

Hearing of the Senate Foreign Relations Committee
“Ukraine - Countering Russian Intervention and Supporting a Democratic State”
Testimony by David J. Kramer
President, Freedom House
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Mr. Chairman, Ranking Member Corker, Members of the Committee, it is an honor to appear before you once again, this time to discuss what I consider to be the greatest global challenge we have faced in decades: Vladimir Putin’s invasion of Ukraine. Putin’s brazen disregard for Ukraine’s territorial integrity and his threats to defend Russian-speakers beyond Crimea, in other parts of Ukraine, and in other neighboring states represent an assault on the very concept of freedom and the ability of people to choose their own political destiny. The democratic community of nations has faced no greater test since the end of the Cold War.

Not since World War II has one European country seen its territory forcibly annexed by another, as Putin did with Crimea and may be trying to do with parts of eastern Ukraine. Putin has shattered numerous treaties and agreements and sought to unilaterally alter the international system that has been in place since the collapse of the USSR more than two decades ago. Full-blown war between two of the largest countries in Europe cannot be ruled out, and the spillover effects of that are incalculable, given the common borders that Ukraine and Russia have with several NATO member states.

Origins of the Current Crisis

To understand the current crisis requires stepping back and understanding the Putin regime. After all, the nature of governments matters enormously, and the way a leadership treats its own people is often indicative of how it will treat neighbors and interact on the world stage. Vladimir Putin oversees a thoroughly corrupt and increasingly authoritarian regime that actively seeks to undermine and offer an alternative to universal values such as fundamental freedoms of expression, association, and belief. Putin’s regime is diametrically opposed and a threat to our own democratic, rule-of-law based society exactly because we treasure freedom, accountability, justice, and checks-and-balances – all concepts Putin views as alien. With our two systems going in such fundamentally opposite directions, the reset policy of the Obama administration was bound to exhaust early on the list of areas of common interests. Seeking a strategic partnership with Russia, as some have called, is simply unachievable and undesirable – unless we sacrifice our principles – as long as the Putin system remains in place.

Beyond the Putin regime is Putin himself. He possesses a paradoxical, if not dangerous, combination of arrogance and self-assuredness with paranoia, insecurity, and hyper-sensitivity. His paranoia increased – and with it his assault against civil society in Russia – following the “Color Revolutions” in Georgia and Ukraine in 2003-04, which scared him into thinking that Russia was next. His insecurities were fed by developments in the Arab world in 2011, when he watched like-minded leaders in Tunisia, Egypt and Libya fall from power as a result of popular movements. After major protests against him in Russia in December 2011 and March-May 2012, Putin, since returning to the presidency in May 2012, has launched the worst crackdown on human rights in Russia since the break-up of the USSR.

Fast forward to last November when Ukrainians turned out in the streets again, as they did almost a decade before, forcing out Viktor Yanukovich as president and heightening Putin's sense of insecurity. Ukrainians' demands, represented by the hundreds of thousands of protestors over the last few months, for more democratic and transparent government and closer ties with the European Union pose the biggest challenge to Putin's grip on power in Russia. Without Ukraine, Putin's Eurasian Union vision will not be realized, but more urgently, Putin worried that what happened in Ukraine could be replicated in Russia. Thus, to prevent a genuine, popular, democratic movement from taking root in Ukraine, Putin invaded Crimea, fabricating the justification that he was protecting the rights of fellow Russians. His use of energy exports as a political weapon and further moves into eastern Ukraine reveal his determination to destabilize his neighbor as much as possible.

The irony is Putin's professed concern for the welfare of Russian speakers in Crimea and eastern Ukraine to justify his takeover of Crimea when he shows no such concern for the welfare of Russians living inside Russia itself. On the contrary, Putin has ratcheted up pressure inside Russia on opposition figures and civil society activists. Critics of Putin at universities are losing their jobs, opposition figures are facing new politically-motivated investigations, news outlets and websites are being shut down with greater controls being imposed on the internet, and anti-Westernism and anti-Americanism are reaching their highest levels in the post-Soviet period.

Reflecting his zero-sum thinking, Putin views efforts by Ukraine, Georgia, Moldova and other neighbors to Westernize and democratize as a threat to Russia's "zone of special interests" and to the political model he has created in Russia. Thus, Putin lends support to fellow authoritarian regimes, whether in Kyiv under Yanukovich or Damascus under Bashar al-Assad. By cracking down at home and interfering with (or invading) neighbors, Putin tries to strike the pose of a confident, assertive leader. In reality, his actions reflect a worried authoritarian willing to resort to any means necessary to stay in power. And staying in power is what drives Putin's actions internally and across Russia's borders. His foreign policy is, in many ways, an extension of his domestic policy, and he justifies his way of governing Russia by perpetuating the absurd notion that the West, NATO, and the U.S. in particular are threats.

In fact, contrary to the claims of some Western and Russian commentators that NATO enlargement over the years is to blame for the current situation, Russia's most stable neighbors are the three Baltic states and Poland, all members of the EU and NATO. And yet Putin considers them a threat – in his military strategy in 2010, NATO enlargement was considered the greatest "danger" to Russia – because of what they represent: namely, democracy, transparency, rule of law, and respect for human rights. These are concepts that clash with the corrupt, authoritarian model Putin is intent on creating in Russia and along his borders. Greater democracy in neighboring states, he fears, could generate demand for meaningful freedoms inside Russia itself. And that is something he will not tolerate.

The Situation in Ukraine

Responsibility for this crisis lies with Vladimir Putin, but ex-Ukrainian President Viktor Yanukovich deserves blame as well. Yanukovich's decision in November to spurn the European Union triggered hundreds of thousands of Ukrainians to turn out in the streets of Kyiv

and other cities around the country to protest his thoroughly corrupt and increasingly authoritarian rule. Unlike during the Orange Revolution of 2004, however, Ukrainian protestors this time suffered terrible losses as Yanukovich, egged on by Putin, ordered snipers to mow down defenseless citizens; Yanukovich should be returned from Russia to Ukraine and put on trial. Democratically elected in early 2010, Yanukovich forfeited his legitimacy over the years through the massive corruption he and his family engaged in, his unconstitutional actions, and his decision to use force against peaceful protestors as early as November 30-December 1. Yanukovich put his personal, corrupt interests above those of his country.

I was in Kyiv last month and walked through the Maidan, where there are makeshift memorials for the more than 100 Ukrainians who lost their lives fighting for a better future for their country. It is a deeply moving experience. Since November, they and hundreds of thousands of others who took to the streets have demanded freedom and the rule of law, dignity and respect for human rights, an end to corruption, and an opportunity to deepen integration with Europe — in short, the opposite of everything that Viktor Yanukovich and Vladimir Putin represent.

Until late February, Ukraine was not facing ethnic unrest nor was it on the verge of splitting between east and west. Much too much has been made of a “divided” Ukraine among journalists and commentators, even among some Western officials. To be clear, those living in the east, according to recent surveys, are not supportive of the current interim government in Kyiv, but they reject the claims, fabricated by Putin, that they were under attack or facing threats because of their ethnicity or the language they speak. A survey carried out April 8-16 by the Kyiv Institute of Sociology (KIIS) revealed that 71.3 percent of those polled rejected the notion that their rights were being infringed. At the same time, these surveys also show that the majority of people living in the east and south do not want to be taken over by Russia and do not support Russian intervention. The KIIS survey showed only 8.4 percent residents in the south and east would like Russia and Ukraine to unite into one state; 69.7 percent of the respondents oppose such a union. Only 11.7 percent of people in the region support the Russian troops’ incursion. In the Donetsk region, a hotbed of Russian-instigated problems, the Russian incursion is supported by only 19.3 percent of the respondents.

The current crisis, in other words, is the creation of Vladimir Putin, whose goals are to: retain Crimea (though Putin may rue the day given the costs involved), destabilize Ukraine to make it unattractive and unappealing to the West, and force postponement of the Ukrainian presidential elections, scheduled for May 25. Such a delay in voting would enable Putin to maintain his line that the current government in Kyiv is illegitimate. This underscores even more the importance of conducting the election on May 25, even under such trying circumstances, so that Ukraine will have a legitimate, democratically-elected leader.

The Western Response to Russia

As events were unfolding with Russia’s invasion of Crimea, I wrote in the March 2 *Washington Post*:

“President Obama faces the gravest challenge of his presidency in figuring out how to

respond to Russia's invasion of Ukraine. How he responds will define his two terms in office, as well as determine the future of Ukraine, Russia and U.S. standing in the world. After all, if the authoritarian tyrant Vladimir Putin is allowed to get away with his unprovoked attack against his neighbor, a blatant violation of that country's sovereignty and territorial integrity, then U.S. credibility... will be down to zero. Allies won't believe in us, enemies won't fear us and the world will be a much more dangerous place."

More than two months later, the situation has only worsened. The violence in the last four days as Ukrainian central authorities have sought to regain control over cities in the east and south has been accompanied by the increasing possibility that the tens of thousands of Russian troops just across the border will be mobilized, leading to further bloodshed. I support the actions of the Ukrainian government to retake government buildings and try to restore order – they have a right and responsibility to do so; it is their country, after all. But they are being challenged by resistant Russian special forces and Russia-sponsored provocateurs. We should be providing military assistance beyond MRE's (meals-ready-to-eat) to include night-vision goggles as well as anti-tank and anti-aircraft missiles; none of this would involve actual troops on the ground. We should also be sharing intelligence so that the Ukrainians pushing back against Putin's aggression literally have a fighting chance.

The joint statement emanating from the April 17 Geneva meeting among Ukraine, Russia, the EU and U.S. is dead and never offered promise in the first place. The statement made no mention of the tens of thousands of Russian troops massed along the Russian-Ukrainian border or Russia's illegal annexation of Crimea. It lacked any call for respecting Ukraine's sovereignty and territorial integrity. There was, however, a reference to the need for Ukraine's constitutional process to be "inclusive, transparent and accountable," even though this played right into Putin's desire to meddle in Ukraine's affairs. There were no clear mechanisms for implementing the agreement, and pro-Russian forces immediately declared that it did not apply to them. I see no reason to support German Foreign Minister Frank-Walter Steinmeier's call over the weekend for another Geneva meeting any time soon; in fact, I would argue that such a session would be counter-productive at this time since it would likely lead to a delay in imposing additional sanctions against Russia, just as the first Geneva meeting did, with no prospect of solving the crisis.

Overall, the West has been far too reactive to events on the ground and letting Putin set the agenda. We need to take a more proactive stance to prevent and preempt further Russian aggression, punish Putin and his regime for the terrible damage they have already caused in Ukraine, and seek to return to the status quo ante, difficult as that may seem. For decades, the United States never recognized the absorption of the Baltic states into the USSR and now those countries are members of the European Union and NATO. We must take a similarly principled stand on Crimea even while currently focused on eastern parts of the country.

The problem with the current Western approach is that we have not done well at anticipating what Putin will do next. Let's recall that there were many observers here in the U.S. as late as February and into March saying that Russia would not move against Crimea. Then, in late March and into April, some analysts were arguing that Putin wouldn't move into eastern and southern Ukraine. Here we are in early May with Crimea having been annexed and the situation

teetering on the edge in places like Slavyansk, Donetsk, and Odessa – all as a result of Putin’s further efforts to destabilize the situation and stir up unrest. U.S. strategy should shift to preventing Putin’s next moves by imposing crippling sanctions against more Russian banks, energy firms, and state-owned entities; I support broader sectoral sanctions as well. It is a mistake, in my view, to wait either for Putin to move Russian tanks across the Ukrainian border or for him to disrupt the May 25 election, as President Obama and German Chancellor Angela Merkel said in their joint press conference last Friday, May 25; he has already done the latter. We have set the bar too high, for Putin has found other means short of full-scale invasion – though that cannot be completely ruled out – by which to accomplish his goals.

I support the legislation introduced last week by Senate Republicans designed to deter further Russian aggression by, as Senator Corker described it, taking a three-pronged approach to “strengthen NATO, impose tough sanctions to deter Russia, and support non-NATO allies of Ukraine, Moldova and Georgia.” I hope it wins bipartisan support, just as previous sanctions legislation did, including back in 2012 involving the Sergei Magnitsky Rule of Law and Accountability Act.

The outcome of the Russia-Ukraine crisis — and the response of the West — may determine the prospects for democracy for Russia’s neighbors and well beyond Eurasia. While Western states have shown some resolve through imposition of visa bans and asset freezes on a limited number of Russian government officials, businessmen, and a number of Russian entities, what has been done so far is simply not enough and is taking too long. We must go after more high-level officials and more businessmen close to Putin such as Aleksei Miller, head of Gazprom, Alexander Bortnikov, head of Russia’s security services (FSB), and Sergei Shoigu, the minister of defense. Sanctions against Russian banks and state-owned enterprises, especially any doing business in Crimea, should be adopted, and broader economic sanctions should be considered. As part of an informal Friends of Ukraine Task Force, I joined a number of colleagues in recommending to officials at the State Department and White House the following companies to be targeted:

- Gazprombank
- Vneshekonbank (VEB)
- Vneshtorgbank (VTB)
- Sberbank
- Rosoboronexport
- Transneft
- Novatek
- Gazprom
- Rosneft

All members of the Federation Council beyond those already sanctioned who voted for the use of force against Ukraine, and all members of the Duma beyond those already sanctioned who voted for annexation of Crimea should be included. Finally, Putin himself needs to be added to the list if he refuses to stop his aggression and return to the status quo ante. By imposing further sanctions now, we would aim to preempt, rather than react to, the possibility that Putin will invade other parts of Ukraine, or even Moldova, Kazakhstan or even stir up trouble in the Baltic states.

Sanctions could be lifted in return for the status quo ante.

In response to criticism that his administration's sanctions have been too mild so far, President Obama has cited his desire to avoid getting too far out ahead of the Europeans on sanctions and instead present a united U.S.-EU response to Putin. I, too, would like to see the U.S., along with Canada, in closer coordination with the EU, but the simple reality is that it is much more difficult for the EU to get agreement among its 28 Member States to impose tougher sanctions for various reasons, not least the fact that EU-Russia trade is more than ten times that between the U.S. and Russia. A number of European countries are heavily dependent on Russia for their energy needs, and others simply want to continue business-as-usual and not let the events in Ukraine get in the way of making profits.

For all these reasons, the United States has to take the lead. The extra-territorial nature of U.S. sanctions has an impact in its own right: European companies and financial institutions would have to choose between staying in the good graces of the U.S. Treasury Department and doing business with sanctioned Russian enterprises; my bet is that they would choose the former. Thus, while joint U.S.-EU sanctions are naturally preferable, unilateral American sanction can deliver a solid punch. We must not let the aspiration to have U.S.-EU unity on sanctions impede us, the U.S., from doing the right thing now. I dare say that the EU will follow, but only if the U.S. leads; naming and shaming those holding the EU back should also be considered.

Since Putin's move into Ukraine, the Russian economy, already facing serious problems, has seen the ruble drop sharply, the Russian stock market fall some 20 percent, capital flight soar — possibly as high as \$70 billion this quarter alone compared to \$63 billion all of last year — and Russia's credit rating lowered to near-junk status. Investor confidence is badly shaken. Putin and his circle are vulnerable to imposition of such sanctions, given that many of them keep their ill-gotten gains in the West. Closing that option to them is certain to get their attention and possibly lead them to rethink their position, even if it may not lead to an immediate turnaround in Putin's takeover of Crimea. Russia is significantly integrated into the global economy, particularly with Western states, leaving them vulnerable and giving us leverage over Russia, if we choose to exercise it.

This is no time for business as usual. It was appalling to see the leadership of the German conglomerate Siemens travel to Moscow to meet with Putin in mid-March when its own government in Berlin was supporting the first round of sanctions, essentially embracing the Russian leader and reassuring him of their continued business no matter what steps the West might take. Other corporate executives should think twice before doing the same.

Putin's appetite will show no limits unless we impose a serious price for his aggression. Many more countries with sizable ethnic Russian populations, including Moldova, Kazakhstan, and even the Baltic states will be at greater risk unless Putin suffers serious consequences for what he already has done and is deterred from going further.

Helping Ukraine

Addressing the Putin challenge is critical, but no less important is the need to help Ukraine

recover from the turmoil of the last few months, the corrupt leadership of the last two decades, and the economic crisis that it faces right now. Making life doubly difficult for the interim authorities in Kyiv are three facts: the threatening presence of tens of thousands of Russian forces along the border, the instability in the industrially important east, and the loss of Crimea. Nevertheless, the interim government and parliament have no choice but to adopt various reforms required by the IMF and to ensure that Ukraine advances toward democracy and rule of law. The West can and must help. Over the next weeks and months, the U.S. and the EU can best aid Ukraine by taking these steps:

- Pressing for the Ukrainian presidential election slated for May 25 to stay on schedule. Some parties in Ukraine, and in Moscow, are urging postponement of the election, arguing that the country needs more time to prepare and cannot hold them as long as Russia occupies part of the country. This would be an enormous setback to Ukraine's need to elect a legitimate, new leadership as soon as possible. The sooner Ukraine votes for a new president in a credible, democratic fashion, the better off the country will be.
- Aiding local civil society organizations that do election-monitoring kinds of work as well as long- and short-term observers, working closely with the OSCE/ODIHR. Independent media must be able to operate during the electoral period to ensure that the public is informed both about the conduct of the elections and the important policy issues around which the elections revolve; this is especially needed in the regions where information is scarce and violations plentiful. Special scrutiny should be devoted to the formation of an impartial election commission and unhindered participation in the voting process by all registered Ukrainian voters wherever in the country they may be located.
- Assisting development of real democratic institutions so that Ukraine doesn't squander yet another opportunity, as it did after the 2004 Orange Revolution, for lasting rule of law and liberalization. This would include strong support for Ukrainian civil society and a free press, both of which played critical roles in the protests. It would also entail protecting the country's religious and ethnic minorities, combatting hate crimes, and promoting tolerance. The presence of some radical elements in the opposition movement and the new governing structure should not give license to any extreme statements and actions by radical groups.
- Refusing to give up on Crimea by demanding a return to the status quo ante. Conducting a rushed referendum under the barrel of Russian guns, without any efforts to involve Ukraine's central government, is both illegal and illegitimate. No reputable government or body has recognized the referendum, and none should give the impression that this issue is settled.
- Disbursing funds from the financial package that the U.S., European Union, Canada, IMF and World Bank have put together, totaling more than \$25 billion, to help stabilize the Ukrainian economy. Adding to the challenge is Russian economic pressure, trade cutoffs, and a spike in the price for Russian gas. Equally important is assistance in recovering stolen assets from ousted President Viktor Yanukovich and his cronies, estimated in the tens of billions of dollars, and assistance with energy reforms and development of alternate

energy sources.

- Preparing for delivery of humanitarian assistance to Crimea, especially on behalf of ethnic Ukrainians and Crimean Tartars living there, who together constitute some 35 percent of the region's population. They effectively have been disenfranchised from their country. The Crimean Tartars in particular, whom Stalin exiled to Siberia in 1944 and only returned to Ukraine's Crimea as the Soviet Union was collapsing, are distraught at falling under Russia's thumb once again.

There are some who have argued that the best way to respond to Putin is to help Ukraine succeed, implying that sanctioning Putin is unnecessary. I strongly support doing what we can to help Ukraine, the interim government, civil society and soon a newly-elected leadership, but helping Ukraine requires simultaneously pushing back firmly against Putin and his regime. Ukrainian authorities would have their hands full without having to worry about further Russian aggression and territorial loss. That they are confronted with a massive threat from Putin requires us to both support Ukraine and push back on Putin.

During his visit to Washington and his meeting with President Obama in March, Acting Ukrainian Prime Minister Arseny Yatseniuk said the following: "It's all about freedom. We fight for our freedom, we fight for our independence, we fight for our sovereignty and we will never surrender."

If Ukraine, with Western help, is able to fend off Putin's aggression, then freedom in Ukraine and, for that matter, around the globe, will have scored a major victory against one of the most threatening authoritarian regimes in the world and one of the biggest challenges to confront the democratic community of nations. This is about Ukrainians' aspirations to be free, Putin's efforts to deny them that possibility, and the West's willingness to rise to the challenge.

Thank you for your attention.