A Brookings Briefing

President Putin Comes to America:

Is An Old Adversary Becoming a New Partner?

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****THIS IS AN UNCORRECTED TRANSCRIPT****

MR. JAMES STEINBERG: Well, good morning and welcome to Brookings. We are here this morning to discuss the upcoming meetings between President Bush and President Putin. This undoubtedly will be historic. We know that President Putin already has his cowboy boots, so he's ready for Crawford. And I'm not sure whether his own personal background has prepared him for the kind of work that I'm sure President Bush will want to expose him to working on the ranch. But they also have a lot of substantive work to do.

The panelists today are going to explore where we are in the relationship between the United States and Russia, particularly in light of the events of September 11th. Are we on the verge of a dramatically transformed relationship with Russia? And how will that play out in three key spheres, the strategic and nuclear sphere, the economic and domestic issues for Russia, and finally, Russia's foreign policy. And to speak in that order about those three issues, we have three of our most distinguished scholars here at Brookings, Ivo Daalder, Cliff Gaddy, and Fiona Hill. So without further ado, let me begin with Ivo.

MR. IVO H. DAALDER: Thank you all for coming. There are many briefings in town, but this is the one to be at, I think (laughter).

MR. STEINBERG: And you're all to be congratulated for having made that decision.

MR. DAALDER: I'm going to talk about the new strategic framework that was laid out or put forward by the Bush Administration well before September 11th. And the question is, has September 11th made the conclusion of such a new framework more or less likely? I think it probably, to get to my conclusion, will make it more likely, but that doesn't mean that what's likely to come out of Crawford is necessarily what we would like to see come out of these kinds of meetings.

But before getting to where I think the administration and the U.S. and the Russians are going to end up, let me give you a little bit of a historical perspective, which we tend to forget not only in this country, but particularly when we talk about the nuclear weapons business. Ten years ago today, we signed between the United States and then the Soviet Union, the first strategic arms control agreement. At that time, both countries deployed some 10,000 strategic nuclear weapons. And they agreed in the START I agreement to reduce that force by about 40 percent to 6,000 on each side by the end of this year, by the end of December 2001.

Two years later, in January of 1993, Russia under Boris Yeltsin and the United States still under then President Bush negotiated another agreement called START II, under which they would reduce their respective strategic nuclear forces to 3,000 or 3,500, somewhere in that range, by the end of 2003, which was later pushed back to the end of 2007. And then finally, in March of 1997, President Clinton and President Yeltsin agreed to a framework for a third START agreement, START III, which would reduce

offensive weapons to 2,000 or to anywhere between 2,000 and 2,500 weapons by the end of 2010.

That agreement was to be negotiated as soon as START II was ratified and entered into force. For reasons that I won't bore you with, that has not happened. Although both the United States and Russia have ratified START II, there are conditions on the ratification that relate to the issue of missile defenses that have prevented the entry into force of that agreement.

And so today, ten years after we've started down this process, the United States still deploys more than 7,000 strategic nuclear forces. It still has more than 1,600 warheads for strategic nuclear forces as a hedge in its arsenal. And Russia still has some 6,000 nuclear forces, as well as many thousands more tactical nuclear weapons. And that's the situation that Bush confronted when he entered office. And he entered office with the promise that he was going to break this deadlock in the strategic arms control and also on the missile defense side by abandoning the old framework of long negotiations bilaterally done between the United States and Russia, and in fact moving unilaterally and both cutting offensive weapons and moving beyond the ABM treaty.

On offensive weapons, the Bush Administration came to office and the president asked the Defense Department to determine what would be the lowest number of weapons consistent with the U.S. security that the United States should have. Quite independently of any arms control agreement, what is the lowest number that is consistent with U.S. national security obligations? And he said, I will move down to that level, whatever that level is, unilaterally.

And on defensive weapons, we all know the administration came into office declaring the ABM treaty a relic, a Cold War relic, and more recently, the president in Shanghai called the treaty actually dangerous, and he wanted to move beyond the actual treaty to the deployment of some limited forms of missile defenses. That's what the strategic framework that President Bush laid out in his speech on May 1 was to contain: deep unilateral cuts and the steps to move beyond the actual ABM treaty.

But as at the time and still today, there are questions. What exactly does that strategic framework contain? How are we going to move beyond the ABM treaty? What does that really mean? And what kind of offensive forces are we going to contain? And secondly, how does the administration propose to get to this new strategic framework, given that Russia's view of the strategic picture is quite different than that of the United States?

I mean, for Moscow, offensive force reductions are an economic imperative. They have to go down. They can't maintain economically the kinds of forces that they had maintained for so many years. But they don't really want to go down unless there is some kind of reciprocity, if not some kind of parity between the United States and Russia, as there has been between the United States and the Soviet Union for decades of strategic arms control.

For Russia too, the question of what one does on offensive weapons and what one does on defensive weapons are inherently linked. You cannot separate the two. If the ABM treaty, to quote Sergei Ivanov, is at least partially a Cold War relic, then, too, are many other arms control agreements, in his view. That is, if the United States withdraws from the ABM treaty, Russia has continued to say, as it did, in fact, two days ago, that Russia would walk away from the kind of strategic and other nuclear arms control agreements that were signed during the Cold War.

So how does Bush and how does Putin propose to square this circle in Washington and in Crawford? While the details are still unclear from press and other reports, I think we can say that we have some sense of where an agreement is likely to end up. On offensive weapons, the Pentagon has apparently completed its review and concluded the U.S. could safely reduce its offensive nuclear weapons unilaterally to somewhere between 1,800 and 2,250 weapons, provided that the weapons that are in overhaul are not counted against that ceiling, which usually is about 250 weapons or so.

So the real limit is, not surprisingly, somewhere where the Clinton Administration ended up in 1997. The U.S. could reduce to anywhere in the range of 2,000 to 2,500 weapons. And the U.S. would want to reduce to that level unilaterally, no matter what Russia does, hopefully. And it would not want to codify the floor or the ceiling in any binding agreement. So what the United States would do is, perhaps in the joint statement with Russia, declare its intention to go down to this level and to basically leave it at that. And then hope that Russia would make a similar declaration that it would go down to a level at about the same range, if not lower, than the U.S. range.

And that the sides would then pledge to verify these unilateral reductions by using the provisions of the START I agreement. That's, I think, the nature of the offensive deal. Two unilateral statements on where it is that we want to be in the end. That's the deal that the United States is likely to have on the table. Unilateral statements of where it is that our offensive forces are going to end up, and then a commitment to verify this process, that is highly transparent, by using the START I provision.

On defensive weapons, the deal that the administration is pushing, and may in fact succeed in getting, is that the U.S. and Russia would agree that some or even all kinds of testing and development of defensive systems would be allowed. But that the ABM treaty is such, including its ban on nationwide defenses, would remain, at least for the moment, in effect. There would be an explicit understanding that at some point this treaty would have to be revisited, because the United States intends to deploy ballistic missile defenses to defend the homeland.

But for the moment, what will change is the testing provision rather than the provisions with regard to deployment of the systems. And the key question here, one that I don't know the answer to yet, is, what is the form this commitment on testing is going to take? Is it going to be a formal amendment to the treaty that says, we will abandon particular provisions in the treaty that prohibit the kinds of testing that the United States would like to do, or is it going to be an understanding that the treaty ought to allow the kind of testing that the United States is planning to conduct?

For example, the kinds of tests that were postponed for both technical and political reasons earlier this month, are tests that you could allow under some interpretation of the ABM treaty, in which case, it will be an executive agreement between the United States and Russia, much like executive agreements of this kind have been agreed to in the past, in the '70s or '80s, on what the treaty means, in which case there is no need for an amendment of the treaty, nor any need for Senate action. So how this issue of testing is going to be resolved is going to be important politically as well as substantively.

Let me conclude with three final observations about the emerging deal. First, I think on offensive weapons, the cuts that are being contemplated are disappointing. Clearly, one would have hoped that in today's world, ten years plus after the end of the Cold War, we could end up at a rather different level than the kinds of numbers that we are now talking about. Indeed, a year ago, it has been reported, Bill Clinton went to Moscow with the idea that he would be prepared to go down lower than even the START III level—that is, to 1,500—if there had been also a deal on the ABM treaty and on missile defense.

And the failure to go lower, to in fact endorse the numbers of the mid 1990s, reflects the fact that the fundamental strategy for how we ought to use nuclear weapons, a strategy that continues to target Russian nuclear forces and capabilities, remains in tack, even though the Cold War has ended. So while Bush frequently proclaims the end of the Cold War, and frequently argues rightly that Russia is no longer our enemy, our entire nuclear strategy remains very much stuck into the Cold War, in the notion that the way we ought to think about our offensive forces is to size them according to the Russian threat.

I think the time has long passed by which we should do this. We ought to have targeting strategies that are far more flexible, far less related to what Russia can do, and therefore requirements for nuclear forces that are far less than are being currently contemplated. I'd be happy in Q and A to go into some detail about where I think we ought to end up, but clearly, it isn't safe, in the current situation, to rely on the notion that deterrence requires you to have 2,500 weapons to hold at risk Russian nuclear and other

forces.

Second, the abhorrence of formal arms control agreements that underlies the Bush approach, I think, is misplaced. For sure, the United States ought to get the process moving again by cutting its forces unilaterally. But then, it ought to seek to codify those unilateral steps within a negotiated agreement. Back in 1991, when the current president's father was still president, we also moved unilaterally, and that did get the arms control process going. But we made a fatal mistake in not codifying some of those unilateral steps.

One of the results of which is that the Russians now have many thousands of tactical nuclear weapons that are not under clear supervision, and are still a potential hazard not only to Russia, but potentially to the rest of the world. So we ought to move forward with unilateral cuts, but then codify these cuts as soon as both sides agree to make them, and to do so in formal agreements. After all, if we're going to maintain a nuclear strategy based on the concept of hedging against things going wrong in Russia, should we have an arms control strategy, at the very least, that does the same thing? So to paraphrase Ronald Reagan, the need here is to trust, but codify.

Finally, on missile defenses, I favor relaxing the strictures on testing with regard to missile defense systems. And in that sense, I think the administration is exactly right to keep the ABM treaty, but allow a relaxation on testing. But there ought to be some limits on what it is that you're allowed to test or not. For example, I would favor a continued ban on testing any space based weapon, whatsoever. It's not in our interest to go in this direction. It will be regarded as a particular threat by Russia and other countries if we move into space based business, and I don't think there is any technological reason to do that.

So that's one thing that I would want to see. And secondly, if we are going to have a formal change in the treaty text, we ought to submit that to the Senate for its advice and consent. If we could find a way to do this by executive agreement, fine. But if we're really going to change the treaty in a fundamental way, in ways that are completely contrary to the treaty, that is acceptable as long as it is submitted as an amendment to the treaty.

MR. STEINBERG: Cliff.

MR. CLIFF G. GADDY: Thank you very much, Jim. Ivo's presented a lot of interesting details about the agenda for the summit and for the US-Russia relationship. I'd like to begin by saying I want to, at least in my introductory remarks, distinguish between the agenda for this particular summit between Bush and Putin, and what I might call Putin's own agenda, his real agenda, and his broader agenda.

I, for instance, do not think that he will be coming to the meetings with Bush here in the United States with a specific wish list. I don't think he will have a detailed, fixed schedule of things that he desires to get out of this meeting, though there may be clearly a range of issues there. I think he will continue to be as he has always been in these contexts, very flexible and pragmatic.

Nevertheless, I do think that there are some overarching goals that we should be aware of for Putin's own international policy, because I think they can allow us to situate our own view and our own goals of what we want to achieve out of the relationship better. We do always tend to look not only at Russia, of course, but at other countries through the prism of our own interests, and maybe Russia is more prone to that than others.

We pick selectively from among the statements of a person like Putin, and often report only those that are relevant to our own current agenda. We extrapolate and fill in what's missing, and sometimes we fall prey to wishful thinking. At worst, we actually distort what—and I think this has been the case with Putin—distort what he says and means. There have been repeated examples of this.

And so what I'd like to do is concentrate as best I can on Putin's real agenda, what he wants and why. And I want to begin by asking whether September 11, in particular, has made any difference for Putin's agenda. And I'll say that I think it has. I think it's made a profound difference in what he has been looking to achieve on the international scene.

September the 11th definitely changed Russia's world, but not because of the deed itself. It was not at all a shock to Putin, not because Russia felt that it itself was under any greater threat than before. Rather, I think the real change was the way in which Putin and Russia see that it changed the U.S. perception of itself.

Basically, what's emerged after September the 11th, and I think you can see it most clearly in some of the initial statements that Putin made, or you can record it accurately in some of the immediate responses, are two things, two feelings perhaps more than anything else. One is a sense of vindication, the other is a sense of opportunity. Putin gave a short TV message to the Russian people as soon as it was appropriate on September 11. There was a range of emotions in that talk. I was there. I happen to have been in Russia at the time, out in a fairly remote part of Russia and watched it on TV.

Certainly, one of the foremost emotions was sympathy and support, and that was widespread among the Russian population. Ordinary people who didn't even know me came up to me and expressed that sort of sympathy. Putin expressed that, but there was also a very strong element of, "I told you so." In fact, his direct words were, "Today's events once again underscore the urgency of Russia's proposals to unite the efforts of the international community in the fight against terror: the plague of the 21st century."

In fact, that "I told you so" basically spilled over into a kind of anger and frustration. The anger and frustration was, in part, directed towards U.S. leaders, and in part towards himself. Putin had been saying and warning the United States about this for months, and he felt like there had been no response at all. In the second public speech after this September 11 TV talk, Putin said something actually quite remarkable, and I think revealing. He said, "I feel that I personally am to blame for what happened. Yeah, I talked a great deal about that threat, but I guess it wasn't enough. Apparently, I wasn't convincing enough. I could not find the words that could rouse people to the required system of defense to actually defend against this."

And this is not posturing. He's repeated this statement several times since, and apparently will say it to Barbara Walters tonight, since Putin has already released the text of what he's going to say. (Laughter). But, in fact, if you go back and look at the record, it is a matter of public record. He talked to the U.S. about not just terrorism in general, but specifically about bin Laden, about al Qaeda, and about the Taliban.

Go back and read the interview he had with the American media on June 18th, right after that first summit with Bush, his big attempt to spin the U.S. media interview, and it is really uncanny where he is almost begging these journalists by saying, "This is real, I'm telling you, real. The terrorists are carrying out operations against you already. They're killing your soldiers and your civilians. Wake up, it is a real threat." And later in that same interview, he talked about the Taliban. "Why doesn't anybody get serious about the Taliban? What are we doing? Look what they're doing. It's public knowledge; nobody's responding to it."

So, in a sense, for Putin, the vindication is that September 11 was a wake-up call. What he could not do through words alone, actions, history, fate, destiny, as the Russians say, did for him. Now secondly, September 11, or at least the post-September 11 world, I think Putin regards as a historic opportunity. It's an opportunity because, obviously, it's the chance to achieve this united effort against terrorism that he referred to. And yet, I think that's the minor part of the opportunity.

It's really the means. There is an end to this. And the end is, for Putin, to shift the United States away from the illusion that it is leading a uni-polar world—the familiar phrase that Russians use . And I stress

the word illusion because Putin and other Russians never thought that this was objectively possible, that one nation could be so totally dominant as the United States. The danger, in the view of the Russians, was in the fact that the United States thought that this might be possible, and that would condition U.S. behavior.

Six months ago, even less, what really frightened Russia was the United States, not international terrorism. Not because Russia felt directly threatened by the United States, but again, because of what it felt the United States might well undertake in the world if it continued with its unilateral approach. The United States believed it was invincible; it was trying to go it alone.

Back last May, which was the anniversary of the end of World War II (and this year, 2001, of course, was quite historic in that regard, being the 60th anniversary of the beginning of the war for Russia) Putin actually had four speeches around the time of Victory Day and May the 7th and 8th. In each one, he talked about the lessons of World War II. He did talk about terrorism. But the main thread that he identified in each of those four speeches, the main thread that might lead to a new world war was a situation in which one nation aspired to world domination. And it was clear that he meant the United States.

He stressed, as an antidote to that, as the only possible way to prevent that, the notion of collective security. And he spoke of the shortsightedness of politicians before World War II, who did not realize the real threat in time and didn't unite to fight it. He said that the entire experience of post-war history tells us it's impossible to build a secure world only for yourself, even less so at the expense of others.

So this rejection of U.S. unilateralism is really what is important about September 11 for Russia. Because September 11, in Putin's view, refuted that notion once and for all, and this is clearly what he hopes will come out of the event.

His goal right now is to take advantage of the situation created, the psychological situation not least, post-September 11. And he believes that he can achieve real success in this. It is not just negativism on the part of Russia, I stress. It's actually a sense of mission for Russia as a nation and for Putin personally. He believes that he is capable of playing the role of putting the world on a new track.

But to get to do this, Russia has to be a player. Now Putin, as we know, has thrown himself into the international community in all the different international forums. Meetings with European Union leaders, APEC, and the G8 have been extremely important for Russia as it becomes this multilaterialist, par excellence.

Clearly, the security realm of this is paramount. His watchword, as I said, is collective security. This, of course, is very much related to Russia's stand on the ABM. I think, as Ivo has pointed out, the Russians do no believe that the ABM treaty, per se, is sacred. But they are very much wedded, and very consistently wedded, to the idea of a comprehensive security architecture that would essentially, from the Russian point of view, achieve two things.

One, it would ensure the protection and defense of all, not just this notion that no nation can protect itself at the expense of others. And more subtly—certainly not a direct statement—is that an international security architecture of this type would be a restraint against a country that would achieve or strive for this world dominance.

The multilateralism, I think, is where we have to understand also Russia's current effort and Putin's personal commitment to Russian accession to the WTO. Because in effect, it is the same thinking he has in the security sphere applied to the economic sphere. He believes quite simply that globalization is too important a trend to be left to the management of the United States and other rich western nations. He

believes that globalization is an inevitable trend; it is an essential trend.

But he wants to speak out on these issues, and he has. He did it most recently at the APEC summit. But I think he feels that it is impossible for him to continue to do this, and to do this convincingly, unless he is part of the World Trade Organization. And I believe really that this is his main reason for joining. It is more important than the economic aspects and economic implications of WTO membership from Russia.

Frankly, economically, WTO membership doesn't make a lot of sense for Russia, and I'm not sure that Putin himself is fully aware of that. But he certainly is aware of the negative aspects of globalization. He is not about to join the WTO in order to subject the Russian economy to the types of shock that some people seem to think is his motive. There is a phrase that WTO membership will "help Putin enforce domestic reform in Russia."

It is just the opposite. Putin wants to join the WTO in order to help reshape globalization, and in effect, perhaps help lead a movement to reshape globalization. If we had read more carefully Putin's speech at the APEC summit, we would have seen the blistering criticisms he gave of the current international, financial, and trading order. And one main point that he made, a central point, was that untrammeled globalization can simply not be allowed to take the non-competitive industrial sectors of developing nations and emerging markets, his own included, take these non-competitive, non-profitable parts of the economy—what he literally called their virtual economies—and kill them, because killing them would lead to such social shocks and political disorders that it would, in fact, threaten world peace.

Let me say, then, just a word or two about the Russian economy as it is right now, and why Putin is absolutely correct in fearing globalization for his own economy at least. The Russian economy right now is, of course, in, relatively speaking, good shape. As a result of the devaluation and the oil price increases, it is in better shape than it has been at any time in the 1990s. Putin has taken maximum advantage of what has happened to that economy since 1998—the financial crisis, then the devaluation, and then later, the oil price increases.

But he has not used it in order to reform his domestic economy as much as he has used it to stabilize society, to create cohesion and ensure himself of political and social stability. They have been sound policies if judged by that criterion. They have not been primarily directed at reforming the economy.

In fact, the windfall profits that these two tandem events, the devaluation and the oil price increases, brought to Russia have been used, in no small measure, to re-empower some of the very non-competitive sectors of the economy that I spoke of earlier, these dinosaur enterprises of the Russian economy. For the rest of the economy, the news has not been quite so good. Households are clearly poorer after the devaluation. It represented an enormous real wage cut. And even the profits from the enterprises are disappearing now. They're 32 percent down this year as compared to last year.

And rather than go into a lot of details about Russia's current economic situation, I just want to site two facts to you that I always regard as the most incredible and telling facts about the current state of the Russian economy, regardless of any current figures about increase in GDP or increase in industrial output. Last year, the year 2000, Russia ran a current account surplus of $46 billion. This is the equivalent of 18.5 percent of dollar GDP. This is an absolutely staggering figure. I cannot find any historical precedent for this. Nobody else in the world comes even close to this. It's an order of magnitude above, quote, normal export oriented economies.

Japan in the 1980s, for comparison, at its peak of running these current account surpluses, had about a four percent current account surplus, and everybody was in a panic about that. Russia, again, I say, last year, ran a current account surplus equivalent to 18.5 percent of dollar GDP. And this is a country that is trying to renegotiate its foreign debt. It just boggles the mind.

The second fact. Today, after two years, two and a half years of windfall, boom, oil price increases,

increased profits and so forth, 40 percent of Russia's industrial enterprises are not profitable. They are loss making; they have not been profitable for ten years; they're hopeless. 40 percent, that is 65,000 large and medium sized enterprises continue to be unprofitable.

Let me just conclude with one brief comment that I feel I have to address, and that is—and I think Fiona probably can comment on this as well—there seems to be a quite common perception that somehow Russia is joining the West now, especially after September the 11th. Maybe from what I've said already it is clear that I'm not talking about Russia joining the West—certainly not joining a U.S. led coalition in the sense of hopping on board and following the U.S. blindly.

If you want to put it quite bluntly, Putin is watching as the U.S. joins him belatedly. I go back to the frustration that he feels in having warned the United States about what was going on, feeling that no one listened. Again, these are all a matter of public record. So the idea that his purpose is to link Russia to the United States, anchor Russia to the West, that his values are Russian and so forth, needs to be taken with a very large grain of salt.

I would say that joining the West is exactly what Putin is not about. What Putin is about , with respect to the U.S., is that he is absolutely convinced that the U.S. must not be allowed to continue to go it alone. September 11 provides a great opportunity in that regard. It does require action by Putin to take advantage of that opportunity, and he has done that from the beginning. As we know, he was the first person to call Bush, the first foreign leader to call Bush. Which, of course, is not only a reflection of his willingness to be the first, but also his ability to be the first. He was the only one who had a hotline. Everybody else was blocked by the telephone calls. (Laughter). But still, he had to want to do it.

So, again, I stress, the threat, the possibility that the United States would continue to pursue this policy of going alone in the world was a bigger danger than international terrorism. This is what explains his eagerness to, quote, "join the coalition." He does so not out of desperation to be part of the West, but out of, frankly, a kind of desperation to ensure that the U.S. does not use September 11 as yet another attempt to go it alone.

So what I've spoken about is this very big and broad agenda that Putin had. And I believe that this will shape the particular steps that he may take, the particular deals he may cut when he meets with President Bush here in the United States. But I think, again, that it's very important that we not jump to the conclusion—that we try to interpret what Putin wants through the prism of what we think are the most important points on our current agenda. His is quite different.

MR. STEINBERG: I would just put a little footnote on that to ask the question about whether, even if that is Putin's objective, whether it is likely to be a successful strategy. I mean, it strikes me that the strategy you're describing may be a bit like trying to lasso the tiger. And that he may think that by doing this he's constraining the United States, but he's got to be mindful of the fact that this coalition which he is joining, perhaps to restrain the United States, is one in which many members of the administration have repeatedly pointed out that the coalition only exists so long as you're on our side, and that we're going to pick and choose among our coalition members depending on whether they support us or not.

Fiona.

MS. FIONA HILL: Thanks, Jim. I think you've given us a useful caution there in thinking about the divergence of interests. And that means, actually, Russia and the United States can push their agenda. And I wanted to piggyback on what Cliff was saying, with a little bit more general comment, and also some parting thoughts on some foreign policy issues before we open it up to questions and answers.

And obviously, in the public debate now, we keep talking about the fact that we may have a new relationship with Russia. And this is one of the things that we're talking about most actively now. And obviously, I think that Cliff has just made clear from his presentation, if we are on the threshold of a new

US-Russian relationship, this is not because the U.S. and Russia have miraculously found a whole new range of shared interests, but because for the first time in recent years, the U.S. needs Russia and not the other way around. I think that's the fundamental difference where we are now.

So what we have that's new here is that the Bush Administration has realized, after the first time in ten years, that Russia is not so irrelevant. Even though Russia may no longer be a global superpower, it may have been a fly in the ointment in terms of European security issues, it's still a regional power with some clout in an area that now matters to the United States, which is Central and South Asia.

And if you look at this region, obviously, Russia looks like a bastion of stability and reliability when you start to compare it with Pakistan or possibly even India, and not to mention Iran and also China. So for once, Russia is actually our new best hope in a region of the world.

Now obviously, as Cliff has said, though President Putin's been pushing a joint campaign with the U.S. and the Europeans against terrorism for some time, beyond the inevitable discussion of the U.S. campaign in Afghanistan and the efforts to dismantle the Al-Qaeda network, the agenda we still have for the Crawford summit is still an old one. If it weren't for the events of September 11, there clearly wouldn't be so much drama about this meeting, and we'd probably still be discussing most of the items that we've got on the agenda for the meeting.

As Ivo pointed out, for the U.S., that's the ABM treaty and U.S. missile defense tests and missile reductions, although maybe we may have some breakthrough with this as a result of the imperatives of September the 11th. And for Russia, it's a number of issues that Moscow's been pushing with Washington for some time. Moscow's still got the same kinds of priorities. Cliff mentioned the accelerated WTO membership, but he also gives a caveat of where Putin's coming from on that. Obviously, the final removal of Jackson Vanik and other residual economic sanctions, which may be where we may have some movements and debt relief issues, as Cliff mentioned.

When you actually put that into the perspective of Russia's economic performance, actually, that seems less likely to really grab the imagination of U.S.. However, boosting the U.S.'s investment is another issue on the agenda, and then redefining Russia's relations with NATO. Again, these are essentially the same agenda items we had for the first meeting between Bush and Putin in Genoa. So even if Putin and Bush bond further at the president's ranch in Crawford, there are still some serious limitations to how far a new US-Russian relationship can develop.

Frankly, I think beyond putting Russia back on central stage for a while in U.S. diplomacy, and maybe some move forward in missile reductions, Washington doesn't have that many concrete things to offer Moscow at this point. As Ivo said, obviously maintaining the old superpower arsenal is a big drain on the Russian economy, and it's not just Putin who's been eager to relieve this. But when we look in a broader, longer term context, it's really Europe where the action is for Moscow in terms of political and economic relations, and specifically trade and investment.

Cliff stressed the importance of oil and oil prices for the Russian economy, and Russia's long term goal is no longer to be a military superpower, it's to be an energy superpower. This is coming out repeatedly in the Russian press and in Putin's statements. And the future for Russia's new energy power play is obviously in Europe and Asia, not so much in the United States. Russia has more than 30 percent of proven world gas reserves—five percent of proven oil reserves, and it's already providing Europe with about 25 percent of its gas supplies, which it wants to double over the next two decades.

Russia's exploring new markets in China, Japan, and Korea. And obviously, the current tensions in the Middle East are really going to give Russia even more of a boost as a potential energy supplier, not to mention these increased windfalls to the economy for higher oil and gas prices. But there's still a lot of issues to resolve there before these Russian aspirations can become a reality.

Now, I want to move onto the point that Cliff mentioned about joining the West just to reemphasize this. We keep talking about the fact that September 11 has given Russia the opportunity to join the West. I just want to repeat again what Cliff said, because this really is a very important point to bear in mind for Russia. This is our spin; it's our perspective. And as Cliff pointed out, Russia does not want to join the West, when the West is really code in Moscow for the Western alliance around the United States.

What Russia wants to be is an equal to the United States, and if it wants to be part of any Western club, again, that's going to be part of Europe. And Putin, over the last year or so, has really revived the general idea that was touted around by Gorbachev in the late 1980s and by Yeltsin in the early 1990s, about Russia being part of a common European home. The big difference here is that Putin wants Russia to join on its terms, not on someone else's. And that's a very important distinction in the difference of the debate from the earlier period with the Soviet Union and Russia.

And in this regard, the United States is important insofar as the United States remains a gateway to Europe for Russia. And the Europeans want the two countries to get along. But in cultivating good relations with America, Mr. Putin obviously operates with some considerable domestic political and some of the economic constraints that Cliff has pointed out. And I can see some rocky paths ahead, in particular in the foreign policy in terms of the relationship with the United States and Russia.

Even if we do have some breakthroughs at Crawford on missile reductions, on ABM and missile defense, along the lines that Ivo pointed out, and we get some symbolic concessions to the United States on Jackson-Vanik, or the United States keeps reaffirming its desire that Russia should accelerate its accession to the WTO.

So a quick few thoughts on what these rocky parts might be. First of all, in the context of the current conflict in Afghanistan and Central Asia, Moscow's got some real long-term concerns about the future of the region. It doesn't want to be squeezed out. Russia's presence and influence in Central Asia has actually declined considerably over the last decade, and it's seen the increased economic and political penetration of China there, not just of the United States and other powers. And if we had not had the U.S. intervention in Afghanistan we would have likely seen growing--

[TAPE CHANGE.]

MS. HILL: —competition over Central Asia that could have actually been very detrimental to their overall relationship. And so, what I think we'll see is Russia increasingly seeking a role for itself, a very active role, in any long term U.S. military presence in Central Asia. That might be very difficult for us to negotiate and manage, depending on how the U.S. military presence is defined. We can talk about that more in the Q and A.

Also, on Afghanistan itself, I think we're going to have a squabble with Moscow about the future political configuration of Afghanistan. President Putin and the Russians have already made their preference for a return to the Rabbani government very clear, which is obviously not so workable in current circumstances. And Russia's position on Afghanistan is going to be very difficult to reconcile with Pakistan for the United States, especially since the two countries have been on opposite sides of the Afghan civil war since the 1990s.

Iraq is going to be also a very sensitive issue for the U.S. and Russia. Russia's got billions of dollars of potential investment in Iraq's energy sector. Obviously again, interests in Iraq fit very much into this new Russian image of itself as an energy superpower globally. And Russia is very much likely to continue to obstruct U.S. efforts to reform the sanctions with the regime against Iraq. And if there is any likelihood of the expansion of the campaign in Afghanistan against Al-Qaeda to include some kind of campaign against Saddam Hussein and Iraq, then I think we're really going to find some opposition on this front, which will obviously have an impact on the overall US-Russian relationship.

And finally, one other point on Iran, Moscow's quite worried at this stage about the eventual US-Iranian rapprochement. Obviously, this all seems far off. We still have some considerable problems ourselves in the relationship with Iran. But Russia and Iran have also started to part company over a number of key issues, including Caspian energy, and many of the old rivalries between the two powers are reemerging. And so, a change in US-Iranian relations, even small at this stage, could affect a major shift in geopolitics in the Caucasus and Central Asia and beyond, which would not be to Russia's benefit.

So can we really have a new relationship, given these kinds of caveats on the issues that Ivo and Clifford mentioned, as well as Jim's own concerns about what Putin can really achieve from this agenda? I think in spite of some of the pessimism on the details, I would argue, yes, but only if the United States starts to approach Russia on its own terms, and we just get rid of some of the spin and the wishful thinking on our own part, as Cliff suggested that we do.

Russia is not just a residual issue to mop up from the Cold War, nor is it simply derivative, at this stage, of the current campaign against international terrorism. And we need to start to move to look at Russia as we would other states in Europe and Asia, which is one that may have some shared interests, but has lots of divergent interests, and is a player in its own right.

Thanks very much.

MR. STEINBERG: A couple of thoughts. You've heard, I think, a very deep diagnosis of how Putin is seeing his country's long term interests. I think it's important to draw away from this discussion some of the interesting tactical choices that he's making. We all note the fact that he's a judo practitioner, and you can see it in a lot of his style. One area where this is particularly striking is the dialogue with respect to Russia and NATO.

We've heard from Putin in a number of forums, including quite extensive meetings that Putin had with George Robertson, a very different tones in terms of his approach to the problem both of NATO's future role and the issue of NATO enlargement. I agree with my colleagues that this is not because he necessarily has a new warmth for NATO, but I think is a recognition that the way to have influence over the processes going forward is not to be directly confrontational in areas where he's not likely to be successful, particularly with respect to NATO enlargement after President Bush's speech in Warsaw, which I think laid down a marker that was not going to be picked up and taken off the table. But rather, to recognize that, in some ways, he's doing what I think Prime Minister Blair is doing by being as close as possible and as least confrontational, that he may have some ability to influence in areas where he might have some influence.

I'd just also like to underscore on the Iraq issue, because you, Fiona, hit on it, but I think it's enormously important. I can imagine the conversation in which President Bush says, you know, Vladimir, you were right, you told me so about the Taliban; you told me about the Taliban. But let me tell you something about Saddam Hussein. And I think it is going to be enormously difficult for the United States to accept this kind of narrow Russian self-conception of interest in dealing with Iraq, whatever the administration decides to do, however aggressive it decides to be, vis-a-vis, Iraq, whether it's to actually contemplate military action or simply to say that if we're not going to do military action, we must do much more to deal with Saddam Hussein's WMD program. And I don't see how this relationship changes in a significant way if, after all this, the Russian answer is, sorry, we've got too much invested here and too many opportunities to develop Iraq's oil industry to help you out in dealing with this problem.

So let's open it up to questions.

Q: Bob Deans, Cox Service.

So real quickly, I guess the points you made about the SALT treaties and how far we are from those targets already raises a sort of obvious question. Is it academic to be talking about further reductions

when we haven't met reductions we agreed upon a decade ago? And so, I put that question to you. Second, Jim, if you could tell us just how far President Clinton was willing to go in these reductions. On what basis those reductions have been saleable to the American public during your time in office? And what prevented you from being able to go that extra step?

MR. DAALDER: On the reason of why there might be hope is that the Bush Administration came into office arguing that we should do this unilaterally, and that once you have decided what it is that you need for your, quote, national security interests. And apparently, if we repeal these rights, what we need is somewhere around 2,500 weapons, is how I've put it. Then you can go down to that level unilaterally. That is, you can bypass a negotiated, drawn out process by moving in one fell-swoop down to 2,500, no matter what Russia decides.

Now, I take it from the administration that they assume that Russia will also go down. There are very economic reasons why it will, although there are also strategic reasons why, if we do it, they will come with us. So what you're trying to do is leapfrog the process. The arms control process itself and the talks became an obstacle to actually getting reductions done, and that is the criticism that Bush brought into the campaign in his press conference speech of May of last year, and he has continued ever since.

So I think there is a good reason to believe we will go down to something like 2,500 weapons, that that will take ten years to do, however. So we're now, in a 20-year time frame, going to cut our forces from 10,000 to 2,500. But you know, these things don't happen very quickly, obviously.

MR. STEINBERG: Just to answer the second part, there was no formal offer to the Russians to go below the 2,000, 2,500 that had been discussed and basically agreed at Helsinki. But there is also clearly a recognition that if the Russians were, under any circumstances, going to agree to modifications of the ABM treaty, either formally or informally, that a lower number was going to be quite important to them, and they made that clear. And so there was kind of a shadow dance around the question of, well, if we were prepared to contemplate going here, might you be prepared to go in the direction that we would like to go in.

But the principal barrier was what Ivo mentioned in his opening remarks, which is the strategic concept. Which is, if you have a concept of the sy-op and the overall requirements of deterrence, which has a very high number of targets, then you end up with a high number of nuclear weapons. And the question and the great debate has been whether this should be a rethinking of that, the basic principles about what sustains deterrence.

Whatever the kind of theoretical underpinnings of that during a period of adversariness, surely it is different in a context where the countries are not. Which is not to say that strategic stability is irrelevant, but how you think about strategic ability and how you think about deterrence in a context in which you don't have the political circumstance in which you can imagine military conflicts breaking out, and therefore no chain up the ladder of escalation, it seems to me it would require a very different notion of what targets you might need to hit and how deterrence would hold.

But there was no willingness, I think, among senior military leaders to begin that dialogue without some understanding about where they were going to go in defenses, and where the overall strategic environment was going to be. So you had a bit of a chicken and egg problem, which was, could you start down that road unless you knew that you were switching from an offense only world to a mixed defense and offense world? And so, I could imagine that we would have been able to break through that had we had some clear indication of what the Russians would be prepared to do on defenses.

But because we were never able to untie that knot, and the approaching end of the administration made it very difficult for the Russians to think that this was a good time for them to make those kinds of commitments, that that discussion never got beyond the shadow play of trying to guess where each side

would move if the other side was prepared to accommodate their concerns.

MR. DAALDER: Can I just add one quick note to that, which is for all the rhetoric we've heard out of this administration about the end of the Cold War, and we need to think differently, et cetera, the fundamental fact is that the basic way in which we think about strategic nuclear deterrence, which we've thought about for the last 50 years, remains in place. And that's why we're at the levels that they're going to come at. They have not taken on in the way that, in many ways, the president promised during the campaign, the very fundamental way about how to think about deterrence.

And therefore, they are coming at exactly the same level of weapons. You know, they're playing games with numbers, but in essence, coming at exactly the same numbers as we came in '97. Because the framework for determining what is the lowest possible number remains exactly the same, remains the same framework we've had since back to 1962, when we had Sy-Op I.

Q: James Rosen, McClatchy Newspapers here in Washington.

I have a question that's maybe a tiny bit off topic, but I could easily imagine a conversation occurring similar to what Mr. Steinberg said between President Bush and President Putin. Let's say President Bush says to President Putin, how could such a powerful country as, then the Soviet Union, have not prevailed in Afghanistan, and what lessons can we learn from the experience? What do you think Putin's answer would be, and if your own answer differs, what would your answer be?

MS. HILL: Well certainly, the main lesson that the Russians would have given, in fact, they already have, many of their generals who went into Afghanistan, was not to go in in the first place. That was certainly the tenor of most of the opinion editorials of Soviet commanders in Afghanistan immediately after it became clear that the United States was going to launch a campaign.

That obviously didn't help us a great deal, but there are some key lessons that the Soviets learned. One was that they obviously sent in lots of heavy armor to fight what was essentially a guerilla war with forces that were dug in for the long haul., I think we've already processed that fact in some of the military attempts we've had so far. But it's also clear from the Soviet campaign in Afghanistan that nothing can be affected in Afghanistan (once you've made the commitment to go in militarily) without a very long, a very arduous struggle, and without ground forces.

We've had a number of meetings here in Brookings over the last two weeks behind the scenes where the general conclusion from many experts on the region has really now been at this stage that the United States can do very little without sending in its own forces into the south of Afghanistan. Whether the Soviets would concur with us or not is another question. Clearly, it took them an extraordinarily long time to disentangle themselves, and it's obvious from reading the memoirs of Soviet generals from the time in Afghanistan we have to completely rethink our own conventional strategies in dealing with this kind of problem.

I think Ivo and Jim can obviously also comment on our own kind of military approach in that perspective, but let's just say that the Russians are very pessimistic about the chances for long-term U.S. success in terms of completely overthrowing the Taliban, even though they may now be very much supporting that effort, because they had had their own long-term interests in seeing the Taliban overthrown and in seeing the restoration of the Rabbani government and the success of the Northern Alliance.

MR. STEINBERG: I think there are two other lessons. I completely agree with what Fiona said, and I think there are two other lessons that we ought to draw, both of which fall into the easier said than done category. The first is that while we clearly have an interest in making clear that the Taliban cannot be allowed to continue to rule the country and provide a sanctuary for bin Laden, that we have to be careful about deciding ourselves what the successor ought to be, and that we need to recognize that trying to impose a successor and trying to decide what the ideal government is in Afghanistan is not likely to be

successful.

And second and equally important, and again, enormously difficult, is the fact that we need to have some understanding among the countries in the region to try to reach a support of resolve here. I mean, many reasons the Soviets failed was because they pursued their own interests, which was perceived to be against the interests of other countries that bordered Afghanistan, and they weren't going to tolerate it. And so, Pakistan, with our very substantial support, basically undermined the Soviet Union.

If we get back into that situation where one faction or another is seen to be supported by one but not the range of outside powers, we will have replication, because too many of the peripheral countries have too big an interest to allow their interests to be totally ignored. Now, whether you can reach a compact on the six plus two group, whether you can have a UN role that would make it more compatible or tolerable for the different countries to feel that their interests would be in perspective, those are all very difficult questions.

But for sure, there is not going to be a solution which is wholly satisfactory to one of the neighing countries and wholly unsatisfactory to other ones that will be sustained. And so, Iran, Russia, Central Asian countries, Pakistan, and India are going to have a big stake in this. And indirectly, of course, we will play that role too because we will be concerned to make sure that we don't have a replication of what happened the last time around.

Q: Otto Kreisher with Copley News Service.

Mainly for Ivo Daalder, but you talked about an attempt to get around both a new SALT treaty and ABM for whatever kind of agreement they've come up with. Do you really think that will fly with Congress? You know, Congress in the past has refused to let the Clinton administration go below a certain level of strategic arms. And the Democratic controlled Senate has been very anxious about any attempt to mess around with ABM. Do you think that, you know, Congress would really allow them to do a strategic arms agreement and some modification of ABM with a gentlemen's agreement, rather than a treaty that could be ratified by Congress?

MR. DAALDER: Two comments. One, the Senate has already lifted the—there was a floor below which we could not go unless START II came into effect. The Senate has voted to lift that already. The real issue is, what is the nature of the agreement that comes out of Crawford, if anything? The treaty making power does not rest with Congress. Congress cannot force the executive to sign treaties. The Senate can provide advice and consent on treaties that are signed.

So if there is an agreement between the United States and Russia to reduce our nuclear forces on both sides to a particular level, and to use provisions that exist under existing agreements to verify those reduction processes, what is Congress to do? Well, the only thing it really could do is not to spend any money to get those forces down. Well, which Democrat is going to vote for that kind of agreement? That is, which Democrat are you going to find saying, no, we should keep 7,000 nuclear weapons because there is no, quote, treaty at the end of the process? That's the difficult political situation that the Democrats face.

On the other hand, on the ABM treaty, I do think that if there is an agreement that basically says, the United States and Russia now agree that article five of the treaty, which prohibits the testing and development of land, mobile, sea-based, air-based, and space-based weapons, that if article five no longer applies, I think you're going to find a lot of people in the Senate saying, hey, you've changed the treaty. Last time I looked under the constitution, we have something to say about that.

That will get you to a nice constitutional fight, if the administration wants to get into this fight, which I don't know, since I'm no lawyer, let alone a constitutional lawyer, where it's going to end. But my hunch is that the administration would win that one, because the administration usually gets deferred to when it comes

to foreign policy issues. But I would advise this administration against that approach. I don't think it is worth, in fact, winning the argument, which is what they would by having this kind of agreement, and then setting themselves up against a major fight with Congress, when in fact, Congress is going to vote for that amendment in any case.

I don't see any reason why the Hill would not, particularly the Senate, would not accept that kind of amendment, provided the ABM treaty as such remains in place.

MR. STEINBERG: Just to add a tiny little point to that, it will be an interesting argument because, since the administration has the power to abrogate the agreement without the consent of the Senate, it will be an interesting debate as to whether Democrats will take on the position that says, well, if they're only going to amend it, but we're going to preserve it, we're going to force them to take it to the Senate, versus, if we make this hard on them, then they can just walk away from it. So it's a tough political question as well as constitutional.

Q: Thank you. My name is Paul Koring. I'm with the Globe and Mail of Canada.

It seems to me that one of the things post-September 11 that may both play to Putin's agenda and to a reawakened sense in Washington of a multiplicity of risks, and yet, isn't on this agenda, either on the strategic reduction side or the ABM side, is this vast number of tactical nuclear weapons. Mr. Daalder referred briefly to it.

And yet, of the triad, if you will, defensive, strategic, offensive and tactical weapons, two are on the agenda specifically. One isn't, and yet, you can certainly make the argument that post-September 11, and listening to the president's speech yesterday to Europe, might suggest that that whole spectrum of what to do, and how to deal with, and how to pay for and pay down unilateral reductions, which Bush senior talked about ten years ago. I wonder if I could get any or all of you to talk about where, if anywhere, the Russian tactical nukes fit the Crawford agenda.

MR. DAALDER: Unfortunately, I mean, they don't fit in the agenda, because the agenda's very much the old agenda that existed prior to September 11. Remember, the Bush Administration came to power with one overriding goal in this area, which is the deployment of missile defenses. I mean, we had a foreign policy up until September 11 that was defined by the need to deploy missile defenses. And prior to September 11, it might have looked as a pretty clever deal, the one that we're getting now.

After September 11, it falls woefully short from what needs to be done. And I would argue it's not only tactical nuclear weapons, which is a major, major, major problem, but it's also nuclear weapons material, it's the biological weapons capability and material, the chemical weapons arsenal. 40,000 tons of chemical weapons are sitting around in Russia in a dilapidated state. That is, if you want to think boldly both in terms of the threat —

[TAPE CHANGE.]

MR. DAALDER: —I mean, we now know that there are people who are willing to use civilian airliners as conventional weapons of mass destruction. We now also know that the same people would do far more damage if they could get their hands on nuclear or biological, or chemical materials. And we know where that stuff is lying around, and they do too. It's in Russia.

So a real agenda, I mean if you could get a repeat of Reykjavik thinking at Crawford, to put it in those terms, it would be Bush and Putin sitting in front of their brushfire or coming back from clearing their brushfire on their path and saying, you know, this is nuts. We, you and I, need to start to work together and expend whatever resource is necessary to get a hold of this material, to get a hold of these weapons. That's an agenda that is responsive to the post-September 11 period. And maybe we'll all be pleasantly

surprised and find that that's what the administration and Mr. Putin end up with.

So I think given the kinds of people that are advising the president, I think the likelihood of that happening is quite small.

Q: I'm Alex Privitera from German TV, N24.

My question to Mr. Gaddy. He was defining and outlining Putin's agenda. And in doing so, it almost seemed to me that he was almost defining the agenda of some of the NATO partners as well. For months before September 11, there was concern in Europe about a unilateral approach by the United States, and it sounded to me like Putin was clearly sharing this.

And he now sees an opportunity to have a more multilateral approach after September 11, getting close to the United States, whether it's Blair, or whether it's Schroeder, Chirac, or anybody else, is very much in line with what you described Putin as doing. Can you tell us whether that sort of pushes Putin into, you know, getting closer to Europe as opposed to getting close to the U.S? That's my question, I guess.

MR. GADDY: I agree with you completely that this, in part at least, is an agenda shared by some leaders in Europe. And I think that's what gives Mr. Putin a sense of confidence as he goes about this, which is a little bit of an answer to Jim Steinberg's first question to me. Certainly, Putin cannot pull this off single-handedly, and I think that that's the very point. He doesn't think in those terms. He's quite convinced that he has implicit support in this particular mission, especially the Europeans, and some of his other agenda, to some extent also the Europeans, the globalization agenda. There, some of his reinforcements or his allies are in the so-called developing world.

I think one thing that characterizes Mr. Putin that's very important to understand is, I mentioned the pragmatism and the flexibility, the lack of any specific wish list that he could be help accountable to. That goes for his domestic policy, by the way, also. He never specifies something that he promises. He only promises very vague things, and he can deliver on that, but not necessarily on specifics.

What I want to say is patience. He has this very long-term view. He believes that time is on his side. He thinks that the 1990s were a very exceptional period in history. And for a long time now, not only Putin, but other Russians have felt that the United States was living in just a dream world of both foreign policy and economic policy, that there was this unprecedented prosperity in the global economy that the U.S. seemed to think would last forever. And similarly, as I was indicating before, that the United States was essentially invulnerable after the end of the Cold War with respect to its own security.

And so, if you like, you could say that they look back, the Russians, Putin looks back on the 1990s, the United States was living in a dream world; Russia was living through a nightmare. Now, in effect, things are kind of reversed. And there is an element of that, of thinking, as I said, the economic situation for Russia has never been better, at least since the fall of the Soviet Union, and a security situation Russia doesn't perceive as particularly worrisome compared to what it's been at certain points in the past decade where the United States situation is reversed.

I mean, Fiona was directing this directly. His orientation towards Europe has many facets to it. And one of them is sort of common positions with which they can put forward to the United States. And it's not just the special relationship Putin has with Blair and with—I mean, these are amazing, especially perhaps with the Germans, the ability to speak in front of the German parliament in Germany. I mean, this is something special that he has.

But I also think his relationship with Bush is, in fact, sort of special. I think he has real empathy for Mr. Bush. He certainly, at a minimum, can appreciate what it means to be vaulted into these enormously high levels of popularity because of a national crisis. Putin, as we know, comes into power first as prime

minister and then as acting president, and finally as elected president, riding this wave of united we stand. And there was no, and there is no opposition in Russia in that sense. Everybody's on board because of the sense of Russia under attack.

So in this sense, I think this is one of the many ways in which he can empathize with Bush. And I think he probably thinks, in a sense, that the four of them together, are four individuals, four relatively young, dynamic, and healthy leaders who can actually shape the new world if the United States would just break away from unilateralism a bit and join the trend, which he thinks is historically inevitable, I believe.

Q: I'm Bob Hillman with the Dallas Morning News.

I wonder if you could talk a little more, one of you, about the chemistry between Bush and Putin, since Bush looked into his soul six months ago.

MR. GADDY: Let me just say, Jim Steinberg pointed out very correctly that we've got to remember that Putin is a Judo champion. And you know what that means, is you use your opponent's leverage. You let your opponent take the first move, your opponent, your partner or whatever. You're not fighting against the guy, but he's your opponent in the match, and sort of let him lead his way into what you want to get him to do by the critical use of your own skill.

Well, the other thing that Mr. Putin is, more than anything else, is he's a KGB agent. And he's not just any KGB agent: he's a recruiter. I mean, that was his job. He was a recruiter. And he's very up front about this. He writes about it in his autobiography, the one the journalist did. He also talks about it in some interviews when he's asked about his background as a KGB agent, and what has that offered you as the leader of a nation.

In most contexts, he uses this phrase, "It's my ability to interact with people, to communicate with people. I can work with people, I can talk to people." And when he explains what he means, he says, you learn I was trained to be able to have a dialogue with people, and essentially what he's saying is, have the guy walk away from the meeting thinking he convinced me to do what I wanted him to actually do in the first place. Which, of course, would be the dream of any recruiter. Get your recruit to walk away to think he recruited you to let him be your agent.

I mean, Putin is very open and up-front about this, and I think he's quite proud of it. And there is something to be said for that approach to people. It's using persuasion, not coercion. You know, this is anathema to Putin, believe it or not. It's really—I think he takes it as a matter of personal pride, certainly in his domestic politics, that he's able to get Russians, get the Russian nation, get the Russian people to mobilize and serve the interests of the state, and so forth, not the way Stalin did it, not the way the communists did it, through overt coercion, but through persuasion and moral exhortation.

And in some sense, I think this also carries over into his dealing with foreign leaders. He really wants to try to get them to understand that there is common interest. You don't have to threaten. You do exactly what Jim says. You want to be on the inside of things. You want to be a player and help shape processes. And the stupidest thing you could do, the most negative and counterproductive things you could do, if you had that sort of a approach, is to be confrontational, to draw lines in the sand and so forth, and say if you do this, we do that.

No, you can always try to workout some way to move forward. But as the judo player that he is, you make sure it, nevertheless, works to your advantage if you can. So I don't know if that's what Mr. Bush saw in Putin's soul or not, but as far as I'm concerned, that's what's there, and you have to sort of take that as it is and work with it.

MS. HILL: If I could add something on that, too—that Bush and the administration made things a little bit

easy for Putin too. As Ivo pointed out, the U.S. defined its foreign policy in terms of missile defense right from the beginning. Putin didn't stake out any particular ground, any particular definitive agenda that he could be held to, so he was able to then be incredibly flexible and to leave everything else up for grabs.

So he's prepared to meet Bush in some respects on missile defense. He already looks like he's gained an advantage, because he already knew what his opponent's, so to speak, move was or what his final position was going to be right up front, whereas Putin himself had a much more open mind. You know, everything else is up for negotiation, and we can talk about anything. So in a way, the Bush Administration has made it much easier for Putin to operate in this environment, and that's why he looks so much more amenable to discussions.

Q: Rafael Canas from EFE Newswire from Spain. A question for Fiona, please.

At what point the current developments in Afghanistan could have any effect or even create political confrontation between the U.S, Russia, and China in the control of the Caspian energy resources, or even the drawing and building of new gas and oil pipes through Iran or Afghanistan to the sea, or from Kazakhstan to China, or whatever?

MS. HILL: Well, we're a long way off from being able to really talk realistically about oil and gas pipelines both going east and south, at this stage, while we still have a campaign in Afghanistan. Obviously, there's been a great deal of speculation now that as part of any kind of long term political and economic terrorist solution to Afghanistan, as part of reconstruction, we may be reviving the old Unocal idea of an oil and gas pipeline from Turkmenistan in the Caspian Sea, across Afghanistan into Pakistan.

I think we're a long way off, obviously, from that, and that still is speculation, at this stage, as to whether we could pull something like this off. Russia is, over the longer term, very concerned about these issues. As Russia tries to increase its oil and gas exports, particularly its gas exports to Europe, it has to be able to maintain and increase a constant source of supply. And many analysts of Russia's gas industry see that Russia will not, in fact, be able to deliver. It doesn't have sufficient of its own, gas reserves at this point because of a lack of investment in its existing gas fields, and the fact that most of the new gas fields are actually further in the east, and perhaps more useful for the Asian market rather than for the European.

So there will be an imperative on Russia to turn to Turkmenistan, Kazakhstan, and Uzbekistan as the three Central Asian countries with gas reserves to help bolster its own supply of exports to Europe. So that the relationship between the Central Asian states and Russia on an energy level will be extremely important, and that Russia will seek to have as much influence over the directions in which those energy flows go as possible.

Clearly, if there is over the longer term some kind of rapprochement between the U.S. and Iran, all the debates again will be opened up about pipelines to the south from the Caspian. Russia will not be too thrilled if that does take place. And obviously, in looking at the future stabilization of Afghanistan, Russia will also want to have a say in it. Now, again, getting back to our discussion about Russia trying to get as close to the U.S. as possible to try to influence things, this is very important. Russia's hoping that as a result of Putin getting in early to support the United States that it will have more of a say over what happens next. And if there does become a long-term U.S. presence in the region, ironically, this actually could be beneficial to Russia if Russia is seen as a partner of the United States in Central Asia, because prior to this Russia's influence was declining. As I mentioned in my presentation, China had begun to penetrate. China's very interested in Caspian gas over the longer term.

China also sees Central Asia as a bridge to the Middle East, particularly to Iran and also the Gulf, again, over the longer term. So Russia may, in a way, be able to head China off to some degree, if it has this close relationship with the U.S., and if the U.S. has some kind of long-term engagements in the region. But, of course, this is all a big question. Most of the regional players right now expect that the U.S. will

pullout after some period of time, especially as the campaign in Afghanistan gets increasingly difficult.

The Russians, obviously also, themselves, may be hoping that the U.S. doesn't stay in too long. But if the U.S. does, you can be sure that Russia will try to influence this as much as possible and increase its own presence in Central Asia, and try to forge a close alliance with the United States on these critical issues as we move forward.

MR. STEINBERG: Well, thank you. And I think we'll wrap it up here, but I appreciate you all coming.

(END OF EVENT.)