Thank you very much, Mr. Chairman, Senator

Lugar, members of the committee. I want to thank you for this opportunity

to discuss the Georgia crisis and its implications, particularly

for our relationship with Russia, where I’ve served for the last

3 years as U.S. Ambassador.

With your permission, I’ll submit my written statement for the

record and offer a very brief summary.

The causes of the current crisis are complicated,

with mistakes and miscalculations on all sides. Georgia’s

decision to use force to reassert its sovereignty over South Ossetia,

against our strong and repeated warnings, was shortsighted and

ill-advised, but there was no justification for Russia’s disproportionate

response, for its provocative behavior in the runup to the

crisis, or for sending its military across international boundaries to

attack Georgia and seek to dismember a sovereign country.

With a cease-fire in place, the uncertain beginnings of Russian

withdrawal from Georgia underway, and Georgia’s own economic

recovery moving ahead, this is a moment to take stock and look

ahead. A great deal is at stake.

Russia’s actions in Georgia, particularly its reckless decision to

recognize South Ossetia and Abkhazia, are deplorable. Russia’s behavior

raises serious questions about the future of our relations

with a resurgent, nuclear-armed, energy-rich, great power which

has much potential, but more than its share of troubles and complexes,

and whom we do not have the luxury of ignoring.

As we consider the contours of an effective strategy, I would

highlight a few elements:

First, it is essential to continue to make common cause with our

European allies. Our cohesiveness and collective determination is

the key to effecting Russia’s calculus. American actions have far

more impact as part of a chorus than as a solo performance, and

unity among European countries is also crucial. We have worked

closely with President Sarkozy and the EU leadership in recent

weeks. We will continue to do so as, standing together, we press

Russia to fulfill all its commitments under the August 12 and September

8 agreements. While much is made of Europe’s energy dependence

on Russia, the wider truth is that Russia needs Europe,

too, as the market for 75 percent of its gas exports and as a critical

bridge to a better economic future.

Second, the United States and Europe must continue to work together

urgently to support Georgia’s economic revival and territorial

integrity. Senator Biden and other members of this committee

were absolutely right, at the outset of this crisis, to highlight

the importance of a major American assistance initiative. And

Secretary Rice proposed, on September 3, a $1 billion economic

package for Georgia, with the first phase of $570 million this year.

In the second phase of funding, next year, we hope for strong bipartisan

backing for aid that goes beyond immediate humanitarian

and reconstruction needs and includes new resources to strengthen

Georgia’s independent media, rule of law, and civil society. We look

forward to working closely with the Congress in this effort, and

also intend to coordinate with our European allies, including at the

donor’s conference planned by the EU later this fall. In the meantime,

we will also be assessing Georgia’s security assistance needs,

again in cooperation with our NATO partners, using the newly established

NATO-Georgia Commission. The NATO Secretary General

and a delegation of NATO permanent representatives were in

Tblisi yesterday to underscore our collective support for Georgia.

Third, we are working to reassure our friends throughout the region

of our long-term commitment to their economic modernization,

democratic development, and well-being. Russia obviously has vital

interests throughout its own neighborhood, and a great deal of natural

influence to bring to play, but that does not entitle it to a region

of privileged interests or veto power over the sovereign choices of its neighbors.

We also recognize that out of crisis sometimes come opportunities.

Turkey, which I visited earlier this month, is showing real

leadership in exploring possibilities for easing tensions in the

South Caucasus. The leaders of Turkey and Armenia had an un-

precedented meeting in Yerevan, a week ago, and progress toward

normalization between Turkey and Armenia could open up trade

and transportation routes for the entire South Caucasus. Moreover,

it could help open up new avenues for settling the Nagorno-

Karabakh conflict between Armenia and Azerbaijan. This is also an

important moment to reassure NATO’s newest northern members.

Fourth, the United States needs to redouble our efforts, with our

partners in Europe and Eurasia, to diversify energy supplies and

transit routes and avoid a singular reliance on Russian oil and gas

imports. Improving energy efficiency is a significant ingredient, as

is development of renewable energy sources. The EU’s competitiveness

and antimonopoly regulations can also be a valuable tool to

promote greater transparency and reliability.

Fifth, it is important to reinforce for Russia the consequences of

its actions in Georgia as a means of ensuring its compliance with

its commitments to President Sarkozy. We and our European partners

have made clear that there will be no ‘‘business as usual’’ with

Russia while those commitments remain unfulfilled. For our part,

the administration has withdrawn the 123 Agreement on civil nuclear

cooperation with Russia and suspended United States-Russian

bilateral military programs. We continue to review other options.

In many ways, the most damaging consequences thus far for

Russia have been self-inflicted economic and political wounds.

Since August 7, investor confidence has plummeted; at least in part

because of the Georgia crisis, Russian financial markets have lost

nearly a third of their value, with losses in market capitalization

of hundreds of billions of dollars. Capital is fleeing Russia, with $7

billion leaving the country on August 8 alone, according to Russian

Finance Minister Kudrin. The ruble has depreciated by nearly 10

percent since the Georgia crisis began. The Russian Central Bank

has spent billions of dollars of its reserves to try to halt the slide of the ruble.

The opportunity costs for Russia are even greater, the most important

of which may be the country’s ambitious plans to diversify

the economy and rebuild infrastructure. At a moment of critical

economic choices, at a moment when Russia can innovate, diversify

beyond hydrocarbons, and develop to the full its greatest resources—

its enormously talented people—it is in danger of missing

an historic chance and stagnating amidst mounting corruption, cronyism,

and demographic ills.

Russia’s diplomatic isolation was vividly exposed at the recent

Shanghai Cooperation Organization Summit, when not one of its

partners joined it in recognizing Abkhazia and South Ossetia.

Nicaragua’s solitary support for recognition of those two breakaway

regions is hardly a diplomatic triumph. In a rare step, the G–7 Foreign

Ministers also issued a statement sharply criticizing the behavior

of the remaining member of the G–8.

Finally, our long-term strategy toward Russia needs to be based

on a sober assessment of our own interests and priorities, and of

what’s driving Russia today. Flush with petro dollars and reborn

pride, the Russia we see before us is a muddle of conflicting impulses,

of angry chauvinism and accumulated grievances alongside

some very 21st-century connections to the global market and new

attachments to a world in which foreign travel and private property

are what animate much of the next generation and the emerging middle class.

On the one hand, some Russian strategists clearly see opportunities

in American difficulties, and see taking us down a notch as the

best way to assert their own prerogatives and expand their role.

Another aspect of that inclination was on full and ugly display in

the Georgia crisis, the very 19th-century notion that intimidating

small neighbors is what makes great powers great. Those impulses

are fed by the increasingly authoritarian bent in Russian politics

over recent years. They are beguiling and cathartic for a country

that, a decade ago, was about as far down on its luck as a great

power can go, but they are not the same thing as a positive agenda

for realizing Russia’s potential in the decades ahead.

On the other hand, there is the Russia about which President

Medvedev spoke eloquently during his election campaign, a Russia

that aspires to become a modern, rules-based, 21st-century, great

power with a diversified, integrated economy and a political system

that gradually opens itself to the rule of law. That vision of Russia

has hardly been on display in recent weeks. Indeed, it has very

nearly receded from view. But, the realities of Russia’s circumstances

may yet force it back to the surface.

It’s hard to predict which set of impulses will prove strongest in

the years ahead, or whether the costs and consequences already

evident in the Georgia crisis will sink in. The truth is, we are likely

to have a relationship with Russia, for some time to come, which

mixes competition and political conflict with cooperation. On some

critically important issues, like combating nuclear terrorism and

nonproliferation, we have a hardheaded interest in working with

Russia, as we will be doing when my Russian counterpart joins the

rest of our ‘‘P5-plus-1’’ colleagues in another round of discussions

on Iran, the day after tomorrow, in Washington. Nowhere is our cooperation

and our leadership more important than on the whole

complex of nuclear challenges, from setting a good example for the

rest of the world in managing and reducing our own nuclear arsenals,

to ensuring the safety and security of nuclear materials on

the basis of the visionary programs which Senator Lugar has done

so much to promote. On other issues, like Georgia, we and our

partners will need to push back hard and systematically against Russian behavior.

Dealing with Russia in the years ahead will require equal parts

firmness, steadiness, and patience. It will require us to put sustained

effort into a common strategy with our European partners.

It will require us to keep a clear sense of priorities. It will require

us to keep the door open to long-term, mutually respectful partnership

with Russia, if Russia chooses to make that possible, and if

it chooses to become a responsible stakeholder in the international

system, but to defend our interests resolutely in the meantime. It

will require us to keep a sense of strategic confidence and initiative,

as well as a sense of the internal weaknesses and growing

interdependence with which Russian leaders must ultimately contend.

And it will require us to continue to focus energy and attention

on a relationship with Russia that may often prove frustrating,

and sometimes even dangerous, but that matters enormously, not

only to our interests, but to the future of global order.

Thank you very much. Yes, sir, Mr. Chairman.

First, with regard to the assistance question you raised last, as

I mentioned in my opening statement, what we’re seeking is $570

million in assistance, mostly focused on humanitarian assistance

and immediate reconstruction needs, before the end of the calendar

2008. And you make a very important point about the importance

of keeping our priorities in view and not robbing Peter to pay Paul.

And we’ve tried to take that into account as we’ve looked through

the various moneys that we’ve put together. Some of it, about $250

million, would come in direct budget support, which, again, as Senator

Lugar mentioned, is—meets a very immediate need of the

Georgian Government. Some of it comes through the OPIC program,

for which we need authorization from the Congress. Some of

it comes from the Millennium Challenge Corporation.

So, we’ve tried to put together a mix that will help provide an

immediate boost, an immediate signal of confidence in Georgia’s

economic recovery. Because, just as you said, Mr. Chairman, Georgia

had made quite significant strides in recent years by making

some smart economic choices and attracting foreign investment and

making Georgia an attractive place to invest. We’re working carefully

with the Europeans, as well, who, earlier this week, approved

about $700 million in assistance over a period of 3 years, and with

the IMF, which has approved a $700 million standby loan—again,

as a way of sending a strong signal of support.

So, we look forward very much to working with the committee

as we sort through the numbers. We’ll be very mindful of the need

to keep our priorities in view, but we’re also mindful of the importance

of sending a strong signal of support for Georgia right now. Yes, sir.

On the question you raised about spheres of influence, again, as

I said in my opening remarks, it’s obvious that Russia has vital interests

in its own neighborhood, that it has a lot of influence to

bring to play. But, that does not entitle it to, what President

Medvedev has termed, a region of privileged interest, and it doesn’t

entitle it to a veto over the sovereign choices of its neighbors.

The best guarantee for—whether it’s Russians or any other ethnic

or national minorities in neighboring countries—has to do with

stability, the security, the prosperity, the well-being of those states,

and the ways in which they take care of all their citizens, including

minorities, whether that’s in the Ukraine or Kazakhstan or anyplace

else. And so, I think it underscores the importance of helping

to strengthen those societies, which is something that, as you

know, we’ve been committed to do, on a bipartisan basis, for many

years. And I think that’s the best answer to the concerns that are raised.

But, as I said, it’s one thing to recognize the natural influence

that Russia has to bring to play, and what its vital interests are.

That is not the same thing as entitling anyone to a sphere of influence.

Well, I think it’s certainly something that we

and others are concerned about, and need to be concerned about.

As I said, I think the best prescription for dealing with that concern

is doing everything we can to help demonstrate, over the long

term to all of those countries, our support for their own development.

And I think that’s the best way to address that concern.

Well, Senator Lugar, as you know as well as

anyone, it’s a complicated path, but, I think, to answer your question,

it is conceivable that we can continue to work with Russia in

a hardheaded way on some of the issues that you described, which

are crucial, not only to our interests and Russia’s interests, but to

the rest of the world, because the truth is, the United States and

Russia have both unique capabilities and unique responsibilities in

the nuclear field. And so, whether it’s with regard to our own arsenals,

the future of the START treaty, whether it’s with regard to

the creativity and will that we can bring to bear to deal with

broader problems of missile defense, or whether it’s with regard to

the safeguarding of fissile materials and nuclear installations and

facilities in Russia itself. All of those, it seems to me, remain coldbloodedly

very much in both of our interests, and I think it is conceivable

that we can continue to work together on those issues,

while, at the same time, in a big and complicated relationship,

making very clear the deep concern that, not only we, but our European

partners, have about Russian behavior during the Georgia

crisis and about the potential for other kinds of Russian behavior

that’s going to undermine our own interests.

On the question with regard to the economic consequences of this

crisis and the popularity of Prime Minister Putin and the Russian

leadership, it just seems to me that, over time, some of those consequences

are going to sink in. There’s no doubt, as you said, but

that the sense of reborn pride and national assertiveness that has

grown in the years in which Mr. Putin was president and now in

the presidency of Medvedev, is something that is popular with a lot

of Russians. But, what’s also popular is a sense that standards of

living are rising, a sense, which is very understandable, that it’s

a society which is beginning to make progress and integrate itself

into, not just the global economy, but international institutions.

And I think what’s becoming clear in this crisis is that there are

some consequences for the kind of national assertiveness and

overdoing of things which we’ve seen in the Georgia crisis. And

how and when that’s going to sink in, I’m honestly not certainly,

but I do think it’s going to have an impact as Russians try to calculate

costs and benefits for their own future.

And I think, you know, as I said, many of those consequences

and costs are self-inflicted, but there are ways in which I think we

and our European partners and others in the international community

can help shape those choices for Russians, over time, in terms

of the actions that we take, as well.

Well, I think what the CFE Treaty does, as,

you know, many other parts of European security architecture have

done, is provide a degree of transparency and predictability to how

you move conventional forces around in Europe. When you remove

that degree of transparency and predictability, it causes a lot of uncertainty

and, potentially, instability in the region. And so, that’s

why we’ve believed that that framework is very important, and

that’s why, at least for our part, we’re committed to trying to find

a way back toward the adopted CFE Treaty. But, as I said, it takes

a Russian recognition of the importance of that, as well.

Well, Senator Casey, with regard to nuclear

terrorism, the United States and Russia launched, a little more

than a year ago, I think, a very important initiative, the Initiative

to Combat Nuclear Terrorism, which now has about 70 countries

which have signed up, and which deals with what is a very serious

and growing threat around the world. And, again, as I mentioned

before, an area where the United States and Russia really do have

both unique capabilities and unique responsibilities. And we aim to

continue to support and strengthen that initiative.

With regard to Iran, as I mentioned, we continue to work with

the Russians, the Chinese, the key EU players—the British, the

French, and the Germans—in an effort, along two tracks, to make

clear, first to the Iranians, what’s possible if they agree to suspend

their enrichment programs, but, at the same time, the consequences

of their failure to do that.

As you mentioned, the IAEA, the International Atomic Energy

Agency, issued another report, a couple of days ago, which reinforced

its own serious concern about Iran’s failure to live up to its

obligations to the IAEA, and that underscores the importance of

the six of us and the rest of the international community working

as hard as we can along both of those tracks, but particularly now,

after a number of months in which the Iranians have failed to respond

to the latest Security Council resolution, as well as to the

very generous package of incentives that we all put on the table,

the importance of demonstrating consequences for their inaction.

And that’s an area where we hope and believe we can continue to

work with Russia and our other partners.

Well, thank you, Senator. We certainly do. And

I mentioned a couple of the initiatives that had been underway

and, I think, continue to have potential, notwithstanding the Georgia

crisis, whether it’s the Global Initiative to Combat Nuclear Terrorism,

the ‘‘2 plus 2’’ talks, and the efforts that we’ve made to try

to find, and build on, common ground, especially in the nuclear

field, the efforts that we’ve made to talk about potential cooperative

approaches in areas like missile defense. I think those all remain

very important areas of potential cooperation, alongside the

Cooperative Threat Reduction Programs that Senator Lugar had highlighted before.

The reality is, as I mentioned, that our relationship with Russia

for some time to come is likely to be a mix, and sometimes an uneasy

mix of competition, and sometimes political conflict alongside

cooperation. And I think it’s going to be difficult to navigate that

path with the Russians in the years ahead, because Russia’s a society

that’s gone through its own very complicated transitions, and

I described some of the impulses and tensions that are at play, I

think, in Russia today. But, we don’t have the luxury of ignoring

Russia or that relationship, and so, we’re going to have to be very

hardheaded in how we engage both in working with our European

partners to push back, hard and systematically, in instances like

the Georgia crisis; to try to ensure that we’re doing everything we

can to support our other friends in Russia’s own neighborhood to

avoid such crises in the future; to try to be creative in helping to

solve some of the so-called frozen conflicts, like Nagorno-Karabakh,

which I think had within them the seeds of future problems in the

region; to do everything we can to encourage diversification of energy

supplies and energy security, to enhance energy security

throughout the region—again, working with our European partners

and our friends throughout Eurasia. Well, Secretary Rice has spoken with Foreign

Minister Lavrov this week, and we remain engaged with the Russians.

And we need to, as I said, in a very hardheaded way, to push

as hard as we can with our European partners to get them to comply

with the commitments they’ve made to President Sarkozy with

regard to the Georgia crisis; also, to engage with them in a very

hardheaded way about some of the regional issues that you just described;

and also, to continue to look for ways in which we can

work together in our mutual interests on some of the other issues

that we’ve discussed, especially in the nuclear area.

So, it seems to me there’s no good alternative to that kind of very

tough-minded engagement with the Russians. There’s too much at

stake, not just in our own relationship, but the more—wider international interests.

And so, as I said, the Secretary remains very much engaged with

her Russian counterpart. There haven’t been any recent conversations,

that I’m aware of, between the President and President

Medvedev. But, we need—we need to work hard at this relationship.

And the Russians themselves need to look at their own selfinterest,

not only in their relationship with us, but in what they

have at stake in this crisis and in their behavior beyond it.

I’m not aware of any recent conversation, Senator,

but Secretary Rice has certainly spoken to Minister Lavrov since then.

Well, sir, I mean, it won’t surprise you, but the

answer is that AID, the Agency for International Development, and

the Defense Department have worked very closely together on this

issue. And, you know, each brings particular assets to the task.

What the U.S. military has done is rapidly facilitate the movement

of humanitarian supplies, which are sorely needed by the Georgian

people and the Georgian Government. And so, you had U.S. naval

vessels bringing in humanitarian supplies over recent weeks, which

is a natural way to take advantage of that asset.

At the same time, on the same day that General Craddock, of

SACEUR, visited Georgia, he was accompanied by Henrietta Fore,

the head of the Agency for International Development, which I

think helped demonstrate the role that both the civilian and the

military side can play, and must play in this instance.

AID has been very active on the ground in working with Georgia.

We had a large economic team, an interagency team, working with

our Georgian counterparts to try and assess both humanitarian

and reconstruction needs. So, it really was an interagency effort in

which we’ve all worked together.

No, sir. In the—it’s a combined effort. It really

is. And the Defense Department, in the early stages, took the lead

in moving humanitarian supplies to Georgia, which was a natural

step to take; they had the means to do it. It’s the same kind of

thing we do in other crisis situations around the world. But, over

time, what we’ve seen is the State Department taking the lead,

under Under Secretary Reuben Jeffrey, and trying to work with the

Georgians to develop a longer term plan for reconstruction. So,

there are a number of different agencies that have had a role——

Yes, sir. And that plan, as I said, has been

very much a part of what Reuben Jeffrey did when he visited Georgia

and put together a reconstruction plan, which is reflected in the

assistance package, which we’re—you know, which we have proposed

and want to work with the Congress on.

The military’s role has been to move humanitarian

supplies. That’s still ongoing. But, I think we’re beginning

to move from a phase of provision of humanitarian supplies toward

a longer term reconstruction——

Some on the ground, in terms of distribution

of supplies, but it’s mostly in getting the supplies to Georgia, where

the Georgian Government, NGOs, and others have worked to make

sure they get to the people who need them, refugees and others.

Yes, sir, it will. And, as I mentioned in my

opening statement, in the second tranche of that assistance, we

have very much in mind to propose to the Congress and work with

you to provide new resources in areas like civil society, rule of law,

independent media, because it is true that Georgia needs to make

improvements in those areas, to build democratic institutions.

They’ve faced problems in the past, including at the end of last

year, that need to be addressed. And it’s very much a part of our

long-term support for—— Well, in the second tranche of assistance, we’re

talking about a total of $430 million.

No; I don’t think we need to choose. I think

Russian policy on issues like Iran is not driven by sentiment, it’s

driven by their own self-interest. I think the Russian regime understands

that a nuclear-weaponed Iran is not in their interest, either.

And I think they see a self-interest in working with us, and with

others, to try to prevent that from happening.

At the same time—and I think this is true of a lot of complicated

great-power relationships—we need to continue to make very clear

our opposition to what the Russians have done in Georgia, to Russian

behavior there. And, as I said, that’s going to be characteristic

of a relationship that’s going to combine some areas of competition

and political conflict with areas in which think we can, in a hardheaded

way, cooperate. Well, Senator, we’ve worked very closely with

the Georgian Prime Minister and the Georgian Government to try

to make sure that the assistance that we provide, with your support,

goes in the areas that are going to serve their needs most,

and including the Phoenix Fund. And so, to the best of my understanding,

that’s a large part of what we intend to do; in other

words, to focus on those reconstruction projects which are going to

be crucial to rebuilding the Georgian economy. So, I’d be glad to get back——

Well, let me get you a more detailed answer on

that, Senator, because I don’t want to mislead you. But, I think,

again, to the best of my knowledge, what we’ve tried to do is work

very closely with the Georgian Prime Minister, especially, who, as

you said, is a very impressive man, to make sure that the moneys

not only we, but the Europeans and others are providing is—has

gone in a direction which is going to help them recover quickly. So,

let me follow up on that and——

Be glad to—— Yes, sir.

Well, the Russians’ leadership certainly hasn’t been shy over the

last year in expressing their concerns and their opposition in a

number of areas, whether it’s been Kosovo’s independence, the missile

defense plans in Poland and the Czech Republic, or the whole

issue of NATO enlargement, or the next steps in NATO enlargement,

to include Ukraine and Georgia. We’ve engaged, certainly

during my time as ambassador in Russia, I think, in a very intensive

way, to try to work through each of those issues and to accommodate

Russian concerns, as best we could. But, the honest answer

is, Russians have been—the Russian leadership has been deeply

disturbed by a number of those steps, and that does create, notwithstanding

our best efforts, the backdrop against which they

shape some of their choices.

I think what it underscores for me is not that we necessarily

need to accept their concerns, or indulge them; we need to understand

them. And we—— Well—I mean, I think—I mean, I can only

speak to my own experience—certainly made a lot of effort to try

and understand, at least, the kind of concerns that are developing,

you know, in a society which, as I said before, has gone through

a very rough period, especially in the 1990s, which, you know, are

often seen outside Russia as a period of democratic rebirth, but

we’re—for a lot of Russians, it was a very tough period. Economic

uncertainty, disorder of—you know, for many Russians, a sense of

lost dignity and national humiliation. Now, as I said, you don’t

have to agree with that assessment. That’s—but that’s very much

how a lot of Russians, anyway, have seen their predicament in the

1990s. And what you see today is a Russia, in some ways, floating

on high energy prices, that finds a fair amount of satisfaction in asserting itself.

I think, given all the interests that we have at stake in our relationship

with Russia, it is very important, in a tough-minded way,

to stay engaged with them, to look for structures, whether it’s the

‘‘2-plus-2’’ structure that we revived last year, economic structures

that we’ve talked about in the past, where we’re engaging with

Russia on these issues, making very clear what our concerns are,

but trying to see if we can’t find common ground. We haven’t found

that in the Georgia crisis, and that’s been a very disturbing episode.

But, I don’t think it means that we shouldn’t make the effort

to engage with Russia on these issues. And we have to hope that

the Russian leadership is going to be prepared to make the same

kind of effort, and show, through its behavior in meeting its commitments

following the Georgia crisis, that it’s also committed to

that kind of a more constructive relationship. I think it’s very, very

important for both of us to make the effort.

Well, Senator, I—the United States, like our

European partners, is certainly going to continue to support Georgia’s

territorial integrity. The Russians committed themselves, in

both the August 12 and September 8 agreements with the French,

with President Sarkozy and the European Union, to an international

discussion, an international process to try to sort through

the security, stability, the future of those two breakaway regions.

And that’s something that we’re going to continue to push the Russians to adhere to.

In the meantime, I think it’s very important to everybody to understand

that there’s no way in which you’re going to solve that

problem, pursue that international process, by using force. The

Georgians have made a commitment to non-use of force now, in

terms of trying to deal with that issue. And the immediate challenge

for Georgia, which we’re fully committed to, is trying to rebuild

its economy, to strengthen its sovereign, so that Georgia itself

is, as it was becoming over the last few years, a very attractive

place, a place whose economy is growing, that’s attracting foreign

direct investment, that’s beginning, notwithstanding political difficulties

at home and the weakness of democratic institutions, to

apply the rule of law. And I think that’s—that, it seems to me, is

the best course for Georgia, with a lot of support from the rest of us.

And, again, to do everything we can to try to support that kind

of an international process, which is called for in both the six-point

agreement that was reached on August 12 and reinforced on September

8. Much easier said than done, I understand that, but that’s

the position I think we’re going to continue to push.

Yes, sir, I will. Senator, very good and very difficult questions.

With regard to NATO’s expansion and the transition that NATO

is going through right now, I absolutely agree with you. Article 5

commitments, formal membership is not something to be taken

lightly by any of us; and certainly in this administration, I’m sure

in the next one, people don’t take that lightly, and that’s why

there’s such a protracted, methodical process that exists, because

we’re not talking, today, about membership, or immediate membership

for Ukraine or for Georgia. What the United States has been

talking about and supporting, as Senator Lugar said, is simply the

next stage, the Membership Action Plan, which is designed to help

countries who are interested in membership get ready for it, to see

if they can meet the criteria for it. And you mentioned a number

of the criteria that apply. And as, I think, NATO considers those

very complicated decisions, and very consequential ones, too, in

terms of the article 5 commitments that might one day come along

with them, it’s very important to stay engaged with the Russians,

as well, because, you know, their influence, their behavior, is going

to shape European security and stability in some very important

ways in the future.

As I said before, that doesn’t mean we have to indulge all of the

concerns the Russians raise, but we do need to engage them in a

serious way. We have a Russia-NATO Council, right now, which is

the mechanism for doing that. Well, certainly the Russians perceive—I mean,

they’ve expressed a lot of anxiety, over the years, about NATO’s expansion,

and particularly with regard to the question of Ukraine,

which is, I think, in many ways, the brightest red line of all for

many in the Russian political elite.

Having said that, I also agree with you that there are a number

of different ways in which you can support the stability, the security,

the well-being of countries which deserve that support. That’s

why Ukraine recently had a summit meeting with EU leaders to

talk about the possibility of membership in EU and ways in which

you can tighten that relationship.

So, I absolutely agree with you, there are a lot of different ways,

working bilaterally, working with the Europeans, looking at other

European institutions, in which we can both strengthen those ties

and strengthen those countries.

Yes, ma’am. First, let me say I agree with you

on the Arctic. I think we do have some common interests, not just

with the Russians, but with a number of other Arctic countries,

and I think that’s an area where we need, as you well know, to continue

to work together on.

Second, with regard to pipelines in Georgia, I’m not aware of any

concrete evidence of targeting of those pipelines or of actual damage

done to the two main pipelines that pass through Georgia. It’s

certainly of enormous concern for all of us, because of the significance,

as the Chairman mentioned earlier, of the transit routes

that go through Georgia. But, I’m not aware of any specific damage

done to those pipelines——

I honestly don’t think so. I mean, the situation—

this is a situation, a crisis and a set of tensions that’s been

building for some time. I think we—we, the Europeans, and others,

could see those tensions building. As I said, there were mistakes

and miscalculations on all sides. We worked very hard, both with

the Russians and with the Georgian Government, to urge restraint

and to urge that the problems of Abkhazia and South Ossetia be

resolved politically and diplomatically. The German Foreign Minister

had made a very serious effort, in the 6 or 8 weeks before the

crisis, to try to revive some of the diplomatic mechanisms. The

Russians as—in one instance, as Senator Lugar mentioned, unfortunately

had refused to take part in a meeting that the Germans had organized.

So, I think the warning signs were clear, and we all worked very

hard to try to restrain the parties and to try to point them back

in the direction of a diplomatic resolution. And it’s deeply unfortunate

that the crisis erupted in the way that it did. And it’s deeply

unfortunate, in particular, that the Russian Government behaved

in the way that it did.

And our focus now, working with the Europeans, is not just on

rebuilding Georgia, but it’s trying to get the Russians to live up to

the commitments that they’ve made in the August 12 and September

8 agreements.

So, I think you could see the tensions and the dangers building,

not just over the week before the crisis, but really over recent

months and over the past year. And we tried very hard to avoid

what we saw take place.

Well, I think that, you know, the picture about

what exactly happened in the 24–48 hours before full-scale conflict

broke out is still not a very clear one, and it may never be entirely

clear. And, you know, we’ll continue to sift through the evidence

that our Georgian friends have shared with us, that we’ve seen

from others, as well.

And, I think, the other important thing to keep in mind, as I

mentioned before, is that you can’t really just look at the 2 or 3

days before the crisis, you have to look at the backdrop of provo-

cations and tensions which were building, steps that the Russian

Government took in April, for example, to expand government-togovernment

relations with local governments in South Ossetia and

Abkhazia, which were a direct infringement on Georgia’s sovereignty.

So, there’s a whole catalog of problems that were building.

Of course it’s important to try and sort through exactly what

happened, and I think that’s a process that’s going to continue.

As I said before, to answer your last question, the truth is that

there were mistakes and miscalculations on all sides. Despite our

warnings, the Georgian Government decided to use force to reassert

its sovereignty in South Ossetia. And we believe that was

ill-advised. But, that in no way is a justification for what was an

obviously disproportionate Russian response, which took Russian

forces 200 kilometers into Georgia from where the conflict and crisis

was occurring in South Ossetia. There’s no justification, no excuse

for that. And, to this day, Russia remains—Russian behavior

remains inconsistent and in violation of some of the commitments

that they had made to President Sarkozy.

Senator, I think it clearly affected the conclusions

that the Polish Government drew. Now, it does come against

the backdrop of a long, drawn-out negotiation over this issue, so

much of the ground had been covered on the particular agreement

about missile defense and the 10 interceptors. But, I think it’s clear

that the Georgia crisis did have an impact on the that calculation, in the end.

I can’t speak for the Polish Government on exactly

how their—you know, their calculus unfolded during that period.

As I said, there had been a long negotiation between the two

of us over this issue that had made a fair amount of progress up

until that point, and there were only a few issues that remained

to be sorted through. So, as I said, it does seem to me that the unfolding

Georgia crisis did have ‘‘an impact’’—I can’t tell you how big

an impact—on Polish calculations, but——

It could be, Senator. I honestly don’t know.

But, you know, certainly the Russians have made no secret of their

concern about that particular program in Poland, as well as in the Czech Republic.

Well, sir, the Russian leadership has contained its enthusiasm——

Ambassador BURNS. For that program over the

years, and particularly for that step. The Russian public statements

have been quite outspoken and quite hostile about that step

that we would take in the agreement with Poland, notwithstanding

our best efforts to make clear that it represents no threat to Russia

and that it’s directed against a potential Iranian missile threat.

But, no, they’ve been absolutely clear and unsubtle in expressing

their concerns about this.

Well, sir, I’d say two or three things.

First, all of us in the NATO Alliance agreed, at the Bucharest

Summit, that not only should the road remain open for new members,

including Georgia and Ukraine, but it was a pretty strong

statement that, somewhere down the road, those countries are

going to become members of NATO.

On the immediate question of a Membership Action Plan for

Ukraine and Georgia, which we supported—the United States supported

at the Bucharest Summit, and continues to support—there

are reservations on the part of some other governments. And they

can speak to them better than I can. But, certainly, Germany and

France made clear at the Bucharest Summit that they were concerned

about whether Georgia and Ukraine were ready to take that step.

I don’t think that the—as I understand them, that the concerns

expressed by Germany and France were a function so much of their

concern about Russian reaction as they were a function of their

genuine uncertainty about whether Ukraine and Georgia were

ready to take that step yet. And that’s an issue that we’re going

to continue to work through with our partners in NATO. And I

can’t predict exactly, you know, what’s going to happen on that

issue as we move toward the December foreign ministerial meeting of NATO.

Yes, sir; I believe that’s the case.

Well, certainly with regard—again, we’re not

talking about membership, at this stage. I think none of us believe

that Georgia or Ukraine are ready, today, for membership. And

what we’ve been discussing, a MAP program, is not an invitation,

it’s not a promise, even, of membership. But, you’re absolutely

right, that if there are differences within the Alliance over that

issue, then it’s going to take some more time to sort through it.

Senator, do you mean in terms of Kosovo and

South Ossetia and Abkhazia or—— Independence.

Yes. Yes. Well, I guess, in Kosovo, you had

what we regard to be a unique set of circumstances, a set of circumstances

in which, for a period of almost a decade, you had the

U.N. administering a particular area of Kosovo, you had an international

security force which was responsible for maintaining order

there, you had a very carefully worked-through system of protection

of minority rights in Kosovo, again, which was overseen by an

international authority, you had a long period of diplomatic effort,

led by Mr. Ahtisaari, you know, who had been appointed by the

U.N. Secretary General, to try and sort through a workable diplomatic

outcome for Kosovo’s future. And then you had a period in

which the so-called troika—the United States, European Union,

and Russia—worked very hard, after Mr. Ahtisaari had come up

with his plan, to try and produce an outcome. And, against that

backdrop, the judgment that we and our European partners made

was that stability in Europe was, in fact, undercut by continued

stagnation or stalemate on this issue. Russians made very clear

their opposition to that conclusion.

I think if you look at the situations in South Ossetia and

Abkhazia, those three or four ingredients that I mentioned don’t

apply. You didn’t have that long period of U.N. or international administration,

you didn’t have an international security force which

was keeping order, you didn’t have that long period of internationally

led, U.N.-led negotiation, you don’t have a system in place to

protect minority rights and try to allow for the return of refugees.

And so, for all those reasons, I think the situations are a little different.

Yes, sir, Mr. Chairman. It’s obviously an issue

that we have to weigh very carefully. President Bush has made

clear our willingness to look at ways in which we can help the

Georgians maintain their security, rebuild their security. That’s

something that we want to do in conjunction with our NATO partners,

as well. And, as I mentioned, we’ve formed this new NATOGeorgia

Commission. It’s something that has to be approached

carefully and methodically. The first stage is, obviously, to assess

what the needs are, and that’s what we’re engaged in right now.

And all I can assure you, at this point, is that, you know, as we

assess those needs, and as we look, potentially, at what decisions

might be made, we’re going to do that very, very carefully. We do——

Mr. Chairman, it’s a very fair point, and it’s,

in large part, the purpose of this NATO-Georgia Commission that’s

been created. We have the NATO Secretary General and all the

permanent representatives of NATO in Tblisi over the last couple

of days, so this is very much an effort in which we want to stay

in the closest possible consultation, for all the reasons you mentioned,

with our NATO partners.

Senator CARDIN. Well, thank you, Chairman—Mr. Chairman. I

thank—Senator Dodd. I apologize for not being here for—throughout

the hearing. We had two other hearings today. But, this is a

subject of great interest. The Helsinki Commission, which I chair

on behalf of the Senate, has held hearings on this same subject.

And I would just like to ask you one question, if I might, and

that is—Russia is charting a new course. They’re openly using

their military outside their own territories, they’ve recognized a region

which one would think could be a problem for themselves because

of the Russian Federation itself and desire for independence

in certain regions. My question is, Who’s making the decisions in

Russia today? I think most of us felt that Mr. Putin would remain

as the major policymaker in the country, but perhaps President

Medvedev has more influence than we originally thought. Can you

help us in trying to sort out how the decisions are being made in

Russia? We obviously need to have a way to impact decisions in

that country to create a better relationship. It doesn’t mean we

agree with what they did. We don’t. But, it’s important for us to

have an effective relationship with Russia. And can you just help

us in trying to sort out, politically, what is happening in that coun-

try and whether it’s a shared power between two, or whether Mr.

Putin’s still in control, or whether there are other forces, that perhaps

haven’t had the same type of visibility, that are impacting the

decisions within Russia?

Well, Senator, that’s a really good question,

and I’ll just make two or three comments in response.

And the first one is that, honestly, one thing I learned in 3 years

as Ambassador in Moscow is humility, because it’s—it’s a complicated

political system and political leadership to try and understand.

Second, I think President Medvedev, as any Russian President,

has considerable amount of authority, particularly over national security

and foreign policy matters. At the same time, it’s obvious

that Prime Minister Putin retains a great deal of influence. And so,

you do have a circumstance of shared power, I think, in a lot of respects.

There is, across the Russian political elite, including within the

Kremlin and in the government, I think, a pretty strong consensus

on some of the issues that we’ve talked about today, whether we

like it or not, with regard to the reassertion of Russian national interests

and a willingness to be pretty aggressive in asserting those

interests. There’s debate about tactics sometimes.

I think it’s going to also be interesting to see what kind of debate

develops as the consequences, particularly the economic consequences,

of the Georgia crisis become clear.

Now, the fall in the Russian stock market is not entirely due to

the Georgia crisis. It predated it, to some extent. But, the Georgia

crisis has certainly aggravated that. And so, I think, over time—

I certainly hope—that that will cause at least some rethinking

about the approach and the policies that the Russian Government

embarks upon. Because the issue is not whether Russia is a great

power or whether Russia is influencing its neighborhood. It obviously

is, and it does. The question is how it exercises that power

and influence, whether it pays attention to the rules that govern

the behavior of other states in the international system today. And

so, you know, I think, over time, as those consequences become

clear, you may see some debate over tactics and over the kinds of

behavior that we’ve seen recently. But, at this point, it’s a popular

leadership throughout much of Russia——

I don’t honestly know, Senator. I’m sure there

are contingency plans in place for Russians, as there are for the

United States or any other country, but exactly how that decision making

unfolded over that period of time in early August, I don’t

know. The President of Russia is empowered, under the Russian

constitution, ultimately with making those decisions. And so, I

assume that it was President Medvedev, ultimately, who made them.

But, clearly Prime Minister Putin and others in the leadership had

significant input into that.

Sure, no, I think it’s important for us to stay

engaged, as we do with lots of countries around the world, with the

President, as well as with the Prime Minister, who has—whomever

it is in Russia who has responsibilities for economic, domestic, social

issues, where we have a lot at stake, too, in terms of our economic engagement.

Oh, I think it—Senator, I think it depends on

the issue. On some of, you know, the behavior that we’ve seen over

the Georgia crisis, my sense, anyway, is that it’s a fairly unified

group at the top. But, I think, on other issues there’s a debate that

goes on over economic policy, over some other aspects of foreign

policy. It’s not always obvious to us on the outside, but my sense

is that there’s a debate that sometimes goes on about tactics. On

this set of issues, my impression is that there was a fair amount

of consensus in the Russian leadership.

Well, with actual membership—— Well, it certainly, it seems to me, would have.

I mean, if Georgia had been a member of NATO, the—article 5 applies

to all members of NATO. But, again, it’s another of the reasons

why this process is a very careful, thorough one, why there

are criteria that—and one of the criteria, as you well know, Senator,

is to have good relations with your neighbors as you move

ahead in that direction. So, it’s something that we support, but

which is going to be the subject, I’m sure, of some pretty serious

discussion within the Alliance in the runup to the December meeting.

No; I’ll take a stab at it. I mean, I think Senator

Nelson described very—— Yes, sir. And the administration fully supports

that waiver, for the very practical reason, as Senator Nelson described,

that, you know, our relationship with Russia in space cooperation

has really been one of mutual dependence. I mean, we

both benefited from it, but, particularly in the near term, we really

do depend on Russia as our source of getting from here to the space

station. And so, I think it’s an area of cooperation in which we have

a pretty clear self-interest.

Yes, sir, I absolutely do. And I think it is very

important to engage in that kind of an analysis as a way, not just

of understanding how this crisis unfolded, but avoiding ones in the future.

I believe—— Yes, sir. I believe that’s the case today. And

certainly as we look ahead to transitions very the next few months,

it’s something that we’ll pay a lot of attention to in the State Department. Yes, sir.