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MR. PUTIN: OPERATIVE IN THE KREMLIN

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P R O C E E D I N G S

MR. KALB: Hi. Good morning, everybody. Welcome to Brookings. I'm Marvin, a guest scholar here. And we are celebrating this morning the publication of the new, informative, important book called *Mr. Putin: Operative in the Kremlin*. And the co-authors are Fiona Hill, who is to my immediate left. She's the Director of the Center on the United States and Europe and also the Steven and Barbara Friedman Senior Fellow in foreign policy. And Clifford Gaddy, who is Senior Fellow in the Foreign Policy and Global Economy and Development Programs at Brookings. This is not, by the way, their first collaboration. They're also co-authors of *The Siberian Curse: How Communist Planners Left Russia Out in the Cold*.

And joining us all this morning is the President of Brookings, Strobe Talbott, a former journalist, a former top State Department official, a prolific author, and a Russia scholar himself. And I am here. I'm not quite sure. I think to reminisce a bit about what life was like when Alexander I was -- no.

(Laughter)

MR. KALB: Actually when I first arrived in Russia, it was late January 1956. It was 42 degrees below zero. The Cold War was even icier than that, and Stalinism, by the way, was everywhere. You could see it on the faces of the Russian people. But within a month in mid-February of 1956, a remarkable thing happened, and that was that Nikita Khrushchev, an extraordinary leader really -- an extraordinary leader. Nikita Khrushchev delivered what came to be called "The Secret Speech."

And in that speech Khrushchev knocked the props out from under the Soviet system, not in terms of the military strength of the system, not in the terms of the foreign policy of the system, though that was also to change, but in the way in which the Russian people reacted to the state and the way in which the state began very slowly to

disintegrate. But this was a slow process that actually took several decades.

But you could begin to see it in different ways. Russians came back from labor camps where they had been sent during the Stalinist time. They began to talk. I remember on any number of occasions just going out into Gorky Park at night, not intending to meet anybody, but Russians would come up to me, and because I sure as heck did not look Russian, but could speak Russian reasonably well. They would come up and strike conversations, and begin very quickly to simply unburden themselves in a way that they had never done before when Stalin was alive. But that speech changed everything I think.

A wonderful book called *One Day in the Life of Ivan Denisovich* came out. I heard about it. I got it published in the United States. I did an introduction to it. And that, too, was what? It was a story of one life in a labor camp. It was the unimportant things that he did simply to survive, to get through another day. And that kind of stagnation was all over the country.

In 1964, Khrushchev was out, kicked out as a result of what they called hair-brained scheming. That had to do with the Cuban Missile crisis, and he ended up at the short end that time fortunately.

Leonid Brezhnev came in, and that really institutionalized the slow unraveling of Soviet communism. When Brezhnev died in 1981, other aging mediocrities came in to run Russia until 1985 when Mikhail Gorbachev took over -- young, vigorous, intent on reforming the system, not on ending communism. But what he did had the effect of moving the end of communism along very dramatically. And when he stood by - Soviet power stood by while East and West Germany were reunified, then we all know that the world had changed.

In the 1990s, it was Boris Yeltsin. Russia dabbled with democracy, but

nothing really worked, and the economy ultimately collapsed. Yeltsin chose a young unknown, Leningrad apparatchik to come to Moscow and to run things. And that is where we turn now to *Mr. Putin: Operative in the Kremlin*, and our whole focus shifts to this book, which opens up many eyes, I think, to the reality of Russia today and the Russian leader. And I'd like to start with Strobe Talbott and ask him to pick up the tale.

MR. TALBOTT: Thank you, Marvin. One of my responsibilities around here is hospitality, and I see a number of colleagues and friends in the back of the room. There are some seats up front here. They have reserved signs on them, but I think those are expired now, so any of you who don't want to stand throughout this discussion, please do come on up.

As I look around the room, I can't claim to recognize everybody here, but I certainly see a number of friends and colleagues, who, like all four of us up here, have spent a lot of our lives trying to understand Russia and U.S./Russian relations. I think we have a quorum for that sorority/fraternity here, so this should be, I think, a fun discussion as well as an enlightening one.

And let me just put in a plug for the book and the team that wrote it starting with the title, which is a grabber itself. You'll notice it's not "Comrade Putin," but I'm sure that Fiona and Cliff will go into the thinking behind those two words on the cover of the book. It's a terrific book. It's already, even though it's only been out for a very short time, had some impact. We've had quite a number of inquiries from people in high places to see it, not least because, as I'll touch upon in these remarks, there's going to be an effort I think in this town to re-engage with Mr. Putin.

And Cliff and Fiona are a national and, I would say even, international treasure in their collaboration. They have done terrific work over the years. Marvin mentioned their book, *The Siberian Curse*. I remember taking a Brookings delegation to

the Kremlin to meet with -- it was then President Putin's national security advisor, who already had a copy of the book translated into Russian. And it was making the rounds of the top circles of the Russian leadership at the time.

So what I thought I might do by way of picking up on the very concise run-through of Russian leaders and Soviet leaders that Marvin just gave you is kind of lay alongside of that a parallel line on the American presidents who have dealt with that parade of leaders that passed through the Kremlin. And I think that will set us up for at least part of this conversation on how Mr. Obama deals with Mr. Putin.

I'd make a couple of just general observations here in order to keep this very quick. First of all, the relationship between the top man in the Kremlin and the top man in the White House has been of unique importance throughout the entire post-World War II period. And we all understand the reason for that. Marvin touched upon it. There was, even going back to the, I would say, non-relationship between Stalin and Truman, and the beginning of a relationship between Khrushchev and Eisenhower, there was a recognized existential imperative incumbent on both leaders. And that was essentially to conduct the competition between the United States and the Soviet Union in a way that didn't blow up the world. That's a pretty simple proposition. It wasn't always easy to do.

And then, of course, this hair-brained scheme of Khrushchev's that cost him his job, namely putting nuclear-tipped missiles on Cuba, brought us about as close to the brink of global thermonuclear war as we've ever been. And that induced the leaders, both in the United States and in the Soviet Union, to get serious about managing a core element of the relationship, and not just crucial to the bilateral relationship, but crucial to the security of the entire human enterprise and the entire planet. And that started with -- well, in some ways it started with Eisenhower, but it was certainly picked up on by Kennedy, who was recovering from the near thing of Cuba, and picked up by Lyndon

Johnson, both of whom had reluctant, but not -- but still willing counterparts in the Kremlin to lay the ground for what became the test ban treaties and the process of limiting, and then ultimately reducing strategy nuclear weapons.

That continued, of course, with a whole new word, which was détente, under the relationship that developed between Richard Nixon and Leonid Brezhnev. Détente more or less survived as Nixon gave way to Ford and to Jimmy Carter. But, of course, those were periods when there were new strains, not least because the Soviet Union was exercising its -- what it saw as its -- was basically an attempt to extend its influence elsewhere in the world, including in regions where the United States felt that the Soviet Union didn't belong.

Then, and Marvin touched on this, something really quite extraordinary happened. Russia, in what I think is one of the most dramatic examples of the importance of personality, who it is that holds positions, is a major factor in the way history unfolds, occurred in 1985 when the mostly old guys, who were getting tired of burying each other and having to play melancholy Tchaikovsky music over the radio because yet another Kremlin leader had died, they decided to take a chance on a young, and dynamic, and, as it turned out, unpredictable leader in Mikhail Gorbachev. And that set off a series of relationships between American presidents and Soviet leaders that was unlike anything that had come before, and quite different from what prevails today, which is the real point here.

Ronald Reagan, of course, had virtually no relationship with Andropov. In fact, I was working for *Time Magazine* at the time, and I remember a *Time Magazine* cover that had the two of them on the cover, but back to back, not even looking at each other. But Reagan, to his immense credit, understood before a lot of his own advisers that Gorbachev was something new under the sun. Namely he was somebody who

recognized the fundamental weaknesses in the Soviet system, and was determined to reform both the Soviet system and the Soviet Union's relationship with the rest of the world in a way that would be to the advantage of the Soviet people, but also very much to the advantage of the world.

And to make a complicated story very short, while Gorbachev and Yeltsin developed one of the great animosities of all time, they were, in effect, a tag team that together brought down the Soviet Union. And one reason that they did that and were able to, as it were, get away with it in the context of their own politics was because they had American counterparts who understood what they were doing and supported them in that. And here I'm talking about Reagan in the first instance, George Herbert Walker Bush, and Bill Clinton.

So enter the hero, if I can put it that way, of the book that we're going to be discussing. Mr. Putin can be described I think in terms of his own image of himself as the un-Gorbachev, the un-Yeltsin, and in a way, the un-Khrushchev going back to the 1956 speech. But he's Mr. Putin and not Comrade Putin for reasons that Fiona and Cliff will get into.

But what he has wanted to do from the moment he came into the presidency, and I saw it myself. I was working for President Clinton at the time when he went to see President Putin in, I guess, it was early June of 2000, that this was not a throwback to the battle days of the Soviet leaders, but this was a Russian leader who was determined to convey to the world that Russia was not needy. Russia was going to be strong. Russia did not need the help and dispensation of the United States and the West. It was going to do things in its own way.

Now what that meant was that the relationship that President Clinton had had with President Yeltsin was kind of out the window. He got basically -- President

Clinton got nothing done with President Putin. When George Walker Bush came into the White House, there was kind of a false start, a kind of a false dawn, you might say, in part because of 9/11. But then that relationship turned very cool, and when President Obama came into the White House, he quickly found himself at odds with Mr. Putin, who was not President Putin at the time, but was Prime Minister Putin. And President Obama said, great, my counterpart is Mr. Medvedev, President Medvedev. But he was not the number one guy in the country. And he, President Obama, has paid something of a price in that ever since. And that leads up pretty much to the current situation.

We've gone through a period of considerable contention just in the last couple of months, a kind of tit for tat escalating set of disagreements between Washington and Moscow. Our Congress passes the Magnitsky Act. The Russians immediately retaliate with the Dima Yakovlev law.

Just to drive the point home, and this has got to be an unprecedented juridical gambit, they posthumously reconvicted Magnitsky. And you may have all noticed that stories about all of the anti-gay legislation in Russia. I've been told by a couple of Russians that there was an additional incentive to do that as a result of what President Obama had to say in his inaugural address about gays. So it's been kind of a tough, not very promising period.

Now just in the last couple of days, the Vice President, famous for the reset, has talked about a new reset, but in slightly different terms. It sounded a little bit more like a reboot. Those of who have to reboot our computers a lot know what that means. You start by turning the computer off, and I think that was a little bit the nuance in what the Vice President said. In other words, there was a clear message that if Russia is not prepared to do mutually beneficial business with the United States, we're going to give them the cold shoulder treatment.

But I think that's changing even as we sit here today. It was announced just yesterday that Tom Donilon, the National Security Adviser, is going to be going in February over to Moscow to talk with the Russian leader and primarily on the Prague Agenda, which means the story has come full circle. The Prague Agenda is about managing the competition between the United States and the Russian Federation in nuclear weaponry, but also jointly promoting the cause of nonproliferation in the world.

So I think this is perhaps a propitious moment after a period when we haven't had very much of that kind. We're getting back to basics in the relationship. A lot is going to depend of course on the politics of arms control in this town and the extent to which Mr. Putin is prepared to engage with Mr. Obama on what is the original agenda, going back almost 60 years in the relationship between these two offices.

So with that, back to you, Marvin.

MR. KALB: Strobe, thank you very, very much. Good rundown. And now we get to the book itself and the heart of the book. It's kind of interesting the way in which the book is structured, and I'd like to ask Cliff to set us up by telling the way in which the two of you thought about putting this book together.

MR. GADDY: Thank you very much, Marvin. First of all, I want to tell you how happy I am to see all of you here, how excited I am about talking about this book, because of all my time here at Brookings, I think this has been one of the most interesting and exciting things I've done. Not to be immodest, but I think we really have made kind of a breakthrough in trying to explain what I think -- I think Fiona agrees with me -- is a historical figure, like it or not, like him or not. And the more we delved into this project, the more we worked together, the more I think we've become interested and excited by it, and I'm honored to have you here, honored to have Marvin and Strobe introduce what I have to say.

What I'd like to do is start us talking about the book itself and ask the question, why did we write this book? And I'll do as Marvin suggested, talk about why we did it in the way we did, how it's structured, because it is rather unusual.

And I'd also like to say why did we do it together? I mean, Marvin and Strobe both mentioned that Fiona and I have written a book before, and there's some reasons why that experience might've deterred us from writing this book together. It's not easy to co-author a book that spans such a breadth of issues, and views, and possible interpretations as this character, Vladimir Putin. And I think it's kind of amazing that we actually -- we never disagreed really on a single point, partly because we've been talking about this and this guy for 12 years, exactly more or less the 12 years that we've known each other.

And it's not as if we had daily conversations about this, but they were very regular. Even when Fiona spent three years it was at the National Intelligence Council as the National Intelligence Officer for Russia away from Brookings. We shared our views, our opinions. We shared information, insights, and so forth. And so when it came time to write it, I think we were prepared to do it. It's a bumpy road, but it's worked. I'm pretty pleased by it because, as I'm going to explain, we talk about the multiple dimensions of this individual, Putin, and they're very different aspects of character and his ideas, his world view. I don't think either one of us could've written this book on our own. It's just too different. It's economics. It's history. It's politics. It's foreign affairs.

And with our different backgrounds -- for those of you who don't know, I have a Ph.D. in economics; Fiona has a Ph.D. in history. We're very different in our backgrounds and our expertise. We both have a lot of experience and, yes, decades of following events in Russia and, before that, the Soviet Union. My decades are longer. I'm not sure they're more intense than Fiona's, but the first time I visited the Soviet Union

was back in 1966.

And Marvin talks about Khrushchev. In 1956, in the fifth grade, Mack Cross, Ned McCollum, and I formed the Troika. And we had just been studying, you know, the Soviet Union. This was *Sputnik* time and so forth. And we decided that was exciting stuff. So there's been a fascination in my mind for quite a long time, and I think some that has carried over into the intensity with which we've looked at this character.

Why did we write the book, though? I think the answer to that is because we felt it was needed. And it's not suddenly it dawned on us that it was needed. It was something that gnawed at us for a long time, the misinterpretations, misunderstandings of who Putin was, what he wanted, what his views were. And that's the most important thing: what he wanted and what he could be expected to do.

We kept thinking, I guess, that with time people would sort of come around to seeing it the way we did, and, therefore, we didn't think any more about it. And I guess the precipitating event, like many other things in thinking about Putin, was back in September 2011 when, having been, you know, the second man formally as prime minister under Medvedev, the president, he decides to re-grab that chair from Medvedev and announce that he would come back as president. I think at that point we decided, okay, we've got to straighten out the record here, try to figure out how we can explain this to people.

And what we did -- our approach was this. We felt that we had an understanding -- it was comfortable in our own minds -- about what his policies were, what his views were. We knew for sure what he had been saying. For 12 years we had been reading virtually every word he had said. We by that time had a bunch of meeting with him through this organization called the Valdai Club. So Fiona had been sitting right there beside him several times, and we had observed him. We had interacted. We had

asked questions, responded to his answers.

But the question was, how do we get across what is the consistency, because we felt that there was, in contrast to many people thinking that there's nothing there, this guy is a nobody, he's a faceless man, a man with no face, the man with no soul. We were convinced there's something there, but even we ourselves had difficulty in trying to explain why it was we were convinced that there was actually something there.

And we decided to do it in this way, that we would start with what we knew about his policies, and we would ask the question, where do these come from? Where do these views come from? What in his past -- we began really by thinking of his own personal past, because life experiences shape the way people are, and they shape the way they think. And while there's certain knowledge about his past -- admittedly very, very scattered and very, very fragmentary -- we felt like, okay, let's start with that. Let's reexamine what seems to be conventional knowledge about his past, the fact that he was born and raised in Leningrad, the fact that he then joined the KGB or was alternately recruited into the KGB in a special cohort of new agents under Andropov, that he then came back from posted to East Germany in this period of the second half of the 1980s to serve as deputy mayor, vice mayor, of now St. Petersburg, the second largest city in Russia, and then was called in very mysterious circumstances to come to Moscow in August of 1996, spending several years almost completely without being detected, and then emerging very suddenly in 1999 to be named by Yeltsin as his heir apparent, as the prime minister and heir apparent, a very meteoric rise. The question was, what was at the bottom of all of this?

And so we began to investigate and began to ask questions about what possible influence could these various life experiences have had on the man and his views? And what we decided, it's not a conventional biography by any means, although

there is a great deal of biographic material. I mean, to be up front, we don't have any secret information, and if Fiona knows anything secret that she learned when she was out there in Langley, she did tell me. And she's not allowed to write it in the book, so, you know, we're basically dealing with the same sorts of information sources that any of you would have access to, with the possible exception of these personal encounters we had with Putin. But we've tended to make those public as well.

So our approach was not new secret information. It was to reexamine the established record of this guy and to speculate, and there's a good deal of speculation, but we blame that on him, not us, because if he doesn't tell us, you know, why he thinks the way he does, then we have to speculate on why he does. And so we put it in context.

He's in the KGB. He's recruited into the KGB in the 1970s. I have no idea what this guy was doing. Nobody knows exactly day-to-day what he was doing. But we do know something about what that kind of -- what was going on in the KGB in the 1970s and the 1980s, so we write about that in the book. What was his cohort of recruits into the KGB? Same thing with DDR, with East Germany. All kinds of alternate stories about what he was actually doing there. He never sets the record straight. All he does is deny so many things that there's nothing there, and then there's a new rumor spread.

But there are certain things you can infer from the situation in East Germany in the years he was there, what was happening, what was actually happening in Dresden. And you get a whole new view of what he probably was doing. And given how he's later acted, some very important influences on his outlook and policy. So what was the way we did it.

We decided then, okay, this is giving us a picture of a man with multiple layers, multiple dimensions. I don't think that's particularly unique to him, but I think it is

striking in his case. And we decided we would choose a set of, and we ended up calling them identities, not disguises. He had lots of disguises. The cover of the book plays around with that idea about the skydiver, this guy is diving with the scuba equipment, and the archaeologist, and the Judo guy, and the ice hockey player, and all that. We were saying that's disguises. Those are fake identities. We want to see if there's something we could call real identities. And we tried to concentrate on the essential one, choose a parsimonious set. There may be, you know, lots more, and some of them may overlap.

But this is the structure of the book is to look at Vladimir Putin the statist, and I think Fiona will talk more about that *gosudarstvennik* -- the guy who firmly believes in the supremacy and primacy of the state and what that means. The man of history, both the student of history and the person who regards himself as a historical figure, world historical figure perhaps; the survivalist focused on survival, personal survival, family survival, national survival; the outsider, the man who comes from outside the center of power in Moscow, the Kremlin, comes from St. Petersburg, Leningrad, Second City, resentment there by the people from Leningrad about the power and the privileges of those in Moscow; outsider the KGB in many ways, outsider to the inner circles when he arrives in Moscow in '96; the free marketer. That's a provocative one, but I as an economist, that probably was one of the things I was most interested in.

People don't realize it. Vladimir Putin is a staunch believer in private property. He is a staunch opponent of central planning, state ownership, the Soviet system, the command administrative economy as we used to call it, and is pretty correct on most of his criticisms of that system, and his recognition that a strong Russia, as Strobe indicated, a strong resurgent Russia could not possibly get to the position it needs to be by reverting back to the old Soviet system. And the complexity of his views about the economy is a central part. I'm pretty happy that we have it in the book because I

don't think anybody else comes close to really picking that apart the way we did.

And finally, the case officer. This is, of course, the real career identity of Vladimir Putin, the only real career he ever had, he was -- that was his profession in the KGB, and it shines through in so many different ways, in the way he acts with people, the way he, in fact, conveys this image that I'm actually nobody. I'm not going to let you know who I am. And yet in a way he's everybody, he's anybody.

From the very beginning, both Fiona and I shared -- I think our very first meeting with each other, we shared stories that we had heard second hand at that time about people that had met with Putin and had come out just shaking their heads and saying, it's amazing, he agreed with everything I said. That's fine, except the problem was we would hear this from a communist and a free market liberal. We would hear it from a pro-Western activist, and we would hear it in human rights activists, and we would hear it from some staunch communist. Something is going on here.

Well, of course, this was Putin the case officer, Putin the man, the recruiter, the guy who knows exactly how you efficiently recruit your target. You sit down with him because the key phrase in that thing, "he agreed with everything I said." The key point is "everything I said," right?

MR. KALB: I'd like to get Fiona in at this point if you don't mind. Fiona, Cliff has already described Putin in many different ways. But as a historical figure, back that up, please, in terms of what's in your book by giving us two or three reasons why you came to that kind of conclusion?

MS. HILL: Well, a lot of it is actually picking up on exactly where Cliff was going on and, you know, what was he talking about about the recruitment, because what was very interesting to us when we started looking at was trying to figure out how Putin scaled up these identities, because as a case officer, the kind of person that Cliff is

describing, his whole technique was sitting down one-on-one with someone. It wasn't sort of sitting there in a mass audience and trying to engage with them. Putin doesn't do the Fidel Castro. He doesn't stand up -- well, he has lots of, as we know, costumes that he wears, but he doesn't usually stand up in military fatigues and harangue everyone for hours on end for six hours in great big speeches. I mean, that's really kind of the staple of a Hugo Chavez and a Fidel Castro, though Fidel Castro tends to wear track suits more these days in his retirement.

And Putin, he has engaged in some amazing pieces. He does, in fact, engage with people for hours on end in mass settings, but what he does is he sets them all up in advance. Cliff mentioned that we've had these encounters with him, which frankly have been very much staged through the Valdai Discussion Club, and there's several other people here in the audience who have taken part in these, so they know exactly what this is about. These were first started in 2004 and were meant to be a new form of engaging with people, of working with people, which is exactly the hallmark of Mr. Putin, the case officer.

He was trying to figure out how did he manage to recruit people on a mass scale by -- through the art of persuasion, of making everybody feel like he agreed with them entirely. And so he took these approaches of getting these set performances, these set engagements through the Valdai Discussion Club with groups of experts and journalists from the United States and Europe, and then increasingly from around the world. And he also did these through these amazing call in shows that he has done every -- he has a state of the union, his Russian annual address that he engages in, you know, very much like the President of the United States or prime ministers throughout the world. But he also then invented this check line with Vladimir Putin, where literally for weeks in advance of these sessions, his team of PR experts and others around the

Kremlin would field calls, millions of calls, from around the country. And it was just an incredible exercise of sifting through information which, again, is Mr. Putin's technique from being the case officer.

The two things that he said he was most proud of was his ability not just to work with people, which of course has all kinds of connotations there, but to process information. Now of course, he couldn't possibly himself process millions of phone calls, but he has lots of people that can do this. And then he would sift through and collect these to try to get a feel of the national mood, to feel what are the things that people are the most interested in.

And then when it comes to the national call, he seems to spontaneously take the calls of people from Siberia down to Sochi in the south, so basically from Vladivostok all the way through to the borders -- the western borders of Russia. And then he will spontaneously answer their questions, and the person sitting at home with their cup of tea watching the television will feel that he's connecting with them as well because you can be sure after collating all of these millions of questions, that the question would resonate with a person there.

Now how does that become a historical personage? Well, that's what the tsars used to do. I mean, if you go back, and as a historian I'm sure many of the people here have already done this. If you go back to reading about Nicholas and Alexandra, the ill-fated last Romanov tsar, he used to take pride in going around the country and getting a feel for the people. And he used to write about that in his diary. He and Alexandra, his wife, would exchange stories about going out there meeting with the simple people. It's how they got themselves a bit off track by embracing a person of the people, Rasputin, the infamous priest and confessor, because he gave them a sense of feeling what the people felt.

And this is what Putin thinks about himself. He says it repeatedly in interviews. Many of our colleagues in the media, the bureau chiefs of various newspapers would talk about their interviews with Mr. Peskov, Mr. Putin's press secretary, who would say about how Putin really feels that he has the feel of the people because he goes out, he travels, he meets with the people, he engages with them in these unusual formats, unusual for politicians. And that that's kind of one the images that he cultivates is the age-old image of the good tsar in Russia. It's the use of Russian history, the feeling that always the person at the top had to find ways of communicating with the people across this vast territory.

MR. KALB: I got the impression very strongly from the book that to Putin, the central fact in his life is keeping Russia going as a single unified state to be honored and respected by the rest of the world. And as far as Putin was concerned, the heck with the rest of the world so long as we can strengthen the state.

My concern, and it's something that you have pointed out, Fiona, is that he has come to identify himself with that goal. Now can you do both? And can you run Russia in that way, because even in the little bit that we have been talking about, Russia has come a long way since Stalin's time and since Khrushchev's time. Can you do that? Can you truly run an emerging powerful state still loaded with nuclear weapons that must be respected in the world, and still retain that rather antique tsarist vision of all power residing within me. What's your side?

MS. HILL: Well, that's really the crux of the book. I mean, that's really, you know, where we left it at the very end of the book. And one of the reasons for doing the set performance of getting all of us together today, too, was to really sort of stress how far that Russia, the Soviet Union, has come.

I mean, Putin, and Strobe, and Cliff here are all of the same cohort. I'm

Medvedev's cohort. I'm exactly a month younger than Dmitry Medvedev. You of course, Marvin --

MR. KALB: No, no, please.

(Laughter)

MR. KALB: It's really -- it's not necessary.

MS. HILL: Going back to the tsarist era --

(Laughter)

MS. HILL: We tried to convey here that there is, you know, the power of personal experience. And I think it's very easy for any world leader to get themselves wrapped up in that.

You know, when Putin describes himself or talks about his role models, it's very interesting who he picks upon on. We've talked about all of this before. He does pick up on the tsars and talks about really being the standard bearer of reform for Russia, of making sure so many people who fell before to get the state together. When he talked about the catastrophe of the loss of the Soviet Union, he wasn't talking about the loss of communism, as Strobe was really pointing out there. He was talking about the loss of the state, the Russian state.

In Putin's mind, the Russian state over and over again has been failed by its leadership because they've presided over and over against the collapse of the state in whatever form it was in.

MR. KALB: What is his vision of the state, and what is it that he has to do to get where Russia is today up to that vision? What do you think, Cliff?

MR. GADDY: Well, Fiona is the real expert on this because this is the historical notion of the state. But it's also the current notion that I think is reflected in many Russians. I won't say all. It imbues a lot of the thinking about the notion of what is

the relative importance of the individual and the state?

And, you know, for Americans, the purpose of the state is to protect individual liberty, and that's what -- that's why we formed the state. That's what we write in the Declaration of Independence, and the Constitution, and so forth.

For many Russians and for Putin as the prime exponent of them, the purpose of the individual is really to serve the state and to sacrifice for the state, and it is Russia -- the Russian idea, not any state, but the Russian state. It is Russia. And that is exactly why, as Fiona says, the problem is when -- he believes that he is the only guy who understands and who, therefore, can be trusted to advance and protect the interests of the Russian state.

The two become synonymous. Regime and personal survival become synonymous with state survival. And in a way, all of his other identities -- the important parts of all his other identities are derivative of this fundamental notion of the supremacy and the importance of the survival of the Russian state.

And just to make one brief comment about the economics. I mean, he comes in -- Putin comes in 1999 and 2000 with a country that is absolutely not a sovereign country. It is in receivership with the IMF. It has some of the heaviest foreign debt in the world. It is indebted to the IMF alone by over \$16 billion.

And what does he do from day one? He starts paying off the debt, and within a very short period, historically speaking, he's paid down all of this debt. He pays off the IMF debt three and a half years ahead of schedule, shocks even the IMF. And you document that by looking at their website where they don't quite get that, whoa, they've already paid it all off.

And at that point, he turns into the kind of person who can say I have restored the sovereignty of Russia. And since then, his mission has been to preserve

that sovereignty that he won, all right?

MR. KALB: Fiona, I want to ask you a question and then bring Strobe in as well. One of the points that you have made implicitly, directly, both in the book and in the wonderful op-ed piece that you did, is not only that he kind of brings the state and himself together, but he is, in effect, saying, as I suggested before, that he's not that interested in the rest of the world; that the U.S. can do what it wants to do, but Russia is what is central. Realistically, is it possible today to block out the rest of the world in your pursuit of your vision of the improvement just of your back yard?

MS. HILL: Well, this is one of the perennial debates in Russian history as to whether Russia can always go it alone, or whether it's still fated to be tied to the rest of the world. And Putin has gone backwards and forwards on this issue.

I think when he first started off, when he first came to Moscow in the late 1990s, having been the deputy mayor of St. Petersburg, which was the window as it was constructed by Peter the Great --

MR. KALB: To the West.

MS. HILL: -- to the West, he knew that that was not the case. Russia could not go it alone. His whole job in St. Petersburg was dealing with import and export. He was in charge really of overseeing all of the international business relationships in the city that helped to put St. Petersburg back on its feet. And he intended, of course, to do the same sort of things when he came to Moscow.

And at first when he came into the presidency, he was talking about a common European home, of finding a way of engaging with Europe and then, by extension, the outside world. That was also an idea of Gorbachev and Yeltsin. But over time he started to become much more fixated on going things alone.

The international economic crisis was a big shock to the system back in

2008, 2009. That rocked everything for a while. I think he sees a lot more risk than opportunity right now in what's happening. And frankly, he looks at us from the perspective of the 1990s and sees a debt-ridden, overextended country.

Now, you know, we're all arguing about whether, you know, this is a fair assessment in lots and lots of other settings here. But Putin is pretty cynical about all of the advice from the rest of the world. Cliff has been reading a lot of speeches of Putin, you know, kind of crowing and lording it over, frankly, you know, the rather inept handling of the Eurozone crisis and the U.S. of its own financial situation. Plenty of speeches that he's made in various settings about this. I mean, he actually also sees that, you know, we need to get a grip on our own fiscal situation just as he did.

And as I was going to say earlier, the people that Putin sees himself as emulating, it's also very interesting. It gets to this whole idea of being the statist and restorationist. He likens himself to people like FDR, who presided over, you know, a very long span of necessary reform in the United States at the end of the Great Depression, and taking, of course, the United States through a really rough period in its history up until and into World War II. He sees himself like de Gaulle, or a Churchill, someone who was restoring the strength of the state.

Now the difference between, you know, Mr. Putin and those other world leaders can obviously be debated. But they also have something in common. They also stayed on a long time in their positions, and probably in many cases, stayed on far too long. De Gaulle and Churchill, as we all know, didn't do quite so well at the very end of their tenure. People got a little tired after the restorationist efforts. And, in fact, they proved not so great at managing the next stage, which was moving on to a different, more sophisticated level of both economic and political interaction.

Of course, FDR died in office. So, I mean, ultimately, answering that

question that you asked about, is it really possible to take it onto the next stage. I think even if we look at these other leaders that Putin himself consciously and openly compares himself to, we all see that they weren't able to take things on to the next stage, because it was a different kind of person, a different kind of life experience was necessary for moving the country on. And I think that's why Russia has changed dramatically in this last 12 years.

MR. KALB: Exactly, it has. And what you're suggesting is that he hasn't. And there may be a conflict coming down the road. And do you see the kind of demonstrations that existed in Russia up until, what, about six, eight months ago? There were every couple of months, there'd be something and people would say, oh, my god, something really important is happening in Russia.

Do you feel, based on your sense of the man leading Russia today, that he will in any way tolerate that kind of mass movement developing and challenging his authority?

MS. HILL: He has real difficulty there, so I'd like to bring Cliff and Strobe in on this because they have their own experiences. But I mentioned earlier that I'm the same age cohort as Dmitry Medvedev. I went to Russia for the first time in the late 1980s after Gorbachev. I started studying in Russia in 1984, partly because of George Orwell and, you know, impressionable 18-year-old at the university in the UK. But I got to go to Russia on a scholarship in '87 to '88. I was there at the peak of post-Troika.

Mr. Putin wasn't there when I was there. He was in Dresden. And Mr. Putin actually missed post-Troika, very different from Medvedev who had a totally different feel during the presidency, who actually was quite used to protests because he was probably out protesting in the late 1980s and then the early 1990s. Putin came back from Dresden having not really fully grasped what was happening there, because in

Dresden, as we discovered from reading all of the German sources, everybody said to us, oh, he would've known. Look, he was in the KGB, for god's sake. He knew exactly what was going on.

Well, in Dresden in the 1980s, they were cut off from all the information from the rest of West Germany. Dresden was the one place in East Germany that didn't get West German television and radio as our German colleagues in the audience know. It was known as the "Valley of the Clueless" in Germany. And it was also during that period that Eric Honecker, the leader of East Germany, banned a whole bunch of Soviet publications because they were subversive. They were too progressive.

And Putin's job was to process all this information about things that were going on in East Germany. Now he could've been super human at the time and read absolutely everything that he could get his hands on. But I'm sure like the rest of us, you get overwhelmed, and so he wasn't fully informed about what was happening in the Soviet Union in that period. And it even comes out in the memoirs, in the interviews with him and his wife. He said when they'd come back to the Soviet Union to Leningrad during that period, they'd be, like, whoa, what's happening here?

And so basically when he does come back in 1990, the place -- the Soviet Union has changed dramatically. He comes back when the wall is collapsing; East Germany is in basically a total state of disintegration. So he sees everything at its bleakest and darkest point. And I think that's the problem that he has now. He can't really quite relate to this process of change in the way that others around him certainly can.

MR. KALB: But there is going to be this change, so I'm struggling to find out what is your sense, Cliff and then Strobe, please, your sense of what it is that this man is going to do when or if the kind of popular protests that have happened all over the

world in recent years begins to hit Russia? Start with Cliff.

MR. GADDY: Yeah. We began to address that question in the final chapter of our book. But there are chapters that remain to be written, that's clear. And I think it would be -- I don't dare really speculate on where this is going.

I think there are certain objective trends that we can't deny. Russia's middle class -- there is a fight right now. I mean, it's basically boiled down to not solely or merely a fight over the middle class, but a fight about what the middle class will be. And just to sum it up very quickly, Putin I think has, after the protests, the intense period of the protests in December 2011, I think he feels that he's -- he took a very specific approach, which was ignore these people in Moscow completely. Don't engage with them.

He actually offered -- and this has happened a couple of times -- offered kind of an olive branch, not to the movement as such, not to their identity as protestors, but to the people as individuals saying, you know, if you want to come on board, there's room for you in this big tent. And this is true, is welcome to somehow get involved, make your proposals for things that need to be done. However, you must obey the rules, which are when a decision is made by me, you will then move on to something else. You will not contest that decision I have made. But you're welcome to stay. And even if you're on the losing side, you can continue.

That offer is kind of there, but I think also it's, look, take it, and it's not going to be there forever. He is, as far as I can see, prepared to crack down hard if he needs to. He will try to do it in a very sophisticated way, selectively targeting people, using some of these laws and so forth.

I mean, what we wrote in the book was theoretically, in principle, this guy has the capability of trying to figure out how to resolve this whole thing in a peaceful, gradualist way. He has the capability to do it. But it does not appear that he is able to do

it, and that bodes very, very -- it's an ominous sign for the future of Russia because he's basically, as we write in the book, playing a game of chicken with the protestors and daring them. If you push it further, it's going to risk chaos, and Russians don't want it. The population will turn against you. I will help them turn against you. You will be crushed.

MR. KALB: Strobe, do you share that view?

MR. GADDY: And if they don't do that, then we're heading for just a pressure cooker that boils -- that keeps up.

MR. TALBOTT: But the pressure cooker is going to blow up in his face at some point. There is coming tomorrow, and I don't know when that tomorrow is, when he's going to be yesterday's man. And I think the reasons for that are already pretty clear both in this conversation and certainly in Cliff and Fiona's book.

He is an autocrat. He believes in the vertical of power. He does not preside over a system of terror of the kind that Stalin did. Plenty of intimidation; obviously to cross him is not a good career move. But meanwhile, two things are happening in Russia and one thing is happening outside of Russia that is going to get him in the end because I don't think he shows any capacity for adjusting to these facts.

One is the economy, and Cliff has written about this for years. Russia does not have a modern economy, and no state can thrive in a globalized 21st century world without a modern economy. And he has not been able to institute that in part because, of course, they have the resource curse. They can get themselves out of hoc with the IMF by pumping stuff and digging stuff out of the ground and selling it abroad. But that sooner or later is going to catch up with him. And then of course there is the whole institutionalized corruption of the economy.

But the other thing is, and this is also in the book. We haven't really

touched on it here. We've talked about the middle class, which I think is absolutely key. An awful lot of Russians now have traveled in the West. They're plugged into the West. I've been dragged kicking and screaming into the age of Twitter myself, so I'm actually following any number of Russian tweets. And there is a lot of quite open, vigorous discourse going on there, including complaints about the guy on high who has lots and lots of authority, but doesn't accept the accountability that goes with that authority. That's the middle class part.

And by the way, it didn't just end 12 months ago. There have been some protests even in recent weeks. But there is the nature of the Russian citizenry, the ethnic nature of the Russian citizenry. There is Russian, which is to say Slavic, nationalism going up in that country, supported and promoted by Putin. I'm thinking here of the Nashi movement, which you guys write about. But that's Russian nationalism in an ethnically exclusive sense. It's people with names that end in "O-V," which is the part of the population that is shrinking. They've got negative birth rates. Male mortality is appalling because of the public health situation, while in other parts of the country those people who call themselves with a different word in Russian -- Rossiyanin -- which means citizens of the Russian Federation, but not necessarily ethnic Russians. Their birth rates are going up, and that is unsustainable over time.

And as for the neighborhood, yeah, Putin has pulled back into -- has had Russia pull back into itself, but it defines itself and its interests in a way that extends to what are now independent sovereign countries. The Latvian ambassador is here. He can speak to this. These include countries that are now members of the European Union and NATO.

And yet Putin, like other Russian leaders, with the exception perhaps of Gorbachev and Yeltsin, has lived by the principle that Russia is not going to be

completely secure until all of its neighbors are completely insecure. Classic zero sum. And that, too, is going to make it very, very hard for them to become a modern state under this leader, or this type of leadership.

MR. KALB: Strobe, thank you very much for that excellent review. Time for you guys now. We've got about 25 minutes for questions. Therefore, I appeal to you, brief questions. Identify yourself. No speeches. And we'll try to get a microphone to you very quickly. We'll start with Angela right here.

MS. STENT: Thank you very much. Angela Stent, Georgetown University and Brookings. Thank you for a terrific discussion. Everyone should read this book I have, and you'll learn an enormous amount from it.

I wanted to ask you about the future. You present a very compelling analysis in the book of the system that Putin has built, why he's built it, what has influenced him. How essential is he to this system now that he's so proud of having constructed? If he were to retire for some reason... step down? We don't have to go into the age cohorts again. Will this, in fact, survive him? Is it now sufficiently deeply rooted in Russian traditions and in the Russian public mind, if you like, that it can survive without him?

MR. KALB: Thank you very much, Angela. Fiona?

MS. HILL: I'll begin and pass over to Cliff. I mean, many of the people here in the audience, you know, know this as well as we do. An awful lot of people around here actually spend an awful lot of time on the ground in Russia and interact with people at all sort of different levels of the Russian population.

And I think what we've tried to point out in the book is that "system" is, you know, in some respects is a difficult word because it sort of suggests that everything is part of the same whole. But in actual fact is we brought in the book, there are two

different systems. There's a system of the average Russian that also includes, in fact, the government institutions, the apparatus of the Russian state where you'll actually find a lot of incredibly competent technocratic experts working there.

I just came back from the Munich Security Conference where there were a couple of Russian government officials -- the energy minister and one of the defense ministers speaking. And they were just speaking exactly in the same terms as anybody else at this conference. And everybody was sitting around saying, wow, this is great. These guys, I mean, yes, we agreed with every word that they said.

On the other hand, you have another system which is the network system around Mr. Putin, and this is really what we're bringing out in the book, which is this is the difficult thing to really fix in Russia today.

In many respects, all the institutions are still there. What Putin has created over the last 12 years is very much then a personal set of networks that exist on top of, alongside, parallel to the government system where all the decision making is taken. And this is where the difficulties -- these are all people in that part of that system -- Mr. Putin's system, that have worked with Putin one way or another not all in the KGB. That's another myth that we try to sort of dispel in the book because a lot of these people come from different parts of Mr. Putin's life experience. His whole life wasn't all in the KGB. Some of them come from working with him in Leningrad and St. Petersburg in the 1990s. Some of them actually come from his Judo team when he was a kid in Leningrad. There are people there who he's worked with. He builds up relationships of trust.

The problem in the Russian system is not having sufficient trust. Many people have written about this. It's a feature of many of the (inaudible), and frankly many of the states as well. There's always an establishment, an old boy network. We see plenty of that anywhere.

In Mr. Putin's case, it's a one boy network. It's people that Mr. Putin has known and has trusted. He knows that he can rely upon them. He doesn't have the same mechanisms that others have with the absence of the Communist Party ironically, and the vehicle that the Communist Party, the CPSU, used to provide for people earning their way up the system, and for providing a sort of a shared pool of people that you knew you could rely on that you pluck out for different positions. Mr. Putin has to rely on his own personal network.

And that's what's very difficult because there's a very limited personal network. If everybody has to be at least one or two degrees of separation away from Mr. Putin, that makes it very difficult to change. And that's what makes him somewhat indispensable in that system because he has almost personally recruited -- getting back to the point of the case officer -- many of the individuals that are around him right now, which makes that very difficult to change.

He needs to loosen up, and open up, and bring more people in. There are people out there in the system, but if Mr. Putin doesn't quite trust them, they're not really kind of getting there to the top.

MR. KALB: That's good. This young lady right here in the second row. Thank you.

MS. MUDALLALI: My name is Amal Mudallali. I'm with the Wilson Center. My question is -- first question of Mr. Talbott, and then I have a question for Mr. Gaddy.

MR. KALB: Speak directly into the microphone.

MS. MUDALLALI: Yeah. The first question is to Mr. Talbott. You just said that the Administration is going to engage Russia now. What do you think the impact would be on the Syria crisis? On Syria. How do you think they will engage with

Syria? Do you think they will be able to get an agreement with Putin on Syria, because so far for two years the Russians have been stuck to their position that they want Assad to stay, and the transition does not include Assad leaving as the United States wants.

The second question is for --

MR. KALB: Okay. No, just one. Just one.

MS. MUDALLALI: It's related. It's related.

MR. KALB: One question. Thank you. Go ahead.

MR. TALBOTT: Syria is the problem from hell. I'm not even sure if I had a magic wand and could wave it -- well, I know what I'd do if I had a magic wand and could wave it. I'd roll back the last year.

But I think the dilemma posed by Syria both to Russian policy and American policy is not going to be solved by some kind of understanding between the two. There are signs -- I would suspect, Fiona, you saw indications of this at the Munich Security Conference, that the Russians know that they're paying a terrible price in the Arab world and the Islamic world generally for seeming to back Assad.

But they ask a very, very good question, which is, okay, so we use military force of some kind, and then what? And we don't have a very good answer to that.

The engagement I was referring to is going to be on trying to get a New START Treaty -- getting a second New START Treaty. The big problem there is going to be largely in this town. Is the Obama Administration going to be able to get enough flexibility on the issue of strategic missile defense, an argument I thought we had put behind us back in the Johnson Administration, in order to accommodate the Russian side on its legitimate concern that strategic missile defense needs to be regulated at the same time as strategic offensive weapons are reduced.

MR. KALB: Thank you very much. Yes, please? Right there.

MR. DECANON: Thank you very much. I'm Pete DeCanon at Cornell University. And my question is this. I mean, you described Putin as an autocrat, as a tsar, all these monikers. But at the same time, the Russian economy has more integrated with the global economy than it's ever been. They abolished capital controls in 2006. They just entered the WTO. They've made progress on visa travel with a lot of countries. How do you reconcile that with your picture of Mr. Putin, the autocrat?

MR. KALB: Thank you. Cliff, that's yours.

MR. GADDY: I don't see any contradiction at all. You can have an autocratic leader and have a country that's integrated to the extent Russia is. The more interesting question or the more important question that follows, I think, from -- and maybe that's what you meant -- is that that integration in itself produces objective processes within the country that are ultimately incompatible, I think, with autocratic political leadership.

On the other hand, I think that tension can be there and survive without it exploding tomorrow. So, yeah, there will be a tomorrow, but the question is when is it? It's always a safe prediction to say "sooner or later." That's a great phrase to use in any prediction you make. And so sooner or later, you know, oil prices will fall. Sooner or later there will be, you know, an explosion. Sooner or later the middle class will not tolerate all this.

And I think for us, the practical question for policy is, so what is this sooner or later? And this gets back to -- the questions have been very connected really because Angela began with the question of what happens without Putin or after Putin. And the Syria question to me is the same. As Strobe says, the Russians criticize us for not having an answer for what happened. Okay, great, get rid of Assad. What happens

then?

You ask them, okay, yeah, you tell us. How do you avoid that? They don't have an answer. And that's exactly Putin's problem. He doesn't have an answer. We say, you can't stay on as ruler forever. This is a modern -- going to be a modern country, so what after you? And they'll say, yeah, we realize that, but they don't have an answer either. And that is what's, I think, very tragic and very dangerous, and something we need to think about all the time is Putin just drops over dead, what happens to that country, or if he pushes things so far that there really is kind of demonstrations and so forth and how it starts, we know that can be unpredictable. It's something that can trigger violence. What happens then? Does Russia turn into a Syria?

Russia has had its Syria -- Fiona knows this better than anybody -- in Chechnya, and we had a taste of what Putin is willing to do. You have to listen to her talk about how many lives he's willing to -- of Russians in the sense of Rusayana -- Russian citizens, who he's willing to sacrifice to preserve his image of stability and state survival. It's pretty sobering.

MR. KALB: Yes, right there in the middle. Thank you.

MR. DETTKE: Yes, thank you. Dieter Dettke, Georgetown University. In terms of the political spectrum as we know it, were you able to figure out where he belongs, if he belongs at all? Is a man on the left, the right, the center, pragmatist, conservative, progressive? You name it.

MR. GADDY: Yes. Yes.

MS. HILL: All of the above.

MR. DETTKE: Can you put a label on him, if you can? Thank you.

MS. HILL: Well, I think actually, you know, Dieter, this is in a way, you know, with tongue in cheek on the front of the book, yes to all of the above, I mean,

because this is where we get back to sort of the beginnings where we laid this out.

Putin wants to appear something for everybody. He's actually said repeatedly that he sees the presidency as being above the political fray. So if you recall, back in 2011 in September when he said he was returning to the presidency, he then stood back from United Russia, Yedinaya Rossiya, the so-called party of power, because he actually said that the president shouldn't really be, you know, kind of fully in a party.

Now this is not unique to Putin. This is, in fact, what Mr. Yeltsin also did when he was president although there were these umbrella organizations, party organizations, that stood behind Yeltsin. You remember they had all kinds of different names at different times. There's never been really any kind of consistent party of power in Russia as there has been in Japan, and Mexico, and other places.

There was always this idea that the presidency was actually divorced from that. So that's why we'll often see, you know, President Putin heading off dressed to the nines like a biker, you know, going off with sort of ultranationalist bikers on part of their journey off to Crimea to make the point that, you know, Caramea is still a part of the Russian heritage lands. That's actually why we'll see him --

MR. KALB: Yeah, well, Obama just went skeet shooting.

(Laughter)

MS. HILL: That's right. Well, there you go. And also seeing tranquilizing tigers and being the ultra-conservationist, a different form of conservatism, to appeal to other voters who have a much more of a different kind of concern about Russia's future.

In a way, that's why Mr. Medvedev was president for four years. Putin wanted to show the softer, more liberal side of the system that he had created with the tandem. Of course, Mr. Medvedev might have gone a little bit too far because he started talking about a new Peta Striker and real opening up, but it doesn't seem to be where Mr.

Putin is feeling most comfortable right now.

But he certainly -- you can't really place him because he doesn't want you to place him. And Putin -- I mean, this is again one of the reasons for writing this book to try to kind of create the context that tells you something about a person who has spent a very long time making it very difficult to pin him down.

MR. KALB: Yes, please. Right there in the middle. Thank you.

MR. GRINDSTAFF: Hugh Grindstaff. When Putin was growing up and also early life, it was Russia and the U.S. But since 1990, it's been the U.S. and China, and Russia with a small "R." How does he look toward China? Does he consider them equals or below him?

MS. HILL: We'll talk about Siberia. Cliff is just about to go to near the border with China. He's off to Krasnoyarsk in a week.

MR. GADDY: Well, that's one element of it. Fiona, maybe you have something to say about Putin's attitudes towards China per se, but I think it's pretty interesting that that's not a main focus of his.

And still, in spite us talking about -- despite our references to the fact that Putin wants to pull Russia back from the world and abandon -- at least neglect this idea of the common European home and so forth, he's very much oriented towards Europe, less to the U.S. and certainly not to China. His only connection as far as I can see to Asia is Judo in Japan, right? He knows a couple of Japanese words.

But he knows a lot about Europe, and obviously beginning with Germany, and not just East Germany, but also West Germany where he managed to spend a lot of time apparently when he was the deputy mayor of St. Petersburg, if not when he was allegedly just posted in the DDR. But he's fluent in German and identifies, I think, with that part of European culture. So he's clearly more European than any Soviet

leader before in the sense of knowing about it and thinking about it.

I think the United States is very alien to him, as has been to many of Soviet and post-Soviet leaders, and China even less so. So for him, my sense is that China is -- despite the rhetoric that you hear all the time always from Russians of trying to claim when they talk to Americans that if you don't do this and you don't do that, the Chinese are going to do it. It's usually empty bluffs, and they're not very eager to have Chinese influence, money, people inside of Russia. And of course Siberia is the real stage they've got this.

MR. KALB: They've gotten about a million, right?

MR. GADDY: I think at the most. But these are transient. I don't know. I think that's a phony threat.

MS. HILL: Well, let me just -- I have something on that, though. But they do see an opportunity, just like everybody else does, in China. And that's the reference I was making on Siberia. I mean, they would like to be able to find a way of beefing up their presence in the Asia Pacific, east of Lake Baikal. This is why they hosted the APEC Summit in Vladivostok just recently.

Just like everyone else, they see this is a great opportunity, also one fraught with risk for all of the things that, you know, we can all imagine, you know, with under-populated regions in the eastern part of Siberia and the Russian Far East, sitting atop an enormous amount of national resources that obviously everybody else is quite interested in, but obviously interested in having a very low price, which is not in Mr. Putin's long-term perspective. And so they're trying to figure out how do they cache in to that opportunity with China, but with then mitigating the risks, the risks of large influxes of population, although there's not a lot of evidence of that. But then the risks of also being kind of overwhelmed by the fast pace of development in the Asia Pacific and not being

part of it.

And they're still talking, which is the first book that we wrote together on Siberia, about developing Siberia in the ways that they did in the Soviet period of trying to make that some kind of powerhouse for the economy, which, of course, is extremely difficult to do, partly because they feel that they really have to cache in like everybody else does on the rise of China and the Asia Pacific. So it's a conundrum for Putin.

MR. KALB: Okay. Right there, please.

MS. SIMPSON: I'm a freelance reporter, Peggy Simpson. I was in China last year and talking to a bunch of Chinese military people mostly. This was an official group, and I'm not a military person. But their question when you ask them about Russia was, what's happening there? You know, why can't they get their act together? What is the problem that they can't emulate us? And we buy arms from them, but we certainly wouldn't buy anything else from them. There's nothing to buy from them. And we don't know how they lost their way.

And so I'm curious, going back to what Strobe was saying, is there any sense that Putin has even a knowledge of the kind of decentralization of economic power that has to happen to make a country, you know, maybe not be like China in all aspects, but are the seeds of their success? Does he have any idea on that?

MR. KALB: Thank you. Strobe?

MR. TALBOTT: They've been both -- the Chinese have both been mystified and rather haughty about what's going on in Russian for a long time, going back to Gorbachev. You may recall that at the time of Tiananmen there were posters among the demonstrators there saying, where is our Gorbachev. And the Chinese made a very fundamental different choice on how they were going to handle their future. And in in material terms and economic terms, of course, it turns out to be a good bet. But they're

under a lot of pressure to democratize themselves.

I guess the point I would make, just picking up on what Cliff said a minute ago, I think any Russian leader who is worth his or her salt as a strategist thinking about the future, ought to be paying a lot of attention to the Far East. Never mind if he spent his time, you know, learning German and recruiting agents in Dresden.

You know, the Russians have wasted 20 years obsessing about the strategic threat from the West. There is no strategic threat from the West -- none, zero. It's a complete bug-a-bear.

Where there is a strategic threat, not because of explicit hostility on the part of the Chinese, is in the Far East, and it goes back to this earlier conversation. Geopolitics is all about looking at a map and thinking about politics and economics -- geo-economics. You've got the largest country on the planet that is resource rich and people poor out in its Far East. And that part where poor old Cliff is about to go where it's going to be 20 degrees below zero, that part of Russia is cheek-by-jowl with the most populous country on the planet, which is people rich and resource poor. That is a classic formula or recipe for big time trouble down the road, particular for Russia, and they're not facing up to it.

MR. KALB: Got time for about two more questions. In the back there, please. Thank you.

MS. HASTINGS: Hi. Jamie Hastings. I'm an attorney and a graduate from the School of Public Policy at George Mason. I had a question on energy is becoming a big issue, and you hear about obviously the oil and the opening up of the Arctic. Where do you see Putin taking Russia in terms of its energy security, energy as it relates to its economy, arctic security, things like that, especially in relation to how he's dealing with the West or his relationship with the East?

MS. HILL: No, I think I'll hand it over to you on this one.

MR. GADDY: Energy has been at the center of Putin's policies obviously, as Strobe indicated. There's no mystery or magic how he was able to pay off the debt -- the ability to pay off the debt that I talked about. It's through the increase in oil prices and resumption of Russia's role as an oil and gas exporter that it had lost or suffered, at least, greatly during the 1990s.

And this is for him the key to Russia's sovereignty - that is the oil and gas sectors. It's the key to stability at home as well because it's through the subsidies essentially that these two sectors provide that he is able to keep the social and political stability domestically.

The third dimension besides earning money and keeping stability at home is also, of course, this notion that somehow these are geopolitical weapons, that they can be used especially with respect to Europe in lieu of the application of real force and weapons. And I think that that has been a spectacular failure really. It has backfired and been counterproductive, and I think there's a certain realization of that, although there is influence, there is impact, and there is power, and they're still trying to do it.

When it comes to developing, however, their own domestic industry, all the riches that are there, I mean, the fact remains Russia's potential oil and gas are the jewel of the world. There is more there than anybody has a clue about, and most of it hasn't been even explored. Talk to a Western oil executive, and they'll sit, as I had happen to me a couple of weeks ago, sit through a presentation about shale gas and all of this good stuff. And I'm pointing out this doesn't really make Russia irrelevant at all. It still has this huge amount of energy resources that remain to be exploited.

And a gentleman came up to me after and said, you're absolutely right, and all of this stuff they talk about, fine. But it's peanuts compared to what's in Russia.

It's just a question of, will the Russians -- will Putin, let's put it that way -- allow the international oil companies to be a part of this?

As you know -- I won't go into details here, but, I mean, he is to a certain extent -- he's allowed them on his terms, and that seems to be the model. Definitely not opening up the country in the way that wouldn't be necessarily to fully realize its potential, which would be lots of companies getting involved, smaller and larger as well, but rather keeping it very tightly controlled with a handful -- not even a handful, just a small number of majors -- the Exxons or the BPs or the others -- that he can deal with on the one-on-one basis that Fiona described, his ability to deal.

He deals with capitalism. He deals with capitalists. He deals with a very limited number of people. And well, we talk about this in the book, and that's his model for having a managed type of capitalism with private property, but tightly under his control through mechanisms of blackmail, and protection, and so forth.

MR. KALB: We are running out of time, so I apologize to all of the hands that are up. Can't get to you. We're going to wrap up now, and what I would like to do is to ask, starting with Strobe and running down to Fiona, if you could provide some distilled wisdom about Mr. Putin and about Russian. And, in fact, I'm looking at a line here from the op-ed piece that Fiona and Cliff wrote. "There is no great opportunity for the Obama Administration in Russia," sort of put them to one side. Distill some wisdom, starting with Strobe, and keep it to a minute.

MR. TALBOTT: Read their book.

(Laughter)

MR. TALBOTT: Okay.

MS. HILL: That was a punt.

MR. KALB: Well, gee, I thought it was a Hail Mary pass that you should

catch.

(Laughter)

MR. KALB: Good, okay. Read the book. Cliff.

MR. GADDY: Well, I, too, resist the idea of trying to distill everything down too tightly, Marvin, because I mean, in a way that's why we wrote the book because we felt that it needed to be expounded. But I've come to realize --

MR. KALB: I know, but I've done that also.

MR. GADDY: I've come to realize that, like I said from the very beginning, if you really want to understand Putin, his goals, his objectives, or the line in the sand kind of thing, understand him as this statist. Understand him as the person who regards the survival of Russia, the civilization, the nation, the myth, everything, as paramount, as above all. And other things are derivative of that, and that there is -- it's unimaginable that he would sacrifice anything -- that he would do anything, he would receive anything and sacrifice the potential of Russia's sovereignty and survival as he sees it.

You can think that's wacky. You can think that's crazy. You can think that doesn't make sense. You can think it does make sense. But to me, it's reality, and that's the beginning and end of trying to understand who he is and what he wants.

MR. KALB: But supposing somebody came over to him, very persuasive person, and said, Vladimir, we're also with you on preserving the state, but it can't be preserved with you in your current position exercising power the way you are. What would he say?

MR. GADDY: He would say what he says about Syria. Okay, what's your plan?

MR. KALB: What's your idea?

MR. GADDY: Show me that you can preserve the state and keep stability, and unity, and the things I can do.

MR. KALB: And you think he'd allow it?

MR. GADDY: Well, first, they have to persuade him of that, and I don't think they can.

MR. KALB: Fiona.

MS. HILL: Yeah. Well, that may have been, you know, the problem with the exercise with my contemporary, Dmitry Medvedev. He may have not been able to prove the point of the tandem.

You know, Putin, of course when he announced that he was going to come back, he later did, you know, the old trick of, yeah, we've been talking about this all along. It didn't look like he'd been talking about it all along. Mr. Medvedev didn't look, you know, he was -- at various points he looked like he was getting quite comfortable in that seat. But clearly he didn't make that point, and at some point, for whatever reasons, Putin decided that, well, this actually wasn't going to work out for him.

So the question is, is there another operation successor? It took Yeltsin quite a lot of time to find someone else. We don't see any sign of that. And in all the times that Mr. Putin has been asked, you know, what comes next, he says things like, don't bury me yet. He talks about not Peta Stryker, which Mr. Medvedev was quite keen on, but something called Dust Striker, which his finishing what he set off to do, finishing the construction project.

So he clearly thinks he's got something else to do. We have a lot of speculation about whether he's going to do it in his first six-year term that he's got, or is he going to do it for another six-year term. I certainly don't think that he wants to be carried out in a pine box. Well, it won't be a pine box anyway. I'm sure it'll be much more

elaborate than that. But he doesn't want to go the way of poor FDR. But he also doesn't want to go ignominiously -- I can't say that word properly anyway -- the unfortunate way of Mr. Churchill and others who got booted out by the electorate. He certainly did not like his rather wrenching experience of having to face the protestors and questions about his rule in 2012. That was not a nice experience for him. We could see that.

So it's really up to him now to devise a graceful exit. Is he going to go off to become a supreme leader or a kind of supreme distinguished leader, former leader? He can always come and join you as a distinguished scholar here at Brookings.

(Laughter)

MS. HILL: You know, there are lots of -- Strobe is now panicking about that one.

(Laughter)

MS. HILL: But he has to find a way of making a very graceful and, you know, suitable exit, given, you know, where he's been. And I think that's going to be the real challenge. I'm afraid I don't have any really good ideas for him, but whoever can come forward and provide a very nice, you know, way out of this for him, I'm sure he would be quite grateful. But no one seems to have persuaded him yet, and that seems to be the dilemma.

And clearly the way that the system has now been transformed in Russia, the institutional framework for that is not there. He actually ruptured that. He actually stepped aside. He's very proud of this. This is maybe one area that, you know, may bode well for the future. He obviously realized that he would actually upset the strength of the state if he had bucked the constitutional prohibition against three consecutive terms. He's quite offended, as we discovered in various interviews with senior Russian officials, that nobody recognized the fact that he actually stepped aside

from the presidency and stepped down into the prime ministership for four years, because that was kind of what was required. He doesn't understand why we don't get that.

Now, of course, he's got two consecutive terms of six years each, thanks to some changes under Mr. Medvedev. But if he can be persuaded that this really will be damaging to the reputation and to the strength of the state later, and that there is some alternative, the question is --

MR. KALB: He might.

MS. HILL: -- how.

MR. KALB: Thank you very, very much. This has been absolutely fascinating, and it's just a little bit -- the look of what you get when you can pick up the book. Right in the back there you can buy it, and I encourage all of you to do so.

Thank you very, very much. And thank you, Strobe, for being here.

Thank you.

(Applause)

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