The Committee will come to order.

Good morning, Madam Secretary.

Before we begin, I would like to commend you for your many efforts

in addressing the many difficult foreign policy issues that you

have had on your watch.

Since this might be your last appearance before our Committee

as Secretary of State, I thought it would be appropriate to acknowledge

the diligent work you have done in representing our Nation

to the world. So, on behalf of all of our Members, thank you for all

you have done.

We appreciate your coming before the Committee today to address

the many issues related to our relationship with Russia.

With the indulgence of our Members and in light of your schedule,

we will have just two opening statements—by myself and by

our colleague from Connecticut, the Ranking Member.

Madam Secretary, we would then ask that you summarize your

prepared statement so that we might then move more quickly to

our Members’ questions.

Ladies and gentlemen, my colleagues, this morning’s hearing is

focused in large part on the past and current activities of Vladimir

Putin, the new President of Russia.

I think that we need to be concerned about several issues regarding

Mr. Putin: his rise from obscurity to the highest levels of

power; the sources of his current support; and his intentions for

Russia’s foreign policy, in particular toward the United States.

Madam Secretary, within Russia there are voices of brave people

who are truly dedicated to democracy and political and economic

reforms warning us that Mr. Putin is not who he would have us

believe he is.

We all know, of course, that he has spent much of his life as a

career KGB agent, but we also need to look more closely at how

he rose to the presidency. He rose to the position of Prime Minister

at a time when former President Boris Yeltsin was searching for

someone who could ensure his safe departure from office. Indeed,

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after Putin entered the presidency, his very first action was to

grant Yeltsin immunity from any prosecution.

Additionally, we should note the manner in which Mr. Putin won

that election. It was an election Yeltsin and Putin timed to the disadvantage

of his opponents. It was an election in which the government-

run media blatantly slandered Putin’s opponents.

Stories are now emerging in Russia’s independent media about

massive vote-rigging for Putin in the election. That is the same

independent media now being intimidated by the Putin government.

As one commentator said, the election was nothing more

than a ‘‘velvet coup,’’ manipulated to such an extent that it simply

handed power from Yeltsin to Putin.

But there is much more than that which should concern us.

Those surrounding Putin and former president Boris Yeltsin—including

the Russian tycoon Boris Berezovsky—created a brand new

political party late last year. This new party had almost no known

political platform, but it benefited from the same kind of Kremlin

support Putin later enjoyed. That new party won a considerable

number of seats in the Russian parliament and immediately joined

the Communists in excluding reform-minded parties from leading

positions in that body.

Now we hear reports that those around Putin, many of them

former career KGB agents themselves, would like to create another

new party. This potential new party would have a more left-wing

face but would really be controlled by the Kremlin. As one courageous

Russian journalist has said, Vladimir Putin and his supporters

are now trying to create a ‘‘managed democracy’’ in Russia.

But, again, there is even more that is puzzling about this new

president and his government.

Recently, we have witnessed what would appear to be a growing

disagreement between Mr. Putin and Mr. Berezovsky. Berezovsky

has, over the years, played a central role behind the scenes in the

Yeltsin and Putin governments and has made tremendous profits

out of the privatization process in Russia. But now, Berezovsky is

publicly criticizing the Putin government and complains that he is

under some pressures from it. However, at the same time, he and

his associates have received quiet support from the Putin government

for lucrative business deals that promise them greater

wealth.

Madam Secretary, I believe that all this points to one thing: We

must be very cautious before accepting Putin as ‘‘a man we can do

business with,’’ as our President recently put it. We need to start

listening to those in Russia who truly support democracy and reforms.

Over the past several years, I have made my concerns about our

Russia policy known to you and the President in correspondence,

in public articles, and in hearings on that policy held by this Committee.

While Vladimir Putin’s rise to power certainly stems from

the situation in Russia over the past few years, I am concerned

that the United States policy toward Russia has also contributed

to his rise to power. Let me explain why I believe that.

Russians who are truly interested in democracy and reforms

have warned that our policy—a policy that continued to support

Boris Yeltsin while corruption flourished around him—would not

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result in either democracy or reforms in Russia. Our own State Department

personnel have stated—and testified before Congress—

that they tried to warn our policymakers as early as 6 years ago

that the policy toward Russia had to change. Their warnings were

ignored.

A clear sign that our policy was flawed was our support for the

IMF’s decision to loan billions of dollars to the Russian government

while billions and billions more were being shipped out of Russia

to foreign bank accounts, month after month, year after year. Yet

nobody in the Administration seemed willing to call the Yeltsin

government to account for its corruption. Instead, a few perfunctory

statements were made and a rather small program was designed

to advise Russians on crime and corruption.

Having failed to truly stand up to the massive corruption in the

Yeltsin government, will anybody now call the Putin government to

account for the sake of democracy?

The independent media in Russia, the one major source of information

about government corruption in that country, is now under

attack.

What is being said to Russian government officials, what is being

done by our United States officials, to halt that intimidation and

protect freedom of the press?

Today, Madam Secretary, we hope you will give us some insight

into how we got to this point in our relationship with Russia and

where we go from here.

Madam Secretary, let me say just one thing outside of the scope

of our hearing today. With regard to your proposal for a new Under

Secretary for Law Enforcement, Security and Terrorism, I have

long-held concerns regarding the performance of State’s INL office

in fighting drugs. I have to regrettably say that there are too many

unknowns about increasing the role of the State Department in law

enforcement matters, and increasing bureaucracy doesn’t guarantee

better coordination. We ought not to tie the incoming Administration’s

hands in this area.

Now, I would like to recognize my colleague from Connecticut,

the Ranking Member, for his opening statement; and then we will

proceed directly to the Secretary’s testimony and the Members’

questions. Mr. Gejdenson.

Madam Secretary, please proceed.

Thank you very much, Madam Secretary.

Let me start off by asking you, in light of the complaints by Russian

journalists and democratic activists that the March election of

Vladimir Putin was somewhat rigged by huge voter fraud, manipulation

of the media and by blatant government-sponsored attacks

on Putin’s opponents, how do we analyze that election?

Thank you.

Madam Secretary, with the increasing numbers of career KGB

agents being appointed to top government positions in the Russian

government by President Putin, some analysts are saying that

these ex-KGB personnel are a menace to Russian human rights. I

am looking at a Reuters story by Deborah Sobrinko dated September

19th in which she states that the Internet has played a role

in support of human rights but that it is vulnerable to tampering

by members of the security services, and that, in any event, few

people in the provinces can even afford computers, making newspapers

and leaflets key sources of information, but that the human

rights picture is getting worse in Russia’s provinces. Could you

comment on that for us?

Madam Secretary, with regard to U.S. interests

in Russia and with Russia, what are we doing, for example,

to insist that Russia halt its efforts to end sanctions on Saddam

Hussein in Iraq. Can you tell us your feelings about that?

Madam Secretary, what about Russia’s nuclear

and ballistic missile technology proliferation to Iran which

continues today? What can we do to stop that and what do you

plan to do?

Madam Secretary, will you insist that Russia

close down the espionage station in Cuba and end the financial

support that the rent for that station gives to the Cuban regime

annually?

My time has expired.

Mr. Gejdenson.

Mr. Leach.

The gentleman’s time has expired. Thank

you, Mr. Leach.

Mr. Lantos.

The gentleman’s time has expired. I am going

to caution all Members regarding the Secretary’s schedule and ask

for their cooperation. The Secretary has to leave by noon, and if

you want a full explanation with regard to your questions, please

don’t spend the full 5 minutes on a lecture.

Mr. Smith.

The gentleman’s time has expired.

Mr. Berman.

The gentleman’s time has expired.

We have a number of Members who want to ask questions of the

Secretary. I ask you, please don’t lecture. Ask the question early

on so that we can move quickly to our other Members.

It is a bipartisan request. Mr. Rohrabacher.

The gentleman’s time has expired.

Mr. Delahunt.

Do you want a response by Reuters?

Thank you very much.

Mr. Chabot, I am going to suggest that, since the Secretary has

only 35 minutes left and we have 12 Members remaining to interrogate,

that we reduce the time for questions to 3 minutes for each

Member. Without objection. Mr. Chabot.

Thank you, Mr. Chabot.

Mr. Hastings.

The gentleman’s time has overexpired.

Dr. Cooksey.

The gentleman’s time has expired.

Ms. Lee.

The gentlelady’s time has expired.

Ms. Ros-Lehtinen.

There won’t be much time for the Secretary

to respond. Madam Secretary, please respond.

Mr. Menendez.

The gentleman’s time has expired.

Mr. Bereuter.

The gentleman’s time has expired.

Mr. Crowley.

Mr. Tancredo.

The gentleman’s time has expired.

Mr. Royce.

The gentleman’s time has expired. Go ahead

and answer the question.

Mr. Payne.

Madam Secretary, we thank you for your appearance

today. We wish you a safe trip, wherever you may be

headed. By unanimous consent, we will insert in the record a written

statement by Congressman Smith and statements by any other

Members. We may also forward Members’ written questions to you,

and I hope you will answer them at an early date.

Again, we wish you well in all of your future endeavors.

We thank you for that comment.

Before you leave, Madam Secretary, let me say that there has

been some criticism of travel by Members of Congress, and I would

welcome your comment about that criticism.

Thank you, Madam Secretary. I am familiar

with your prior comments on that. Once again, we wish you well.

The hearing is adjourned.