



**Testimony before the
Committee on Foreign Relations
United States Senate**

**“THE CHALLENGE OF RUSSIA FOR
U.S. POLICY”**

June 21, 2005

An Oral Statement by

**CELESTE WALLANDER
DIRECTOR, RUSSIA AND EURASIA PROGRAM**

Mr. Chairman, and members of the Committee, thank you for this opportunity to speak with you about developments in Russia and the implications for U.S. policy.

For my contribution to this discussion, I would like to cover four topics: political developments in Russia, the specific issue of HIV/AIDS, the main tendencies in Russian foreign policy, and implications for U.S. policies and engagement. Since I can only touch on the main issues, I have submitted written testimony that addresses each in more detail.

Russian politics

The key to Russian politics today is that they are not really about politics today: they are about the presidential elections in 2008, and maneuvering over who will be chosen to succeed President Vladimir Putin with near certainty in a political process that is neither free nor fair.

This means two things. First, politics in Russia is not about public contestation and competition; it is about elite insider relationships.

Second, no outside forces --whether those are social or civic groups, human rights organizations, alternative political parties, independent intellectuals or scholars, or journalists -- are permitted to affect the process. It is controlled, managed, and orchestrated. Without societal oversight, Russia's leaders answer to no one.

The Putin leadership argues that it has sought control for good reasons: for stability and an effective state.

The problem is that the Putin leadership has created a state that may be strong in silencing independent voices and in preventing independent activities, but it is a state that cannot effectively govern a modern country. A state must have the enforcement power of a strong fist, and the Russian state has that in good measure.

But a state cannot be only a fist if it is to govern: a state has to be a hand as well, with the dexterity and flexibility of fingers and thumbs to manage social and economic challenges, and to implement policies as well as decree them.

The Russian state is very good at stamping out dissent and defeating independent political, social, and economic forces. But it has been helpless in advancing economic reforms that would create a promising investment climate. The state has not had the dexterity to use the oil prices windfall of the past 6 years to spark growth and innovation in new sectors.

The Russian state-as-fist has failed where fingers and dexterity are required. It has failed to broker a compromise on domestic energy prices, a necessary condition for joining the World Trade Organization. It failed to develop an effective reform of the country's social benefits programs, a reform vital to Russia's future fiscal health, social equity, and economic competitiveness.

The Russian leadership has spent the past few years using the fist of state power to acquire control of the energy sector, to insure that businessmen get the message that assets are theirs only as long as they do not act independently, and to eliminate oversight of the state's role in re-dividing the spoils of the 1990s among current political leaders.

So, the problem with the Russian state is not only that it is too centralized, too impervious to society, and too unrestrained by constitutional checks and balances. The

problem for Russia – and for the United States – is that in the end a fist cannot do very much other than flatten things. Although the United States should be concerned about Russia’s retreat from democracy, we need to be concerned because authoritarianism weakens Russia..

HIV/AIDS in Russia

For the basic numbers on HIV in Russia, I refer you to the handout we have provided. Let me highlight just one point about the numbers.

The true number of HIV infected Russians is in the range of 1 million. That means that about 1% of the adult population is HIV infected, a standard benchmark for an HIV pandemic poised to be a generalized national health crisis.

The signs are becoming clear that the disease is spreading from high-risk groups to the general population. In 2001, 93% of new infections were among intravenous drug users. In 2003, 63% of newly infected Russians were IDUs. In 2001, heterosexual transmission was reported in 4.7% of new cases: in 2003 it was 20.3%. This also leads to the feminization of HIV/AIDS in Russia. In 2000, one in five of newly infected Russians were women; in 2002 one in four, and in 2003, one in three.

Russia’s HIV/AIDS problem must also be understood in the context of its broader demographic problems. Russia’s population is shrinking: the combination of falling birth rates and rising death rates from chronic and infectious disease means that by 2025, Russia’s population will fall from about 144 million to about 125 million. Add to that anywhere between 5 million to 15 million excess deaths from AIDS, and the country may

have lost 20% of its citizens in the next 20 years. AIDS will have a destabilizing effect on a Russia that is already not healthy, and will strike at Russia's labor force and at women in their childbearing years, undermining the country's future.

Preventing HIV and coping with AIDS is a challenge for any country, and Russia is by no means unique in responding slowly. However, after several years of interviews and research I am convinced that Russia is particularly vulnerable to a generalized HIV/AIDS epidemic because of the nature of its political system: the excessive centralization of government relative to regional and local authorities, the failure of federal ministries to coordinate for a comprehensive public policy response, and the vulnerable position of NGOs that are struggling to provide prevention services.

More than anything, responsible officials in Russia are waiting for President Putin to signal it is OK to act. On a trip earlier this year I was told time and again that given how socially sensitive HIV/AIDS is, no one wants to risk finding themselves the target of the Kremlin Fist for charting an unwelcome independent policy course on AIDS.

By creating a state in which independent initiative can land you in jail, the Putin leadership has increased Russia's vulnerability to HIV/AIDS.

Russian foreign policy

Russian foreign policy under President Vladimir Putin is motivated by economic growth not only for growth itself, but for the sake of power, autonomy, and global position. Economic interests stand alongside strategic interests in how Russia defines its security and status, that is, Russia as an influential, autonomous, and accepted great

power. The Russian leadership seeks global engagement, but in the context of state control at home and a great power status abroad.

One effect of the great power focus of Putin's internationalist foreign policy has been the rise of geopolitics in Russian strategy and priorities. Russia's approach to the foreign policy challenges of terrorism and proliferation is geopolitical and filtered through the leadership's great power objective. This means that while Russia's concern about transnational terrorism is genuine, it also wants to act with a high degree of autonomy in regions around its borders. It means that while Russia has little to gain from China's rise as a military power with designs on Russian territory, it does have a very strong interest in selling it energy and arms, and in joining with China to try to balance U.S. influence.

In this context, the Russian leadership unfortunately sees U.S. policies as part of the problem it faces in its objective to establish itself as a great power with geopolitical advantages in an environment that looks highly threatening. This was the filter in which the Russia leadership viewed the Ukrainian elections, and President Bush's visits to Latvia and Georgia. Russian leaders assume a great power and geopolitical framework in U.S. policy, so they see the net of U.S. relationships in Eurasia as a form of neo-containment meant to restrict Russian power and influence.

U.S. policies and engagement with Russia

Nothing in what I have outlined contradicts the need for U.S. engagement with Russia. Russia remains one of the most important countries for the U.S., as both a potential partner, and as a potential challenge. The reasons for engagement with Russia

are very well-understood by the members of this committee, and by the U.S. government: nonproliferation, energy diversification, counterterrorism, and Eurasian security.

None of this has changed, and with the ups and downs in U.S.-Russian relations it is too easy to lose sight of these fundamentals. A responsible U.S. policy will be best served by a commitment to a long-term strategy of engaging Russia in order to secure American security and economic interests. Given Russia's importance in the region and its impact on vital global issues, Russia must continue to be among the United States' most important foreign partners.

The analysis I offered above matters for its implications on how to engage Russia, and for an assessment of how well Russia will be able to engage with the United States.

In the short term, the United States is confronted with engaging a Russian leadership that is quite internally pre-occupied. The United States faces a leadership increasingly in crisis management, because of the weaknesses of its government institutions in managing public policy challenges, and the build-up of unsolved social and economic challenges. I have outlined the HIV/AIDS challenge, but it is only one among many serious problems that have not been dealt with effectively and which cannot be avoided for much longer.

The challenge for the United States is to recognize the limitations on Russia's capacity as an effective state, and maintain its principled and practical stand on the importance of democracy and human rights as a way to *strengthen* the effectiveness of Russia as a country.

Under these circumstances, probably the best the United States can do is to continue to work on practical programs and policies with a proven record of successful engagement.

However, because of the limited capacity of the Russian state and because over the long run Russia will be successful, secure, and prosperous only if Russian society contributes to its country's programs and policy, the United States should not shy away from engaging Russian society and independent civic institutions.

Trends in the past year are not promising, but Russia is not the Soviet Union of the height of the Cold War. It is more open to the world, and has a sense of the benefits of engaging globally. Through a consistent and principled policy, the U.S. can cope with a challenging Russia in the short-term while building on strengths -- in the relationship and within Russia -- for the long-term.