

THE BROOKINGS INSTITUTION

U.S.-RUSSIA RELATIONS:  
BEYOND THE CRISIS IN UKRAINE

Washington, D.C.

Monday, October 20, 2014

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## P R O C E E D I N G S

MR. O'HANLON: I'm Mike O'Hanlon, and we're thrilled today to welcome Dr. Victoria Panova, from Moscow, up here with my colleagues, Jeremy Shapiro and Steve Pifer, as well.

We'd like to discuss the crisis in U.S.-Russia relations and the path forward, as well as the origins of this crisis, which, presumably, are important to understand for how to go forward, and how to mitigate, and, hopefully, resolve the terrible challenges to our relationship that we've seen in 2014.

I just want to say a couple of words of background about what we're hoping to achieve with the conversation up here. We'll go to you about halfway through, for your questions. But we'll begin with a couple of questions from me, starting with Victoria, and then going to Jeremy and Steve.

And the idea here -- let me just explain a little bit about the genesis of this event. Our thinking was that sometimes U.S.-Russian dialogues feel like a conversation between people on both sides who have been around quite a while, and sometime some of the arguments seem familiar, and sometimes even tired. And, obviously, we're mired in a bit of an impasse that we maybe need some fresh thinking to get beyond.

So, I think you can all see that I've got a youthful panel, but especially my friend, Victoria, from Russia, who is clearly not a holdover from the Brezhnev regime, and is not here to speak on behalf of the Russian state. But when she and I were on a panel together in China two months ago, I also saw that there was a great deal of eloquence in her ability to be a Russian patriot.

And I'll let her define her own views further for you, but it was clearly a way of helping me understand why -- not so much why Vladimir Putin does what he does,

but why 85 percent of Russians right now think he's doing an okay job -- not that she's going to defend everything he does, necessarily. Again, I'll leave that to her. But the idea here is, there's something going on in Russia that's a lot bigger than one person, and that we Americans probably can benefit from getting a little greater understanding of.

And because she's trained in international relations -- she has a PhD from the same university where she now teaches in Moscow -- MGIMO University, associated with the Ministry of Foreign Affairs -- because she also has studied in the United States; spent two years here in high school, in Chicago -- she understands a bit about both countries, and certainly has her own independent views on Russia -- but, I hope, is able to help us understand a bit better what's going on in terms of Russian politics today.

But, of course, this is about the bilateral relationship. And so I think it's very helpful, of course, to have two Americans, as well. And I have two of my favorite colleagues with particularly germane insights on this question.

Steve Pifer was the U.S. Ambassador to Ukraine, as I think most of you know by now -- about 15 years ago -- and has also worked a great deal during his career in the U.S. Foreign Service, but also in his time at Brookings on U.S.-Russia relations. So, he has been pro-Ukraine and pro-U.S.-Russia relations, and has a number of perspectives that I think can be very helpful in this conversation, as well. In recent months, I think he's been pushing back fairly firmly against President Putin in his recommendations in terms of policy.

So, there's obviously a bit of an impasse in the relationship that he sees, but it's out of a background in trying to foster better U.S.-Russian relations through the arms control domain and other aspects of the diplomatic relationship.

And so I think we have the basis here for a lot of people coming at this

question with a desire to make the relationship work, but obviously different backgrounds and perspectives.

Jeremy Shapiro was in the Obama administration, and wrestled with some of the very acute issues that have been so divisive in the relationship -- not so much Ukraine per se, as I understand it, because he was there primarily in the first term, and was working largely on the Syria portfolio and other issues where the United States and Russia were at loggerheads. And Jeremy's job was to try to figure out how to solve the problem, and how to do so in a way that elicited maximum cooperation from other countries, and so, therefore, he was thinking hard about this relationship, as well.

So, that's the theory behind the event. We're very glad to have you here. What I'd like to do now -- I'm just going to give you a little bit of the roadmap, and then launch right into it.

The first question I'm going to ask, starting with Victoria, is, are there still any good aspects to the U.S.-Russia relationship? Because we're going to spend a lot of time today talking about differences, and trying to understand the differences, and, hopefully, building some bridges, but, I'm sure, also, uncovering where we do strongly disagree.

And before we get to that point, I'm hoping that these three panelists can reassure me that we're not really on the verge of another cold war. But I'll let them tell me the answer to that question in just a second.

So, are there still any areas of ongoing important U.S.-Russia cooperation and collaboration?

And then secondly, I want to understand, as I would assume you do, too, from their point of view, the origins of the current crisis in relations. And I don't think the term "crisis" is too strong. I think it's a severe and very serious crisis in U.S.-Russia

relations that continues even to this day, even if the Ebola crisis and the ISIS crisis are slightly higher on our radar screen this particular week in Washington -- not to mention a Redskins victory. Who would've thought that was even possible anymore?

But given that we're at a point where we're in a little bit of a quieter moment, I think it's important not to lose sight of the unresolved issues -- not only in Ukraine but beyond. So, what was the origin of the current set of problems?

And then finally, obviously, the path forward. How do we solve these problems, or at least prevent them from erupting into a major crisis? Depending on the timing, I may defer on that question, and hope that some of your questions will get at that. But in any event, we'll play that part by ear.

So, let me now begin. Again, Victoria, thank you very much for being here. And we'd like to welcome you to Brookings, welcome you to D.C. At least we've produced some good fall weather and, I hope, some good conversation. If I could just ask you to talk about where you still see -- if anywhere -- some ongoing grounds for U.S.-Russia cooperation.

MS. PANOVA: Thank you, Mike; my great pleasure to be here. Thank you for coming.

Well, first of all, just to pick up on what he said -- you might be not considering Russia as the biggest threat, but your President, when he was talking to United Nations; he put it above ISIS, obviously. So, Russia comes right after Ebola. So, I hope we do not mix -- which was taken very -- with lots of clear not understanding on the part of population, especially. Well, that's his view, and I really hope this is not something that all of you are having here. Besides, I mean, if you look at me, I'm sure you would see that there's nothing to be afraid of.

But another thing is, I think it's important to concentrate not as much on

the -- I mean, on this, as well. I will talk about it as well -- but not just on the bilateral relations, but what we do have to understand is that both of our countries have a very special role and very special responsibility in terms of global governance, and ensuring their stability of the global order. So, this is extremely important.

And that's why what we have -- I mean, of course, after the collapse of the Soviet Union, our politicians were still very eager to see Russia as a still-superpower, which was not the case. And for many years, Americans were discarding it as a country of importance; regional power at most -- even not that much. But the matter's not about Russia having nukes, still; it's about -- and I'm sure Steven will have a word to say about that -- it's more about that Russia's a long-time player in the global politics. It knows how to deal with it, and we do have this special responsibility.

And the problem that comes here does not lay in the foundation of issue-specific projects that we are cooperating or opposing each other; it lies in the area of having different images of the world. We see, unfortunately, very differently of what is good for the world, and what is not good for the world. And what are the proper arrangements?

Russians -- and it's a long-time political tradition -- make an emphasis on the democratic world order, which is not necessarily democracy of the internal structure. We do have differences in hearing that, as well. But it's pushing their idea that it's a U.N. charter that comes at the basis -- it's not only democratic regimes that can be at the core of this deciding and making the rules, but it should be everybody, and everybody having the right to say, while America and a number of its allies will claim a priority right for deciding on how the world should function for democracies. So, this is a very deep difference. So, this is one thing.

Another one is that it's a very alarming tendency -- and, unfortunately,

here we are not in the same boat; at least at the moment -- it's an ongoing and growing polarization of the world that we're seeing. And it's not just Russia against the West. If you look at the current situation, it's the West against a lot of other -- not centers of power, but poles in the world. China is, like, somewhere else now, but it will be growing and coming with a sort of foreign policy, and it will be even more different from how you see the world, as opposed to how Russians see the world.

So, I would claim -- as Mike rightly said, I spent quite some time here, and have a lot of American friends. We are very much alike. We're not different. We don't have different psychology. We don't have different mentality. Maybe a few little different things -- minor ones -- but, in general, we are very much alike.

This is not the case with our civilizations, that are very much on a different pole. And the reason for the polarization lies in the inability of the main poles, one, to understand each other, and to want to adapt to each other. And I don't mean here only America, of course, because I've been -- I think a year ago. It was a conference on Asia-Pacific security -- primarily marine security.

And the Chinese colors and high-level officials were saying quite eloquently that, you know, guys, 100 years of humiliation you had -- no longer. We are coming up. We are changing the rules. Those will be new. For now, in Asia-Pacific, you will have to abide by those.

So, they should be -- which I don't see at the moment, unfortunately -- growing closer. But now we're growing apart.

Another (inaudible) is growing militarization. And when we have this higher military power which is more dominant over rule of law, that leads us to a more black-and-white picture, right? So, we don't see any aspects of gray and color. We see only black and white. And in this mode, our government, unfortunately, starts functioning

from crisis to crisis. So, it doesn't have an idea of the world developing, like, stably and peacefully. So, it does involve necessity of having this crisis.

On the one hand, this crisis mode gives some room for maneuvering, considerable room for cooperation between Russia and America. But we see now, unfortunately -- that this cooperative model is more pushed to the side.

So, yes, we have still Afghanistan. And I'd like to tell you right away, the reason why I would say Russia is willing to have a compromise is that it never imposed any countersanctions, as they put it, in the area which is very vital for United States or for Western cliques. There is nothing introduced in terms of Northern Distribution Network. It continues. So, there is an area where we have a common goal.

Instability in regions from Libya, to Afghanistan, and Syria, in parts of Africa -- terrorism, drugs -- with drugs, I would say we do have differences. But it's a short-term, like, immediate difference on the mandate of what we wanted to do, what we have to do. It can involve some commercial interests, but, in general, none of our countries are interested in having our populations suffer from that.

So, all those main global threats indicative of the necessity for us to continue cooperation -- okay, NDN is where we continue space exploration. I heard many experts talking -- okay, let's just cut all these peaceful space exploration activities. And we know here that it's a mutual dependence, but, in this case, it's probably more of dependence of American site on Russia; this was not stopped.

So, this is clearly a signal that, in important areas where we have common attitudes, Russia is willing to continue.

I'm quite sure my colleagues will talk about Russian authorities not willing to continue disarmament negotiations, but this is also not about Russian-American discords; it's rather about Russia saying, okay, first, we involve everybody, and then we



can continue discussing the issue. So, it's just not enough any longer to continue the disarmament with just two countries involved, even if it is true we have the biggest amount, but we want all -- not five; now more -- all nine official and nonofficial nuclear club members in the game.

So, I would say, unfortunately, we're witnessing very iterative process now, which is counter to all of our interests. Russia's probably more vulnerable; I would agree with that. But I'm quite sure that the situation of not understanding common areas would lead to trouble, not only in Russia, but in here, in Europe, and in other parts of the world.

MR. O'HANLON: That's a great opening. Thank you.

One follow-up quickly, before I go to Steven and Jeremy: If you had to put all this together -- you talked about the problems -- and we'll come back to those -- you talked about the areas of cooperation -- Afghanistan, counternarcotics, cooperation in space. You didn't even mention Iran and North Korea, because you were being kind to me and getting a brief opening out there, but I'm sure you could've added that.

And so there are a number of areas. But if you add up all the positives, and you contrast them with the negatives, and you have to do sort of a bottom line, and you compare where we are today to where we were in the Cold War, how far have we slipped back towards the Cold War? Are we sort of halfway back? I'm just curious. Are we almost that far back -- or for all the bad things of 2014, do you still see this relationship as fundamentally much more cooperative today than it was 25, 30, 35 years ago?

MS. PANOVA: I would say we might be in a more dangerous situation than we had during the Cold War, because Russian government still sees itself and the country as a legitimate global player. And in here, it is seen that there is -- probably

Russia's not given the right to see itself as a global player.

And I would say the sanctions introduced -- we'll get to it later, right? But it's the first time -- I don't think during the Cold War that we had any targeting of Soviet officials with the sanctions of the United States at that point. Now we're seeing this, and it's seen like that from the Russian side -- meddling with internal affairs of the country, which, in the Russian view -- and probably in everybody's view -- lowers its sovereign status, and sovereignty's very important for the country.

MR. O'HANLON: Great, great.

Okay, Steve, over to you -- love to get your thoughts on where we're still cooperating.

MR. PIFER: Okay.

Well, let me first say, I don't think we're yet in the cold war. And although Mike kindly put me in with the rest of the spring chickens up here -- no, I was on the NATO desk, for example, in 1983, after the downing of the Korean airliner -- where we really, I think, were in a very intense period.

So, I would certainly say that U.S.-Russia relations are now at their lowest point since 1991. But I don't think the way we're lined up against each other yet qualifies for the cold war.

And I would agree with Victoria's points; there are, I think, important areas where it makes sense for the United States and Russia to cooperate -- counterterrorism, which apparently was the focus of the conversation between Secretary Kerry and Foreign Minister Lavrov last week. I would put Iran down there, where I think there is cooperation in the P5+1. Afghanistan -- although I think here, again, it's not, I think, that the sides are cooperating because they want to be helpful; I think the sides are motivated by their own interests.

I mean, I think the case of Afghanistan -- Russia's point of view -- there's a reason not to see America fail in Afghanistan, because if there's a failure, the Taliban comes back. It's a problem for us. It's going to be a problem 6,000 miles closer to Russia.

On the arms control side, I think the sides clearly have an interest in going forward with the New Strategic Arms Reductions Treaty. And I would actually agree with you in principle; at some point, you have to bring others in. But I would say at this point, where I think the United States and Russia each have about 4,500 total nuclear warheads, and the next country would be France at maybe 300 -- there's probably still more room for the U.S. and Russia to do things bilaterally.

On President Obama's speech in New York -- you know, I regret the ordering of that, because I don't think that the administration truly sees Russia as the number-one threat after Ebola.

MS. PANOVA: Number two.

MR. PIFER: Not even number two. I mean, no, I think in strategic terms, they see other big problems out there. And Russia -- it's a crisis now because what's happened in Ukraine over the last eight months, but I don't get the sense anybody in the administration really welcomes this crisis. You know, they would like to see it just go away. But they feel that the way things have developed, that there has to be an American response.

But, again, I regret the fact that the ordering of that made it seem in Russia like President Obama's putting Russia higher on the threat list than I think actually the White House would do.

And then, finally, I would agree -- I mean, I think there are just very different perceptions between Washington and Moscow about things like global order,

about how each is acting, that probably fuel and make more difficult some of the problems that we have.

And one of the challenges, I think, that both sides have -- and I think it's harder here, in part, because of the political environment -- is, pursuing a balanced policy where, on the one hand, you have an issue where, as Mike said, I've been fairly hawkish in terms of pushing back against Russia on Ukraine, but it's also, I think, important to continue to cooperate on these other areas where we have very important questions, where American and Russian issues converge.

And maintaining that kind of balance is sometimes not easy, particularly here, where, I think, in the political environment, you may be challenged for advocating any cooperation with Russia when there are these problems with Ukraine. And that's going to be, I think, one of the challenges that the administration's going to have to deal with -- is justifying why, despite all the concerns about what's going on between Russia and Ukraine, there still are reasons to cooperate on other issues with Russia, where, in fact, our interests converge.

MR. O'HANLON: Jeremy, over to you.

MR. SHAPIRO: Thanks. I'm finding myself, as often after following Steve, in a situation where everything has been said -- but not everything has been said by me. So, I'll try to repeat it, but with a sort of more conceptual gloss, so it appears original.

I think that, actually, the sort of Cold War point -- the question that you asked -- is a good entre, because I think that, as Steve said, we're not where we were in the Cold War. And I think to understand why U.S. and Russia are cooperating where they are and where they aren't, I think it's interesting to consider the differences.

In the Cold War, we both viewed ourselves as in a global struggle that

took place everywhere and anywhere -- from Guatemala, to Africa, to Vietnam, all the way to the central front in Europe.

Now there is no global struggle, really, and I think both sides see it that way. But there is a regional struggle that takes place along the borders, roughly speaking, of Russia. And you see in the pattern of U.S.-Russian cooperation that they are able to cooperate on global issues, on issues that are outside of the region of Russia -- on things like Afghanistan, on counterterrorism in the Middle East.

But they have a much greater difficulty -- and, I would say, since the Ukraine crisis, they've almost completely broken down cooperating on regional issues that take place near the borders of Russia.

And it's interesting to sort of look at the -- this is not obviously a firm dividing line, and certain global issues, especially from Russia's perspective, reflect on the situation in the region and the situation in Russia. And on those issues, it's much harder to cooperate. And so you see that when, even on a global issue that involves support for an insurgency or support for overthrowing a regime, that's not something that Russia's willing to cooperate with the United States on, generally speaking.

But when it's a question of a transnational threat, like counterterrorism, or nuclear proliferation, or fighting an insurgency like the Taliban, that is something that they can cooperate on.

Now critical to having this sort of dual method of cooperating globally and not cooperating regionally is the question of compartmentalization. And, I think, again, here Steve said it, but not with as many fancy terms.

It is a real challenge, I think, on both sides, frankly, to be able to focus on the things you can cooperate on, and disagree about the things that you disagree on, and not let the two bleed into each other. Frankly, the Russians are somewhat better at this

than we are, because we have much more contentious domestic politics. And, as Steve said, this sort of black-and-white view of the world that Victoria alluded to that is frequently here in U.S. domestic politics makes it difficult to cooperate on some issues while you're fighting on others.

One of the things that I noticed in the State Department is that Russia is quite good at compartmentalizing -- almost scary good. And you'll notice in their responses in struggles with the United States that they most frequently -- almost always -- respond in a way that we used to call symmetrical, which is that they respond on the issue that we're struggling with, and they don't let it bleed into other issues.

Victoria gave an example of this when she said that the Northern Distribution Network has not been affected by the very bitter confrontation over Ukraine that we've seen recently.

When the United States published what we called the Magnitsky List, which was a pre-Ukraine human rights sanctions against Russia and against specific Russian officials, there was great worry in the U.S. government that it would affect things like cooperation over Ukraine, cooperation over the Northern Distribution Network. It didn't. The response was that the Russians published their own Magnitsky List, which nobody here even noticed, because who really wants to vacation in Russia anyway? And so it was, in some sense, not a symmetrical response, but it was technically symmetrical.

I think the U.S. has a lot more difficulty with this, as Steve said. And I think the real question going forward -- because I think we're likely to continue to have a lot of confrontation on regional issues -- is whether the U.S. particularly can achieve this level of compartmentalization, and whether the Russians can maintain it.

MR. O'HANLON: Thank you.

What I'd like to do now -- we're going to work from Steve down towards

Victoria -- this is by her request, because my temptation was to always give her the floor first, because we want to understand her perspective. But, also, I can see why, on this next question, in some ways, it's more hospitable of us to begin with the Americans, and then work towards the Russian perspective on this panel -- because now we're going to try to delve into the issue of how we got to where we are a little bit more, going back as far historically -- in the modern era, in the post-Cold War era -- as people feel they need to, to explain the main issues that have arise, the main causes.

And we're ultimately, in the conversation with you, going to look to the future, and to how we build bridges, repair them, solve problems. But I think it's important, even though we've already heard some of this discussion, to actually just ask the question directly -- what are the most important causes of the crisis that we're in now?

So, Steve, I'd like to begin with you, please, on that.

MR. PIFER: Well, maybe I'll go back and start with the reset. And I might be maybe one of the few people who'll actually say the reset was a success.

The mistake the administration made was that, early 2011, they should have said, reset's done, and move onto something else -- because the reset originally was not designed to move U.S.-Russia relations to some kind of nirvana. The objective was to bring the relationship out of the very low point that you had in 2008, following the Russia-Georgia conflict, and get it back to a point where you could actually begin to do some general business that would be in the interest of both sides.

And I think if you look at what happened in 2009 and 2010, there were some fairly good accomplishments from the perspective of both -- the New START Treaty, greater cooperation on Iran, greater cooperation on Afghanistan. Russia got into the WTO.

The problem that we had is, once the relationship moved back in a more positive direction -- and this was the same problem that the Clinton administration had in the mid-1990s and the Bush administration had in the second term -- was, it was then very difficult to sort of sustain that, and build on it. So, you then had this downward trend.

I would go back and say I think it started with things like the inability of the sides to build on an agreement at the end of 2010, to develop a cooperative missile defense in Europe. And the longer that went without, in fact, realizing that -- even though I think there were a lot of good ideas that both sides seemed to be talking about -- we never got to that point, and then missile defense moved from an area of potential cooperation to an area of disagreement.

You had elections playing out in both countries. It started in the second half of 2011 in Russia. In the United States, you know, our election probably started, what, 2010; we tend to -- but elections are not good backdrops for U.S.-Russia relations. I think, from our perspective, you saw in Russia some elements of anti-Americanism being used in the campaign. And certainly here, I think, as a general rule, unless you're Israel, you don't ever want to be mentioned in an American presidential campaign, because it's not going to be positive. So, that didn't help.

You had differences emerge over things like Libya, particularly over Syria, where you had just contrasting viewpoints. The Magnitsky Bill, I think, was a difficult issue.

There was, I think, some brief hope in the administration that, after the elections -- early 2013 -- they could move back towards a more positive mode, but never really got any traction on that -- to the point where, in summer of 2013, they canceled the summit that was planned for Moscow in September. And the rationale -- I think the press focused on the Snowden question, which I think is a mistake. The real issue, when you



talk to people in the administration, was on the big issues that they were looking to -- on arms control, missile defense cooperation, economic relations -- they just didn't see any progress that would merit a summit-level meeting.

So, I think the relationship was in a more difficult situation well before the Ukraine crisis broke out. But once the Ukraine crisis broke out -- and particularly when it morphed from an internal Ukrainian dispute to a Ukraine-Russia issue, then it really, I think, took the relationship down to a more difficult level.

MR. O'HANLON: You know, that's great. And I want to follow up with one more question before I go to Jeremy and then Victoria on this, because I loved your answer -- probably because it partially surprises me -- in a good way. I mean, you mentioned a lot of things that have happened since the reset.

And by implication -- and tell me if I'm wrong -- it sounded like you saw things like the Georgia crisis of 2008 or Russia's anger at NATO expansion earlier in the decade as less important -- or, at least, maybe at that point, balanced by other positive trends that were equally powerful. And it wasn't really until, you know, a certain distance into the Obama years that things really started to head downward.

Is that a fair interpretation?

MR. PIFER: Well, yeah. I guess I would downplay -- I mean, in part -- and I don't think this was a Bush administration issue; I think Georgia bore a fair degree of responsibility for the Georgia conflict -- and specifically the fact that war broke out in August 2008, I think, was due to a bad decision by President Saakashvili to try to recapture South Ossetia. I mean, even had the Georgia military been incredibly successful tactically -- had they taken Tskhinvali, had they broken the (inaudible) -- I mean, Victoria, you can tell me -- my guess is, Russia wouldn't have said, oh, you got us, and stopped. So, I don't understand that.

Now on the NATO question -- I guess this may be an area where we can get into more detail a little bit later -- I think it was pretty clear from 2008 on from the Bucharest summit that the idea of putting either Ukraine or Georgia on a NATO membership track was going to be really, really hard. I mean, you had Chancellor Merkel, then French President Sarkozy oppose it -- and some others.

I think it became even more difficult after the Georgia conflict, because people in NATO -- particularly in Europe -- began to understand, if you're talking about NATO membership, that prospectively means going to war with Russia.

The Obama administration -- my guess is that, in specifically the Ukraine case -- in 2010, when Viktor Yanukovich became President, he made very clear at the beginning that his focus for European integration was going to be the European Union. He said he didn't want to get any closer -- he basically wrote off the idea of pursuing a membership action plan with NATO. And my guess is that, you know, the Obama administration was very comfortable with that -- in part because that prevented Ukraine from becoming a difficult issue on the U.S.-Russia agenda when they were still very much focused on reset.

So, again, I think the NATO question was pretty much -- in real terms, was sort of off the board -- although I'm not sure it was in the perception of many in Moscow. But looking, for example, at the Georgia question -- again, since the Georgia-Ukraine conflict, my guess is, no support for Georgia in NATO.

And in general, with regards to Ukraine, no appetite for enlargement -- plus, particularly as the crisis developed in February-March, from the perspective of Ukrainian internal politics -- you know, if President Poroshenko wants to try to find a way to bring Eastern Ukraine back, the last foreign policy issue he's going to embrace is joining NATO, which pushes Eastern Ukraine away.

So, I tend to discount the NATO factor -- although my guess is that in Moscow, it's seen in a very different way.

MR. O'HANLON: Thank you.

Jeremy, over to you.

MR. SHAPIRO: Thanks.

You know, it's an interesting question. I guess I agree -- and I think it's probably important to state at the outset that the sort of proximate cause -- the reason that we're in this current mess in U.S.-Russian relations is the Russian invasion of Ukraine, of its neighbor -- which is, you know, at the worst, a serious violation of international law, and, at the best, extremely rude. And so I think it's important to keep that in mind.

But as, you know, my ex-wife often reminded me, if you have a big argument like that that seems to blow up immediately, there's probably deeper causes going back in time. That one takes a while to sink in, I know. And I think that that's the case here. And, actually, I think you need to go back a lot further than the 2009 reset.

To me, I think a lot of it does come back to something that Victoria started off with, which is these very different understandings of Russia's role in the world that followed immediately after the Cold War. The United States very much had the feeling throughout the 1990s that Russia had become a nonfactor in international politics -- that it was completely unable of asserting its will, of opposing any U.S. government policies. And, you know, for a while, this was true, I think. This was broadly the case in the 1990s.

And, you know, to capture the American attitude in these days is a sort of apocryphal story -- probably apocryphal story of an American economic mission going to Russia. And they kept referring to Russia as a developing country, and the Russians

say, "You can't say that to us. We are not a developing country." And the American official pauses and says, "Well, you're right, but you should be." And this was very much the attitude of the Americans.

And so all of the policies that were put into place in the 1990s, in terms of not just NATO enlargement, but also European Union enlargement, and also the whole democratization push throughout the world, and the sort of notion that -- again, something that Victoria referred to -- that democracy was something that would inevitably come to all countries, including Russia, was seen as something that was quite threatening to the Russians. And it's not surprising -- of course, a lot of people predicted at the time that when the Russians were able to do something about that, they would, and they have.

And so I think it's important in this context to see, from a Russian perspective -- and, by the way, Sam Charap and I tried to sort of talk about this in the current issue of *Current History*, so if you want to read that, it's on the Brookings website. It's brilliant.

And I think that what we're getting at is that, from the Russian perspective, this -- again, not just NATO enlargement, but this entire complex of issues -- is a policy which is ultimately aimed at Russian regime change. It's ultimately aimed not through military invasion, but through the creation of an international order and through these sort of colored revolutions -- are aimed at putting into place a Russian regime which is more friendly to the United States, which is more congenial with the U.S.-led world order.

And, of course, this is not a crazy conclusion, because, if you listen to American rhetoric, it's very much what we have said. And we put it in different terms, of course. We say that we want Russia to become a democracy -- which, from our

perspective, is a sort of unalloyed good. But, of course, if you're part of an autocratic regime in Russia, that is regime change.

And so it's not surprising to me in that context that when the Ukraine crisis starts, and there is the sort of equivalent of another colored revolution in Ukraine, that the Russians see that as yet another in the sort of slow-moving effort to use European institutional enlargement and revolution by demonstration -- colored revolutions -- to put further pressure on Russia, and to sort of advance the borders of the Western sphere of influence. And so they lash out.

As Steve implied, I think a lot of those interpretations are not precisely correct, but I'm not surprised that they hold them. I think if we saw a Russian civil society effort to put into place a more Russia-friendly regime in Mexico, we would have a similar response. But, nonetheless, I think some of these perceptions are wrong, but, nonetheless, they are there. They're not crazy, and they do predict this type of reaction.

And so we have a sort of typical security dilemma situation where actions are misinterpreted by the others, and that creates a spiral of conflict. And I think it's something we need to really be very seriously worried about, because, although there are ways to deescalate it, I don't see in the Western response, as of now, an effort to deescalate it. You see a little bit of this in Minsk, so I could be wrong.

But, rather, what I see is an effort to double down on the enlargement of the European institutions. The first thing that the United States and Europe did with Ukraine after the revolution there was to sign an association agreement with Europe, which had been the proximate cause of the invasion of Crimea, and to step up the rhetoric about democratization, and step up the rhetoric about Putin specifically as an autocrat.

And I think if you notice everything that I said, it doesn't actually ascribe

a super important role to Putin as an individual. In my mind, he is a reflection of what we could expect out of Russia. And although, of course, he's a very leader, he's a very charismatic leader, and he has a lot of decision-making power in Russia, this is, to my mind, not fundamentally a Putin problem; it's a U.S.-Russian problem.

And by focusing on the man of Putin, the U.S. has tried to convey the idea that the democratization concept can still work for Russia if we can just get Putin out of the way -- but, of course, we've conveyed to the Russians and the Russian regime that we're still interested in regime change by softer means. And I think that that is a recipe for a lot more conflict.

And, I guess, at the end of the day, while I'm not sure about the ranking that President Obama did in that New York speech -- I'm actually even more concerned about putting Ebola first -- but, you know, Russia does have quite a few nuclear weapons. Just one of these can ruin your entire day, and I think we need to be very concerned about the degree of conflict that we create with a country that is aggressive, that often misinterprets our actions, and that feels threatened and a lot less powerful than we are.

MR. O'HANLON: Thank you.

And so, Victoria, over to you -- and I hope you can feel free to react in part, or just, you know, explain from first principles your view of the origin of the problems we're now facing in the relationship with the U.S. and Russia.

MS. PANOVA: Actually, this is their case when I would agree, to a big extent, with a lot of things that Steve and Jeremy have said so far.

And probably I will start with their notion that -- what is the main thing about Russian politics? And it's been long there - it's been true fixture of the Soviet policies, as well; it's their reactive policies. You said that we respond symmetrically,

although our officials like to say -- especially when it concerns military cases -- asymmetrically, like, with the ABM. But that's not the point.

The point is that it's never coming out with a new idea, with a new initiative; it's always reacting to what we're having. And it's a way to somehow either mend or try to push it away. So, the same, I would say, concerns, to a huge extent, at least in Russian perception. I don't claim this is 100 percent true, but this is how it's seen from the other side of the border.

So, the reset -- if you remember, I think it was '09 in Moscow, and Obama was saying publicly that, well, Medvedev is a modern leader, and Putin stands with one foot in the history, so he shouldn't be considered. And then when he came to Moscow, obviously, Putin had Obama in (inaudible) lecturing him for two hours. This is not what you can say about their public figures, about the leaders of the country, and how you should behave. So, it was not a very good start.

Next thing, I would say -- and this was already based on the ongoing -- not conflict, but discord, in terms of ABM. I think Steve mentioned that. And Russia was, at different times, proposing first (inaudible) radio station, and to use it together. Then there was another suggestion to use ABM in Europe and in Russia jointly, which was rejected -- and say, okay, let's exchange information. You trust us; we trust you. I'm like, what are we talking about? There's nothing.

Then we had their suggestion, okay, let's do their legally-binding agreement that the ABM was not against us. And this was not agreed here -- which is, like -- I mean, it's a piece of paper, after all. I didn't see much sense in this suggestion from the Russian side, but, still, it was also turned down. It gave a huge advantage in terms of how to influence Russian public opinion in Russia. You see, they don't even want this piece of paper which would say that the ABM is not against Russia. So, that's

one thing.

So, I started with a personal misunderstanding between Obama and Putin. I do have different versions of why Putin came back to power, and part of it is that he was not going to be back, but following Medvedev's policies, he kind of had to -- asked by a number of influential oligarchs. But that's a different question. So, this was the first thing.

Then in 2012, Biden publicly proclaimed again -- so it was public -- that Putin should not ballot as a candidate for the presidency. And you clearly could see that this is not something you can tell to the country that you see as a sovereign player in the international arena. You can say to some subordinate state -- and, still, it would be taken -- I mean, it's not practiced under common diplomatic practice. So, it's very humiliating.

Yes, then we had this tit-for-tat during the G8 at that point, and then APEC Summits, when Putin didn't come, allegedly because of the need to form the new government. And then he sent Medvedev, who was allegedly on better terms, both with Obama and with other leaders. But he was still not number one, right, and he didn't have power to take decisions, and to agree within the G8.

I even remember when he was President, there was a case when Medvedev said, okay -- I think it was on (inaudible) -- he said, yes, we're totally on the same note with all my other G7 colleagues. And then his statement was disclaimed by Foreign Ministry, even. So, he was never really having the full hand on the foreign policy, but when he was sent as a Prime Minister to that event -- so it was a number two, not number one.

And, again, that's how it is seen from Russia, which is extremely psychologically vulnerable, its government, to how things appear, and it's always reciprocal. So, number two came down, and then APEC Summit, Obama send number



three. So, it's, again, it's kind of a harsher response.

It might seem, you know, really childish to view it this way, but, I mean, that's how it's seen, and it's big politics. And that's how it is being influenced.

Then I'm very grateful for mentioning (inaudible). There's one thing -- you remember, there was an ongoing story since 1972, I believe, with the Jackson--Vanik. Russia was striving for ages for it to be abolished, because there was no such conditions any longer as limitations on Jewish residents to go, like, abroad. But Jackson--Vanik was never abolished before the time when Magnitsky Act was adopted.

So, it had an idea that, okay, we're not seen as equal, and then now we're having a direct targeting against our officials that have powerful decisions. Yes, obviously, when you take countermeasures -- and it does sound funny, I agree, when you say, okay, those American officials or European officials cannot go to Russia -- but why not spend vacations in Siberia? I bet you'd love it. It's actually very beautiful.

But then reaction to Bolotnaya Square -- but it's also actually inflamed further Russian government fears that Americans are striving at regime change, because if you support openly Bolotnaya Square protests, that means you're igniting their regime change and color revolution. And besides, they've started again this -- they had their white ribbons, so it had same implications as in previous cases. So, Bolotnaya Square.

Then Snowden -- it was still probably a minor -- it had a huge negative PR effect, but I would say Russia was more of a victim in there, because he did fly to Hong Kong first. And Chinese got everything from him they wanted, and then they just put him on the plane -- and, from what I heard, Putin learned that he landed in Moscow two hours prior to when he landed -- and mind that it's eight-hour flight. So, he learned about it after he already left Hong Kong. So, he couldn't have known about it.

But if you want to have a reaction further on -- I mean, there was no way

Russia could behave differently and -- I mean, if you were allowed to go to some Latin American country freely, they would love to do it. I mean, Putin would've been happy to do that. But if he was to kind of put him on the plane irrespectively, knowing that there is a threat for the guy, and just allowed for him to be captured, that would mean, in the eyes of the rest of the world -- not in the Western world, but the rest of the developing world -- and Russia, especially after having deteriorated relations with the West as a whole, started paying more attention to the emerging economies and developing countries.

So, it would have huge impact on its authority, on its reputation. They would say, okay, you know what? They're like them. Here, they're eager to give out the person. So, they had to behave the way they did. There was no other exit from the situation.

Then next not positive development was when they started a PR campaign around gay/lesbian rights in Russia. Well, when you talk about our Parliament, and people like (inaudible) you should understand he's not mainstream, right? If you listen to such people like him or (inaudible) -- I mean, you would have similar, I'd say, not very adequate people, as well. So, it's not that you will judge their saying as a governmental policy, right? So, I would say this was part of their problem, and that's why it got a higher priority, and it did not have.

So, now when I would have an American ask me, so -- like, there was -- my university (inaudible) one of the Americans said, "So, how many singers?" And we had huge amount of very famous ones from Estonia, from Latvia -- very famous Russian singers singing in Ukrainian -- such an anti-Ukrainian sentiment, right? More, right -- and then Bella Russia, et cetera.

So, when he said, "So, how many of them were openly gay?" I'm like, this isn't a problem. It might be kind of taken as a political issue by such people like

(inaudible) but I have a number of friends -- and when I had people coming from Europe, they said, "You know what? We feel there are more gays here -- we've met more there" - - and just, like, not oppressed, as opposed to, let's say, Poland. So, Poland would be more conservative (inaudible). So, it was more a pure action, but it led to political decision of not participating in the opening of the Olympic Games. And Russians did count on it as a huge PR effect. It's a soft power, and it was important. It was a very un-nice development for Putin personally and for the government.

So, this is just kind of the least of all their -- you know, small and, at some points, bigger steps that led to their further and further deterioration and the end of their reset policy. And, unfortunately, I would say, as in many cases, it does involve personal relations between the leaders, so we will need different set of leaders for it reappear on either side.

MR. O'HANLON: Excellent. We're going to go to you in just a second -- quick follow-up by Steve.

MR. PIFER: No, I wanted to respond -- I agree with a couple of those points, and disagree on one.

I mean, first of all, I completely agree on the Snowden case. I think it was not a smart move of the U.S. government to be publicly demanding Snowden's return, when we all knew, in the reverse situation, we would never consider sending a Russian back under those circumstances.

Second, I also agree with you on Jackson-Vanik. I think Congress has not done itself credit with Congressional sanctions. If I were in Moscow, I think the Magnitsky Bill would have zero impact, because I would say, well, look at Jackson-Vanik -- when in 1992, '93, we met the requirements, it still took us almost 20 years to get off of it. So, I think that was mishandled.

On the personal relationships -- they can affect relationship, although -- and I agree the personal dynamic between President Obama and President Putin has not been a good one. But I guess I wouldn't overplay it. I would go back to the previous administration, where I think there was a very good and very positive dynamic personally between Vladimir Putin and George Bush. Now I don't know why. I mean, a former KGB officer and a Southern, you know, American Governor -- you know, it's not like they have a lot of things in common.

But I still believe that if he told George Bush, "You've got to spend 30 days on a desert island with five foreign leaders," Putin might well be among that group.

But even when you have that good chemistry there, it still not arrest the declining relationship from 2004, really up into the present.

The last point I would make is just because it's arms control -- close to my heart -- missile defense. When Russia asked for a legally-binding guarantee that American missile defenses would not be directed against Russian strategic forces -- but they also said, and there should be objective criteria -- which we defined basically as limits on numbers, types, and locations. So, it was really a resurrection of the Antiballistic Missile Treaty.

Now I actually think if we were talking about a 10-year treaty, it would've been fairly easy (inaudible) we could've come up with a 10-year treaty that would've, one, assured Russia that there was no threat to its strategic forces, and, two, it would've allowed the United States to do everything it would like to do vis-à-vis North Korea and Iran. And I'm absolutely certain that treaty would have zero chance of being ratified by the Senate.

That's our problem. Unfortunately, I think for some in our Senate, missile defense has become an almost theological issue. And so we're not able to approach this

in what might be a more rational way.

I would say I'm sympathetic to the Russian position that, at some point, if you're going to have legally-mandated reductions on offensive forces, there should be legal limits on missile defenses. But, I would argue, that point comes down the road, when you have much more equivalence between offense and defense.

And now, when you're looking at, under the New START Treaty, in 2018, the limits kick in; Russia will have 1,500 deployed strategic warheads on ballistic missiles -- at the time, the U.S. will have maybe 44 interceptors with the velocity capable to engage those warheads. I think that gap is so large; you can look at other ways. And there was an offer made about a year ago on a transparency agreement, which I think might suffice now -- bearing in mind that if you begin to narrow that gap, at some point, (inaudible) might make sense.

MS. PANOVA: Yes, I would agree with that. But why don't we talk about the nuclear, right?

So, first of all, we have different understanding of, like, how you reduce it. So, we talk more about eliminating those weapons; you talk about stockpiling. So, that's a difference.

And the other thing that -- and there is a concern on that front in Russia, in the military and political circles -- is that, yes, nuclear -- although I think it's elevated, but it's still seen, at least in Russia, as a method of containment. But in reality, now America is very far ahead of Russia, because you have high-precision, hypersonic weapons, which Russia -- you're working on it. It goes to that. You have a number of very high-tech weapons that Russia do not possess.

And that's a concern, because, for example, if we go to zero nuclear, then it clearly plays into the hands of America -- at least, that's how it's seen -- being the

only dominating military power in the world that could do anything it wants, right?

So, this has to be taken into account -- and also mind that Russia now spends -- as opposed to the Soviet Union -- there are different data, but let's take the middle range -- the 12 percent of GDP for defense that was used during the Soviet times. It was still smaller than the U.S. one, and now I think it's four percent. And it's much, much smaller than either U.S., or Chinese, or even French budget for defense as it is. It's smaller.

MR. SHAPIRO: We're also at four percent.

MS. PANOVA: No, I mean, but in absolute terms, it's much smaller. So

--

MR. PIFER: Than the U.S. and China. I think you're actually now ahead of the French.

MS. PANOVA: (inaudible). So, that's another thing why there might be more concerns on the part of Russia, as opposed to United States in this area.

MR. O'HANLON: I just have one question I'm going to pose to you, and then getting over to yours -- this is just for Vica -- what I think I hear you saying -- so I want to summarize very quickly, and then pose it as a question -- that in the last 25 years, the United States -- and Jeremy also built into this narrative, so he can correct me if I'm getting some of it wrong in terms of your thinking -- but United States, in a sense, took advantage of Russian weakness.

We all seemed to love Yeltsin. For you all, he was a nightmare. He was watching your country practically self-disintegrate. And we were expanding NATO eastward. You didn't talk a lot about that today, actually, but, in any event, it was, in some Russian eyes, taking advantage of the way the Cold War ended.

And then we didn't, therefore, appreciate the degree to which Putin

would appeal, simply because Russians needed order, and a sense of strength, and a sense of proper rights, and responsibilities, and prerogatives on the world stage, and Yeltsin brought all that. And, therefore, given what had come before -- the humiliation, the distress about the future, the chaos of the 1990s -- it's natural that Russians would, to some extent, appreciate Putin, and appreciate the way he was pushing back against the rest of the world.

The question I have, though, is, even if all that is understandable, don't many Russians still want us to keep standing up for some of these values of free press, democracy, on the theory that Putin himself has a bit of a personal interest in suppressing some of that?

And even if you don't always like the way we get involved in Russian internal politics, and see that as a sign of our hegemonism and so forth, that Russians still -- many Russian reformers, intellectuals, next-generation -- we've been told over the years that some of you are nervous about Putin -- not you personally; I don't want to impose views on you -- but that your generation actually would welcome the international community keeping up a little bit of pressure in some ways -- maybe not Magnitsky Lists, maybe not huge brouhahas at the U.N. or anywhere else -- but a little bit of quieter pressure. And wouldn't that be actually a useful role that we could play?

MS. PANOVA: So, just to refer a bit to Yeltsin, because you mentioned -  
- I couldn't go -- while he still was not such a drunkard as he ended up -- when he was asked in the early '90s, if you were in the shoes of Gorbachev -- not him, but you managed to get to the ladder as the President of the Soviet Union -- would you ever allow it to disintegrate? He said never.

So, I mean, many people here view him as a big liberal, outgoing and very positive figure. But, I mean, he happened to be, like, at the lower level at the ladder

of power. And so he just got his chair, but if he were in the shoes of Gorbachev, he would've tried to have Soviet Union as a remaining power.

So, as far as your question goes, the problem is that, first of all, if you do (inaudible) for democracy, you should understand. But here, I would say there is a game of several factors. One is real pressure that comes from you, but the other one is a PR campaign that is held on the internal stage, which leads to people believing, you know, evil empire -- and United States is an evil empire.

But you should remember that 80 percent of the population do support him. I mean, this might be different with regards not to the younger generation, but more to Moscow and St. Petersburg, for example, because I would say we're less Russia than anything.

But even if you talk about majority of intellectuals, the problem is that America has gained this reputation, as well as some other countries in the so-called West -- I don't like this word -- gained the reputation that you do not really care about the rights of the people, because it's actually with the ongoing crisis that there came more suppression, as opposed to earlier (inaudible) and there was no reason to introduce that. So, they wouldn't be able to motivate it, anyhow.

So, it's not about the rights of the Russians, but more about geopolitical interests that America is trying to achieve via defending the rights of Russians.

MR. O'HANLON: We don't have credibility --

MS. PANOVA: That's what I'm saying. And, unfortunately, I've been working with their civil society groups -- back when we had their still-G8 presidency in 2006. And my group also included the human rights activists. And what I noticed -- that the ones that were closest to the, let's say, Western values -- they would claim that they would defend Russian rights in the regions elsewhere, but then they would have a site



only in English.

So, they would get grants, like, from America, for example. But then the activities they were holding were not directed to improve the wellbeing of the common people, but, rather, to show how they do something to United States -- which didn't give credibility to them among the people.

So, that's why it probably became more a lost case, as opposed to United States being seen as a good power -- because I would compare it a bit to Canadians were a bit skilled in that, because they were not investing that much into political projects, but, rather, social projects which didn't introduce conditionality. But United States, as a leader in that, is seen as -- sorry -- but mostly not credible, and for voting its geopolitical interests.

MR. O'HANLON: Jeremy, quick question, and then I'm looking to the crowd.

MR. SHAPIRO: Yeah, I'm surprised you fell for that Canadian sham, but okay.

I guess I basically agree. So, let me just sort of reemphasize, from my perspective, what Victoria was just saying. I think that there is a desire among at least some parts of the population in Russia for democracy and human rights. People want this everywhere, after all, and there is a fear. And we saw this in the protests over the election. There is a fear of Putin's autocracy. That definitely exists.

I think worse than the idea that the U.S. doesn't have credibility for this -- the U.S. actually plays into Putin's hands by promoting this stuff, because what Putin has been able to do -- what the current Russian regime has been able to do -- is associate the United States with the democratization of the movement, and associate it with these geopolitical motives that were just alluded to -- the democratization movement in Russia.

Although many Russians, I think, could be Democrats, many Russians are interested in human rights, many more of them -- and all of them, frankly -- are, first and foremost, Russian nationalists, Russian sovereigntists. That's come out very clearly here.

I remember very clearly going to Russia not too long after the Kosovo war, and one of the most liberal politicians in Russia saying to me that he understood very well that if Russia didn't have nuclear weapons, the bombs would've been falling on Moscow as well as on Belgrade. This was a sentiment across the Russian political spectrum; because the sense was that the United States's efforts at democratization had a geopolitical motive, and were aimed against Russian sovereignty.

And so even the people who supported it were a bit wary of the messenger. And I think Putin has played on that very, very effectively, and that's the reason why he's imputed democratization strategies where they don't even exist. But there are enough that there's an important grain of truth to it.

And so I think that we have to be careful to not consider ourselves some sort of exogenous benign force, and to understand that people will see not only the message but the messenger.

MR. O'HANLON: Well, I've lost all my credibility with you, because I promised to bring you in about a half hour ago, but I've been having too much fun up here with these folks. So, let's finally get to you folks, and let's go three questions at a time -- see if we can get a couple of rounds in before we have to finish.

I'll start here with these three. First, with this woman right here, and then the gentleman, and then over here to the side.

SPEAKER: Thank you very much.

I just wonder if you can give us some kind of description about

(inaudible) in Russia and America. And the way I'm thinking is that you may think a democracy in America is nothing at all -- it's fake. And maybe you like to say maybe communism is good, and America is against communist. And this has happened for decades. Maybe you can make some comparison when you are little and young, and you were educated in Russia and United States. Could you give us some comparison how you grow up, and how that change you are thinking and the value?

MR. O'HANLON: Thank you. This gentleman here.

MR. SAETREN: Hi -- Will Saetren, from Ploughshares Fund.

So, first of all, very good talk -- a lot of interesting points. But I think my employers would be very upset if I didn't ask a little bit about the nuclear issue.

So, I think we've all gotten a very bleak picture of the relationship, as it's bad, but it isn't broken. What do you, Mr. Pifer, specifically, what do you see as the odds of continuing work on nuclear reductions, let's say, in the next five, ten years, of seeing another start?

MR. O'HANLON: And then finally, over here.

MR. FARMER: Nick Farmer.

Can you speak to energy policy on both sides, and whether that's a potential source of either cooperation or conflict -- thinking about the importance of oil and gas, exports to Russia, the U.S., and European Union -- emphasis on climate change, and reducing dependence on oil and gas -- the impact that reduced oil prices had on the Soviet Union, and the contribution it made to its collapse? How might that affect relationships going forward in the next 10 years?

MR. O'HANLON: I guess the first one is for you, and the last one, if you wish, and then the second for you, and then Jeremy can comment, if he wishes, at the end. So, Vica, you'd like to start?

MS. PANOVA: Sure. So, in terms of how my values changed -- I'm very grateful to America for making me more outspoken, believing more in myself -- although - and I was coming here, and we had this huge view of America in mid '90s as a very democratic power; it's a land of opportunity, land of total freedom. To some extent, I mean, it really helped to go ahead.

On the other hand, I learned, well, you know what? It's not totally free, probably, and, in some cases, Russia is less rule-embraced, as opposed to America. We, in some cases, have more freedoms.

But my education in both countries allowed for me to try to take (inaudible) but probably more or less balanced position. And even if I see and would think that America -- like, American government, not America -- is doing something I would disagree with or which goes against the line of my country, I can still explain it to myself and say, "Well, how would we behave?" for example. And I used to say, "Well, if it was the Soviet Union that remained, as opposed to America, it might've been a bigger disaster, in terms of having (inaudible)."

So, I would say it helped me to be more open to different views, and accepting those different views.

In terms of energy policy, I would say we had a bigger opportunity for cooperative energy relations earlier, when we had the opening of the American-Russia energy dialogue, which, unfortunately, didn't go further. Some of it -- let's say misperception of what's important for Russian national interests, what's important for American national interests -- and a lot of it has not been in the demand of politics, but being in the demand of, unfortunately, national policies being identified -- vice versa -- commercial interests of certain companies and persons being identified, like (inaudible) others involved in that, as national interests, which is totally not how it should be.

So, this is part of the reason why dialogue didn't go further, I would say. But it's not one-sided. So, the other one is that conditionality and probably trying to use Russian resources, like, on American side, as it was used during the (inaudible).

So, not to the same extent, but Russia perceived that probably Americans would -- as well as the Europeans and transnational companies -- would approach it and its energy resources as just to make use of it, but without giving extra credit to the country. So, that's why I think energy policy didn't go.

There is a huge potential for the conflict. Unfortunately, this area is highly politicized -- which should not be the case. Our biggest problem that if we talk about energy, we talk about commercial deals. I'm sorry; this might sound tough, but I guess you should understand me here, as the land of capitalism -- if somebody cannot pay for something, this somebody is not supposed to steal it, or to say, you know, we're so nice -- like, not to you, to others -- but you still have to give it to us for free because we're so nice.

So, this is not how it should go. You can pay for it the price that is set by -- I don't know -- market mechanisms, whatever. You pay for it, you get it. If you cannot, you ask somebody. Either you return with some kind of something else, with political loyalty -- you ask money from somebody else to whom you give this political loyalty.

But here, it seems to be a street going one direction. So, yes, you are the country with resources. For some reason, they have to be of general public use, and you have to give it.

So, this is often their approach that Russia is having -- although, as I say, I strongly disagree and disapprove of (inaudible) policies, and I think that our interests kind of -- they have been changed from one to the other, and this is not national interests. So, this is about politicizing the issue.

As far as climate change goes, I think it's more relevant for global arenas, as opposed to Russia-American relations. And I think we have a much closer understanding of the issue, and it's a potential area of cooperation, as opposed to, let's say, even emerging economies. So, this is an area where Russia is much closer to its Western colleagues, even though United States and Europe are different in there, and Russia has still some aspects. But we're much closer, and have more potential for cooperation in this area, as opposed to the other (inaudible).

MR. O'HANLON: Steve, why don't you do the arms control?

And, Jeremy, if you don't mind, I'll promise you the first chance to respond to the next round. And then we'll see if we can fit one more in.

MR. PIFER: Just very quick (inaudible) -- I think you were alluding to Ukraine-Russia when you were talking about paying and getting something. But I actually think that you would find that there's actually a lot of sympathy in the U.S. government and the United States for that point of view -- in fact, probably more so than in Europe.

In Europe, for example, in the 2009 gas crisis, there was some sense -- how can you possibly do this when it's a cold winter? But the question gets more on, you know, is it a reasonable price; that sort of thing.

On the arms control question, I guess the optimist in me says that I can see a U.S.-Russia arms control negotiation definitely around 2019, because I think, at the end of the day, while Russia I don't believe now is prepared for further reductions, I think the Russians, like the United States, appreciate that New START provides a cap on overall strategic weapons levels. It provides predictability, transparency.

So, in 2019, when you're two years out from the New START Treaty's expiration, I think the Russians will want to do that.

Now the question is -- and I'm less optimistic about -- could you do something before that that would be more dramatic in terms of reductions? And there, I think it's hard to say. I mean, two years ago, Mike and I wrote a book called *The Opportunity*, where we had some grand ideas. Clearly, not enough people read the book. But, you know, I mean, what we argued for at the time was, we thought that the United States and Russia could make about a 50-percent reduction -- and not just in deployed strategic weapons, but also in reserve strategic weapons and tactical weapons -- basically, cut their overall arsenals down to about 22,000 to 2,500 each.

You know, and at that point, then it might make sense to bring in third countries. But, as far as I can tell -- I mean, again, what I've heard from you -- and even the Obama administration over the last four or five years -- they would like to get into that approach. Already in 2010, President Obama -- in fact, the day he signed the New START Treaty, said, "Let's now reduce this number, and bring in the other weapons." But there hasn't been a readiness on the part of the Russian side to do that.

And what the Russians have done is, it's linked to issues like missile defense, prompt global strike, things like that. And I actually think if you took each one of those issues separately, you could resolve them in a way. But I haven't seen a willingness on the Russian side to resolve those questions.

So, my assessment -- which may be wrong -- is that the Russians have drawn those linkages, because, at this point in time, they're not prepared to go to further nuclear reductions.

MS. PANOVA: I would say Russia would not further unless all five countries at least sign both. That's for sure. That's very clear, and that's very essential.

MR. PIFER: And, certainly, Foreign Minister Lavrov said that. Again, I think that that's a position that may make sense down the road; I'm not sure it's

necessary now.

MR. O'HANLON: Okay. So, we're into the lightning round -- three more quick questions -- actually, four, because I'm going to add one first. And we'll go Jeremy, Steve, and then Vica to finish.

Vica, this question is for you. We've sometimes heard Vladimir Putin and others talk about a need to protect ethnic Russians, wherever they may be. In this earlier conversation about whether we're back in the direction of the Cold War or not, how does the danger rank?

The one thing that would make me really nervous is if Vladimir Putin felt the opportunity, the right, the, you know, contrived need to defend ethnic Russians in the Baltic States -- because then we're talking about Russia versus NATO Article V.

MR. PIFER: To say nothing of Brighton Beach.

MR. O'HANLON: So, please tell me if that's something I have to worry about -- and from the point of view of Vladimir Putin specifically or Russia in general -- so Baltic state Article V question.

But now let's take three -- one, Jason, and then three here, and we'll be done.

MR. SCARLIS: I'm Basil Scarlis.

I would like to ask Professor Panova -- is there any hope of U.S.-Russian cooperation in the field of cybercrime? The impression of some in the United States is, Russian cyber criminals are tolerated in Russia, and attack freely the American banking system.

MR. O'HANLON: After Jason.

MR. TALMA: Hi -- Jason Talma, here at Brookings.

I wanted to ask Victoria -- you kind of articulated a list of grievances from



the Russian perspective of not being a global player, being marginalized -- do Russians feel now they're better off in that respect, after where we are with the Ukraine? Thank you.

MR. O'HANLON: Right here (inaudible).

MR. BEAVER: Hi. This is William Beaver, from APCO Worldwide.

I have a question about NATO's role in keeping Russia from anymore aggression in Eastern Europe, and what sort of role can they play -- whether or not NATO buildup in Baltic States, for example, might be helpful, from the U.S.'s perspective.

Thank you.

MR. O'HANLON: Thank you. So, most of the questions were for Vica, but we'll start with Jeremy, then Steve, and then Vica to finish.

MR. SHAPIRO: Yeah, I want you guys to know I didn't take that personally at all.

Let me just touch on this energy issue. In the typology that I sort of drew, energy is mostly a regional issue. Climate change, I guess, is global, but energy is regional. I think it's a very difficult place for the U.S. and Russia to cooperate, particularly because both sides have, for a long time, accepted -- going well back into the '90s -- that energy is fundamentally a geopolitical rather than a commercial issue. And both sides have been operating that way for a long time.

I think the idea of sort of trying to have even a discussion about, well, this is actual pure commercial practice is kind of ridiculous on both sides, frankly. There is nothing resembling pure commercial practice in the European-Russian gas interaction. And I don't think we're going to get anywhere close to that for a long time. So, it's all geopolitical. And I think it makes the cooperation very difficult.

I think that, also, we have to be a little bit concerned about the effect of

energy prices on the Russians. And this is frustrating, because we have to be concerned no matter which direction it goes. My colleague, Cliff Gaddy, a number of years ago did a very interesting project sort of correlating Russian behavior and energy crisis. And we see that, actually, Russia becomes much more aggressive when energy crisis goes up, and suffers enormous damage when energy crisis go down. And so this is something that dates back, essentially, since the end of the Second World War.

And I think the Russian state has continually failed to lead a diversification of the economy, which renders them still not quite as vulnerable as they were 10 years ago to this, but still quite vulnerable. And I really don't want to understand what a Russia that feels like it's slipping in the global tables will do right now.

In terms of the question about what NATO can do in the Baltics -- look, this is a difficult question for me, at least. I think that we have had -- and I laid out a history of not just NATO enlargement but general European enlargement, institutional enlargement as being something that the Russians view as very threatening, and something that has pushed them into a lot of the policies that we've talked about today.

But nonetheless, NATO enlargement has happened. And, I think, from a strictly U.S. perspective, we have a strong interest in making sure that Article V is something that has life, that means something. I guess I would prefer, if I was doing history over again, not to have pushed Article V all the way to the Estonian border with Russia, but we have.

And so I think it makes sense to signal to the Russians that Article V is a very different thing for the United States than struggles in Ukraine and struggles in Georgia -- and, at the same time, that we aren't determined to push Article V everywhere -- that where it is, it makes a difference -- because I don't think we want to get into the situation that I think Mike was alluding to, where we have Russians testing the credibility

of Article V, and finding ourselves either forced to respond in a way which would be very escalatory, or forced to back down in a way which would gut the Article V commitment that I think we've found very useful over the years.

MR. O'HANLON: Steve, any final thoughts?

MR. PIFER: Yeah. Let me take the NATO question -- Russia-NATO -- and I think Jeremy's right, that there's a perception in Moscow about NATO taking advantage of Russian weakness. But I actually think that narrative is flawed.

MR. O'HANLON: Why is it important whether the narrative is flawed?

MR. PIFER: Yeah, no, again, that's a fair point. But, I mean, going back -- and if you look at, I think, fairly -- particularly President Clinton in his engagement with Boris Yeltsin, making efforts to try to build a NATO-Russia relationship -- now I think we made our mistake -- was, we underestimated how much antipathy there was in Moscow towards the idea of NATO and NATO enlargement, and we overestimated our ability to build this NATO-Russia relationship that would be so cooperative and positive if the Russians would not care about NATO enlargement.

But there were also the commitments made there in 1997 about no permanent station and substantial combat forces on the territory of new members of NATO. And that really applied from '97 up until, you know, February, March, April of this year, when I think you have seen in NATO that something has changed in Russia, and it followed the Russians' illegal occupation of Crimea and then military activities in Eastern Ukraine.

And you now have a point where I think NATO sees in a way they didn't see fifteen years ago, or ten years, or perhaps even one or two years, a requirement to have some sort of military capability that doesn't necessarily has to be large, but there should be military capabilities, basically to reassure the Baltic states and Central

Europeans, but also to make sure that there's a very clear redline in the mind of the Kremlin that there are defense commitments to NATO.

And I think what the U.S. has done -- there are now four airborne companies deployed in each of the Baltic States and Poland, 150 troops, light infantry. They don't have significant offensive capability. But they still are there, I think, as a very significant signal to the American and NATO commitment to the defense of those countries.

And so I think this is something that's changed from a year ago. A year ago, nobody would've considered this, but my guess is that, for the foreseeable future, you are going to see a stronger NATO military presence, not just land forces but also air force and maybe naval forces in Central Europe and the Baltic states, because there now is this concern in NATO that, with Russia's use of military force against Ukraine, is there a possibility that it might be used elsewhere?

This gets back to your point, Mike, about, you know, the question about the Baltic States.

MR. O'HANLON: My friend?

MS. PANOVA: So, before going to NATO, let's first talk about Russian approach to -- yes, you might be very concerned about this protecting ethnic Russians all over the world.

But, I mean, let's say Russia's also concerned about ex-territorial use of internal legal (inaudible) United States, which concerns some of the Russians.

MR. PIFER: We consider all seven billion people to be fair game for us to protect.

MS. PANOVA: Exactly, exactly, exactly. So, this could be seen as more scary.

MR. SHAPIRO: But you can't have two countries like that.

MS. PANOVA: Exactly. That's the biggest problem, I guess. So, with the Baltics -- so Russian minorities' problem was high on the agenda earlier in the '90s. And if Russia, like, wanted to do anything about it militarily or, like, with any other means of hard power, it would've done it back then. It still possessed relevant military capability.

And I can tell you that I met some Russian-speaking people from there who came to America, but said, "You know what? If only Russia says, we'll go back and fight against local governments because they kind of oppress Russians." But this was not the intention, so it didn't want it. That's why nothing happened, and Russia actually -- in understanding of Russian politicians, the Baltics were done -- like, outside the (inaudible) space. So, it's not the case.

They can be economic pressure, but it was used more earlier with (inaudible) this gas pipeline interruption, et cetera, earlier, and with the building of different ports.

But there's no way military means are used in the Baltics -- never been such intention. So, I would say Baltics are safe.

The problem is that there is a lacking soft power and lacking PR while there is a huge demonstration of hard power elsewhere by Russia, which makes them scared of such a scenario -- which is not plausible and not possible at all. So, that's the thing.

With the Article V -- I would say probably it would be much better, and it would allow to ease tensions if Article V is emphasized less, and if there is suggestions coming from (inaudible) to liberate further, to develop the cooperation between NATO and Russia, notwithstanding current crisis -- because you have to understand, there is specifics about Russian psychology. The more you push, the more harsher response

you get. So, if there is a complacency coming about, Russians will be more -- and it's on all levels, not just government but population, especially when now we have not really good economic situation. It's even higher as a priority to kind of explain it somehow.

So, the population, the government would feel they would need to push back much stronger if there is a harsh rhetoric and things like, yes, Wales Summit -- it's not a big deal. I mean, it's not a huge offense -- I mean, it was seen as another step in their aggressive direction from NATO's side -- although analysts mostly said, okay, that's not a big deal; no Sweden, no Finland, as they wanted to -- then very small reactions -- rapid reaction forces, et cetera.

But still, I mean, there has to be room for maneuvering, for soft rhetoric on the other side.

With cybercrime -- I mean, most of it -- we're not China. We don't have state-sponsored cyber criminals. So, there is a way -- I would say our government or people would suffer from this, as well. It probably comes from the fact that we (inaudible) legal system to counter the problem. And so now it's being developed, but it's still in the making, I would say. We still need more things to take. But there is a way for tackling the issue.

So, do they feel better when they are in confrontation? I would say at least if you go mostly to province -- as I said, Moscow and St. Petersburg are different -- they do feel proud that Russia managed to push back. And that's why they like Putin, even though they should've been concerned about economic/social situation which will be getting worse. And I would say it's not just about sanctions; it's deeper.

But sometimes, you know, psychological comfort -- at least for some period of time -- can take place of essential bread for Russians.

Yes, and I think I responded on the NATO's role in keeping Russia's

aggression -- as you said -- although if we talk about aggression, I think we have military people here -- former military, at least. Is there current modern war possible at all without air strikes and air support today? Is it possible? No. So, response from the military -- would you deem it possible to have Americans going to war without air support, your Air Force? No.

MR. SHAPIRO: We do it all the time.

MS. PANOVA: No. If you do it, will you do it without Air Force support at all? Would you feel it rational?

MR. PIFER: It depends on the scenario.

MR. SHAPIRO: Depends on the nature of the operation, but it's possible.

MS. PANOVA: It's suicide.

MR. PIFER: No, the U.S. military view is to make the fight as unfair as possible. And if air support's necessary for that --

MS. PANOVA: It's suicide, totally. I mean, in current conditions, no country would do it. And now tell me -- if you had any reports of the Russian air force planes being over Ukraine.

MR. SHAPIRO: I've had some reports of that.

MS. PANOVA: No, there was none -- no Russian air force was there. So, I don't know what you're talking about.

MR. PIFER: Somebody beat the Ukrainian army in August and September --

MS. PANOVA: I'm not in government. I'm not in military. I don't know what's actually going on, but I'm just (inaudible). But that said --

MR. PIFER: So, those forces in Crimea -- are they Russian? Because

President Putin said they were Russian.

MS. PANOVA: Those were under legal arrangements with the Russian fleet. So, those were the ones, but yeah.

MR. PIFER: The little green men?

MS. PANOVA: Yes, there was an agreement on the Baltic -- on the Black Sea.

MR. PIFER: No, no, don't say the Baltics, please.

MS. PANOVA: But that said, I think this is not used much in American reports in political lexicon. I think when you appeal to -- when you were talking about Crimea, you would say not only Russian military but green people, right? Would you have that?

But the Russians would have a mostly spread term for their Russian military as the most very polite people, so that's a term for the Russian military in Crimea.

MR. PIFER: (inaudible) but I wouldn't disagree that -- I mean, there were certain agreements which allowed a Russian military presence in Crimea, but those agreements do not allow the Russian military to seize and occupy Crimea.

MS. PANOVA: There was a referendum, which was not the case for Kosovo, unlike your President said, though. He said there was a referendum there, but -- well, that's a different point.

MR. SHAPIRO: Sequence is important. If the referendum was after they seized Crimea --

MR. O'HANLON: From my point of view, this is great, because you can see we're going to have to have another event like this sometime next year. And there's still plenty for all of us to be feisty about, but we've also had a lot of very just, you know, penetrating and very thoughtful and helpful analysis.



So, I want to thank all of you for being here. I'm going to give Vica one last word here in a second, but, actually, we're going to have a big round of applause to thank you for coming. So, first, your last word.

MS. PANOVA: Because I didn't finish when I was talking about -- it had a reason why I started mentioning polite people. So, there is a term for Russian military in Crimea as polite people. It's a coined term. Everybody, when you say that -- some people use it (inaudible) some joke about it.

But just to prove that we all have sense of humor, and that we understand that politics is about games, I would like to give all of you this T-shirt which says, "Putin is the most polite person." That's for you.

MR. O'HANLON: Thank you all for coming. Thank you, Jeremy and Steve -- and especially Victoria.

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