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DODD CHAIRS SENATE FOREIGN RELATIONS HEARING ON GEORGIA

WASHINGTON, D.C. – Senator Chris Dodd (D-CT) made the following opening statement at today’s Senate Foreign Relations Committee hearing, “Russian Aggression Against Georgia: Consequences and Responses.” Dodd, who is a senior member of the Foreign Relations Committee and Chairman of its Subcommittee on the Western Hemisphere, Peace Corps, and Narcotics Affairs, chaired the hearing at the request of Chairman Joe Biden (D-DE).

OPENING STATEMENT OF SENATOR CHRISTOPHER DODD SENATE FOREIGN RELATIONS COMMITTEE “RUSSIAN AGGRESSION AGAINST GEORGIA: CONSEQUENCES AND RESPONSES”

Last month’s war between Russia and Georgia began in the small region of South Ossetia, but it cast a shadow that crosses continents. In the aftermath of the conflict, the United States and our allies face serious new challenges.

As we survey the situation in Georgia today, we face three strategic questions:

1. First, what can we do to shore up Georgia’s democracy, economy, and institutions?
2. Second, how do we convince Russia’s leaders that their actions in Georgia are antithetical to their own stated goal of becoming a successful, respected member of the international community?
3. And third, what can and should the Euro-Atlantic community do to prevent the consequences of this war, which has already taken a heavy toll on Russia and Georgia, from undermining the ambitions of the entire region?

In many respects, the first question is the most urgent. In the course of the conflict, tens of thousands of Georgians were driven from their homes. In some areas, entire villages were burned to the

ground by South Ossetian forces armed and supported by Russia, and their residents have been told that they will never be allowed back. As winter approaches, this situation could become a serious humanitarian crisis. Georgia's problems have been compounded by Russia's gratuitous destruction of critical economic infrastructure far outside the autonomous regions of South Ossetia and Abkhazia. Georgia's main rail line, cement factory, and even its national forests were all targeted by Russia's military.

There are two ways to undermine, if not topple, a democratic government: either militarily or by crushing and strangling the economy to make life so miserable that the government's mandate comes into question. Many expert observers believe that, having failed in the first approach, Russia now seems to have shifted to the second.

Russians undoubtedly know that the reason young democracies survive is that each year, peoples' lives get a little better. That happened in Georgia. Before the Rose Revolution in 2003, Georgia's whole economy was barely \$5 billion a year. By last year, it had grown to \$10 billion. Next year, it was going to be almost \$14 billion. Hundreds of thousands of Georgians have joined the country's new middle class. If Russia can halt that progress, it will cripple Georgia's young democracy.

Georgians don't want a handout. They know how to grow their economy out of this conflict situation – they've done it before. We have pledged to them – rightly so – that the United States and the international community are not going to turn our back and walk away from the situation. The Administration's speedy commitment of assistance and other important signals of support from the international community will go far to persuading international investors who have supported the country's growth to come back and help them rebuild on their own.

We also need to help ensure that Georgia's institutions remain true to the principles on which they were founded. Georgia remains a very young democracy, and is certainly not immune from the political problems that challenge other countries at its stage of development. It will be critical for Georgians to maintain unity in the face of serious adversity, but – at the same time – this crisis cannot become an excuse for any actions by the government that compromise Georgia's standing as a proud democracy.

Second, we will need to continue reassessing our approach for dealing with Russia. We simply cannot allow Russia to act like the Soviet Union. We cannot allow them to go around intimidating or toppling democracies. In many respects, this question is bigger than Georgia and bigger than Russia. It's a matter of what kind of world we're going to live in. And whether small democracies will thrive in that world, or whether they're going to get bullied by the biggest kids on the block.

Russia has a critically important relationship with the United States and the West – but it's a relationship that is now badly off track. Obviously, we want to work with Russia on a wide range of issues. The United States has supported Russia's attempts to join international organizations and tried to partner with Moscow on a wide range of issues. Russia's increasing integration into the international community has had significant benefits for the Kremlin and the Russian people. The country's economy has grown rapidly in recent years, and Russians are understandably proud of their progress.

With integration and success come responsibilities. Once a country becomes a part of international political and financial networks, reputations matter. And if you develop a reputation for flaunting the rules, you pay a price. It should be clear to leaders in Moscow that there are some real costs associated with failures to play by the rules of the international system.

Russia's benchmark RTS stock market index has lost more than half its value – three quarters of a trillion dollars – since its peak in May. Yesterday, and again today, the situation has been so bad that the index halted trading. Capital flight from the country has spiraled, and risk premiums for investment in Russia are nearing stratospheric levels. Russia's economic success has been the signature achievement of the country's leadership, even if it has been largely predicated on high energy prices. If Russia does not reestablish a reputation as a country that abides by rules – both at home and abroad – it may sacrifice both its international standing and its economic success.

Finally, this crisis also has significant regional implications. Georgia is an east-west land bridge between the Caspian Sea and the Black Sea. When the Russian attack severed communications, Armenia was cut off from its one trade route to the West. Azerbaijan saw its economic lifeline -- its oil export route to the West – closed down. And the countries in Central Asia realized that their only alternative to exporting oil through Russia was in danger.

Georgia's location in the Caucasus makes it a critical bridge for goods, energy, and ideas. But it also makes it an attractive target for those who would like to stop commerce and contact between East and West.

Beyond Central Asia and the Caucasus, what happened in Georgia will have echoes in Ukraine, Moldova, the Baltics, and Eastern Europe. If leaders in those countries are intimidated to the point that they begin acting in opposition to their democratic interests, it will be a major blow to the process Euro-Atlantic integration that has transformed much of the region so successfully.

Geopolitically, we are witnessing a major moment in history. Future generations will remember the war in Georgia as a turning point – the only question is what type of turning point. Will it mark the moment that Russia recognized the political and economic costs of military conflict with its neighbors was prohibitively high, and permanently abandoned the practice? Or, will it usher in a new era of insecurity in which no country in the region – Russia included – feels confident in its ability to prosper in the absence of outside pressure? How the United States and our allies respond will have a significant impact in determining which of those scenarios comes to be.

We are grateful for Ambassador Burns being with us this morning, and look forward to discussing these critical issues.