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THE U.S.-RUSSIA RELATIONSHIP: WHAT NEXT?

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P R O C E E D I N G S

MR. SHAPIRO: Hi. Welcome to the Brookings Institution. Thanks for coming out on a rainy August day to talk about U.S.-Russian relations. That shows real dedication and we appreciate it.

We have, I think, a really great panel for you today. I'll give a sort of brief introduction of them. They have yet more accomplishments in your biography panel, but it's an all-Brookings panel, more or less today, which we're very proud of.

On my far right is Steve Pifer, who is the director of our Arms Control Initiative. He has held virtually every position related to Russia in the U.S. government, some of them a couple of times I think. And he's also been the ambassador to Ukraine. He's most recently the author of *The Opportunity*, which is about new opportunities for arms control.

To my right is Angela Stent, who is director of the Center on Russia, Eurasia, and Eastern Europe. Is that it?

MS. STENT: That's it.

MR. SHAPIRO: At Georgetown. And also a non-resident senior fellow here. She has a book coming out in January called *The Limits of Partnership: U.S.-Russian Relations in the 21st Century*. So it's a more substantial book than this. And I think it promises, I guess, to have 85 years worth of predictions in it. So I think that will be very impressive. I look forward to it.

On my left is Cliff Gaddy, who is a senior fellow here at Brookings and is the author of two recent, and I think very important books that you should read. The first one is called *Mr. Putin: Operative in the Kremlin*, psychoanalysis almost of how Mr. Putin came to be who he is and provides actually kind of incredible insight on understanding where the Russian government is right now, and *Bear Traps on Russia's Road to Modernization*.

So I think what we're going to do here is not have any formal presentations but I'm just going to ask a few questions and then we'll throw it open to the audience to follow up and ask better questions than I could think of.

I think I wanted to start with a question to all of you, and we'll just take it one by one. And it's the sort of most general and most obvious question that brings us here which is that, you know, on the surface it certainly appears that U.S.-Russian relations are really roiling more than they have been in many years if you look at the contretemps over Snowden, over the anti-gay legislation, over Magnitsky, over Syria, the canceled summit that happened a few weeks ago. It, at least on the surface, appears pretty bad, and so I'm wondering, you know, from people who look at it much more closely, is it really all as bad as it appears? Whatever happened to the Russia reset? It seemed great at the time. And what is, from each of your perspectives, the overall state of U.S.-

Russian relations?

So I think we'll start with Steve.

MR. PIFER: Okay. I guess let me make three points in response to provide a bit of context. And the first point would be that whenever you have two large countries like the United States and Russia where their interests intersect on such a wide range of issues, it's unrealistic to expect that they're going to agree on every point. And that's really I think one of the challenges of U.S.-Russia relations, is to manage differences in a way that still allows you to defend your position but also allows the sides to cooperate where interests intersect.

The second point I would make is to go back to really the reset which I think was actually a success as defined though by what the reset was originally intended to do, which was to bring the U.S.-Russia relationship out of that very negative point it was at in 2008 and try to make that relationship productive in terms of security Russian cooperation on issues that were important to the Obama White House. And over 2009 and 2010, you saw the conclusion of the New START Treaty. You saw Russia being more helpful on Iran. In 2010, Russia supported a new Security Council resolution at the United Nations, which imposed an arms embargo on Iran. And certainly, when I was working on these issues back in 2002 and 2003 in the U.S. government, nobody would have anticipated Russia going that far at that point. And then also you had things like

Russia becoming more cooperative on Afghanistan, allowing greater access and logistical support for American and NATO forces there. So I think the reset was successful in those terms, but I don't think the reset was designed to sort of take the relationship to an area where we were going to be cooperative on every single question.

And I guess the third point is -- I'd make is that some pundits today say that the relationship is not only in turmoil, but it's the worst it's been since the end of the Cold War. And I just think that's flat wrong. Go back about five years and three weeks ago to the aftermath of the Russian-Georgian conflict at a time where there was really no major cooperation between Washington and Moscow where you had on strategic arms the START 1 was due to expire in 2009 and no prospect for a successor. There was not nearly the degree of cooperation on Iran that you see today. Likewise on Afghanistan. Still major differences between Washington and Moscow over how to deal with other countries in the post-Soviet space, and of course, you had the Russian-Georgian conflict where reportedly, you know, some U.S. officials were advocating air strikes in South Ossetia that would have killed Russian forces. So relations are certainly I think in a difficult point now but you need to have some perspective to sort of appreciate that there's a balance between areas where they differ but also some areas where cooperation continues.

MR. SHAPIRO: Great. So it could be worse.

Angela, you've pointed out in the past that there's a certain cyclical nature to U.S.-Russian relations. Is that what we're seeing here or can we, if we want to be methodologically individual about it, is there someone to blame for all this?

MS. STENT: (Speaking in Russian), that's always the major Russian question -- who is guilty?

No, I think that there is a cyclical pattern. I would take off from where Steve left off, and that is relations were worse first of all in 1999 at the end of the Clinton administration when we were bombing Kosovo. Now, if we start bombing Syria, I don't know. But anyway, they were worse then. And they were worse in 2008 at the end of the Russia-Georgia war.

So what you've had is a pattern in the last 20 years since the Soviet collapse that in the first terms of both the Clinton and Bush administrations there were great expectations. There were hopes the relationship with Russia would improve qualitatively, that it really would be something different. And by the end of both those presidents' second terms in office, disillusionment and disappointment had set in.

Now, in the Obama case it's happened a little sooner. I would agree with Steve that the reset accomplished what it set out to do. It was successful from an American point of view but this was not a policy that the Russians took ownership of. They always said the reset is an

American project and we are correcting mistakes that we made under the Bush administration and we've seen the error of our ways. And so I think there was never a common agreement on what the reset meant.

But I would also say something that did make a difference and maybe we'll come back to that more, in U.S.-Russian relations, not too much gets done unless it's done at the very top, simply because we don't have a large group of stakeholders in this relationship and we can talk about economic relationships. There aren't that many people on either side that are involved in it. And for President Obama, it was very important that he dealt with President Medvedev, even though decisions wouldn't have been taken presumably without Prime Minister Putin's consent, with the exception maybe of Libya. Now, since there's been a change at the top and we have a different president in the Kremlin in Russia, I think that's made it more complicated, too. So we are on a downward spiral now.

Steve has, of course, pointed out all the issues on which we have to work with the Russians and will continue to work with them. I would say one thing again, it's not completely new but it's very striking, if you look at what led up to the cancelation of the summit and you start with the preparations for the summit, and at least from the U.S. point of view, even before Mr. Snowden touched down at Sheremetyevo, there was a feeling that there wasn't much of a response from the Russian side about

what the summit was going to accomplish. And, of course, when you have these summits, you have to have deliverables.

So there were questions about what was it that the Russian side wanted and who was making the decisions? Then, of course, Snowden lands and you have the whole period of rather fraught discussions about that. And again, you can ask questions and we're seeing articles in the last two days about this. How were those decisions made? I think there's a general issue of in the U.S.-Russian relationship, who in Moscow is making these decisions and what is it that they would like from the relationship with the United States? Do they even know what they want? And because you've had contradictory signals obviously from Mr. Putin himself, and a choice was made. The choice was made to grant political asylum to Snowden knowing that this might jeopardize the summit. So we can say, you know, that shows us something about values and decisions that were then made.

So I don't think this is the worst the relationship has ever been. It will continue, but I think it raises questions about the Russian side and how to deal with them going forward. And that is why I think it's entirely correct to say you pushed the pause button at the moment and you step back and think how is it that we want to engage with them?

MR. SHAPIRO: Thanks. Cliff, Angela brings up something that I was maybe going to get to in the next question but I think we'll just --

even though I'm interested in what you think about the overall relationship, I want to get your thoughts on what she said about Mr. Putin because there is a consensus here that the relationship has taken a bit of a nose dive in the last couple of years, I guess. And that's coincident at least with Mr. Putin coming back into the Kremlin. And I'm wondering, you know, I think as pundits in the media we can often focus very obsessively on personalities and we can sort of see people slouching at summits and read entire world-moving events into them when it might just be a bad day. But in Putin's case there is an argument that having been in control of Russia roughly speaking for over 10 years, he sort of is the state in a Louis XIV kind of way. And I'm wondering to what degree are the problems that Steve and Angela both pointed to in the relationship a result of Mr. Putin coming back into power and his new approach to U.S.-Russian relations.

MR. GADDY: I think what you say is true. And I would add Mr. Putin coming back and the fact that U.S. administration's policy towards Russia was very much premised on him not coming back. The reset was all that Steve said. It was a list of very practical important issues between the United States and Russia that needed to be dealt with, needed to be tackled. And as Steve described, successfully were tackled during the period of the reset.

But the reset was more than that. The reset was a bet on

Dmitry Medvedev as a new Gorbachev. It was a long-shot bet admittedly so by people who thought of this whole idea. But it was worth it. It was worth hoping that like Gorbachev, a young man appointed by the old guard to preserve their power, to tweak the system enough to make it viable to survive and yet turned into something different, set in motion processes that were beyond his and anyone else's control, that the same thing would happen with Medvedev. No illusions on the part of U.S. thinkers that Medvedev was anything else than an appointee of Putin to serve strategic interests that Putin saw but that there was the possibility that something different would happen.

But that didn't happen. And the problem was that even though I think this was recognized as kind of a long shot bet, the probability that this would happen with Medvedev was not all that high, there was no plan B. There was no fallback option. Well, wait a minute. What happens if it doesn't work out and Putin clearly shows he's in control. And I think after that there was essentially an abandonment of any idea of having a real strategy towards Russia on the part of the Obama administration. And I think in many ways that's what led to our situation now, that every decision is simply a one-off type, almost a reflex decision, not put in the context of some overall, well-defined strategic interest. It leads to all kinds of confusion of people operating at all levels in our government, not to mention the confusion that it produces in people

outside the United States, whether they be our allies, and of course, the Russians themselves. They just don't know what we want with Russia.

And by the way, this is not the first instance of this kind of -- as Angela indicated -- starting -- an administration starting off with what they think is a clear idea of how to deal with Russia and then suddenly finding it doesn't work out and then not having any idea. The same thing happened with George Bush, of course. Didn't call it reset but he called it looking into Putin's eyes and seeing his soul, thinking he could understand this guy and do business with him. It didn't take him long to find out that he didn't really have it right, but there was no fallback. And after that I think it was the same situation of just floundering about, not knowing exactly how to deal with the Russians.

So yes, it really does come down to the person of Vladimir Putin. It always was, in a sense, the person of Vladimir Putin, but things have definitely shifted since he announced that he would come back and all of, by the way, the processes that that announcement set in motion inside of Russia. I could talk about that later but I think that that's shaping very much how Putin deals not only in domestic politics but in foreign politics. So, yeah, it's the lack of a notion of how to deal with Vladimir Putin that is kind of in the heart of a lot of these problems.

MR. SHAPIRO: Yeah, okay, well, that could be hard. He's a sort of unique personality.

I guess maybe we can sort of follow on that by pivoting off of Cliff's point that it's a little bit difficult to discern what the American strategy towards Russia is. I have a lot of trouble discerning the Russian and Putin strategy toward America. And Angela alluded to this -- it's not entirely clear what Putin wants from the United States. And I'm wondering from your perspective, Steve, is Putin interested in U.S.-Russian relations or is the United States just some sort of foil for his domestic politics?

MR. PIFER: Well, I think what you've seen in the last couple of years -- and it comes back to Cliff's point about the return of Vladimir Putin to the presidency where you've seen that his foreign policy approach is shaped very much by his perception of what's going on domestically. And I think the concern that you've seen on the part of the Kremlin going back to December of 2011 with these large demonstrations where all of a sudden Putin became a bit unsure of where his constituency was.

Now, the polls show that he's still the most popular person by far in Russia, but the polls also show that most Russians don't want to see him run again in 2018. And so it seems to me that from about the end of 2011 you've seen this greater sense of anti-Americanism in Russia which has been encouraged by the Kremlin and used by the Kremlin. This notion that having the United States as a potential adversary out there, a rallying point that Putin has used to secure and build domestic support primarily with the conservative constituencies that he seeks. And it's

done, I think, in the context of Putin probably concluded that for the most part he's lost the middle class in Moscow and St. Petersburg, so he's looking to those more conservative constituencies where anti-Americanism still have some resonance.

MR. SHAPIRO: And it has no cost for him in terms of foreign policy? I mean, is he actually worried about any of these foreign policy issues that come up? The United States would be quite useful for some of those.

MR. PIFER: There are costs. And beyond the specifics there's costs in tone because you can't segregate your domestic message now from what flows over to the foreign policy side. And when you talk to people in the administration you really do sense this irritation that Putin has played the anti-American card, you know, so strongly. It's really caused an irritation that's not helpful to the U.S.-Russia relationship.

MR. SHAPIRO: Angela, we'll let you follow up on that, but I also have a more specific question for you. Because one other, at least potential cost, if you -- certainly if you look back at Medvedev's strategy, something that you've talked about a lot is the economic modernization plan. And Medvedev had the view, if I'm not mistaken, that he needed the West in a variety of ways in order to accomplish his development goals for Russia -- his modernization goals for Russia. Does Putin recognize that need at all or does he have a different plan for modernization?

MS. STENT: Well, first of all, his understanding of modernization I think is probably different from that we understand what Mr. Medvedev's understanding was. But I think on the one hand you'll hear Putin talk about we want more U.S. investment in Russia. This is the one area where he praises, you know, U.S.-Russia relations, and he is, at least theoretically and rhetorically committed to it, but when you get down to the details it's less clear that he really is. And he does not -- I mean, I think he has understood that the cost of modernization as maybe we understand it or maybe as Medvedev and other Russians understand it would be it would come at a cost to domestic political control and to certain vested interests. I mean, Cliff can talk much more about that in the Russian economy itself. And therefore, the default mode is to say we're just going to continue the way we're going. And we talk about modernization sometimes but we don't -- there is very little evidence at the moment that there's any plan in place in Moscow, you know, concerted plan for modernization. I mean, there are different views you hear but this is not something the Kremlin is promoting.

I want to get back to the question of how sort of Putin views the United States and what he thinks he needs from it. First of all, you have to remember where he comes from, what his background is. Being in the KGB was probably not the place where you would come out with a particularly benign view of the United States, to put it mildly. Then, I think

from his own perspective, Iraq and then much more close to home and much more sensitively, the Rose Revolution in Georgia and the Orange Revolution in Ukraine, clearly on some level convinced him that the United States was involved in regime change. Well, obviously in Iraq. But, I mean, his understanding of what was said about what happened in Georgia and in Ukraine. So, there was that concern.

Now, they tried to insulate Russia from this by creating their own youth movement that was supposed to resist the kind of activities that happened in Georgia and Ukraine and other countries in the area. But I think this came back again, and this gets back to what Steve and Cliff were saying in 2011 when there were some of these massive demonstrations in Moscow by the urban educated middle class, the very people whom he feels he helped to get to where they were by Russia having these growth rates of 7 percent a year for the first eight years. Those people were out in the streets protesting against him, and that's when he blamed the United States, Secretary Clinton directly, for aiding and abetting these demonstrations. So I think on one level he views the United States as being -- as harboring a desire for someone else to be in Russia, the regime change.

On the other hand, we've seen that on many different occasions he favors pragmatic cooperation with the U.S. As Steve said, some of the issues that worked well during the reset where clearly Putin

had, you know, supported them, shows that he's not against this kind of cooperation. You look at Afghanistan and some of the other issues. So it's dualistic. I mean, you even -- when you read what he said on the Snowden affair, on the one hand he said if Edward Snowden stays in this country he has to promise to stop harming our American partners -- he used the word "partners." On the other hand, you know, he said, "Oh, Snowden is a new Andrei Sakharov or a great dissident."

So the question is, and this comes back to how do you deal with Mr. Putin, is, you know, which one -- it's not which one do you believe but which one are you then going to deal with and how are you going to find a way of getting better results from these interactions?

MR. SHAPIRO: Okay, yeah. So Cliff, you know, perhaps the reason that Putin said that it was important that Snowden stop harming the United States is because he has people to do that and he needed to protect those jobs. (Laughter) And I'm wondering, you've commented many times that, in fact, a lot of Putin's modernization plans have to do with the vested interests that Angela referred to. And to what degree did that -- do these vested interest, job protection and things inform Putin's approach to the United States?

MR. GADDY: Well, it certainly informs his approach to foreign policy in general and economic policy. The question about is there a difference between Medvedev's push for a kind of modernization that

would involve integration with the West as opposed to a different kind of modernization that Putin represents. Of course, whatever Medvedev represented, ultimately Putin represented as well. I mean, Medvedev didn't do anything that Putin didn't sanction or at least tolerate. And that was part of the whole idea, was to throw out new ideas that we could explore and see how they worked, to see how they were received. Putin keeps his options open. That's the hallmark of Putin. He never locks himself into a path that cuts off his opportunities when they may arise.

Right now, however, I think after the global financial crisis in 2008, which was the really decisive event, though he had -- and he was quite proud of the fact that he had done a number of things to prepare Russia for really bad economic times by building up his reserves, paying off the debt, having a very sound fiscal policy, keeping the budget -- having a budget surplus and so forth, I think he was shocked, as all would have been and all were, by the magnitude of the crisis. But more important, I think in the subsequent period, he has become impressed by the duration of the crisis and the likelihood, the probability, that it might go on for a long time, the global recession, or even repeat itself with another downward wave, and has decided that the really important thing to focus on is not absolute economic growth rates. It's not who wins in this struggle, and it is a competitive struggle in the global economy. He's quite aware of that. Who wins is not going to be the one that can record high

growth rates for four years, five years, 10 years. It's going to be the one that can survive crises that will inevitably happen and come out of them both politically and economically stable.

So in other words, he's choosing between focusing on efficiency, high growth rates when you can get them, and on the other hand, a robustness, an ability to withstand negative shocks and crises. He's choosing the latter. And he's doing that by actually pulling back from the global economy, pulling back from any sorts of major initiatives that would involve Russia's economy being more dependent than it already is and that it inevitably will be on the global economy, and rather making itself more self-sufficient. This explains why he is -- a number of the economic policies he has adopted domestically inside of Russia for large projects and so forth that will provide a stronger domestic market for Russia's big manufacturers, but also his extraordinary focus on this Eurasian union, the idea of uniting many of the former Soviet countries back in a tighter economic union to provide that big market that would be something like the old Soviet economic system in terms of its expanse, not its system.

And so I think this explains -- Putin is not particularly interested in therefore a global type of -- a modernization that is based on globalization, and that happens to coincide -- I think these are separate issues -- but it happens to coincide with the risk that both Angela and

Steve identified of the political -- domestic political threat represented by this so-called creative class -- that part of the middle class that's mainly based in Moscow -- that exactly exemplify, represent, and are connected to this global economy. They are the future of Russia. Were it to decide to become truly modern and competitive in the global economy, these people would be absolutely key. They will always be key. They have to be empowered. They have to be multiplied. And of course, therefore, one has to listen to their other aspirations, including their political aspirations. So he's basically making a choice for these two reasons. And he's afraid of that. He's not going to let that happen. These people are against him. So he cannot empower them further. That means he cannot, for that reason alone, proceed along the Medvedev, if you like, path of modernization based on global integration. The other is the other argument I gave about the focus on making the Russian economy more robust rather than simply concentrating on growth and efficiency.

MR. SHAPIRO: Okay. I learned in Brookings Moderator School that you should always talk about the issue of the day. And so I checked this morning and the issue of the day is definitely Syria (Laughter). So I wanted to ask some questions about Syria and the Russian position, in particular, on Syria. Because it does seem as if the U.S. and Russia are headed for yet another of the sort of familiar series of contretemps over intervention. You mentioned already some of them --

Kosovo, Iraq, Libya, Georgia. And, you know, there's a sort of intriguing pattern here. Russia seems to be painting itself yet again into a sort of familiar corner where it's sort of blanket obstructionism actually reduces the leverage that it might have from its U.N. Security Council vote and compels the United States or at least incentivizes them to go around it. And eventually it seems writes Russia out of the equation, which seems to be what's happening now on Syria.

So I'm wondering from each of your perspectives what motivates Russian policy on Syria? And what is their plan if their idea is to prevent regime change or something else? What is their plan?

We can start with you, Angela.

MS. STENT: Okay. Well, I would start by saying that I think from the beginning the Russians have calculated that there's a good chance that Assad will prevail. And so I think given what's happened recently they may still have that calculus.

I think the second thing is they are very worried about Islamist governments coming to power in the region, about instability in the region, and about the impact of that instability on the Russian Federation itself. I mean, the rise of Islam, its movements and governments in that part of the world has had some impact in Russia's own rest of North Caucasus and then, you know, surrounding areas, so there's definitely a domestic part to this that concerns them. And I think,

you know, they prefer dealing with secular, authoritarian governments in that part of the world and, you know, they view, let's say, using -- the potential of using military forces is just going to further destabilize things and that that can have regional and domestic impact. So I think that's the premise on which you have to start. It's not necessary that they have any particular love for the current regime, but I think they look at the alternatives and they look at the makeup of the opposition groups in Syria and point to the extremist elements there.

And so, I mean, you could ironically say that in the longer run our interests don't diverge that much inasmuch as no one wants extremists to come to power there and one wants more stability, but obviously right now, you know, we're at the point where at what point do you decide that you have to do something, although it would be largely symbolic, I guess, what the West would do.

MR. SHAPIRO: Yeah. I do recall we had a meeting with them once in the State Department and we said, "We both have an interest in extremists not coming to power in Syria." And they said, "Yes, that's why we support Assad."

MR. PIFER: But that does get, I think, to a point where the Russians on the one hand, when you don't have many international allies you're reluctant to throw somebody like Assad over. And I think from their perspective, the West has not yet come up with a good answer to the

question of what comes after Assad. And as they think through those possible scenarios, they can come up with several scenarios which are much worse, both for the region, but also for the potential concern that this could spread into Russia that are worse than Assad.

I think there's also an aspect here that's payback for Libya, a view in Moscow that the West took the resolution which Russia chose not to block in the U.N. Security Council two years ago and really stretched it in various ways to cover activities that the Russians considered went beyond the intent of the resolution.

And also, this gets back to a bit of Russian paranoia, this very strong attachment to noninterference. And it gets back to what I find as hard to see as a real concern, but I think the Russians see if that principle is weakened, does it someday get used against Russia? Is that an excuse for the West-intervening Chechnya in a way that I think would be inconceivable? The West would never think about that. But I think from what the Russians say, this is an issue that drives part of their policy with regards to Syria, and it's led them to take such an obstinate position, particularly in the U.N. Security Council, where to the extent that considerations are now being made in Washington, London, Paris, and other capitals, my guess is that everyone just assumes that the U.N. Security Council would be a fruitless exercise. So any action that's taken will simply go around the Security Council.

MR. SHAPIRO: Yeah, I'm sorry, let me just set you up a little bit because I want you to follow up on that but it's curious to me because we are now at the moment discussing in just the way Steve said what everybody assumes is going to be very soon some sort of limited intervention into the Syrian civil war, and I'm wondering how the Russians, given what Steve and Angela just said, how the Russians are going to react to that. Are they going to retaliate in any way to the fact that the Security Council has been worked around or is it going to affect U.S.-Russian relations on other issues that are important to us, like Iran or Afghanistan?

MR. GADDY: I think it probably will affect -- it'll be a further negative impact on the relationship. There's no question about it.

No, the Russians aren't going to retaliate. They're not going to risk anything for Assad and Syria. The whole point of their policy on Syria is that they are trying to protect themselves. Angela put it very, very clearly. And what they're afraid of is instability. They want the status quo -- assuming that the status quo is relatively stable in different countries -- that's what they want, not really caring that much about who is in power as long as the people in power in a country control the forces within their borders as best they see. The possibility of some great outcome down the road is not at the risk of temporary destabilization. It's not something that Putin at least -- I should put it in terms of rather than "they," I should just

put it in terms of Putin. And this is probably the principal reason what drives Putin's attitude towards the United States. I do not think Putin is anti-American at all, and for whatever is happening -- I think there is a huge anti-American sentiment in the Russian population that comes out very clearly in the social media and so forth, and that can take on a life like any hate-filled sentiment anywhere. It can take on a real dynamic if it's not held in check. But I can assure you that many alternatives to Putin in power in Russia would not be able to hold that in check as well as he has.

Putin, however, does see the U.S. almost exclusively now as a threat, not an opportunity. And the threat, I mean, the U.S. could possibly -- in foreign policy -- in our foreign policy actions could come from three types. One, that we are just downright, by design, hostility-inclined to Russia and doing things intentionally to hurt Russia. There's some of that.

Second is that we are doing things that harm Russia that we just simply don't -- we may even -- somebody might check it off, yeah, this is not going to be good for Russia. Somebody says, "Who cares? This is about U.S. policy." So we don't think or take into consideration how our actions might negatively affect Russia.

The third is that we blunder. We make mistakes. You know, we're the bull in the China shop and we just do things that hurt all kinds of people inside the countries we're trying to help as well as everybody else,

but we just don't even think about that before we embark on these ventures. Putin sees all three.

I think in the beginning -- and he's been saying for 13 years that what you guys are doing, think about what you're doing; it could hurt us. I think that by now he's given up trying to distinguish between these three motives. He doesn't really care whether we do something out of evil intent or out of incompetence. All he cares about is is this going to have negative consequences for Russia?

So you ask, what is Putin's plan for Syria? I don't think that he has a plan, but the overall plan is always somehow protect Russia from the bad things that are happening. What will he do in Syria? There are tens of thousands of Russians in Syria. I think there are 30,000 Russians in Syria, so they're evacuating bunches of them now. They won't be able to evacuate everybody, especially the ones in the naval base, but this is an example of it's going to be very, very costly for Russia what we do in Syria, even if it doesn't spill over or all these other bad scenarios. It will cost Russia. Now, maybe they'll actually earn some money by the oil price going up at least in the short term, but those kinds of things have costs for Russia. That's what he would like to try to find some way to just calm things down, constrain the United States. Does he have an alternative plan? No, absolutely not. Absolutely not.

MR. SHAPIRO: Okay. I'm still not satisfied, although I can

accept that. He has a plan -- he has a frustration with the United States and he's worried that the United States' actions in Syria will, in the first instance, undermine the nonintervention norm and in the second instance destabilize the region all the way up to Russia. But what has he done about it? Everything that he's done -- he hasn't worked out how to get the United States not to do that. And so what we have right now is we're on the cusp of another intervention crisis. We are, by everyone's account, for whatever reason the extremism problem has gotten worse in Syria. So he's certainly not accomplishing any of his goals in Syria. And one might argue that the reason is that his approach to the United States is a little bit ham-handed. But I don't know. Maybe you have other views. I'm sorry to editorialize.

MS. STENT: I mean, on the other hand, at a minimum, Assad is still in power. From Moscow's point of view, they have been supplying him with weapons. So it's not as if they've been inactive there. It would be worse from their point of view, obviously, if he had been overthrown by some coalition of rebel groups which they would see as a threat. So from that point it's not completely a failure.

MR. SHAPIRO: All right. Well, enough of me then. I think we should turn to the audience and get questions. And please, when you ask a question, identify yourself, tell us where you're from, actually have a question mark on the end of your question would be really helpful. Let's

start with Anders Aslund.

MR. ASLUND: Thank you very much. Anders Aslund, the Peterson Institute.

Listening to you, it's pretty clear that there's nothing on the agenda. Angela made the strong point that American presidents in the last term don't do anything useful with the Russian leader and Cliff painted how complicated Putin is. So the only obvious conclusion here is that President Obama would be very well advised never to have a bilateral meeting with Putin again. Have I got it right? Thank you.

MS. STENT: Well, can I start off with this one?

MR. SHAPIRO: Yeah, why don't you start off? I want to hear an answer from all of you.

MS. STENT: Well, I mean, we still have issues where obviously we have to talk to the Russians and we will. Even after the cancelation of the summit announcement we had the secretaries of Defense and State meeting with their Russian counterparts. I mean, technically, I guess, there's a possibility at the G8 summit next year in St. Petersburg that you could have a bilateral presidential meeting, but I think the agenda has narrowed. I mean, on the arms control issues, which we would like to pursue, we haven't had much of a response from the Russians, and that includes missile defense. Syria, we've just talked about. Iran, I mean, still there is an issue but that will also depend on

what's happening in Syria. So, yeah, the question is what would be on the agenda. So right now I can't see any pressing reason why there would be another presidential summit in Obama's term, but you never know.

MR. SHAPIRO: Steve, and then in my experience the lack of agenda is not a sufficient reason not to have a meeting. Do you see a reason?

MR. PIFER: I mean, I think the White House pulled the plug on the planned Moscow Summit because when it looked at the big issues, and when you talked to people in the administration back in June they were saying they wanted to make progress on further nuclear cuts. President Obama made his speech in Berlin and proposed a further reduction in New START levels. They wanted to resolve the missile defense differences. They wanted to move forward on expanding trade and investment relations. And what they said was on each one of these issues they were just getting nothing from Moscow. And so the conclusion was going to Moscow would be a photo op, which might be useful in some ways for Vladimir Putin in terms of showing that he plays on the world stage, but it would yield nothing of substance that was important to the White House agenda.

And this way I guess I'd actually go back to some conversations going back to 2009 when administration officials were talking about the launch of the reset. And they put it in very practical,

actually in some ways very calculating terms, and they said Barack Obama in 2009 is prepared to make an investment in a better U.S.-Russian relationship. And he's prepared to make that investment in hopes of security cooperation with Russia that would be mutually beneficial but would help solve some big questions like Iran, Afghanistan, and such. But they also said if he makes that investment, and after four or five months there's no return, you know, he'll cut his losses and look elsewhere.

Now, what happened is that first meeting between Obama and Medvedev in London in April 2009 went well, the Moscow Summit in July of 2009 produced some progress, and so from the perspective of the White House there was a tangible real return on the investment. So they continued to make that. But I think right now they're looking at it and saying, what's the investment and what's the payoff? And if they see no payoff, it's not like the president doesn't have lots of other demands on his time. And so I suspect that, you know, while they'd be open to the idea of a summit, the question is is there going to be some prospect; that that would produce something that would be useful and important to Obama's agenda? And if not, they may well be content to let the next three years be managed at the level of the cabinet.

MR. SHAPIRO: Cliff?

MR. GADDY: Yeah, I agree. I think it's more likely than not that there will not be another summit for the rest of his term.

MR. SHAPIRO: Do the Russians need this more than the United States? Do they care about that?

MS. STENT: They think they don't need it. They think that we wanted the summit more than they did, so. I don't know objectively where you would come down on this.

Well, I think if we believe that we could work together more productively with them in solving some of these issues then we certainly would need them, but at the moment it's very hard to see where we can work together with them in resolving something as opposed to preventing things from getting worse.

MR. PIFER: Beyond that I think it's important in image terms. I mean, a big part seems to be of Vladimir's self-image is that I am the head of a superpower. And it kind of creates a dent in that if the American president spends a day and a half in Palm Springs talking to the president of China and cancels a summit with you.

And I thought it was interesting that even after the cancelation of the summit, the Russians I think were a bit surprised, even though my sense was in July I think the White House was telegraphing that the summit was in jeopardy. It seemed to me that the actual decision caught them a bit by surprise. And I note that even last week there was someone in the Kremlin saying the summit was not canceled; it's been postponed. So I think they're still trying to sustain that maybe this is not

as bad or as an abrupt cutoff as the White House intended.

MS. STENT: I think technically the White House said it was postponed; didn't they? Not canceled. Anyway.

MR. SHAPIRO: Different view, Cliff?

MR. GADDY: I do. I don't think -- I think we somehow have the idea that we can punish Putin by not giving him -- that he craves somehow international status and recognition. I don't really think that's true. I don't think that means -- I don't think we're hurting him at all by canceling summits, snubbing him and so forth.

MR. SHAPIRO: Okay. Mike Haltzel in the back there.

MR. HALTZEL: Thank you, Mike Haltzel, Johns Hopkins SAIS.

I'm going to ask a question about the "near abroad," but with your indulgence, Jeremy, just one point of fact to buttress what Steve Pifer said about the absurdity of the idea the United States would intervene in Chechnya.

Fifteen years ago, after the first Chechnya war, the U.S. Senate ratified something called -- it was an arms controller, Steve -- the CFE flank document, Conventional Forces in Europe flank document -- by a vote of 100 to nothing. And we knew exactly what was going on. We knew exactly what might happen in Chechnya. This gives the lie to the rewriting of history that Mr. Putin has been doing ever since his Munich

speech in 2007. I bring that up as a point to buttress you.

I'd like to ask about what used to be called the "near abroad" or Privileged Sphere of Influence, whatever you want to call it, Central and Eastern Europe. It seems to me that Putin has been -- embarked upon a pretty forward-leaning policy in the last few months, whether it's basically ham-handed economic threats against Ukraine if they sign an agreement with the European Union or pressure on Montenegro as they get closer to possible NATO membership, or even in a positive way going to Azerbaijan and trying to woo them. I'd appreciate it if our panelists might discuss this aspect of Russian diplomacy.

MR. SHAPIRO: Does anybody want to take that?

MS. STENT: Do you want to start?

MR. PIFER: I'll start. I mean, I think -- I don't think Putin wants to recreate the Soviet Union but he wants to use institutions such as the Customs Union or the Eurasian Economic Union that will increase Moscow's influence in neighboring capitals. And what the Russians want essentially is that on big questions in capitals like Kiev or Baku or Tashkent, that if it's a big issue that affects Russian interests, they want those capitals thinking about the impact on Russia when they make their decision. But I think the Russian pursuit of this over the last 20 years really has been somewhat ham-handed. And if anything, the big result of Russian pressure here has been to cause their neighbors to look for

connections to the outside world that give them greater room for maneuver.

So take the example of Ukraine. I think Ukraine has consistently, over the last three years, expressed a preference to do the association agreement with the European Union. Now, there's a separate question which is whether the European Union is prepared to actually sign that agreement in November given some of the domestic problems within Ukraine. But I think the Ukrainians made the argument that they can have a good, integrative relationship with the European Union and still have a positive relationship with Russia. What I think we saw two and three weeks ago is the Russians basically trying to change that calculation saying, "No, you can't." They're trying to tilt that board and say that there will be costs, there will be consequences, and they're basically making this into a geopolitical struggle; a struggle which I think that they're likely to lose because I think the Ukrainians see what coming too close to the Russians can mean and that will probably encourage them to push harder to build the links to the European Union. The separate question is whether they do the necessary things with regards, for example, former Prime Minister Timoshchenko, that would enable to sign there.

But I think if you look around the rim you have other countries looking for connections to the outside world because they don't want to be too close or too dependent on Moscow, and part of that is a

direct result of a Russian policy over the last 20 years that I think has been counterproductive in terms of their objectives of trying to increase influence in neighboring capitals.

MS. STENT: I would just say that it remains one of the goals of the Kremlin to make sure that none of the former Soviet states joins any Euro-Atlantic structures. I mean, it's been their goal for a long time. That hasn't changed. And, I mean, you talked about Montenegro. You know, it also can extend obviously beyond the former Soviet states.

I agree with Steve. I mean, I think the Eurasian Economic Union is a way of binding the countries more closely together but it obviously has a political aspect to it, too, that's very important. And I would say the final thing is, and not that any of these countries are thinking of joining Euro-Atlantic structures, but I think what the Russians are banking on is that once the United States and its allies get out of Afghanistan, leave and go away, then Central Asia, there will be much less interest on our part in Central Asia and that will again give Russia opportunities. There, obviously, it has to deal with China. So it's kind of a long-term strategy.

MR. SHAPIRO: In the front here.

SPEAKER: Thank you for the very open statement. It's the first time I hear that all the reset was about Medvedev. Actually, it was not about those issues. Issues you can handle without giving a funny name to

it, but it was inflated with Medvedev as a responsible political figure, which failed. So that's why the reset failed. It's the first time I also hear that Putin is not anti-American. That I would doubt a lot.

Now, questions. For Putin, we understand that America is a domestic issue, not an international issue. And if you say there is symmetry of how many times Russia is mentioned in American media and how many times America is mentioned in the Russian media, you will see that almost every day you hear something about America and Russia in the media and nothing about Russia here.

So what is Russian foreign policy then? How Russia conducts its foreign policy, if you talk about so-called "near abroad," their foreign policy figure is somebody called Onishenko, not Lavrov. This sanitary something, something, something that has been in Georgia in water, we're creating in chocolate, and American, I don't know, beef or chicken or something. So it's not a domain of foreign policy anymore. I mean, it's some other institutions are handling it.

And if you look in the Middle East it's very confusing what they want. It's unclear. If you look at the former Soviet Union, yes, they don't want the Soviet Union. No, they want something more than that. They want Eurasian Union. It's more than Soviet Union without ideology. And then what is the U.S. foreign policy priorities besides the Russian handling of this neighborhood?

And going back to Syria, do you really believe the Russians can afford to do nothing if Americans will bomb Syria or leadership or whatever? Three questions.

MR. SHAPIRO: That wasn't a great job of putting a question mark on the end of it. It was more just a presentation. (Laughter)

So they have a phytosanitary foreign policy which is certainly innovation. I mean, do you have anything to comment on that?

MR. PIFER: I'd comment on the last part. I mean, about Syria, and I think this will be really interesting. I mean, if the military action happens in the next several days, it's going to happen right on the eve of the G20 Summit, which I think Vladimir Putin has looked at as a way both to showcase St. Petersburg in his hometown, but also to showcase Russian leadership. And it's going to be very much in Mr. Putin's power to decide how bit of an issue he wants to make this when two or three leaders who may have ordered military strikes against Syria will be coming to his hometown. And I'm not quite sure how he's going to play that.

I think one of the challenges the Russians have is particularly if the West goes around the Security Council, it's not clear what immediate levers the Russians have to respond or to block it. So I think that leads to a question as to how -- does Putin decide to make this a big issue? Or maybe he decides to sort of manage it in a way that won't rain too much water on his summit next week.

MR. SHAPIRO: It might present some opportunities for future Brookings events.

Over there in the glasses. Oh, no. Up here. I'm sorry. Yeah.

MR. SHORE: Several of you -- my name is Stephen Shore -- have spoken of Russia's need to modernize and be more integrated with the West, and I think of Peter the Great walking around Danish shipyards, Catherine the Great, Alexander II, Stalin, and it seems this task is always beyond any -- the competence of any Russian leader. Well, why does Russia always fail at modernizing and integrating with the West?

(Laughter)

MR. SHAPIRO: In 100 words or less, please.

MR. PIFER: That's an economic question.

MR. GADDY: It may not be an economic question. It may be more than that. That's part of the story.

That's true. It's an eternal question. They've always sought to do it and so far always failed. I think it's probably a very long and complicated answer to it, and maybe a specific answer for every one of those epics that you identify to some extent. Right now, I gave my reasons for why I think modernization right now is not going to work because modernization in today's world is not like modernization. It might have been in Stalin's time or in Peter the Great's time. Modernization

today is maybe more like Peter the Great's but it means the emergence of people who are themselves -- it's driven very much by people. It's driven very much by people who are entrepreneurial, innovative, creative. That's why I think this concept of the creative class is an excellent description of who the key players are on the Russian side, and those are the very people who simply cannot tolerate Putin's system. They cannot tolerate the way he treats them, takes them for granted, and those two things can't be reconciled. So, of course, what Putin is still trying to do is square the circle by creating his own "creative class" that won't be so socially activist that they will nevertheless somehow do good things and create things as scientists and engineers and skilled workers, but I think that's just not going to work.

And so modernizing Russia without taking the step of recognizing that these people have the right to be empowered and they have the right to voice themselves politically, they have the right to think what they want, and of course, in most ways will go against what Putin is trying to establish as the traditional values of Russia, this leads him, at least in the current situation, to a complete dead-end. And whether that bears resemblances or not to these various other periods in Russian history is beyond any time I have in my knowledge to discuss right now.

MR. PIFER: Could I toss out another example? You also might have mentioned Medvedev and Silicon Valley a couple years ago

where I've heard now that if you walk down the streets of Palo Alto, one of the most common languages you hear is Russian because there are so many Russian immigrants now working in the various high-tech companies in Silicon Valley. But one of the things that Medvedev embraced -- you don't hear that much about it now -- was this idea of Skolkovo. Russia, in a suburb of Moscow, building its own Silicon Valley. And they pumped, you know, billions of dollars into building a campus. They've encouraged companies to come in. But I'm not sure that they've really figured out what makes Silicon Valley work. And it's not just that concentration of technical expertise. And I think the Russians have very smart technical people but it's the environment. I mean, what makes Silicon Valley work is you've got a legal structure, a legal structure that protects patents. Two years ago they were suggesting that Skolkovo would be a patent-free zone. That's not likely to encourage the future Steve Jobs of Russia to go and do something there. You have a court system where you can protect. And again, the court system in Russia is pretty shaky. It doesn't give a lot of confidence. You have a financial infrastructure that's prepared to say that's a really good idea. Here's a check for \$35 million. And without that atmosphere it's hard to sort of see -- this makes -- unfortunately, I think Skolkovo will fail not because of the absence of technical talent but because to make Skolkovo succeed in the way that Silicon Valley succeeded, you have to make much wider changes

in the legal and the financial infrastructure that operate around it.

MS. STENT: Can I add two very quick points? So the whole point about Skolkovo is they're trying to do this modernization and innovation from above. So you will point to Viktor Vekselberg, a very successful entrepreneur, and he directs this, but that's not how Silicon Valley works. You can't direct innovation from above; it has to come from below. And there is very little tradition in Soviet and Russian history of allowing people, you know, to use their talents from below and let this percolate up. So, I mean, you've always had -- it's either a patrimonial system or a neopatrimonial system without getting into a political science discussion now. I mean, it's possible to modernize a society like that but very difficult. And in Russia's case, and I'm surprised Cliff didn't mention this since he's co-authored a book on it, *The Siberian Curse*, it also has something to do with Russia's size and the difficulty of administering running and then modernizing such a vast country which is so heterogeneous. I mean, the challenge is quite unique there.

MR. SHAPIRO: Yeah, Cliff wrote that book but he didn't read it.

(Laughter)

MR. SHAPIRO: Yeah, in the tie in the back.

MR. GRAY: Thank you very much. My name is Shawn Gray. I'm a recent graduate of St. Petersburg State University. I've lived

in Russia for seven years.

I would like to ask the panel a question about Russia's future.

I've seen my peers and the generation younger than me growing up in Russia, and I've noticed that basically if they're smart and if they're liberal, forward-thinking, they try to leave the country. And you mentioned Silicon Valley, about how, you know, Russian is one of the languages. And you hear Russian a lot because Russians are very smart, but unfortunately, they're not looking to improve their stay in their country because of these shaky legal systems and so forth and they leave and they go to the West. And then you see the other -- the guys that are staying there, you know, a lot of these nationalists and skinheads and people like that who are going and protesting and beating up immigrants and stuff like that on the street. And they're not just -- you see them on the streets, at protests, and then they're rising up and taking positions in government as well. And so that's, you know, just about the future of Russia in itself and also about Vladimir Putin. The man is 61 years old and he's not going to be around very long.

(Laughter)

MS. STENT: I'd be a little careful.

MR. GRAY: Okay.

MR. SHAPIRO: We're all very old on this panel and we

need you to get to the question.

MR. GRAY: Sorry about that. Speaking as a member of the younger generation and looking forward into the future, into Russia's future. I'm sorry. I didn't mean to offend anybody, and specially not Vladimir Vladimirovich. It's just in Russia's history, unfortunately, it's had a very -- it's very difficult giving up power, and when one leader leaves power behind there's -- power usually isn't just handed over without some sort of struggle. And so that's what a lot of people I've talked to in Russia, they really fear what would happen if he leaves. Anyway, so I'd just like to hear your thoughts on it. Thank you very much.

MR. SHAPIRO: So, I mean, just to sort of -- as an exercise, to formulate that in a question, is there a succession plan? Can the system actually operate without Putin?

MS. STENT: I believe there's a system in place and it operates at the moment obviously with Mr. Putin at the head, but he isn't all powerful. I mean, he's balancing different interests and different groups. So it's theoretically possible to have that system survive and have somebody else at the head of it. I mean, depending on who they are and if they're able to work out a deal with all of these different groups. So I think you shouldn't assume that if at some point he decides to retire that his successor would run the country very differently now. In the long run, one anticipates that things would change but this is a system and it

functions as such. It's not totally dependent just on one person even though it looks as if it is, you know, from the outside.

MR. SHAPIRO: Someone once put a slightly contrary view to me which was that yes, there's a system but it's like juggling knives and handing over a knife-juggling operation to somebody else is a little bit hard.

MR. GADDY: Yeah, I disagree. The system does depend on one man. It depends on Putin. That system will not survive without Putin. Putin doesn't balance interest; he plays them but he's not balancing them because he feels he has to to keep power. And without Putin, no agreement could possibly be reached among the really important people, especially the oligarchs. Without Putin there is no control over them and all hell breaks loose. No, that system will not survive without Putin. And by the way, there is no succession plan. That is the big weakness. And everybody is very right to worry a lot about that. A lot.

MR. PIFER: And there's no real institutional plan for what happens. If he gets run over by a truck tomorrow, there's no plan that goes into effect that says what happens next. So there is, I think, a recipe for quite a bit of instability after Putin disappears from the stage.

MS. STENT: Can I do something out of order? I see sitting in the back Nikolai Zlobin. He's written a lot about this. Would you like to talk about this?

MR. ZLOBIN: Hi, Nikolai Zlobin, Center on Global Interests.

But I also want to ask a question. Can I start with a question, please?

MR. SHAPIRO: Fair enough. Sing for your supper.

MR. ZLOBIN: Regarding the first round of your questions.

We have -- you made some brilliant points but I see some kind of contradiction here. On the one hand you're saying that American foreign policy failed time after time on Russia. And you don't know what to do (inaudible) American president understand that Vladimir Putin is not the guy he thinks he was or something, something is always wrong with American foreign policy with Russia. And as Angela put it, who is guilty? It's Russia. It's Putin. We can't understand Putin. It's his fault.

I think Putin is a very simple guy, you know, in many ways. He doesn't transfer power. His foreign policy is not so complicated as American foreign policy. His economy is much smaller. Its rules in Russia are much simpler than here. It's, of course, it's like, you know, more subjective kind of judgment, all these things I can recognize. But my question is I see such brilliant people with great knowledge of Russia. Why American foreign policy fails every time to understand what Russia wants?

(Laughter)

MR. ZLOBIN: What's wrong on this side. I understand what's wrong on Russia's side. I wrote like books and books, tons of

books on what's wrong there. What's wrong here? That's what my question is. And then it can go back to (inaudible).

MS. STENT: Can you talk about this issue though of the system and the man?

MR. SHAPIRO: Succession?

MR. ZLOBIN: I agree with Cliff actually on that. It's a system designed for Putin. We had this conversation. Remember? It was a couple years ago with Putin himself on the Valdai Club and we said, "You know, as soon as it goes through your hands the system will collapse." And he said the same thing, "Don't bury me too early." And then I asked him a question, "Do you have any successors? Any young politicians who can be, you know, your challenger?" He said, "Yes. For instance, Dmitri Medvedev." And we said, "Medvedev now is president of Wales." And he said, "Well, come on. There's Dmitri Medvedev."

(Laughter)

MR. ZLOBIN: And we said, "Well, okay. We understand. We got this." He said, "Well, there is Dmitry Anatolievich Medvedev. He kind of -- we started to laugh and he said, "Well, we have people. I just don't tell you."

So I agree with Cliff on this one-hundred percent. that Putin will not survive. The system will not survive without Putin. But now I want to understand what's wrong with American policy. Thank you.

MR. SHAPIRO: Okay. Who wants to take the first try at that one?

MS. STENT: Well, I mean, I'll start.

So one of the things I don't think the U.S. is very good at -- I mean, it's a very broad generalization -- is putting ourselves in the position of the country or individuals we're dealing with and trying to figure out how the world looks to them. We tend to approach the world given our history and what we've done as thinking that more or less everybody will sort of operate on similar lines. And so I think we've failed to understand that, you know, and it started off with Boris Yeltsin and obviously the mistakes that were made very early on in the Clinton administration by thinking that you could just do a few things and Russia would suddenly begin to develop like the United States. So I think we have to do a better job of trying to figure out how things are understood in Russia.

Now, having said that, it's very difficult to figure out exactly how the system works in Russia; right? It's much easier to figure out how it works in this country because we're much more transparent about this. So having said we should go through this exercise, it's going to be a very tough exercise.

And then I think, I mean, another thing is we have four-year election cycles, and so every time a president comes in they, you know, if you're going to do something, you hope you have eight years to do it. You

maybe only have four. And therefore, you know, you therefore often raise expectations or you have an agenda which is just too ambitious or is not really appropriate for the difficulty of the tasks at hand. And dealing with Russia is a very long term, you know, it takes -- and you have to be meticulous, but you have to have a very long-term horizon to think where you can achieve something. And I think that's much more difficult. Our system mitigates against that and the fact that we don't have, you know, as the British have a sort of permanent civil service. I mean, of course we have foreign service officers who are very important and deal with other countries, but we don't have the continuity in policymaking that you do in other systems, democratic systems, where you don't have political appointees that change all the time. So those are just a few reasons.

MR. PIFER: I think the fact, you know, Cliff mentioned, we might disagree on whether Vladimir Putin himself is anti-American, but I think we would agree that there is an anti-American tendency within the Russian population which I think in some ways has not gotten beyond the Cold War. But I think there's also that problem here in the United States. I mean, you can look at certain parts of American society and it's not yet come to terms with the fact that the Cold War is 20 years old. And Congress is one element of this.

And let me just take the Magnitsky Act. What happened to Sergei Magnitsky was abhorrent. And the United States has every right to

say we're not going to let the people connected with his murder into this country. But when you look at Russia, and I think Russia has been going in the wrong direction in the last 10 years in terms of the democratic situation, there are dozens of countries around the world that have worse human rights records than Russia. Yet, the Magnitsky Bill signals out Russia. And I think that's a reflection of attitudes still prevalent on the Hill towards Russia. And it also, I think, unfortunately, it undercuts the message Congress was trying to send. And I think Congress was trying to send a message of outrage about what happened and the abuse of the Russian legal system to murder Sergei Magnitsky. The way I think it was heard by most Russians was you only single out us. It's not about Magnitsky; it's about anti-Russian line in America. And I think that sometimes constrains our policy choices domestically.

MR. SHAPIRO: So Cliff, Vladimir Putin is just a simple guy who likes to dress up like migratory birds and hang-glide in front of them. Why don't we understand him?

(Laughter)

MR. GADDY: I was hoping you weren't going to ask me that. I thought they answered it very well.

I mean, obviously, people have very, very different opinions about him and there is no right magic answer that, I guess, needs to be translated. More important is, to me it's always why don't we have a

strategy towards Russia as a country, which would comprehend some understanding of who is the leader of that country, how powerful they are, and what they want. But more important is to have some clearly defined long-term strategy within which you can then react sometimes to unexpected events. You can also plan issues rather than having a summit based on just a laundry list of issues. Somehow there's an idea that here's what we want to achieve with this country and our relations with this country in the long term. And as Steve said, or probably both of you said, requires a great deal of patience. And we can -- therefore, we can weather the ups and downs. When you don't have that sort of a strategy then it's just floundering about with people, frankly, many, many vested interests believing passionately in their issues and their causes, are simply going to present those without any countervailing sense of cost-benefit. I mean, I'm an economist. Everybody's got something they want to accomplish when it comes to Russia as well as everything else. It's only when you're having to put this in the context of an overall goal that you can say, all right, I get it. I really would like to see this happen. I think we should push this but I understand that this might impinge upon more important strategic interests. Without that latter part of the phrase, then it's everybody just piling on and, you know, everybody comes in. I think this in part -- and it's very confusing, of course, from the Russian side. What are you really trying to say to us? Because you have people pro-

Russia lobby, the anti-Russia lobby. Everybody seems to have an equal voice in terms of the weight of their voice. And so then it's just a preponderance of how many times they hear it from different people. That right now is the unfortunate situation we're in which is why it makes all sense in the world not to have a summit. And I don't think it really would make sense to have a summit until we could do it with some sense of, okay, what's the purpose of this? What's the overall strategy?

MR. SHAPIRO: Okay. More questions? Yeah, here in front.

MR. RICHMOND: My name is Yale Richmond. I'm a retired foreign service officer who worked on Soviet exchanges for many years.

First, with regards to the reference to Silicon Valley, years ago we brought a leading Soviet economist to the United States and he toured Silicon Valley and all the other hotspots and he said he's convinced that there has to be a secret office that runs this system or it couldn't work so well.

(Laughter)

MR. RICHMOND: You have to recognize that a new generation is slowly but surely coming to power in Russia, and this is a generation that knows the West, that is free to travel, that can buy Western books, and in time will be succeeding in the leadership. Now, whoever rules Russia, whether it's Putin or whether it's KGB, is going to

have to consider this new generation that is slowly but surely coming to power. And what - chto dyelat'? What is to be done? We have to remember that much of the changes that have taken place in the Soviet Union and now Russia are the result of exchanges of all sorts between Americans and Russians. We have to do everything we can to encourage those exchanges because the other ones are going to make the decisions on the problems we are discussing today.

MR. SHAPIRO: Okay. I'm not sure I heard a question there so we'll just continue on. Over here on the left. Sorry, over there.

SPEAKER: Hi, my name is (inaudible) from the Chinese Embassy.

MR. SHAPIRO: Stand up, please.

SPEAKER: I notice in this afternoon's meeting the second part is what's next? So what is the U.S. going to do to let U.S.-Russian relations drift of what kind of measures the U.S. is going to take to stabilize or push the U.S.-Russian relations in a direction that this country desires? Thank you.

MR. SHAPIRO: Maybe we can just amend that a little bit by saying we've all sort of said that there isn't that much to accomplish. There is a bit of drift. Is that, at least from a U.S. perspective, a huge problem? Is there anything that needs to be accomplished so something like he's recommending needs to be done? Or can we let this drift?

MS. STENT: Well, I don't think it's -- oh, sorry. I don't think it's really going to drift in the sense that we will still have talks between, you know, the defense, the secretary of state, and their Russian counterparts. We're still engaged in discussions and cooperation on Afghanistan, northern distribution route, and those things. There are some discussions on counterterrorism. Obviously, we have issues that we both face, and since the Boston marathon bombings, that's become more important. So we'll still be talking to Russia about a variety of issues. We still have a bilateral presidential commission that will continue to function. But it's just that I think the expectations of achieving something on the high-established new arms control agreements, missile defense, et cetera, I think those expectations are being scaled back. And on issues where we would like to have achieved more with Russia, it seems that our views are too far apart. So I don't think it's a drift but I think it's a more paired back relationship.

MR. SHAPIRO: Fair enough, but among the things that we don't seem to be making any progress on, is there any urgency to change that dynamic, Steve?

MR. PIFER: No, I look at the big questions that drove the reset back in 2009, and it seems to be, you know, on arms control. The New START Agreement is a good agreement. I think the president would like to build on that. The Russians at this point don't appear to be

prepared to play, so I'm not sure you move on that.

On Iran, there seems to be with the new Iranian presidents an opportunity for the 5+1 talks to perhaps be more productive than they have over the last several years. The Russians have no incentive that I can see to disrupt that. And by the same token, you know, we're not going to get the Russians to crank up more pressure on Iran. So again, you don't need to have a big engagement there.

And on Afghanistan, the Russians at the end of the day don't want to see the United States and NATO fail because if there is a failure in Afghanistan, it's a big problem, and it's a problem much closer to Russian than it is to the United States, and they worry about the effects seeping up into Central Asia.

So I think on a lot of questions that were big issues four or five years ago, things are going to go forward, and they don't really require a presidential engagement if the White House concludes that the presidential meetings are unlikely to produce something.

MR. SHAPIRO: Okay. Over here.

MR. GOLDSTEIN: Thank you. Jeff Goldstein from the Open Society Foundations.

I have a question for Cliff Gaddy. You had mentioned that you think that Putin's economic strategy is to make the country more robust, in a sense more autarkic. You know, it seems to me he's doing

very little to deal with the main thing that ties the Russian economy to the rest of the world which is that it does nothing other than produce hydrocarbons. You talked about the Eurasian Economic Union and yet this is not a big market. It's a very poor market. It doesn't seem to be going to add that much capacity to Russia's economy. So is he really trying to make it more robust or is he just simply sticking his head in the sand saying I'm not going to go the greater integration route but I'm not going to do a whole lot to change the status quo either?

MR. GADDY: Well, there's no easy answer for him to make Russia robust in today's world. I don't think he sees, and I don't think it is true, that the Eurasian Union is a small market, especially Ukraine. Ukraine is the prize. Without Ukraine it's kind of meaningless. I think that explains part of his fierce effort to try to force Ukraine to choose as Anders said and then Steve.

On oil and gas, there is in my opinion, a very common misperception that somehow Russia's oil and gas is a liability for it; that it would be better if it diversified out of oil and gas. I don't think that's true.

SPEAKER: You get away from globalization.

MR. GADDY: Yeah, well, obviously they could stop producing oil and gas and then you would be extremely poor but you wouldn't be as dependent on the outside world. That's the tradeoff you have to make. If you want to have wealth, the wealth that allows you to

just make yourself independent from the international lenders and from the IMF and everybody else, the prosperity and the wealth comes from the oil and gas. The way of dealing with the liability of oil and gas in an economic sense is the volatility to the prices. He tried to deal with that by building up reserve funds, so there is a way of dealing with it. There's a way of dealing even with it on the production side which is you share the risk with other entities, other investors other than your own domestic companies and your own state. But that means inviting in foreign producers who would share part of the price risk of big, big projects. Again, we run into a problem there that yes, that solves part of the risk problem of being a big oil and gas producer, but you're now exposing yourself to this globalization phenomenon of having international companies -- a lot of international companies operating inside of Russia, not because they're going to steal your wealth or any of that sort of stuff. The oil and gas and all the metals are still in Russia, but I think it's back to this political risk of the creative class; that these very young people, the speaker there we didn't treat as a question, was addressing. This younger generation or that our young friend, the St. Petersburg graduate, this young generation are the ones that are the potential to link up with the global economy and then introduce these ideas and translate these ideas into the Russian context or whatever, but they represent something that is really the future. And that, again, leads us to this dilemma that Putin has,

that he doesn't want too much of that. He wants very little of that at the same time that he needs modernization.

So at every step of the way he's got these dilemmas. And there's no black and whites here of you need to completely diversify away from oil and gas. Simply as a practical economic issue that's not possible. So he has to figure out ways how do we commit to oil and gas, make sure we have replaced the reserves that are there as a big producer, at the same time that we don't make ourselves accessibly vulnerable. He'll never make himself completely isolated from the world economy. I'm not saying that. I don't think he thinks he can, but in general have an outlook that says, okay, right now we're going to try to make ourselves more robust than we probably did leading up to the 2008 crisis when we overestimated, like everybody else in the world, the likelihood that this whole boom was going to continue.

MR. SHAPIRO: Here in front.

MR. MEYER: Ken Meyer (inaudible).

How is Russia's insistence on non-interference in Syria more obstructionist than our insistence on regime change?

MR. SHAPIRO: That seems like a loaded question. I guess obstructionism is always from the mind of the beholder. Does anybody have a comment on that?

MR. PIFER: I don't have a good answer on that one. I'm

sorry.

MR. GADDY: Obstruction as to what? In what sense obstructionist? To the relationship between the U.S. and Russia?

SPEAKER: I thought the speakers were talking in terms of the U.N. Security Council.

MR. SHAPIRO: It was a word that I used, I think. And what I meant was obstructionist to U.S. policy, which is simply from the U.S. perspective. It's not intended to be value laden, but I take your point. Obstructionism is definitely in the eye of the beholder.

I think we have time for one more question. So let's take from back there.

MR. ZIMIN: Nikolai Zimin, Russian magazine *Itoji*. I see again nothing wrong on this side, so let's get back to the other side.

Let's say American strikes in Syria happen before the G8 Summit --

MR. PIFER: G20.

MS. STENT: G20.

MR. PIFER: The G20 Summit.

MR. ZIMIN: Yes, sorry. Yes, G20, of course. So can somebody imagine then in retaliation Mr. Putin will cancel or postpone this summit? Thank you.

MS. STENT: I would just start by saying I would doubt that

because it's G20. I mean, he may not like -- let's say the U.S. and Britain and France are involved in this but there are all of the other countries, so I very much doubt that he would cancel a summit where he would insult the leaders of those other countries.

MR. PIFER: I agree. I think the G20 happens. The question that Putin would have to decide between now and I guess a week from tomorrow is how does he interact with the American, British, French, and possibly other leaders if there is, in fact, a military strike on Syria? And I don't know the answer to that. I think it's going to be very interesting to see how he decides to play it.

MR. SHAPIRO: That sounds like a good opening for the next Brookings event.

Let's give a round of applause to our speakers, and thank you very much for coming.

(Applause.)

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