

Mr. Chairman, I welcome the opportunity to appear before the Helsinki Commission to discuss the current situation in Russia and the concerns of all of us about the Putin government and the future of Russia.

First, I wish to emphasize the value of the Commission's mandate and stated criteria to promote compliance with the fundamental standards of civil society in Russia and the other former Soviet republics.

Second, those of us who have witnessed first-hand the travesty of justice in Russia much appreciate the concerns expressed by the co-chairmen about the improper handling of the Yukos trial and the sentencing of Mikhail Khodorkovsky and his colleagues by Russian authorities. Your formal statement to the world's press that the "case appears to the world to be justice directed by politics" and that the "selective prosecution such as appears to be the case here will wreak havoc on Russia's legal system" reflects that the chairmen of this commission have an accurate view of the Khodorkovsky trial and the weakened state of the legal system in Russia.

Third, it is vitally important that the Helsinki Commission continue monitoring the implementation of the provisions of the 1975 Helsinki Accords as they relate to Russia and report its findings to the public. While the U.S. Administration and Congressional leaders must necessarily balance many variables in the bilateral relationship, the Helsinki Commission has a clear mandate to insure that human rights and basic freedoms are maintained in the countries under its jurisdiction.

Mr. Chairman, it is my opinion that the rule of law is the cornerstone of civil society because it serves to protect the rights and freedoms of all citizens. What we have witnessed this past year in Russia is a legal system that differs very little from the Soviet days. The state prosecutor is an instrument of the Kremlin and the judiciary is not truly independent. When the finest lawyers in Russia cannot get a fair and just trial for their clients when the whole world is watching, no one in Russia can expect to obtain justice.

The lives of many hundreds or even thousands of people have been harmed forever as a result of the abuses of the Russian government, which has violated basic human rights and its own laws again and again. Many of those cases do not receive wide attention, but some do, and human rights groups have begun to document them. They are worthy of your attention and your future labors.

I am most familiar with the cases involving Yukos. Beyond Mr. Khodorkovsky and myself, Alexei Pichugin, a mid-level Yukos executive, has been sentenced to 20 years in prison in a secret murder trial conducted entirely behind closed doors. Mr. Pichugin has been drugged, interrogated without his lawyers present, kept from his wife and denied independent medical treatment -- even after he lost nearly 70 pounds while in the custody of the FSB. My colleague, Platon Lebedev, who is suffering from liver ailments and who was arrested in his hospital bed, has also subsequently been denied independent medical care. He was tried in the same cage with Mr. Khodorkovsky in a show trial in which Russian and international legal norms were repeatedly violated. He, like Mr. Khodorkovsky, has now been sentenced to 9 years in prison.

The scope of the attack on those associated with Yukos has been broad in scope and terrible in its tactics. For example, Svetlana Bahkmina, a young Yukos lawyer, was arrested in December. She has been interrogated by FSB or other Russian officials to the point where her lawyers report that she has lost consciousness. She has been isolated from her children, ages 3 and 7. In the meantime, Russian government officials have said that Ms. Bahkmina will be released when her boss, Yukos' chief in-house lawyer, returns to Russia from England, where he is effectively a political refugee.

Other Yukos employees have had to flee Russia, too, and have found refuge in the democracies of the world. In a stark example of how the world now recognizes Russian "justice" for what it is, the Bow Street Magistrate's Court in London rejected a Russian extradition request for two such Yukos employees charged in the anti-Yukos campaign. Having heard all of the evidence, and noting President Putin's personal involvement in the cases, the judge concluded that no Russian court could be expected to withstand the Kremlin's political pressure such that it could provide a fair trial to these men. Subsequently, the British Home Office has given political asylum to a half dozen additional Yukos "refugees".

Beyond Yukos, just recently, it was reported that Russian prosecutors have opened a criminal case against former Russian Prime Minister Mikhail Kasyanov. Mr. Kasyanov was dismissed by Mr. Putin last year and has been critical of the administration since then. He has specifically criticized the handling of the Yukos case and has expressed his own higher political aspirations. The Kasyanov case has all the earmarks of another Yukos-style campaign, in which the powers of the FSB and Russian federal prosecutors are misused by the Kremlin to destroy a political opponent.

The West, and particularly America, is rightfully concerned by the Kremlin's co-opting of Russia's criminal justice system as a tool to crush political opposition. The West is further properly concerned because, in the Yukos case, the Kremlin's campaign attacked what had become a model for corporate governance and transparency.

No one should doubt for a minute President Putin's motive in the dismemberment of the Yukos Oil Company and the state take-over of its major production unit. Energy is both very profitable and, given that major industrial companies depend on imports for their energy needs, inherently political. It is the Kremlin's aim to control Russia's energy sector to insure its dominant role in the world energy market. This will most certainly enhance President Putin's standing given that Europe and other countries become more dependent on Russia as a major supplier. The respected Count Lambsdorff of Germany warned last week that his country was on a perilous course by increasing its dependence on natural gas imports from Russia.

On civil society, whatever progress was made in developing democratic institutions during the Yeltsin years have all but disappeared under the current regime. The major tenets of democracy, as we know them, barely exist in Russia today. While there may be a degree of freedom and liberty, the institutions that protect those rights have been usurped by forces within the Kremlin. The government now owns or controls all media outlets, the courts are not truly independent, there is no viable political opposition, and the list goes on. It is increasingly apparent that former KGB and FSB officers are now dominant in the Kremlin and whatever

transparency existed a few years ago is not in evidence today. The result is an emerging form of corruption at the highest levels in the Russian government. This corruption threatens to corrode the foundation of the Russian government to a degree that could put at risk Russian security and stability as well as the long-term economic well-being of the Russian people. I fear this will be Vladimir Putin's legacy.

This current view of Russian authorities is not confined to me or to opponents of the Kremlin. Valentin Gefer, the Director of the Human Rights Institute in Moscow said to your committee just a few short weeks ago that "very often, political, corporate and even personal reasons prevail over the rule of law [in Russia]." I absolutely agree. Michael McFaul, a senior fellow at the Council on Foreign Relations and executive director of the Council's Task Force on Russian American Relations, headed by former U.S. Vice Presidential nominees Jack Kemp and John Edwards, said that "Four or five years ago, there was a debate about whether Putin was a democrat. The debate is now over. The question today concerns the nature and extent of Putin's authoritarianism." Finally, Secretary of State Condoleezza Rice said that the Russian government's handling of the Yukos case "shook people's confidence," and that Russian officials must demonstrate that laws and regulations are fair and applied "consistently over time, applied over various cases."

It is not just Yukos that is under persecution by Russian authorities. As reported by Irina Yasina, the head of the Open Russia Foundation, a non-profit organization established by Mr. Khodorkovsky, myself and our colleagues to promote a democratic Russia, non-governmental organizations have been under "direct pressure and threats from the Ministry of Interior Affairs, Public Prosecutor's Office and Federal Security Services." This year, the Ministry of Justice has suspended the activity of the Nijny Novgorod Society of Human Rights and frozen the accounts of the Society of Russian-Chechen Friendship. The Kremlin has also thought to dismantle and put pressure a number on of international civil society organizations, including the Soros Foundation, the National Democratic Institute & British Council.

Mr. Chairman, I regret that Russia is moving in a direction that is contrary to Western values and traditions. This must be troubling to America as well. The question is what can America and other Western democracies do about it. Obviously, what does not work are casual refrains and diplomatic overtures. Given that the hardened and cynical forces in the Kremlin understand and respond only to sanctions that threaten their own interests, I offer two thoughts:

- I applaud Senators McCain and Lieberman and Congressmen Lantos and Cox for their sponsorship of the G-8 Resolution. In examining the criteria for membership, it is clear Russia meets neither the economic nor democratic requirements for a seat at the G-8 table. Making clear that Russia's continued membership depends on its adherence to democratic principles and the rule of law will gain the attention of a leader who clearly relishes his position in the G-8 Club. At least America and other G-8 members should not allow Vladimir Putin to head the group given the circumstances in Russia today.

- Russia aspires to be in the World Trade Organization for understandable reasons. But is it possible that a major country that uses extralegal means to seize control of private assets, selective prosecution, businessmen, re-nationalizes private enterprises, harasses

companies with bogus tax charges and fails to erect a legal system that protects investments, shareholders and commercial contracts, deserves membership in the WTO? Capital outflows and the decline in investments are clearly due to perceptions inside and outside Russia that it is not safe for investment. If responsible nations ignore these trends and do not take effective action to combat them, it will only encourage Russian authorities to continue down the path of authoritarianism.

Finally, Mr. Chairman, I wish to make it clear I want to see an open, uncorrupted, prosperous and free Russia. On my last visit to Washington in June 2002, I was Deputy Chairman of the Russia Federation's International Relations Committee, president of the Russia Jewish Congress, a major shareholder in Group Menatep, the holding company of YUKOS oil, and heavily involved in education and philanthropic causes.

Today I am a proud citizen of Israel, the country whose democracy protects me from false accusations of undocumented crimes by a prosecutor who is on a political witch hunt. My sins, as viewed by the Kremlin, were to work with Mikhail Khodorkovsky and Yukos to promote greater freedom, an open civil society, business transparency and democratic values in Russia to help the Russian people. This is a dark time for those of us who cherish freedom and embrace democracy. If the Russian people had a greater faith in democracy and recognition of their power to demand it, there would be an uprising in the country. But their experience is too limited. Our only hope is that America, the author and inspiration of democracy, will use its prestige to convince Mr. Putin to change his ways.

Again, I thank the Helsinki Commission for maintaining its commitment to democratic values and willingness to confront Russia and other nations whenever those values are put into jeopardy.