THE BROOKINGS INSTITUTION

THE UKRAINE CRISIS AND RUSSIA'S PLACE IN THE INTERNATIONAL ORDER

Washington, D.C.

Wednesday, August 20, 2014

PARTICIPANTS:

Moderator:

THOMAS WRIGHT
Fellow, Project on International Order and Strategy
The Brookings Institution

Panelists:

STROBE TALBOTT
President
The Brookings Institution

CLIFFORD GADDY
Senior Fellow, Center on the United States and Europe
The Brookings Institution

SUSAN GLASSER
Editor
Politico Magazine

* * * * *

P R O C E E D I N G S

MR. WRIGHT: Thank you. My name is Tom Wright. I'm a fellow at the Brookings Institution. I would like to welcome you all here today for an event on Russia and the future of the international order, put on by the Brookings Foreign Policy program.

Thank you for joining us here at Carnegie, as our Falk Auditorium at Brookings is being renovated over the course of the summer. We're gathered here today, I think, at a very sort of important point, not just in U.S.-Russia relations, but also in Russia's relations with the international order.

The idea of partnership and cooperation with Russia, which really had been a defining feature of Western policy towards Russia in the 1990s and in the 2000s, has been replaced with talk of isolation, of sanctions, and of confrontation. That has occurred at a time when it's not just a bilateral relationship. The entire world is interconnected in an international order through the global economy, through transnational problems and common interests, like tackling climate change and counterterrorism.

And so what we really want to do today is try to look at the larger picture to see what Russia's place will be toward the international order and what the order and the Western response will be towards Russia over the next 5 to 10 years.

Looking to other parts of the world, as well, we want to ask what is the role of the BRICs in this new era? Recently we saw at the BRIC Summit in Brazil where Putin was embraced by the leaders of the other BRICs. Is there something of a divide opening up in the international community?

We're joined by a terrific panel here today to discuss this. Strobe Talbott needs no introduction to anyone here. He's president of the Brookings Institution, the author of several books on Russia, and the author of an article today on Putin in *Politico*

Magazine, which I recommend to everyone, which was edited by one of our other panelists, Susan Glasser, who's editor of *Politico Magazine* and also co-author with Peter Baker of *Kremlin Rising*, and a former *Washington Post* bureau chief in Moscow; and Clifford Gaddy, who's a colleague of mine at Brookings, a senior fellow at the Center for U.S. and Europe, and co-author with Fiona Hill most recently of *Mr. Putin: Operative in the Kremlin*. And I believe that that's coming out early next year in a new edition, with new added chapters, so it's reason for you all to go to Amazon a second time. There's, I believe, quite a lot of new material added over the last few months for a second edition, which will be available soon.

So we're going to open up with a conversation with the panelists and then, after about an hour or so, we'll open up to questions from the audience. We do have a hashtag on Twitter if any of you want to use your phones to Tweet about the event, and the hashtag is #RussiaUkraine, right? So please Tweet away.

So if I may, Strobe, if I could start with you and ask you, with Russia breaking bad over the last few months, what does that mean for the international order and for international cooperation and for many of the things that we've taken for granted over the last two decades?

MR. TALBOTT: Thanks, Tom. And since there are three of us from next door at the Brookings Institution, let me just reiterate our appreciation to Jessica Matthews, my counterpart here at the Carnegie Endowment, and also put in a plug for the terrific work that Carnegie has done over the years globally, particularly with regard to what was once the Soviet Union and Russia. And, of course, it has a particular contribution to make as a result of the Carnegie Moscow Center. All of us rely very much on what comes out of both this building and that building in Moscow.

I'll just make a couple of points at the beginning that I suspect will play

into the conversation among us, and then when all of you join in. I would say that probably the single most important and obvious issue here with regard to what the effect will be on globalization of the right kind and global governance insofar as we are developing that as a concept is whether Putin prevails or not.

I would think that it should be the determined goal of the United States Government and other like-minded governments around the world that victory for Vladimir Putin in Ukraine is just not an option. And we can talk about that in terms of what's happening today and what will be happening this weekend. One reason I stress that is I would hope something that could be a matter of consensus among us, and that is, if he does get away with violating what has been an iron-clad principle of international law for quite some time and, in fact, was a very important guiding principle of the post-Soviet Russian government when it was under Boris Yeltsin, namely that borders should not be violated or changed by force.

If he were to get away with that, it would establish a precedent that could wreak havoc in many parts of the world. In fact, I think -- and this is a speculative point -- that since Putin, at least until perhaps recently, thought he did get away, as it were, scot-free with the annexation of Crimea, that might have given other leaders so inclined elsewhere in the world the notion that maybe they could be a little bit more aggressive in pressing unilaterally, and with force, territorial and maritime claims against smaller countries.

Who do I have in mind? The People's Republic of China. I think it was significant that last year, in calendar 2013, the Chinese government was thinking about putting this moveable oil rig in waters claimed by Vietnam, but decided not to and were talked out of it earlier this year. They did move it into Vietnamese waters and kept it there for quite some time. That's changed somewhat. But the long and short of it, what

Tom calls Russia's breaking bad could be contagious if it is not punished -- and I'm using that word advisedly -- contained and deterred.

Another point, though, goes to what Russia can do if and when it starts breaking good again. We, the international community, really need Russia as the world's largest territorial state, as a country that is made up of an extraordinarily talented and productive population, a country that's been on its way to being part of the solution to the world's problems, to once again be part of the solution and not be a problem itself.

I think that it's not just a way of slapping Putin around to shut down the G-8 for a while. We actually do need a G-8. We need a G-8, we need a G-20. Russia was in the G-8 until it was suspended. It is in the G-20. And to have Russia in a mood that almost looks for chances to compete, to be the antipode to the West, that sets itself up as an adversary and not a partner with much of the rest of the world. That's not good for anybody, including the Russian people. So I think I'll just stop with that.

MR. WRIGHT: Great, thank you. Cliff, if I could turn to you and sort of try to reverse the question in a way and since you're the co-author of a book on Vladimir Putin, what does Putin think of the international order and of the West at the moment? We think of it very much in institutional terms and in reaching out and, you know, transactional challenges and cooperation and incorporating new powers, including Russia, but he must have a very different view?

MR. GADDY: He does. Thanks, Tom, by the way, for inviting me here and thank all of you for coming. Yeah, it is often, I think, the phrase that Putin is somehow trying to overthrow the current world order, and I certainly think that it appears that way. There are many things that have that de facto effect. But, in fact, I don't think that's his goal. I think it assumes something to think that.

I think it assumes something about Putin that we've never seen, and I'm

speaking especially about Fiona Hill and myself, who have been studying Putin intensively for many years. And I've written this book, *Mr. Putin: Operative in the Kremlin*, and now are revising that or expanding it, especially to include the whole idea of how Putin looks at the world, his view of the world, his world where those views come from, and what does he know about the world. What does he know specifically about different countries? And, of course, what does he want?

And I think one thing that he doesn't want and never has shown an inclination to have is leadership in global affairs, for himself or for Russia. That might seem contradictory to what conventional wisdom is, but Putin is a Russia-firster to an extent that I think we just can't overemphasize. It is all about Russia and everything else is tactics, but that is the ultimate goal.

And I can illustrate that. We, in the book -- Fiona and I -- have a sort of simplified framework, a version of the evolution of Putin's views about the West and specifically about the United States, bringing us to where we are now or where we ended up in the beginning of 2014. And it's sort of divided into three phases, arbitrarily, in a sense, but I think there's some validity to it.

And those three phases are, number one, the first phase was leave us alone. Putin came, of course, into office in 1999 as prime minister, then as president in the year 2000, and he showed no evidence of being anti-American at all as far as we can see. And there was plenty of anti-American sentiment, plenty of conspiracy thinking that the United States was trying to bring down Russia and had brought down the Soviet Union. Putin didn't seem to really subscribe to that at all. Rather, his view was, okay, you guys tried to help us. It didn't work. The reason it didn't work is because you don't understand Russia. You may have been trying to do something good for us, I don't ascribe to you any evil intent, but, frankly, these are our problems. And he said that very

clearly. We caused these problems, we Russians did, and we will solve them. We will fix it ourselves. So just leave us alone. Let us try to do it.

That, it seemed, didn't happen. His sense was that the efforts he tried to make, which were the program essentially in the beginning of the government of which he was a part, the Yeltsin government led by Chubais, in particular, when it came to economic policy, was not recognized as positive steps by the outside world, was rather criticized heavily, especially on human rights issues and especially with regard to the war in Chechnya. And that began to cause rethinking of attitudes towards the West, but not fundamentally.

I think what really started to change it was what happened after 9-11. There was a sense on Putin's part that it's not enough for you to leave us alone. You're also doing things out there in the rest of the world that affect us and you're not taking our interests in consideration. And the war in Iraq was a good example. There's blowback for us, he said, and you are trying to solve your problems partially at our expense. Could you please rethink that? And he thought 9-11, Putin did, would be a wake-up call in that regard. He was disappointed it didn't. And so that was the second phase. The first phase was leave us alone; second was stop causing this collateral damage to Russia with your behavior globally.

The third phase was stop this direct assault on Russia. When that sort of attitude on Putin's part really crystallized is not entirely clear. Certainly, the events of December 2011, after his announcement of coming back as president and the protest, the White Revolution, this was, in a sense, I think kind of a last straw, but there were preliminaries to that: his speech in Munich in 2007, the Georgia war in 2008, and then, of course, the effort with the tandem and the reset and so forth. But it is clear that in 2012 -- the election is held in March, he's back in office in the middle of 2012. The rest of 2012

and certainly 2013 seems to have been devoted to more or less quiet preparations for what transpired in Crimea in 2014.

Now, why do I say all of that? Because I think that this gives us insights into what he really wants with the post-Cold War order, the international order, and it's basically to reverse these three phases, in a way, in the sense of urgency. Obviously, the most urgent thing is stop this encroachment. Stop the NATO enlargement moving right up onto our borders. Stop the missile deployment that's right on our borders. Stop these efforts towards regime change as he sees it. Stay out of Russia and cease this war on Russia.

The second is this collateral damage issue. You have to realize that it's not what you think you are doing and what you say you are doing and what your intentions are that define for us our security interest. Only we can define them. You cannot tell us what is a legitimate security interest. You say NATO enlargement is not a threat to you. You say deployment of anti-missile systems on our border is not a security problem for us. That's you saying that. We have to say that, not you. And essentially, he's asking for a veto on some of our decisions.

Now thirdly, though, how about the international order? I think basically Putin is perfectly happy that the United States essentially be the leader of the international order. Let the United States make the rules. You can definitely enforce the rules. I think his attitude towards the U.S. is you're very welcome to be the policeman, we certainly are not going to be the world's policeman. But there are only two criteria or two qualifications to that.

We have no problem with all of that as long as there's no blowback to Russia, and we will say and have the right to essentially veto actions that we regard as threatening to us. And second, and I think this is important, he's all for a rules-based

order. Everybody should obey the rules, except when he decides it's in his interest not to obey the rules. And he says that's what you do. That's what the U.S. does, we just want that same right.

That's making it very simple. It's also making it very crude. Diplomats would never sort of portray it in those terms, but that's my sense of what Putin is really looking for in the international order. The question, of course -- highly big question, a very serious question -- is whether there's any diplomatic form of that that could be acceptable to the West. And, of course, the fundamental obstacle is, as Strobe has pointed out, is that the actions that Putin chose to send this message -- because that's what I think it was, ultimately, in Ukraine -- have very possibly undermined completely any attempt for Russia to return to a kind of international order in which Russia would be respected as having not an equal voice with the United States because I don't think that's what he necessarily hopes for, but a voice along the lines of the U.N. Security Council, that there are certain areas where we really have to be consulted.

This would be possible in a good Russia world, a world in which Russia actually was trusted and behaved correspondingly. The question, of course, is these actions by Russia, by Putin, may well have completely ruled all of this out and then it's a very open question about what happens after that.

MR. WRIGHT: Thank you. Susan, when President Obama spoke a couple of weeks ago on the sanctions he said, you know, the sanctions are working because they're having an impact, but he acknowledged that they weren't changing Putin's behavior. And so we seem to be in a pattern where the United States and Europe is responding in a tougher manner and Russia is doubling down in its own bed of aggression in Eastern Ukraine. If I could ask you, where is this headed? I mean, are we headed into a new Cold War 2.0 in a different way than the past, but that's where we're

going? Is there any chance of renormalization of where Putin's Russia will be a partner, at least in some spheres, for the West?

MS. GLASSER: Well, thank you so much, Tom. I think that is sort of the right question to ask because it begins and ends with the questions of Vladimir Putin, as both Strobe and Cliff have sort of pointed out. I think that is the right starting point because it tells us something about Russia's political system right now and what we make of Russia's political system, where Putin has been and where he's headed.

Unfortunately, it is a system that is very much dependent on one person and, in many ways, watching the arch of that, as Cliff and Fiona chronicle in their book, suggests that it's worthwhile for us to go back and reinvent Kremlinology for the 21st century because I think the story of Putin suggests that we're headed not for a Russia scenario of breaking good, but that we may not even be yet in the worst-case scenario.

You know, there's an old joke, right, that in Russia even the past is unpredictable. And so it gives us all leave to go back and rework our narrative to suit the facts as they have unfolded in recent months. But I think this basic question of did Putin start out as fundamentally anti-Western or has he just gotten there? Did Putin start out with the goal of restoring the Soviet Union or, as the old Russian saying has it, has his appetite grown while eating? And he's had the ability to make more aggressive and assertive moves now than he did a decade ago, early in his tenure. To me, that's been one of the interesting things of watching this drama from the beginning.

And I was really struck in Strobe's terrific piece this morning, which I recommend to all of you, he starts out with this remarkably kind of prescient-in-hindsight column by William Safire in the immediate aftermath of the unknown, former, obscure KGB lieutenant colonel coming to power in Russia. And Safire already described what -- and gave a name to Putinism, in a way that is a fairly accurate description, now 14 years

later, of the very assertive nationalist project that Putin has been engaged in to restore a state that he found to be under attack by the reforms of the Yeltsin era. And I think that's where I would start out, is to say it does matter what is happening inside Russia and the question of Russian democracy or the lack thereof. The question of what is Putin's ultimate goal?

I do think rather than reinstating some kind of a Cold War ideological competition with the United States, Cliff is absolutely right to focus on the question of Russia and what's going on inside Russia as always having been the top priority for Putin. I think restoring what he say=w as the disastrous instability that came as a consequence of the break up of the Soviet Union, that clearly was what his advisors told us when we worked on our book was "Project Putin." And from the very beginning I think it's always been much more about what's happening inside Russia than keeping power inside Russia than we here in Washington have given it credit for.

And so we tend to see things here, perhaps not surprisingly, in our own terms. And to me that is a lot of the reason why you have this kind of long, interesting, parallel history of basically misreading Vladimir Putin which has taken place here in Washington, and where there were some prescient people from the beginning who warned about Putin, who said Putinism is likely, this is a KGB guy through and through.

Of course, there were many alternate strands and different points of view. And the majority narrative certainly, you know, when I arrived in Moscow to begin covering Putin's first term in office, the dominant narrative here in Washington was not that this is a bad guy from the KGB. It was, okay, well, he's a bad guy, but remember we looked into his soul, we can do business with him. He's got these Western reformers in his cabinet. It's an economic project. It's -- of course, we want stability back in Russia, so what's wrong with that? That was so the dominant narrative and it really wasn't until,

largely, the arrest of Mikhail Khodorkovsky, who was at the time Russia's richest man and the head of the Yukos Oil Company, that that narrative began to change.

What I would say is that the danger is -- certainly there were always people who understood that a rollback of democracy was part of Project Putin. There were always people who understood that he was going to ride a wave of nationalism in a different way. And I would argue that if you had really just paid very close attention to Putin's words at this time, it was actually hard to mistake their meaning.

I was just going back before this panel and I went and looked at the very first time Putin met with American reporters. It was actually a year and a half into his tenure in the Kremlin and it was right after his famous meeting with George W. Bush at which Bush looked into his soul. And I was there. It was quite a performance. It went on for hours and lasted almost until the middle of the night, which is a vintage kind of Kremlin thing to do. But what was striking was that even then, beyond the sort of positive surround sound, this was a very combative person who felt very misunderstood already by the West. He was absolutely -- you know, I had the great honor of asking him the question about Chechnya, which didn't come until about two-thirds of the way into the thing, and it was like a totally different person was speaking.

And why do I bring that up? Because Chechnya was about power inside Russia. It was about keeping hold of Russia. It was about something that was fundamental and a threat to Putin's actual presidency. The other things he could stick to his KGB briefing books, he could stick to the talking points, it was a smooth, polished performance. He seemed like a technocrat of the Westerner's dream, but when you started to get down to the basics of something that actually mattered to whether he kept power or not, whether he maintained Russia or not, there was an absolute and dramatic change, and I think that was there from the beginning.

In Strobe's memorable account of his first meeting with Putin, not only was he being outrageously lied to in the middle of this conversation, but I guess it was on that same trip that you had a high-level informant tell you forget what Vladimir Putin says to you. I just want to tell you, he went and he was drinking with some old Communists and was toasting to Stalin --

MR. TALBOTT: On his birthday.

MS. GLASSER: Exactly, on Stalin's birthday, and that's the only thing you need to know about our new leader. So, again, that doesn't mean that the picture was always clear-cut from the beginning. But I think it's important to recognize that we in Washington create narratives for ourselves that don't always match up to what the real priorities are. And I do think that when it comes to Ukraine, Vladimir Putin doesn't see that in the context of foreign policy. He doesn't see that about the international order.

He sees that both about maintaining his sometimes tenuous grip on power inside Russia itself, and he sees Ukraine and the other parts of what Russians still refer to as the "near abroad" in the context of an internal set of policies and matters. Vladimir Putin is not what we would call a foreign policy president in American terms. He's definitely all about Russia, as Cliff pointed out. And that's where I think sometimes we can be accused of focusing too much on the elimination of democratic institutions inside Russia, the systematic acting to shrink and shrink and shrink the public space for discourse and information, but that's where I think it really matters.

And I'm sort of eager to get on with the conversation, but I was thinking about Carnegie, where we are today, and at the 10th anniversary of the Carnegie Moscow Center in Moscow, Grigory Yavlinsky, who was one of the early Yeltsin era reformers and democrats, pretty successfully marginalized by Putin in the course of his first term. So this was when it was already pretty clear what direction Russia was going

and someone asked him at the 10th anniversary of the Moscow Center, well, what are the prospects for Russian democracy? And he said, well, let me put it this way: there's an old Soviet anecdote about an ambulance driver who picks up a patient and the guy is lying in the back and he's very ill and he sees that the ambulance driver has just driven past the hospital. And he sits up and he says, well, where are you taking me? I need to go to the hospital. And the guy says, well, I'm sorry, we're going to the morgue. And the guy says, what do you mean we're going to the morgue? I'm not dead. And the ambulance driver says, well, we're not there yet. (Laughter)

So that was Grigory Yavlinsky's response to the question of wither Russian democracy.

MR. WRIGHT: On that hopeful note, Strobe, did you want to --

MR. TALBOTT: Just one thing of many terrific things that Susan just said, I wanted to pick up on one, which is the relationship between Vladimir Putin and the truth. He has no compunction whatsoever, indeed, I think he has a certain professional enthusiasm, for turning truth on its head. He is, almost to a fault, a master of lying. But I do not think he is being disingenuous when he perpetrates paranoid conspiracy theories about what's happening in the rest of the world.

I think if you were to -- and it would be kind of fun to do this -- put him on a couch and inject some sodium pentothal into him, truth serum, and ask him, do you really believe, Vladimir Vladimirovich, that the Maidan demonstrations were all part of a plot hatched in Washington, Berlin, London, to bring about a coup d'état against the Yanukovych regime in Kiev? He would say, yes, and the lie detector would show him to be telling absolutely the truth. So he perpetrates untruths and he believes in untruths.

And one other thing, just since we're reminiscing about his biography -- and, Cliff, I think you might have a nuance or two that I will miss in this, but in which case

you'll add them -- he rose to the -- this is in no way disrespectful of lieutenant colonels, if there are any in the room -- he rose to and stopped at the level of lieutenant colonel in the KGB. And, by the way, keep in mind that he was in the second chief directorate of the KGB, which is involved not in espionage, not in spying on the enemy, but in catching the enemy spies among your own midst, which is essentially institutionalized paranoia, if you want to put it that way.

The reason he did not get higher than the level, according to him, among others, is that he had a psychological fitness exam every year and he was found -- and I'm going to use a phrase here that's as awkward in Russian as it is in English -- to have a lowered sense of danger, which is to say the opposite of risk adverse, which is to say reckless. So you put that together with his willingness to use lies, his belief in untruths about the enemy, and we got a problem.

MR. WRIGHT: It strikes me that this is a rare occurrence, certainly since the Cold War. I mean, there hasn't been -- if the diagnosis of Putin is correct and if the problem has been driven in part by Putinism, this is a very novel development in the world. We've had these leaders in the past, but they've been very much in the past, whether they've been prior to 1989, there are lots of examples, but there are very few examples since. So what does it mean to have somebody with that psychology, with that capability, with that resolve in today's world?

President Obama likes to frame it as 19th century thinking in a 21st century world, but he says it almost as if you can reverse it. But what happens if we're stuck with that? What does it mean to have 19th century actors in a 21st century environment? Cliff, do you -- or --

MS. GLASSER: You know, it's interesting. I do think Obama uses that phrase and he's used it more than once actually to refer to them. And it's very interesting

in the context that Putin himself and Sergey Lavrov, his foreign minister, explicitly model themselves on Russia's own version of Metternich, who basically they saw as responsible for putting Russia back on the world stage as a great power, in a way, after the indignities of the Crimean War. Remember, this was sort of a low point for Russia in the mid-19th century. Russia came back. How did Russia do it? Not by being necessarily, you know, breaking good, to use the phrase, but really by assertively insisting upon her right to great power status in a way that -- this is the part where I see that Putin is often telling the truth even while also clearly lying with aplomb, as Strobe put it.

The flip side of that is that they've actually been fairly transparent around what their goals are, both their goals for restoring a strong state. His distain for democracy, he's never really hidden that. In fact, it was early on in Putin's presidency that he was asked by another Western reporter about democracy and he said, well, if by democracy you mean the dissolution of the state, then we don't want any of that democracy. And so what he's done is define things on his own terms, but, again, then being quite transparent about the goals.

It was a year and a half ago, I interviewed Sergey Lavrov for a piece on him and not only did he invoke the 19th century as a positive role model for Russia's foreign policy today, but he was very explicit in saying in the last 15 years, because of the breakup of the Soviet Union, we have not been able to project Russia's power internationally in the way that we would like to. And what you're going to see in the coming years is a Russia that no longer is content basically to hunker down here at home, here in our own little patch, but you're going to see a showing up in Latin America again and in Africa and in Asia. And in hindsight that looks like a very interesting and very coherent laying out of where they hope to go with a much more assertive policy that

they felt, you know, their sort of state rebuilding project of the last 15 years had earned them the space to do it.

So I think they see 19th century great power politics as playing to their advantage, so they're not really interested in becoming Facebook politicians. They'd be happy to stick with great power in politics.

MR. TALBOTT: Well, let's just stick with that for a second, Susan, because there's a huge difference between the kind of power projection of a post-Soviet Russia, of a kind that you're describing accurately, and what was happening during the Soviet Union. And this is, in one sense, why we're not in the Cold War.

MS. GLASSER: Uh-huh.

MR. TALBOTT: As a citizen of the United States and a citizen of the world, it doesn't bother me if Russians start showing up in Latin America and Southeast Asia and Africa, and so forth and so on. Good luck to them. The Chinese can use some more competition there, but they're not going to be competing much with the Chinese. It's not going to be -- they don't have an ideological vision, an internationalist ideological vision of the kind that the Soviets had when they were coaching Castro on how to communize Cuba and the Sandinistas on how to communize Nicaragua, and so forth and so on, or the Vietnamese at one point. They've just got whatever they have to sell, which is mostly resources.

But where they are showing up is in, guess where, Donetsk and Slavyansk and, by the way, big time in Crimea; and, in other words, along their periphery where they have the Putin Doctrine explicitly saying that Russia has the right to use military force outside of its own borders to protect its fellow ethnic Russians. And what that is doing is entirely counterproductive, it seems to me. And that's a word we use in Washington when we mean "stupid" because it's guaranteeing that Russia's neighbors

are increasingly going to be afraid and look for help from others. In other words, you know the old line about some paranoids have real enemies. Russia is a paranoid state right now or has a paranoid system that is making its own enemies on its own periphery.

MS. GLASSER: I just want to say I totally agree with that and I think that this question of ideology is really an important one. It's not a Cold War in the sense that they're not projecting this as a global competition between the United States and Russia going forward. But I also think the reason they have a different Putin Doctrine for the places on their periphery is because they've never really accepted that it's not a part of Russia. That's where this notion of we're still fighting the break-up of the Soviet Union comes into play. They do have a different policy for Ukraine and the changing of borders and things like that than they have for the Philippines.

MR. TALBOTT: But I know -- Tom, I don't want to be breaking bad myself as a panelist, but just one thing there. The Russian official conveying of this view has at least the implication, and sometimes more than the implication, that we, the outside world -- and particularly we, the other superpower -- came in and broke up the Soviet Union.

MS. GLASSER: Uh-huh.

MR. TALBOTT: We didn't do that. They did that. The people of the Soviet Union did that. It was because of the internal rot of that system that it came apart. The people who broke up the Soviet Union were Boris Yeltsin, Nazarbayev, Shushkevich, Kravchuk, the president of Ukraine. In fact, our President, George H.W. Bush, flew to Kiev in July of 1991 to try to persuade the Ukrainian people to settle down, give this reformer in Moscow, Gorbachev, a chance. He's trying to make the Soviet Union a modern, normal, civilized state. And they basically said, thanks, President Bush, we're out of here. That's what happened.

So this was a self-inflicted dismemberment of the Soviet state. And I think if Putinism goes all the way, it will end up in the self-dismemberment of the Russian state because there are a lot of people who are citizens of the Russian Federation who are not Russians ethnically. And I don't think they are going to associate themselves with the kind of chest beating, not to mention chest-baring, Russian chauvinism that they're getting from their leader now.

MR. WRIGHT: Thanks. It's on that point I'd like to go to Cliff because, you know, President Obama and other people in Washington have said that Putin's policy or strategy is counterproductive. This is something that comes up again and again that over the long run he's running Russia into a ditch, that they won't be able to get to his strategic goals if they continue with this aggression, if they continue with this new type of behavior.

What's Putin's reaction to that likely to be? What's his long-term game plan? What's his narrative of success? How does this, in his mind, end up working for Russia and working for him?

MR. GADDY: I think we have to think through the way he looked at the world after the global financial crisis in 2008, 2009. You know, the oil price rose from under $10 a barrel right before he came into office in 1999 to the famous $147 a barrel hitting one day. But on average maybe not quite that high for a longer period, but an enormous windfall that came into Russia and Russian growth rates were the highest in the world. They were higher than China's during those years.

I think he kind of got carried away with this notion that this is the Russia that he's ruling and his system is going to take advantage of that and Russia is going to be this incredibly high-growth economy and that will make Russia. That is the definition of a competitive Russia in the global economy. And the global economy was were it was

all at.

The global financial crisis, of course, was a huge shock to Russia, as it was to everybody. But probably more important for Putin was not that crisis because they actually rebounded quite well. They went way down, 8 percent GDP drop in 2009, but it rebounded back up. What became very serious was the euro zone crisis and the threat of a renewed recession, that this could happen again. It could be worse, it could be longer. And I think that at that point Putin started to rethink things and pull back and essentially, if I put it in simple terms, decide that the winners in the global economic competition are not going to be the ones that get the super high growth rates when everybody is growing, when the world is great. It's going to be the ones that best can resist, best can survive in adverse -- these negative shocks to the global economy. And already then, and this was well before sanctions or even a hint of sanctions, he began policies that were designed to make the Russian economy more robust to external shocks.

And so I think when Putin looks at -- he has, as Susan said, it's a Project with a capital "P." That's what it's all about, or a mission with a capital "M," and it's messianic. Susan mentioned about his determination in Chechnya from the very beginning and he even writes in his autobiography, or scripted autobiography, or interviews from 2000, *In the First Person* it's called in English, which is still probably the single best source about the way he thinks and where he comes from. He said dealing with the Chechnya problem, with the North Caucuses problem, preventing the collapse of Russia the way the U.S.S.R. collapsed, that's my mission. That's my historic mission, he said. Oh, you may think that sounds pretentious to call it historic, but I really believe that, he said. My historic mission. And I'm willing to sacrifice my career if I have to, he claimed.

I think that's interesting. The whole thing is for him a big project and that project is strategic, it is long-term. I'm thinking about his mind. I'm not saying whether he's right or wrong, whether the people who say that he's leading Russia down a completely dead end, the wrong path, it's weakening Russia, not strengthening Russia, and so forth.

I guess if you take a long enough view of history you can always say that because we won't be around to make the judgment, but certainly in the shorter term, contrary to what you might think, he's actually been quite successful in a lot of these initiatives. And he continues to amaze me, continues to surprise me. He surprised me with these sanctions against food imports from the United States, from the EU -- United States, Canada, Australia, and Norway -- being portrayed as counter, as a retaliatory measure against our sanctions against Russia.

That's a secondary, that's not the real reason. The real reason was this was an excellent opportunity to introduce protectionist measures for the Russian food industry, which had been devastated by imports. Food imports into Russia had risen by six, seven, eight times since 2000. Meanwhile, its own domestic production had barely increased at all; I mean, a very modest growth. So the whole Russian food industry was being wiped out by imports.

Russia is a member of the WTO. You can't go around introducing these protectionist measures even if you consider it vital national interest, but now he's got a great handle and this is what he's doing right now. And it's perfect because people talk. I've read articles in *The Financial Times* or elsewhere about how Russians are going to suffer as consumers because they'll have to find Russian substitutes for foreign imported foods. They love that stuff. I mean, that's just a great line. All Russians can now show their sacrifice by eating. As Anatoly Chubais, of all people, said in an interview

yesterday, sanctions don't bother me. He says, I'll eat buckwheat -- you know, that stuff they eat, that kasha -- I'll eat buckwheat groats, you know, if I have to, so they don't bother me.

I think that Putin is often more resilient than we sometimes give him credit for. It seems like he's blundering from one thing to the next, but I tend to think that he is a strategic thinker. And, of course, the advantage he's got with an economy that's one-tenth the size of all the adversaries he's got line up against him, is able to take advantage of the fact that he is an autocrat. He doesn't have to answer to a party, he doesn't have to answer to a parliament, he doesn't basically have to answer to his people. He can make the decisions. He has no Politburo even. And that ability to make decisions with his huge popularity ratings right now -- yeah, they'll never last. They never do. They're 85, 86 percent approval ratings, but they're there right now, so I think it would be a mistake to underestimate Putin.

I'm not saying that this is all going to continue, but it's probably better to think about, given the benefit of the doubt that he knows what he's doing and err on that side, rather than to underestimate him and think that the country's falling apart, it's all fragile, he'll never -- he's just leading the place down a dead end in the short term. Maybe in the long term, but by that time a lot of damage can be caused and we can make a lot of wrong decisions.

And our confrontation with Putin through sanctions and so forth are already very dangerous. I mean, they're having some real negative effects and, if this continues, will have further ones, not just for the global economy, not just for the possibility of trade wars, not just ultimately down the line for the unity of the Western alliance. I mean, wait until it really starts to bite. Various countries realize how little the U.S. has at stake economically with this whole thing with sanctions, and how much

countries that are in Europe and do a lot of trade with Russia have, countries that are on Russia's border. The United States doesn't have to worry about that. I was told yesterday by someone from a European country that pointed out and says, look, when this is all over, we're still neighbors with Russia. We've got to think about what happens then, so these factors enter in.

And then, of course, what happens to Russia domestically? I mean, do we have any sort of a game plan, any sort of a scenario? What are we doing to the liberal opposition in Russia with our sanctions? What are we doing to the new sector of the Russian economy? All of our sanctions are only hitting the new progressive modern sector of the Russian economy, the financial and banking sector and so forth. The old Soviet legacy section of the economy is virtually untouched.

So there are a number of questions, it seems to me, not just about global affairs, per se, but about the future evolution of Russia that probably need to be discussed more than they are. I know people think about them, but do we really have sort of a plan about what happens if, and then we think a little bit about Russia's future.

We can all be utopian optimists and think that somehow the Russians are going to rise up and be angry at Putin, not at the West, but that's not very realistic. They're very angry at the West; anti-Americanism is much deeper now than before. These are the things that we will be living with, also, even after this conflict is somehow resolved or at least is de-escalated.

MR. TALBOTT: But this conflict, Cliff, is a war that Russia has waged against a neighbor. And I'm not sure what part of Europe the person you talked to yesterday was from. If it was up in the north, that's a ways from the south, but we have got to stop thinking -- including in our media, I might say, and our government's official statements -- we've got to stop thinking in terms of what are we going to do if Russia

actually invades Ukraine? Russia has invaded Ukraine. They did it piecemeal. They did it through little green men and for a while it could be described as a covert invasion. It's not covert any longer and Putin is losing. The Russians are losing.

So the immediate issue -- let's not talk about the distant future -- the immediate issue, is he going to accept defeat or do what I think it was Senator Aiken said, declare victory and go home? Because there are face-saving ways of ending this conflict in ways that will preserve the territorial integrity and sovereignty of Ukraine and allow Putin to say he got something out of it. Or he can double down. And my guess is he's up at a crunch point.

In the next week -- you know, this is "Guns of August" type stuff. The guns are already firing. It could go one of two ways: either an all-out really serious war in Ukraine, which will be devastating to Ukraine above all, but very devastating to Russia and will be a real test for the Alliance, or he can back down. And I think we have not wasted our time to talk about his biography and what we understand to be his political personality. He doesn't strike me as somebody who backs down. You might tell the story about the rat in the beginning of *First Person*.

MR. GADDY: I don't think he's going to invade Ukraine. I mean, that's semantics.

MR. TALBOTT: He identified with a cornered rat, and, yeah --

MR. GADDY: No, he said, I understand what it's like to be a cornered rat.

MR. TALBOTT: Well, he was a --

MS. GLASSER: Because of growing up in (inaudible).

MR. TALBOTT: Right, he was a rat understander, the way some in Europe are Putin understanders. (Laughter)

MS. GLASSER: The new Kremlinology.

MR. TALBOTT: Right.

MS. GLASSER: I think Strobe's point is really important, both to call a spade a spade and to say that what has happened in Ukraine, in a way it's been a convenient fiction, frankly, in Washington and even more so in certain European capitals to pretend that it really hasn't been an invasion because that has bought space and time for what doesn't look like super successful diplomatic efforts.

And to me, this talk of off ramps and things like that was always more wishful thinking than reality, both because a reading of Putin's history and personality suggests he's not one to say, oh, why thank you, Barack Obama, I'd love to drive on your off ramp. But, also, by not calling it an invasion, by not treating it in the way that if you woke up tomorrow morning to a gigantic headline in *The New York Times* saying, "Russia Invades Ukraine, Guns of August Blazing," you would have a very different response than what's happened here with this months-long escalation. So I definitely agree with the analysis there.

My question, really, to Strobe and to others who know a lot more about the economic effects is around the sanctions. It struck me that we're doing it because it's something one can do as opposed to even having a particular sense that this is going to produce or even has a reasonable chance of producing different outcomes. In part, looking at our analysis of Putin's personality it's really hard to say. In fact, it strikes me that most of people who have made a study of Putin here and elsewhere, looking at sanctions would tell you he's not a man who, if you slap him on the wrist, A, he doesn't care that much about money, it's not his money; and, B, we didn't have a reasonable expectation that this was going to cause a change in behavior and it has not, in fact, done so. But I may be missing something, so I'm --

MR. TALBOTT: No, I think -- and I think Cliff made a pretty good case that sanctions are a double-edged sword and there's not much enthusiasm for the American private sector, not to mention the European private sector. I still would like to think that there's some chance that the off ramp -- I think, Cliff, you said that he is the most powerful Kremlin leader maybe since Stalin, not least because all of the intervening leaders, at least up until Gorbachev, had a Politburo they had to report to, but he isn't Stalin. He's not a singularity. He does depend on an elite around him and that elite is quite globalized, as a matter of fact. They've got Swiss bank accounts and they've got yachts on the Amalfi Coast and their kids are going to New England, if not English, prep schools and that kind of thing. And I do think that they do represent some vulnerability on the sanctions. It's a question of which cracks first.

But what we have to hope, I think, is that he's listening to enough people to see the downside of a full-out war, the headline that you're talking about. Because one thing we haven't talked about: what's going on in the Ukraine. And one of the things that will be going on in the Ukraine if Russia moves in with regular troops and basically takes back over those three cities in the east -- Donetsk, Luhansk, and Slovyansk -- and maybe Odessa at some point, then Russia is going to be finding itself fighting an urban insurgency. Hello, Afghanistan. Very different from Afghanistan, but that didn't turn out very well.

MS. GLASSER: Somebody was talking today about, you know, once the Russians start talking about the Ukrainization of their war in Eastern Ukraine, then you know they might be running into some trouble. And I do think they're facing this decision point about, you know, do we really turn what was a lie, a falsehood -- the idea that this was just a grassroots uprising of Ukrainians against their government -- clearly the evidence was that was not the case, do they turn it into a Ukrainian insurgency in order to

then wash their hands of it? Is that their off ramp? Or are they going to be stuck doubling down in order not to suffer an embarrassing defeat? I think that's really the question.

MR. WRIGHT: And we'll go to the audience in one second, but if I could ask one more sort of question just pivoting off that. Because if the sanctions aren't working in the sense that they're changing Putin's behavior what are the alternative sort of strategies that might be pursued? People have sort of proposed two very different approaches that will be an alternative to sanctions.

One is to go back to deterrence and try to deter Putin from a formal invasion, not necessarily through, you know, committing troops on the ground or anything like that, but by promises of military aid or intelligence assistance or other sort of non-kinetic forms of military assistance. So that's sort of one category that the President really has, you know, taken off the table to this point. And the second category is to try for a grand bargain with Russia and not just an off ramp on Ukraine, but to try to figure out a way of reassuring Putin about some of the concerns that he's had.

Are any of those to any of you sort of viable options or options that may have appeal in European capitals or here in Washington?

MS. GLASSER: I mean, just quickly because I want to hear what everyone else has to say, on the latter I would say there's zero chance of that. You know, Barack Obama has made it very clear to his advisors and to other interlocutors that, you know, he's done with Vladimir Putin in terms of there's not going to be any more resets, you know, that for the remainder of Obama's presidency he's not going to be searching for a grand bargain. He has found Putin not to be a reliable partner with whom he would waste his time, so I don't think that's a viable scenario.

MR. TALBOTT: And one of the other options, Tom, that you rightly

identify and I think would be welcome in Moscow should be absolutely anathema to us, and that is for the United States or for NATO to preclude Ukraine or any other country from being a member of NATO some day. And by the way, there's some extremely not just respectable, but highly revered figures in this town, Henry Kissinger and Zbig Brzezinski, both of whom have floated this idea. Just as we've had a couple of disagreements on this panel, we can disagree. I think it would be devastating to do that. Remember how hard the Russians tried to prevent the Baltic states from coming into NATO, and so did a whole lot of people in this country. There were times when I felt like I was the only member on the Council on Foreign Relations that was in favor of NATO enlargement back in the '90s.

If Latvia, Lithuania, and Estonia were not in NATO today -- this is counterfactual so you can't disprove it and I can't prove it -- if they were not in NATO today, I'll bet you anything that there would be Russian troops stomping around in their size 14 boots at least in Estonia, where there's a heavy Russian population. So we have already, as a result of putting an expanded NATO in place, to some degree contained the phenomenon we're talking about.

MR. WRIGHT: Thank you. Cliff?

MR. GADDY: I mean, I completely agree with you, Susan and Strobe. A grand bargain is out of the question completely. I also think a full-fledged Russian invasion with official Russian troops into Eastern Ukraine is minimal likelihood. Why? Because I think Putin thinks that that's our trap, that's what we want to force him to do. He's very sensitive to that. And, therefore, the options for the future lie in between those, which is a very murky kind of muddling through that, in the best case, something can be carved out of that that appears to be the off ramp that we talk about, somehow the de-escalation. I don't think Putin particularly cares much about reputation or the fact that he

might be seen to be backing down or something like that.

This project is much, much bigger. His project is much bigger than Ukraine. It has very little to do with Ukraine, per se. It's for the future of Russia. And his repeated statements that, historically, Russia today would be a great nation, as populace as the United States, as powerful as the United States, if over 100 years ago Russia had not continually been drawn into wars and revolutions, I just find it difficult to believe that a guy can say that as many times as he said it and be so shortsighted and so stupid as not to think that the whole game plan here is to lure him into a military invasion of Eastern Ukraine.

And I don't think he cares about -- all this nationalism, all this ethnic Russian stuff, all this orthodox church, anything that Putin espouses is tactics. I don't think he believes any of that stuff necessarily. It would be interesting to put him under the sodium pentothal and see whether he believes any of that stuff that he spouts. I think all he does is believe in Russia. And if you leave Russia alone and don't undercut Russia, Russia will just be great. It's a great civilization. It's a great history. We're a great people, blah, blah, blah. We have values, we have this *dekovnis*, we have this spirituality. It's very mystical in that sense, but it's all about Russia.

And yeah, I mean, maybe I'm completely wrong. Maybe he turns to invade Eastern Ukraine.

MR. TALBOTT: I hope you're not.

MR. GADDY: But I don't think he will. I just don't think he'll -- I think that's the last thing he would do or almost the last thing.

MR. TALBOTT: From your lips to God's ears because if you're right, and I really hope you are, then it's the off ramp. It's not our way or the highway. It's the off ramp, Vladimir. And that could be handled diplomatically in a way that would not

embarrass him in the way he deserves.

MR. GADDY: That's the Geithner doctrine. That's what we wrote that paper about. Sometimes you have to -- you know, fairness, it doesn't seem fair that some people who did all of that in the financial crisis should not be punished, but if that's your concern, you will never solve the problem. If our only concern is to punish Vladimir Putin and humiliate him --

MR. TALBOTT: No, no, I'm saying --

MR. GADDY: I know you're not saying, but that's what I'm agreeing with you.

MR. TALBOTT: Right.

MR. GADDY: But that's the exact right approach. We have to presume --

MR. WRIGHT: I think the Geithner term was "collateral beneficiaries."

MR. TALBOTT: Poor Tim Geithner. He just got compared to Vladimir Putin. (Laughter)

MR. GADDY: No, it's we, not him, not Putin. Vladimir Putin should be compared to Bernie Madoff or somebody like that. (Laughter) It's who do you punish? Who do you feel you have to punish as part of the solution?

MS. GLASSER: He's the Lehman Brothers in this scenario, I think.

MR. GADDY: Yeah.

MR. WRIGHT: Okay, I think we'll go to the audience.

MR. TALBOTT: Yeah, the audience will bring us back to the topic.

MR. WRIGHT: So if you could wait for a microphone because this is being broadcast, so if you could wait for a microphone and then please identify yourself and ask a question. We're going to take three at a time maybe, so we'll start at the front

and then work back. So this lady here and then -- yes.

MS. LEWELING: Thank you. So Tara Leweling from JPMorgan Chase. You have several leader-level meetings coming up in the next two weeks. You've got a European Council, the U.S.-Baltic Summit, and the NATO Summit, all of which will probably include conversations on Russia. What do you expect out of those meetings?

MR. WRIGHT: Thank you. The lady here in the second row.

SPEAKER: First, I want to thank this panelist. My question is when we had a war, but people usually not really believe their own government's action, whether here in the United States or overseas, other countries. I just wonder if you can really elaborate just how people feel their own values, their moral values, or the way they are against other countries, whether the invasion or their own claim of freedom or democracy or whether that's true or false. So could you really have really good statements from the leaders, from Putin or other Russian leaders now or in the history? And then will you have to say the foreign policy is usually arbitrary?

MR. WRIGHT: Thank you. And then, yes, Rob, the gentleman here.

MR. MITCHELL: Thanks very much. I'm Garrett Mitchell and I write The Mitchell Report. And I want to push a little bit on something that Dr. Gaddy said at the outset, that essentially is that Putin has no interest in essentially being a world leader or a global leader, that he's a Russia-firster, period. And my question is given a fair amount that we have heard in the last year or so about Putin's interest in a Eurasian Union that would be beyond Russia and would stand as something of a counterpoint to the American model, how do we bring those two seemingly opposing thoughts together? And does that suggest that Putin's ambitions may be larger than at this point we're giving him credit for?

MR. WRIGHT: Thank you. We'll take those three and then we'll go back

in a moment. So anyone would like to start? Susan, on the NATO meetings or on --

MS. GLASSER: No, just to take this last question quickly. The question was about, you know, is Putin really focused on domestic Russian issues or a Russia-firster? What about the Eurasian Union and doesn't that signal kind of a broader expansionist project?

You know, my own view, and I'd love to hear Cliff's, as well, is that for him those are not -- there's no contradiction there because he still sees Eurasia as Russia; and that, in fact, part of the project Putin really has been to say I don't accept. You know, that doesn't mean that I'm going to wholesale re-conquer the Soviet Union, but he sees this in a category that is separate from the category of foreign policy. I think that he's pretty consistently spoken in different terms about the countries of the near abroad. And so, to me, I do think that his goal is also explicitly to be a countervailing force. That doesn't mean ideologically, per se. I don't think his goal is the same as the at least stated goal of the Soviet Union in terms of expanding Communist ideology around the globe. He doesn't see it in those terms, but he does see Russia First includes a policy of restoring Russia's status as a great power in order to have an equal seat at the table with the United States, again, to the best of its ability. So, to me, that's how you square that circle.

MR. TALBOTT: Well, and not just restoring its status, but also recovering territory occupied by or populated by Russians. This is -- so the phrase "Russia-firster" depends a lot on what do you mean by Russia? And if Russia includes Eastern Ukraine and Odessa and Narva and places like that, then you're back into what I think is the single biggest -- the reason that we're having this panel today. It's all because Russia -- this goes back to the 19th century and I think President Obama's right to say that Putin's thinking in 19th century terms. There was this concept in the 19th

century, particularly in Europe, particularly in Italy, of irredentism, which meant the use of force to expand territory on ethnic lines, and that's the big problem.

Just a quick thought on a couple of the other questions. I think as to the meetings that are coming up, I don't want to put it too much in terms of the Hippocratic Oath, but it's important that they do no harm, which is to say that they do not expose fissures, either transatlantic or between the private sector and the public sector. As much solidarity as possible there.

And as to your question about statements from leaders, I'll say something that is in a backhanded way a compliment to Mr. Putin, the title of Cliff and Fiona's book. He tells you exactly what he's thinking. He tells you exactly what he's going to do. And then he does it and now we have a problem. (Laughter)

MR. GADDY: Just quickly, Garrett, on the Eurasian Union, I think that whole thing has been wildly exaggerated. Anybody who would think that this Eurasian Union of Russia and the goal was Ukraine and Kazakhstan -- essentially everybody else is secondary and even those are secondary -- that this Eurasian Union, even its most ideal form, would in any way be a counter to the European Union is an idiot. Putin's not an idiot. Nobody could think that.

So all it was, remember I described how his rethinking was about making the Russian economy robust to a global downturn, to external shocks. What Russia needs most of all to be robust is markets for these dinosaur enterprises, these companies, these massive, huge dinosaurs that were inherited from the Soviet Union, a lot of which, most of which essentially were defense enterprises, and they can't sell anything to anybody essentially outside their own market and they sell it to the other former Soviet countries. They're highly integrated, as we know, with the defense industries in Ukraine and the Russian defense industries.

So basically it was a defensive move, not even undertaken with a great deal of enthusiasm by Putin, but treated as a defensive move, which I think he thought that the European Union posing the black-and-white alternative -- Ukraine, either you are now associated with the European Union or you're, you know, completely with the Eurasian Union, and there can be no bridge between the two -- was regarded by Putin as an aggressive measure essentially. You're undercutting me once again. Here I am trying to do something to -- I'm channeling him. I'm not saying I agree with it, but, you know, here I am just trying to protect my economy and you guys are undercutting me. I think it fed into his paranoia about the intentions of the West and specifically about the European Union, which he increasingly began to regard as the political arm of NATO, no longer somewhat different than the U.S.

So it plays in that form. But as a creating a new civilization and reestablishing the Soviet Union, I think that's all exaggerated.

MR. WRIGHT: Before we go to the audience again I would just add one thing on the international meetings. An additional one to keep an eye on is the G-20 meeting in Brisbane, where the prime minister of Australia, Tony Abbott, suggested after the downing of Malaysian Airlines 517 that Putin may not even be granted a visa to go to Australia for it if he did not sort of respond in an adequate fashion. I'm not quite sure where that stands. They pulled back a little bit on it. But if he does go, he'll be going, you know, into an environment in Australia where 39 people were killed on the flight. And if he doesn't go, then will China, India, and others not go, as well, in a show of BRIC solidarity? So I'd sort of keep an eye on that over the next month or two.

So I think if we go, Sylvia, if you could go to the middle there and the gentleman in the suit and then the blue shirt, as well. Yeah.

MR. DUNAYEVSKY: Thank you. My name is Igor Dunayevsky. I'm a

reporter for a Russian newspaper. My question is for Cliff.

You made quite a systematic analysis of what Putin's priorities are and what are the messages that he wants to send to the world, and mentioned that what was done in Ukraine, the way these messages were sent was too much. My question is do you think -- what do you think there is options for Putin to send these messages? Because, well, he expressed his concerns, for example, about NATO enlargement or anti-missile system verbally many times and some commentator says that the conflict in Georgia in 2008 was sort of a wake-up call and also a strong message about Russia concerns for NATO enlargement. And these messages don't seem to be heard, so what do you think (inaudible) other options for him? And do you think, secondly, that the West shares at least partly responsibility for all that because these messages weren't heard?

MR. GADDY: Yeah.

MR. WRIGHT: Thank you. The gentleman right in front of you. Yeah, just the gentleman right in front of you in the baseball cap. Yeah.

MR. HOROWITZ: Thank you very much. I'm Elliot Horowitz. I'm a retired economist. And I understand that the panel has been focused on global, political, and economic issues, but one thing I haven't heard anything about is the demographics in Russia that Murray Feshbach and others have written about quite a bit: the rampant change in tuberculosis, the rampant use of alcohol and tobacco, and the low demographic growth of the Russian Federation and some of the other FSU republics. So if anybody would like to address that, I'd appreciate it.

MR. WRIGHT: Thank you. We can take one more question. So, yes, this gentleman here. Yeah, Rob.

MR. WOODWORTH: I wanted to just pose a quick question bringing --

MR. WRIGHT: Could you identify yourself, sir?

MR. WOODWORTH: John Woodworth, I'm sorry -- to bring Ukraine back into the picture. Ukraine itself tends to get lost in the shuffle sometimes. I think I'll preface the question with the thought that I think some of the political divisions in Ukraine are serious. I mean, they are serious ones we know from the 20-year history of roughly -- the 20-year history of an independent Ukraine. They've struggled with reconciling their own internal differences and problems.

I suppose you could argue that one off ramp for Putin could be to back away from support of an insurgency in Eastern Ukraine and resort to political interference and try to gain as much as possible, particularly in Eastern Ukraine and Southern Ukraine, as possible using political interference or influence or other forms to gain interests that it might want. So I was just interested in any thoughts the panel has on the new leadership's possibilities in Ukraine for reconciling these differences that have existed in Ukraine and I think are real, and what that portends for what the Russians and what Putin might want to do as a strategic alternative.

MR. WRIGHT: Thank you.

MS. GLASSER: I'll take that last one first just quickly. I think it's important to bring Ukraine into it and certainly often I do find that our conversation here in Washington is very reductionist. It's sort of there's Washington, there's Moscow, there's European capitals, and, oh, by the way, there's Ukraine, the territory on which this is all playing out.

I think that what you describe, though, the strategy of political interference in Ukraine, in effect, is the strategy that Russia has had, especially since the Orange Revolution in 2004 in Ukraine of active political interference and destabilization. Remember that this entire revolution and the people coming to the Maidan was a response to the failed attempt by Russia to buy the previous government of Ukraine's

acquiescence and turning away from the EU accession deal that was a $15 billion bribe from the point of view of Moscow that went bad. And they felt that they had invested an enormous amount of money in manipulating the political process in Ukraine to suit their ends and that this represented the sort of infuriating failure of that political strategy, first of all.

Second of all, it's not either/or when it comes to Russia. I think it's pretty clear they're pursuing a strategy of both political, military, and economic destabilization throughout Eastern Ukraine and they're already trying to do that. They have not proven to be super successful in that effort so far, but I don't see them as picking up one in lieu of the other, but that this is a part of their playbook there.

And then just quickly on the question about NATO enlargement and, you know, wasn't this a rational response on the part of Moscow and what else could Putin possibly have done. I mean, that's such a, like, distorted narrative of history it's hard to know where to start there, but, you know, let's -- Ukraine is not joining NATO and that was never, you know, a subject of this, first of all.

Second of all, of course, that NATO enlargement last occurred practically a decade ago. This is not a proximate cause for the de facto Russian military invasion of Ukraine. And to suggest that there's some sort of direct causal link is almost absurd as an actual factual matter. As a broader kind of wasn't this part of the grievance in the narrative of Russia that Putin is taking into it, you know, I suppose we could have a conversation there around that, but it's very hard just in an actual factual sense to look at this in any way as a direct response to anything having to do with NATO.

MR. TALBOTT: Although an ironic footnote to what Susan has just said, and I agree with every syllable she said, is that depending on how this current crisis plays out, it's very possible that Putin will have changed the attitude of many Ukrainians and

the Ukrainian government and they'll be begging to get going to NATO. It's once again creating your own enemies.

And one thing to keep in mind about Ukraine is that Ukraine has had 20 years of one lousy government after another. They never went through the genuine, albeit in some ways very flawed, reform period that Russia did and they're paying a price for this. I think if Ukraine can survive this crisis with its territory and sovereignty intact, it can take a deep breath of relief and then realize that it's got one more chance to really make it as a state. And that isn't because of its enemies to the north, it's because they've got to get their own act together.

I think, Dr. Horowitz, if I got your name right, it's a very important point that you raise. If Vladimir Putin were a real strategist, he would be worried about three things in reverse order: China in the long run; the rise of political Islam in the south, number two; and most of all what I call the Pogo factor, "We have met the enemy and it is us." And the most dramatic and vivid manifestation of that is the demographic time bomb which is -- you have very correctly characterized.

Russians, Slavic citizens of the Russian Federation are in deep negative growth rate. Life expectancy for Russians/Slavs, particularly males, if I were a Russian male I would be dead seven years ago. And a number of my friends died at the age of median male longevity. That is a huge problem and it's part and parcel of what Russia is not doing, and that is becoming a normal modern state.

And that is a subtext of a lot of public opinion in Russia now that just is not being heard because, among other things, Russia no longer has a free and open media.

And I think the first question was directed to you.

MR. GADDY: Yeah, I can answer. I mean, the second question, yeah,

that's a topic of eternal focus, this demographic crisis in Russia. I wrote another book together with another co-author, Barry Ickes, last year as well, called *Bear Traps on Russia's Road to Modernization*. And we have a chapter in there about human capital, about demographics and human capital, health and birth rates, and so forth. Yeah, we kind of debunk some of that, so it might be of interest to read that about the alleged crisis.

On this question directed specifically to me by the gentleman from the Russian newspaper, I'm kind of in the same boat as Susan. I can't really -- I think Putin has a distorted view of the world. He has a distorted view of the United States and its intentions. It's not that everything we've done has been perfect and I think we do suffer from this idea that everybody should automatically assume everything good about us. You can't do that. You've got to act and you can't be hypocritical. We have a lot of problems in that regard.

But what Fiona Hill and I do in our new edition of the book, what we're doing, is trying to really delve into what is Putin's view of America, the United States? Where did it come from? What is it? And what you find is that it is very distorted. And we try to be as objective as possible in that regard. And, therefore, to try to give an answer to what would a person with an incredibly distorted perception of circumstances do in contrast to what he actually did, for me this is so much hypothetical, counterfactual that it doesn't make sense.

And on the question of respective guilt for all of this, I hate those discussions. I mean, I hear it both from the Russian side, I hear it from the American side about who's really to blame for all of this and I think it's fruitless. And it's especially fruitless in going forward if we really are trying to solve this problem. I'm all for just, look, I don't care who screwed up. Look, we got a real problem and it'll get a lot worse in the future if we don't solve it, so let's just solve this problem. We can worry -- the historians

can worry about who was guilty and who deserves to be punished, but wasn't, and so forth.

I think the real problem is what are we going to do with the population of Ukraine is this continues? Susan, you suggested Putin hasn't been or the Russians haven't been successful in, I don't know, undermining Ukraine by other means than military. I don't even think they've begun to use the weapons they could use. That scares me what they could really do to Ukraine economically, not just politically --

MR. TALBOTT: Winter.

MR. GADDY: -- if they chose to do it rather than military force. That's another reason why I tend to think that a full-scale military invasion of Ukraine wouldn't make any sense. There's a lot of other ways, unfortunately, that Russia could destroy Ukraine and there's no way we could protect Ukraine.

Barry Ickes and I wrote an article about this. If Russia were just to walk away from Ukraine, don't do anything to Ukraine, just walk away, pretend it never existed, we could in the West never support the Ukrainian economy. It's so dependent on Russia. Russia subsidizes that economy to the tune of 5-, maybe $10 billion a year. And so Ukraine's future depends on Russia, and it's just a simple fact. Ukraine will never be a free democratic and flourishing country until Russia is at least moving in that direction. That's just facts. And to think that we somehow can develop and protect and make a wonderful society and country out of Ukraine without moving Russia in the right direction, I just think that's utopian.

MR. WRIGHT: Any thoughts on sort of the assistance to Ukraine and whether or not -- I mean, that's often held up as a -- I think Michael McFaul had an article about this about a week ago where he said the real challenge was to support Ukraine. But if what you said is right, then that's actually not the -- you know, shouldn't be the

strategic objective because it's destined to fail.

MS. GLASSER: Yeah. I think Cliff is making some really important points with this. And just to be clear, Russia -- my point was that Russia had tried not the negative version, although they've done some versions of that before, but that they felt that they had purchased the Ukraine government before and had already invested significantly in distorting the Ukrainian political system. It didn't work to their full satisfaction and so now, you're right, it's a very grim scenario.

Talking about the Ukrainian dependence on Russian energy supplies, Ukrainian food, the economic issues, I think it's right to say that anything that the United States and even Western Europe were to offer, Ukraine would in no way replace it. They're not even considering the possibility of anything that could come close to doing so.

MR. TALBOTT: Well, I know we're pretty much at the end. I'll just add one point which I think is in the same spirit of what both Cliff and Susan have said. I don't think there's a danger that Russia is going to completely blockade or walk away from Ukraine, and it's kind of the flip version or the other side of one reason why so many Russians, that is citizens and leaders of the Russian Federation, want to be in Ukraine. The bonds between these two countries are beyond those of mere neighbors. Ukraine is the cradle of Russian civilization, as we all know, Kievan Rus' and all that. So many Ukrainians have relatives in Russia, so many Russians have relatives in Ukraine that we just have to hope that somehow this very dangerous situation plays out in a way so that Russia and Ukraine regard each other as relatives rather than Russia insisting upon treating Ukraine as an amputated limb that Russia can still feel the phantom pain and keep trying to -- I'm losing my metaphor here -- sew it back on. If they can just be not just neighbors, but relatives, that would be the kind of political and philosophical space in

which they could get past what's going on between them now. And let's just hope they survive the next week.

MR. WRIGHT: Thank you. Well, thank you to Strobe, to Susan, to Cliff, for Carnegie for hosting us here today, and to all of you for coming. And with that, we're out of time, unfortunately, and so we're adjourned. Thank you. (Applause)

* * * * *

CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Carleton J. Anderson, III

)Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016