the President's position helpful in showing U.S. determination in this matter?

Answer:

For much of the first part of 1998, we delayed scheduling a summit meeting in the hope that it could follow START II ratification and be used to kick off negotiations on START III.

It was never our view, however, that delay in ratification should prevent face-to-face meetings between Presidents Clinton and Yeltsin under all circumstances, particularly if other pressing issues demanded high-level attention. The September 1998 Summit, like the President's June 1999 meeting with President Yeltsin in Cologne was essential in giving both leaders an opportunity to review the full agenda of Russian-American relations.

Meanwhile, the Russian Government did step up its efforts to get START II ratified and appears to have succeeded in convincing a great many Duma Deputies that ratification is

in Russia's national interest. Other events have intervened and prevented ratification, but the groundwork laid by the Russian Government is solid and positive action is still possible during the fall session of the Duma.

4. Mr. Ambassador, why did the US and its NATO allies intervene in the ethnic conflict in the Kosovo region of Serbia but did not in the ethnic conflict in the Chechnya region of Russia, particularly in 1995, when tens of thousands of civilians were being forced from their homes and villages by Russian forces and subjected to bombings, shellings and other attacks by those forces?

The conflict in Kosovo led to a transnational refugee flow unparalleled in Europe since World War II, and thus represented a clear threat to international peace and security. The U.S. objective in Kosovo is to stop the killings and achieve a durable peace. Our preference was to achieve these goals through peaceful means. Tragically, Milosevic made this impossible. He failed to honor his commitments to NATO and the OSCE, refused to cooperate with the international community and committed atrocities against innocent civilians.

In Chechnya, by contrast, there was no history of international involvement, no broken promises and no betrayed commitments to negotiate like the ones in Kosovo.

We deplored the loss of life and excessive use of force on the civilian population of Chechnya. But the Russian government, unlike the FRY, entered into good faith negotiations with the Chechens which resulted in the 1996 Khasavyurt agreement. Russia also welcomed the involvement of the OSCE assistance group to Chechnya, which remains involved in efforts to achieve lasting peace there.

Question:

5. Mr. Ambassador, is proliferation of technology related to weapons of mass destruction a purposeful part of Russian policy intended to create challenges to United States interests in key regions around the world?

Answer:

We have no evidence that Russia is engaged in a technology export program to undermine U.S. interests. In fact, Russia has repeatedly stated its commitment to prevent the proliferation of WMD materials and technologies and their means of delivery -- because such proliferation would threaten Russia's own interests. As a member of the Missile Technology Control Regime (MTCR), Russia is committed to exercise restraint in such transfers. Over the past two years, the Russian government has made important progress in strengthening its efforts to meet its export control and nonproliferation responsibilities, and the U.S. continues to work extensively with the Russian government to that end.

Despite the Russian government's efforts, some Russian entities continue to engage in cooperation with Iran's ballistic missile and nuclear weapons programs. This cooperation poses a threat to our friends and allies in the region, and, ultimately, to the United States.

For this reason, the U.S., therefore, continues to work hard with the government of Russia at all levels and, in some case, directly with Russian entitics, to overcome the bureaucratic and other problems which have allowed the movement of items of concern to Iran. The Government of Russia has demonstrated a willingness to combat this problem and we will press Russia to continue to strengthen institutional foundations and adopt the legal measures necessary to ensure its ability to meet its nonproliferation goals and commitments.

6. Mr. Ambassador, is proliferation of technology related to weapons of mass destruction to Iran by Russian entities sponsored, supported or abetted by any Russian agencies, including the FSB, the Russian security service?

A number of Russian entities - notably the ones we have sanctioned - have engaged in activities which have resulted in the transfer of technologies or equipment of concern to Iran. Iran is perceived as a lucrative market and is therefore quite tempting to entities that are suffering in the midst of Russia's economic crisis. Some Russian agencies have a spotty record at best in enforcing existing laws and regulations.

The U.S. is working hard with the government of Russia, and in some cases, directly with Russian entities, to overcome the bureaucratic and other problems which have allowed the movement of items of concern to Iran. We have engaged the GOR for more than a year in a very high level dialogue, and Russia has taken some positive steps such as instituting sweeping export control regulations (including "catch all" provisions"), and investigating and stopping some activities of concern. Despite these efforts, Russia has not been successful in completely cutting off the flow of sensitive materials and technology to Iran. This is due in part to the need to better equip and train

Russian enforcement agencies and the prolonged Russian economic crisis.

The US continues to engage the GOR in efforts to end cooperation with the Iranian nuclear program -- including via the development of internal compliance plans -- and to bolster its efforts to meet its export control and nonproliferation responsibilities. We have made clear the need to go forward, not continue backsliding, and are using both carrots and sticks to convince entities that it is much more rewarding to eschew dealing with Iran.

7. What interests do Russian foreign policy makers share with American foreign policy makers, in your view, other than the basic interest to avoid nuclear war?

   In other words, what specific interests does Russia have in common with the United States?

At the Moscow Summit last September, Presidents Clinton and Yeltsin issued a joint statement on Common Security Challenges at the Threshold of the Twenty-First Century. The statement details our shared interest in promoting prosperity and strengthening security throughout the world and our commitment to jointly building an enduring peace based upon the principles of democracy and the indivisibility of security.

In addition to our common interest in making progress in arms control and non-proliferation, the United States and Russia have a joint interest in combating terrorism and extremism of all forms; conducting a dialogue on human rights abuses; strengthening environmental protection; and intensifying joint efforts to counteract transnational threats such as organized crime, the narcotics trade, high-technology crime, and money laundering.

In foreign policy, we work closely with the Russians bilaterally and in a variety of international fora, such as the UN, the G-8, the PJC, and the Contact Group. Although we sometimes differ over tactics, both countries seek stability and peace in Kosovo as we do in other conflicts such as Nagorno-Karabakh and Georgia.

Russia and the United States both have much to gain from Russia's successfully making the transition to a free market economy, open and integrated into the regional and global economies. Russian and United States companies alike can benefit from the development of the vast energy resources in Russia, Central Asia and the Caspian region. The Caspian Pipeline Consortium project exemplifies the benefits of such cooperation. In another sphere, ongoing cooperation in scientific research and space exploration contributes to the world's store of knowledge and to technological advances, and U.S.-Russian commercial space cooperation has the potential to be a multibillion-dollar industry.

8. Mr. Ambassador, isn't it true that, rather than ending or restricting its nuclear reactor project in Iran, the Russian Government's Ministry of Atomic Energy and its related institutes have sought to expand that project and to introduce new elements into the project that are not needed for a reactor but that might help Iran to construct nuclear weapons?

Despite the Russian government's nonproliferation and export control efforts, Russian entities continue to engage in nuclear cooperation with Iran beyond the Bushehr reactor project. Although, we had seen some improvement in Russia's efforts to crack down on such activities during the first half of 1998, we have seen backsliding since then. We continue to receive reports of ongoing contacts, cooperation, and assistance by Russian entities to these Iranian programs. We would be pleased to provide further details about this activity in a classified forum.

In the last two months U.S. and Russian experts have developed an action plan aimed at curtailing cooperation by Russian entities with Iran's nuclear program. The plan includes enhanced export control measures, including development on a priority basis of internal compliance offices at several entities of concern, and other transparency measures. U.S. and Russian experts met in late April to begin implementation of these plans. We have offered technical assistance to help Russian entities set up necessary export control regimes.

These work plans could represent a path forward if the Russian government acts effectively and quickly. We will continue to raise our concerns about nuclear cooperation with Iran in our discussions with the Russian side until all of our concerns are resolved.

9. Mr. Ambassador, is Russia serious in its stated intent to "re-integrate" the former Republics of the Soviet Union - New Independent States such as Belarus and Armenia - into a unified political entity?

   If not, why don't you believe it is serious on this issue?

We have been following closely reports that discuss Russian integration with former Soviet Republics. Despite this discussion, we believe that Russia recognizes that it is not in its interests to form a unified political entity with other New Independent States at this time.

The Government of Russia has officially declared its commitment to respect the sovereignty and territorial integrity of the other NIS in a variety of fora, including the OSCE. Although Russia's relations with the New Independent States vary widely from state to state, the Russian government continues to demonstrate this respect. For example, the May 1997 signing of the Russian-Ukrainian Treaty on Friendship and Cooperation formalized Russian commitment to Ukraine's sovereignty and territorial

integrity within present borders. In addition, President Yeltsin said in a Kremlin press statement issued on April 9, 1999 that the proposed union between Russia and Belarus will require painstaking legal analysis and scrutiny, which will continue for some time. The prospective economic cost to Russia of any re-integration seems to have been a strong deterrent of such a union.

U.S. policy in the region supports the sovereignty, independence, and territorial integrity of the New Independent States. At the same time, we have said consistently that we do not oppose integration among the NIS as long as such integration reflects the voluntary will of the people expressed through a democratic process, is mutually beneficial, and does not erect barriers to integration with the wider community of nations.

10. Mr. Ambassador, the United States helped persuade Russia to remove its early warning radar at Skrunda, Latvia. Will the United States assist Azerbaijan in persuading Russia to remove a similar radar still operating at Gabala, Azerbaijan?

The United States believes that this is a matter to be resolved bilaterally, in discussions between Azerbaijan and Russia.

We understand that since the dissolution of the Soviet Union in 1991, Russia has been negotiating with Azerbaijan to secure a long-term agreement for continued operation of the Gabala radar.

Questions for the Record
Submitted to Ambassador Stephen Sestanovich
By Congressman Burton
House International Relations Committee
May 12, 1999

1. Mr. Ambassador, have you or other top officials of this Administration ever been presented with credible reports or evidence that top Russian officials have personally engaged in activities that would be considered corrupt by our standards?

We do not comment in public on intelligence matters.

2. Mr. Ambassador, does corruption among Russian officials affect Russian foreign policy in any way? If so, how?

Russian leaders have said that corruption is a serious matter in Russia. Corruption weakens the development of democratic institutions and the ability of the Government of Russia to conduct normal business on a day-to-day basis in an effective and efficient manner. President Yeltsin acknowledged this threat when he warned in his March 1997 State of the Federation address that "corruption is corroding the state apparatus."

It would be difficult to determine any specific effect that corruption has had on Russian foreign policy. We have many common interests with Russia, and are pursuing them in a number of different ways.

3. Mr. Ambassador, to your knowledge, has the President of the United States ever delivered a speech or any kind of statement to the Russian people condemning corruption in Russia and making it clear that the United States does not condone or support such corruption?

The President and other high-level Administration officials have spoken on numerous occasions about the detrimental effects which crime and corruption have on fledgling democracies and market economies. For example, during his September 1998 visit to Moscow, the President spoke at Moscow University's Institute of International Relations. He stressed that Russia's future economic strength would depend on the rule of law, noting that investors seek honest government and fair systems where there are strong checks on corruption and abuse of authority. The Vice President recently hosted a major Global Forum on Fighting Corruption that included high-level Russian participation. The results of the Forum, including a compendium of best or effective practices for combatting corruption, have been disseminated to the Russian public through a variety of media. We are also engaged with the Russians in bilateral and multilateral efforts to combat crime and corruption.