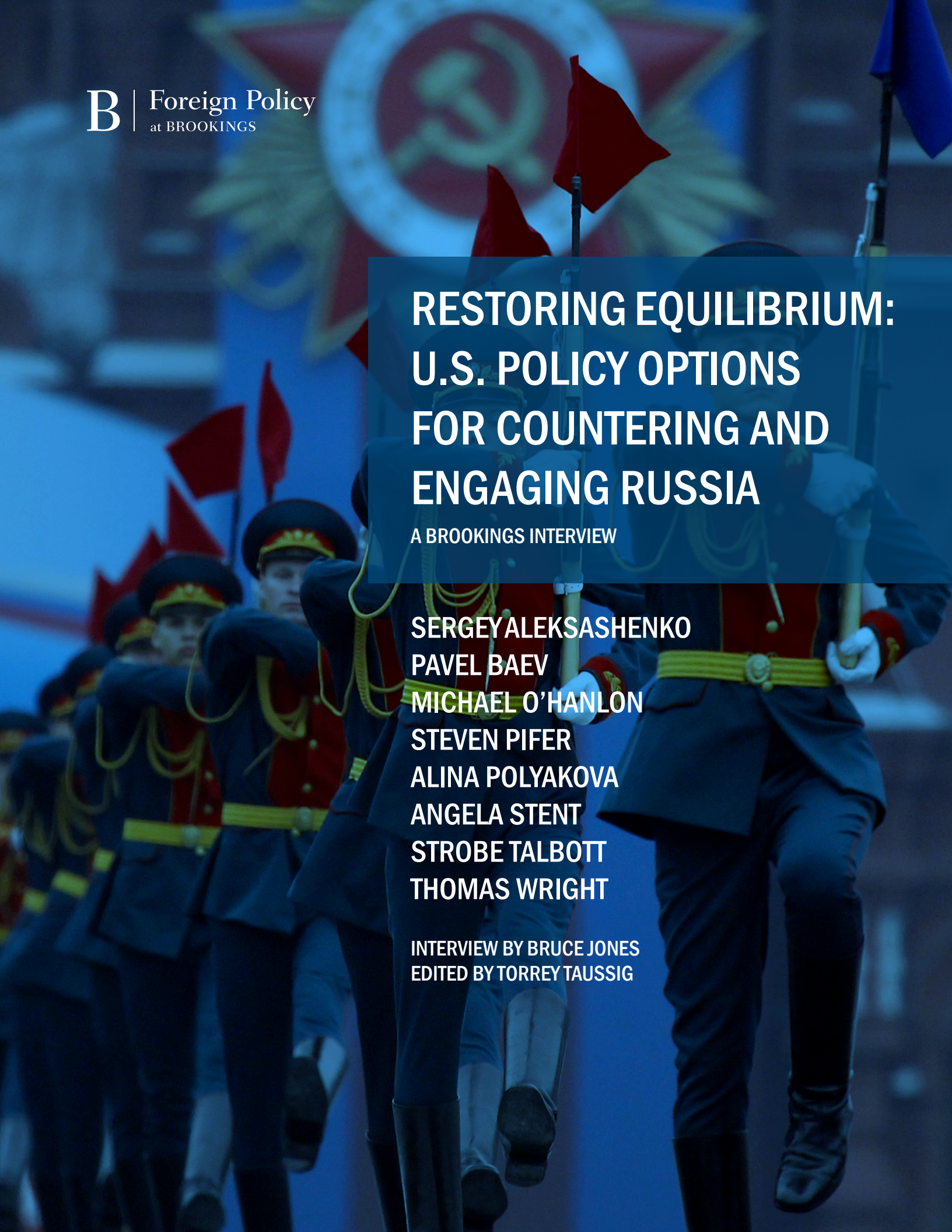

Foreign Policy at BROOKINGS

RESTORING EQUILIBRIUM: U.S. POLICY OPTIONS FOR COUNTERING AND ENGAGING RUSSIA

A BROOKINGS INTERVIEW

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RESTORING EQUILIBRIUM: U.S. POLICY OPTIONS FOR COUNTERING AND ENGAGING RUSSIA

*Lenin was famously, perhaps apocryphally, asked how to advance a political cause. He's reported to have answered, "Probe with a bayonet; if you meet steel, stop! If you meet mush, then push." To date, Russian President Vladimir Putin's political advances into Europe and military advances into the Middle East have encountered largely mush. In January 2018, Bruce Jones, director of the Brookings Foreign Policy Program, convened eight Brookings experts—**Sergey Aleksashenko, Pavel Baev, Michael O'Hanlon, Steven Pifer, Alina Polyakova, Angela Stent, Strobe Talbott, and Thomas Wright**—to discuss an effective U.S. strategy for countering Russian aggression and deterring future offences. The edited transcript below reflects the group's judgments on Russian foreign policy, U.S. and NATO strategy toward Russia, Russia's economic and political future, and recommendations for addressing the war in Ukraine as well as Russia's interference in U.S. and European elections.*

There is a range of views among Brookings scholars on what specific steps to take counter Russia and move toward engagement. The director's view, however, is that a little steel is needed now to deter future aggression. That should be an opening gambit and part of a wider set of measures, including diplomacy and engagement. The aim would be to minimize the risks for further escalation and begin the hard work of re-establishing an equilibrium in U.S.-Russia relations.

DIRECTOR'S SUMMARY

- *Russian President Vladimir Putin's strategy is driven by a zero-sum worldview that sees the liberal international order as inherently threatening to his political regime. As a result, agreement—or even mutual understanding—between Russia and the West over fundamental security issues, such as the future of NATO, is unlikely while Putin remains in the Kremlin.*
- *A core strategic challenge for the United States is to restore equilibrium in theaters of political and hybrid warfare. This may require countermeasures such as intensified economic sanctions and offensive measures to expose Kremlin-implicated corruption. Deterrence of Russia's revisionist conduct can be achieved only if the West signals credibly that it has the capacity and will to impose serious costs, and assumes some risks of escalation.*
- *At the same time, the United States and Europe should combine pressure with an openness to cooperation on discrete issues of common interest. This could include a high-level U.S.-Russia dialogue on strategic stability. At a minimum, the United States and Russia should maintain channels to reduce the possibility of inadvertent escalation, particularly where the two countries' militaries are operating in close proximity. And the United States should signal its willingness, over time, to improve relations with Russia if Moscow reconsiders its revanchism.*

- *There is no consensus among Brookings experts on the question of Georgian and Ukrainian pathways to NATO and the EU. There is a shared recognition that the status quo is unstable for all concerned, but disagreement over whether such instability is preferable to the likely terms of a détente with Moscow.*
- *Ukraine remains the centerpiece of ongoing tensions between the West and Russia. Any effort to implement a negotiated solution to the crisis will require progress from both Ukraine and Russia on the Minsk Accords, but it remains unclear whether Putin will take such necessary steps without additional pressure.*
- *Russian economic growth is likely to remain sluggish, particularly absent higher oil prices, and under the pressure of Western sanctions and Russia's continued overreliance on commodity exports. Moreover, prospects for economic reform and modernization remain limited as elites in Russia perceive economic reform as a threat to their political survival and personal wealth.*
- *While gradual economic decline may lead to public discontent, particularly among younger Russians, it is difficult to assess whether such discontent is likely to trigger social instability. Policymakers should be modest in assessing Russia's internal trajectory over the coming years, let alone trying to shape it directly.*
- *Barring internal upheaval, because Putin relies on an aggressive foreign policy to compensate politically for economic vulnerability, Russia, and not only China, is likely to demand long-term, strategic focus for U.S. national security.*

1. SETTING THE PARAMETERS: WHAT DOES PUTIN WANT AND HOW SHOULD THE WEST RESPOND?

BRUCE JONES: As I listen to the debate about what the West should do with Russia, I hear two positions. The first is that the West expanded NATO after saying we would not, and Putin is now pushing back. The West should therefore negotiate to give Russia some degree of reassurance. The second position is that Putin's foreign policy is irredeemably aggressive, so there is no point in negotiating until we reach a more favorable *modus vivendi*. Where do you fall in this spectrum?

STROBE TALBOTT: I agree with this framing, but it also has the feel of a normal time in the annals of American foreign policy, and for that matter, America. If we were in a John Kasich administration or a Hillary Clinton administration, that framing would be exactly right, but there's an elephant in the room. And we know who he is and what his perspective is.

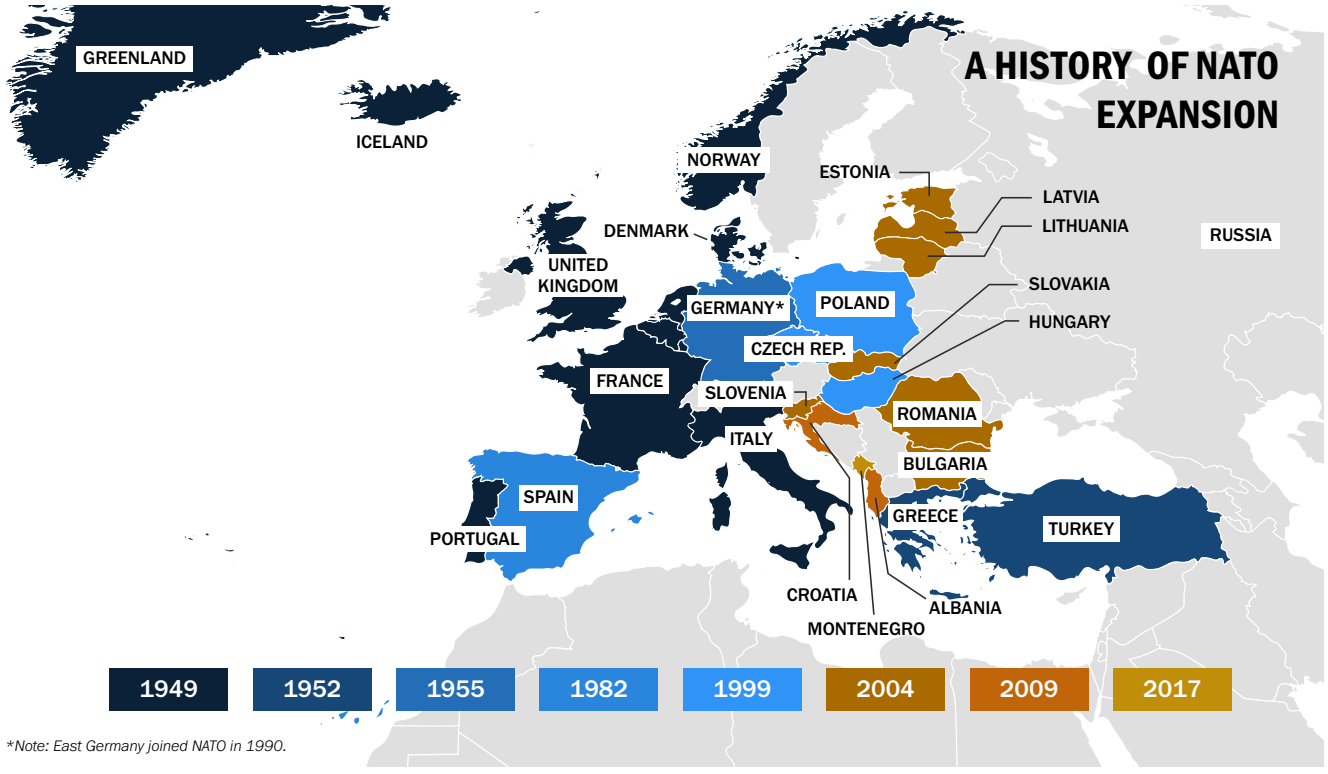
BRUCE JONES: So is this a time for negotiating with or pushing back against Russia?

STROBE TALBOTT: I would say both.

STEVEN PIFER: Your first point describes how Putin views the world. Putin views himself as defensively pushing back against Western incursions, and the enlargement of NATO and the EU. Having said that, I do not believe that history supports Putin's argument. I think he's fundamentally wrong.

BRUCE JONES: Does Putin believe this argument or does he instrumentalize it? And if he truly believes it, does it matter if he's wrong?

STEVEN PIFER: Putin says it so much that he has persuaded himself of that case. In response, the West has to push back against Russia while being prepared to cooperate on areas where interests converge. This combination is how the U.S. addressed the Soviet Union for much of the latter part of the Cold War. Hopefully, as the U.S. pushes back hard on some issues, it causes Russia to adjust its behavior.



*Note: East Germany joined NATO in 1990.

ANGELA STENT: The U.S. and Russia have fundamentally different views of the world. Since the Soviet collapse, every American president has sought to improve ties with Russia. The Russians say that they also started out doing the same and it always fails. I agree with Steve that it's possible Putin believes his own narrative. But if you go back and look at the 1990s, there were not any promises made to Russia that NATO wouldn't expand. This is a red herring. Thousands and thousands of pages have been expended discussing it. It didn't happen. And the Russians, actually, didn't object at the time. This is all a *post facto* attempt to blame the West, but Putin may well believe it.

The main point is that Russia does not have a positive agenda. We are constantly trying to prevent Russia from being more of a spoiler than it is. Obviously, you have to talk to the Russians and try to negotiate with them, but you definitely have to push back because in a time of Western uncertainty, we see Russia pushing forward—a country whose basic fundamentals, economy, and infrastructure are relatively weak.

ALINA POLYAKOVA: It's true that every single U.S. president since Bill Clinton has wanted a better relationship with Russia, and then every single time the attempt has backfired. In this sense, Trump is not an outlier. But what is different this time around is the political climate that the investigation into Russia's interference in the U.S. election has created. The administration's every step on Russia is under a microscope, which means that it will be difficult for the White House to move toward another reset.

BRUCE JONES: Is there a distinction between cooperating with Russia on shared interests and negotiating with Russia about long-term U.S., NATO, and Russian objectives?

MICHAEL O'HANLON: I don't believe that we are responsible for the state of relations even though I wrote a book recently arguing that we need a new approach. It's not because I'm a long-time admirer, and now a friend, of people like Strobe Talbott, Steve Pifer, and Bill Perry who did so much to expand NATO in the 1990s. It's because their motives were good and their results were good. I was always a skeptic, but consolidating democracy in Central and Eastern Europe is no mean feat. Stabilizing borders is no mean feat. NATO expansion firmed up civilian control of the military in these countries, while the U.S. worked hard to reach out to Russia. Having said all of that, I fear the process has gone as far as it can, regardless of whether Putin fully believes in his worldview.

I always begin my thinking these days with Thucydides and his three concepts of what drives human behavior in war and peace. Thucydides said that people go to war out of interest or greed, they go to war out of fear, or they go to war out of honor. I think it's that last point that tells us the most about how the Russians think—through a wounded sense of pride. It may not be justifiable, but it's very human. We should grapple with that more and be willing to rethink our paradigm especially now that we're stuck on the NATO expansion process. At this point we are 10 years into a period of having promised Ukraine and Georgia membership someday with no timetable for when, and no interim security guarantee. This leaves them exposed. If we can get better behavior out of Putin while constructing a new security architecture, we should be open to that.

BRUCE JONES: Can the U.S. negotiate with Russia on a broader security architecture in the current environment, or does the U.S. have to push back against certain elements of Russian behavior first?

MICHAEL O'HANLON: I think we have to push back. We have to make it unambiguous that we're fully committed to the security of every NATO member, and that all NATO members today will remain NATO members as long as the alliance exists. There can't be graduated tiers within the alliance and, therefore, I support fully the European Reassurance Initiative. Sanctions must stay in place as long as the Ukraine and Georgia problems are unresolved. The harder question is when you send lethal weaponry to Ukraine.

STEVEN PIFER: The Ukraine-Russia crisis is not just about Crimea and Donbas. It's also about where Ukraine fits in Europe, and to some extent, where Russia fits in Europe. And as far as I know right now, that conversation is not taking place in the Track I channels. I'm not sure if U.S. Special Representative for Ukraine Negotiations Kurt Volker and Putin aide Vladislav Surkov are addressing it, and that's a missing piece. I disagree with Mike's suggestion that NATO enlarge no further but that there instead be an agreed zone of neutrality stretching from

Scandinavia through Ukraine and down to the Transcaucasus region. I doubt it would work: many of those states would not want to be in that zone, and Moscow would continue to interfere. In an effort to bridge the differences Mike and I have on NATO, let me throw out an approach for Ukraine and Georgia's membership in NATO. Five words: not now, but not never. You protect the principle of NATO membership, but you acknowledge reality, which is that it is not going to happen in the near future.

PAVEL BAEV: On Mike's point about fear: There is a fear factor, and it's related to the survivability of Putin's regime. Conversations about NATO enlargement generally hide the fact that the regime sees the West as hostile to its very existence.

BRUCE JONES: But it's not actually a fear of NATO troops moving into Russian territory from Ukraine.

PAVEL BAEV: No.

BRUCE JONES: It's a fear of the Western model showing success in places like Ukraine.

PAVEL BAEV: Yes. It's a fear of regime change carried out by the West, which is hidden under Russian complaints about NATO expansion. Very deep beneath the surface, there is a fundamental concern limiting their capacity to negotiate. On Trump, Alina you're right that Trump came into office wanting to improve relations with Russia, but Trump also wants a colossal expansion of U.S. military capabilities. Trump demands that NATO allies increase their defense budgets, and that, as far as Russian interests are concerned, is hostile.

STROBE TALBOTT: Can you elaborate on your point that the Russians don't really worry that NATO is going to invade? I can recall when the U.S. and NATO were executing the war against Serbia and ensuring that Kosovo would be an independent state, a lot of Russians, including liberals, said, "We can imagine this being a precedent for the U.S. and the West bombing Moscow to, let's say, liberate Chechnya." Is this worry completely gone? Is it ancient history?

PAVEL BAEV: I think the Kosovo crisis was a very important watershed. Probably more important than NATO enlargement. This was Putin's first introduction to geopolitics, and what Russia can and cannot do. Russia was helpless in that situation, and this is a sentiment that remains.

SERGEY ALEKSASHENKO: Two quick points. Strobe said that the U.S. response to Russia should involve negotiations and containment. I also think it should incorporate both. Pressure is an instrument of negotiations; you can't have one without the other. The second issue in this debate is much wider and more painful. It's not about Putin. It's about Russia and the Russian mentality. The Russian intelligence and military communities believe the U.S. and NATO are Russia's enemies, and that they are looking to invade Russia. Putin personally believes that somebody wants to "grab" Russia, take its resources, and impose change in its leadership. But he is not alone; there is widespread support of this opinion.

On NATO, I do not believe that it is possible to solve problems between Russia and the West without changing NATO. For many Russians, there will be confrontation as long as NATO exists, until there is a dividing line between East and West, and between members of NATO and non-members of NATO—namely Russia and Belarus.

BRUCE JONES: Tom, in your book you argue that the core threat the West poses to Russia is not NATO, it's the political model. The success of democratic market states is intrinsically threatening to Moscow.

THOMAS WRIGHT: Yes. If I could make an analogy, after 9/11 people asked, "Why do they hate us? Is it who we are? Is it what we do?" And this debate went on for five or six years. If you asked a similar question here, why does Russia worry about the United States—is it American behavior or the identity of the liberal international order?—I think it's the latter. I think Putin believes that the liberal international order is a veil for U.S. strategy, and that it has been wielded as a weapon against Russia. Even if a U.S. president agreed to moderate America's behavior it wouldn't really matter because, ultimately, the true character of the international order wouldn't allow it over time.

So, if Trump accepts the results of the Russian elections this year, there is still no guarantee that the U.S. system will, or that the next U.S. president will, or that any agreements reached now will be worth anything at all in the future. Even if we say that we respect Putin's regime, the power of democracy will penetrate Russia eventually. Putin is worried, I think, because it's not possible to have peaceful co-existence between the liberal order and Russian or maybe Chinese authoritarianism. He's not really interested in temporary and heavily detailed agreements on the margins. He wants a fundamental change in the strategic identity of the West.

Putin is not interested in pushing democracy. He gets what he wants through destabilizing and undermining our position to make us want something entirely different than what we want now. He's not a million miles away from fundamentally changing our strategic identity. One or two more elections and he could have what he wants. And what he ultimately wants is a more nationalistic, spheres of influence model, which is a totally different order than what we have now.

BRUCE JONES: I want to introduce a complicating fact that you won't all agree with. The U.S. confronts a reality which is that, for the first time in 70 years, our most important strategic alliance, namely NATO, is not aimed at our most important strategic challenge, namely China. That's a fundamental shift.

THOMAS WRIGHT: I don't agree with the premise.

BRUCE JONES: That NATO is not our most important strategic alliance or that Russia is not our most important threat? Is China our more important strategic threat?

THOMAS WRIGHT: I think they're equal but in different ways. They're commensurate because the Russian threat is primarily to Europe, and Europe is as important as East Asia, and the Chinese threat is primarily to East Asia, which is as important as Europe. My problem is that NATO is not actually focused on Russia. There was a NATO summit in May 2017, but Russia wasn't on the agenda because the president of the United States might have walked out, so the summit focused on other issues, none of which had to do with its main challenge.

BRUCE JONES: On a strategic level, the consensus seems to be that the U.S. should try to negotiate with Russia on shared concerns while pushing back against Russian aggression. Operationally, is Syria a theater where the U.S. could challenge Russian military adventurism with fewer risks of escalation than in Ukraine?

ANGELA STENT: You ask whether the U.S. should push back in Syria, but Putin has shrewdly taken advantage of the United States, essentially, withdrawing from the region. Russia is now positioned as the only power in the region that talks to all different groups. Saudi Arabia and Israel both hope that the Russians can use their influence with Iran. This is perfect example of where U.S. ambivalence over being involved in the Middle East, maybe as a result of the Iraq fiasco, has given Russia an opportunity. In theory, we could push back in Syria but we don't have a solution. Therefore, Russia will continue to strengthen its influence in the region and will do quite well economically out of its involvement. I think we have conceded this region to Russia.

STROBE TALBOTT: Do you see a scenario where Syria becomes a debacle for Russia?

ANGELA STENT: Not from what I am hearing. I've just come back from a week in Israel discussing Russian policy in the Middle East. What the Israelis are concerned about is constraining Iran in Syria. They are hoping that there will be more tensions between the Russians and the Iranians going forward about the Iranian presence in Syria. The Russians have achieved what they've achieved with limited military expenditures; not many Russian military personnel have died. Syria has been a relatively cheap venture for them, and now they have modernized their air base and port facilities there.

2. ANALYZING U.S. AND NATO STRATEGY FOR RUSSIA

BRUCE JONES: Going back to strategic questions of how the U.S. should position itself vis-à-vis Russia and vis-à-vis NATO. What would your recommendations be to H.R. McMaster for devising a NATO strategy toward Russia?

STEVEN PIFER: In NATO we are doing the right things. This involves continuing what we have done over the last three years, which is building up a modest but important military presence in the Baltic states and Poland. There is a very low likelihood that the Russians would try military action against, say, Estonia. But if we were having this conversation a few years ago, I think we would have agreed that the chance of a Russian invasion was zero. So we want to make very clear in the minds of the Kremlin that any military action against a NATO state would result in a military response.

BRUCE JONES: Let's imagine that Putin intervenes in the Baltics. What is the escalation dynamic? What, if anything, would force Putin to back down, and what circumstances would lead him to escalate?

STEVEN PIFER: The nightmare scenario for NATO is that there's a staged incident in eastern Estonia, the Russian military moves in to "protect" ethnic Russians, and NATO prepares a conventional military response. The problem for NATO would be that Russia has conventional superiority in that region, whereas NATO has conventional dominance outside this theater. Over time, NATO would be able to mass the forces. What worries some in the Pentagon and NATO is what Russia would do if it looked like they were going to lose a conventional conflict. Would they escalate to exercising nuclear options?

SERGEY ALEKSASHENKO: But what if NATO loses a conventional confrontation in the Baltics?

STEVEN PIFER: That's a good question. There is a different dynamic when you're fighting in a defensive conflict. Russia's stated policy on nuclear weapons is that they will use them if nuclear weapons or other weapons of mass destruction are used against Russia or a Russian ally, or if there's a conventional invasion of Russia in which the existence of the Russian state is at stake. That's perfectly legitimate. But the idea that Russia might launch a conventional attack into a NATO country and then resort to nuclear weapons if they begin to lose at the conventional level is scary.

I worry that the Kremlin does not understand that the first use of nuclear weapons in that circumstance would probably provoke a NATO nuclear response. And I worry that Washington and NATO have not yet signaled to the Kremlin that, if they use one or two nuclear weapons, Europe and the U.S. would respond. I think not making that absolutely clear to Moscow is a real mistake.

SERGEY ALEKSASHENKO: I think everyone around the table would agree that if Russia were to invade Estonia, Latvia, or Lithuania, Moscow would win because NATO has no defensive forces in this area. Russia could invade and grab any of those republics. What would NATO's response be? Nuclear or conventional?

STEVEN PIFER: I would argue that NATO's response would be conventional. Massing forces would take time, and it would be bloody, but I think NATO could prevail at the conventional level. The question then would be, do the Russians escalate?

MICHAEL O'HANLON: And you can see this concern in the Trump administration's nuclear strategy. Many arms control experts are concerned about it. But I understand where we are coming from and I don't object that strongly because there has to be a strong message to Russia that they do not control the space of limited nuclear war. There was almost an implicit Russian strategy developing that, perhaps, they could "escalate to de-escalate." I think the Trump administration's Nuclear Posture Review pushes back hard against that.

STEVEN PIFER: This is an interesting issue because I've been in five or six Track II conversations in the last three years where every Russian in the room would say that "escalate to de-escalate" is not formal Russian doctrine. And if that's true, at a minimum, Russia has done a really bad job of articulating its policy, because the Pentagon is persuaded that Russian doctrine has changed in this way. As a result, NATO and the U.S. are adjusting their nuclear postures and nuclear policies for conflict scenarios.

STROBE TALBOTT: And how does the issue of theater versus central systems come in—if we are going to go nuclear and we don't have enough nuclear capabilities in the theater?

STEVEN PIFER: We will have the capability in theater in a couple of years with F-35 stealth aircraft, which can deliver B-61 nuclear gravity bombs. But you can see in the Nuclear Posture Review where it talks about adding two new nuclear capabilities. First, restoring the nuclear sea-launched cruise missile that we gave up 25 years ago. And, second, the U.S. may convert some warheads on a few Trident ballistic missiles. So, instead of a Trident warhead with a 100 kiloton or 450 kiloton yield, it would be a "small" nuclear explosion. And I think those sorts of decisions in the Nuclear Posture Review are driven by concerns about Russian nuclear policy.

MICHAEL O'HANLON: Part of it is psychological, too. We are trying to send the message that two can tango in this space, and so the proposed technical change may matter less than the nature of the rhetoric. On Tom's earlier comment, I don't know how to disagree with him. And part of what I'm proposing is a test of Putin. What is enough for Putin in terms of pushing back against this liberal order? I'm not suggesting that we unilaterally concede that NATO shall expand no further. I'm suggesting that this would be part of a deal in which Putin has to explicitly acknowledge the rights of all Eastern European states, if invited, to join the EU and any other such organization, and that he has to reconcile or resolve the territorial disputes with Ukraine and Georgia to mutual satisfaction. However, we would finesse the Crimea issue for the moment. This would be a way for Putin to change part of the liberal order, but not as much as he might want. And then the question is, is that good enough? I don't predict what the likelihood of success would be of this kind of an architecture. But I try to think of it in terms of architecture because I accept enough of what Tom is saying that the conflict is driven by a broader difference in worldviews.

STROBE TALBOTT: So, the deal would be EU, yes. NATO, no.

MICHAEL O'HANLON: Essentially.

STROBE TALBOTT: It won't work. It didn't work with Ukraine, and the EU is not going to take in a country that is not in NATO.

MICHAEL O'HANLON: Well the deal is that Putin has to acknowledge explicitly that he cannot prevent a country's membership in the EU and that he will not prevent it. These countries have the right to join.

ANGELA STENT: Major EU countries don't want to take Ukraine or Georgia into the EU. That's precisely why they've negotiated these association agreements with them. It's a false trade-off. I really question whether Putin would change his behavior even if you said there would never be more NATO expansion. What Russia and China are after is a new post-Western order that involves much more than saying that the NATO alliance will not expand further. What they want is to increase Russian and Chinese influence globally.

We are so stuck on this question of NATO enlargement. It comes back to Bruce's first question of what is the original sin that is causing Putin's behavior. We should not fall into the trap of thinking it is NATO expansion.

BRUCE JONES: What would you do to change Putin's behavior?

ANGELA STENT: We have to push back as much as we can to deter Russia from acting provocatively in the Baltics or anywhere else. What the Russians would like is for NATO to disband. They've always said that. The original dilemma in the 1990s was whether the West could guarantee the security and territorial integrity of Eastern European states while assuaging Russia about losing its sphere of influence in this region. But it is impossible to do both, given the history between Eastern European states and Russia and the Soviet Union. So the West opted for the Eastern European variant. We were also worried about the rise of nativists and right-wing irredentist parties in Eastern Europe, and joining NATO in the 1990s helped deal with that issue. Coming back to the question of where Russia belongs—Russia probably belongs in a category on its own. It is never going to integrate into any Western structures. This is what we have to deal with going forward.

MICHAEL O'HANLON: I want to clarify that this architecture only makes sense if Putin resolves the Ukrainian and the Georgian problem simultaneously. I'm not arguing for a false trade-off between NATO and the EU. On the EU, I accept that Ukraine and Georgia are not going to be invited to join anytime soon. My proposal is that Putin would have to explicitly acknowledge their inherent right, not that it be part of the near-term deal.

ALINA POLYAKOVA: This goes back to an earlier point on the U.S. and Russia's profoundly different worldviews. The U.S. sees the post-Soviet states between NATO, the EU, and Russia as sovereign countries, whose people should be able to determine their own path, whether that be toward Euro-Atlantic integration or not. The Russians do not believe that the right of self-determination applies to countries like Ukraine, Georgia, or any of these "small" former Soviet states. If we agree to the deal that Mike proposed, we have to acknowledge that we are buying into Russia's point of view—a view that is completely opposed to U.S. national security interests.

THOMAS WRIGHT: I worry in the broader debate that we are focused on the Baltics and NATO, and that's important because there are difficulties there. But the primary strategic problem is that we do not have an obvious response to Putin's interference in domestic politics in the U.S. and Europe. How do you deter Putin from doing this? Do you say, "If you don't get involved with us, we won't get involved with you?" This is not going to work because I don't think Putin would believe it and he would see an opportunity to keep pushing back.

So how do we change his calculus? It's a similar question with the Chinese, but on different issues. Do we need to think about proactive measures? Do we need to think about ways to push back against Xi Jinping to change his cost-benefit calculus? This is the main strategic priority right now. This is where things are most in flux, where instability is greatest, and where Putin is most likely to succeed in his objectives. It's not actually Northern Europe or Eastern Europe, although they are important.

Put Trump aside. In a Clinton administration, the U.S. would probably be thinking about how to maximize Putin's discomfort in his upcoming election. This would send a message from the U.S. saying, "You interfered in our elections and now we are going to do everything possible to destabilize your regime." That's what Putin would be worried about. Whether it's a good idea or not, the threat would cause him some discomfort.

BRUCE JONES: Wouldn't Putin argue that sanctions are an interference in Russia's domestic situation?

THOMAS WRIGHT: Yes, but the sanctions have not deterred Putin from interfering in Western elections. The question is whether there are measures that would serve as an effective deterrent.

ALINA POLYAKOVA: This is a provocative point worth exploring. Should the U.S. engage in political warfare with Russia on Moscow's terms? Putin seems to already believe that the U.S.—specifically the CIA and other intelligence agencies—have engineered popular uprisings in Russia's "near abroad." The Kremlin points to U.S. support for NGOs, pro-democracy groups, and human rights organizations as evidence that Washington is involved in regime change from the bottom up. So the question is, if they already think we are engaged in political warfare, why don't we just do it? What would happen if the U.S. intelligence community sponsored a hack of Russian officials and then leaked the information online, as the Russians did in the U.S.? That would definitely get their attention. There's no incentive for the Russians to intervene militarily in NATO member states. But they will continue play in that gray zone, the non-conventional space, and the question for the U.S. is whether we meet them on their playing field.

STEVEN PIFER: I thought part of the response to Russia's interference would come on January 29, when the Treasury Department announced the lists of individuals around Putin who might be subject to sanctions. The actual lists, however, look to have been copied from the Forbes list of Russian billionaires and a Kremlin staff chart. Is this serious? It is not clear that the administration intends to move on additional sanctions. So, if you are sitting in Moscow and you look at the costs from your interference in the American presidential election, those costs are pretty minor. This was a good tactic. It worked, so why not try it again in 2018 and 2020? I hope that we will act through a combination of additional sanctions and a targeted release of intelligence information on individuals close to the Kremlin to send a message that we can make them uncomfortable in their political situation. If we don't start taking these actions, we should expect the Russians to do what they did in 2016 again, because they don't see any downside.

THOMAS WRIGHT: I agree. The conversation we need to have is how to restore some strategic equilibrium in the theater of political warfare. It's not obvious that the way to handle this situation is just through making voting machines a little more secure, because this doesn't change Putin's confidence. I'm struck by the lack

of this broader conversation because it's off the table in the White House; they can't even talk about it in the presence of the president.

Our comfort zone is more on the traditional stuff, which is really important, but is not actually where Putin is making his moves. There is an interesting parallel with China. No one wants to, or should want to, move to offensive measures where there will be Western versions of bots and fake news. That would be awful. But how do you deter what they are doing in this space with the tools we have or with tools that might be acceptable?

STROBE TALBOTT: And, by the way, Putin does not have a democracy to attack.

TORREY TAUSSIG: To follow up on that, when we talk about restoring an equilibrium with Russia, we have to take into account the fact that Putin operates in a very different decisionmaking environment than leaders in the West. Putin is able to carry out decisions effectively and efficiently with minimal debate. Putin is also more risk tolerant in his foreign policies in both the conventional and hybrid space. Is this a strategic advantage?

SERGEY ALEKSASHENKO: Putin believes that he is at war with the United States. The United States does not believe that it is at war. The U.S. thinks in terms of pressure and confrontations. If Russia acts like it is at war and the U.S. acts like it is at peace, the U.S. will lose.

BRUCE JONES: What do you mean by lose?

SERGEY ALEKSASHENKO: I believe that in the 2016 election, Putin was not looking for Trump to win, he was looking to destabilize the American political situation. He did it. It does not matter who won, he destabilized Washington completely. That was his achievement. He will do it again in 2018.

STROBE TALBOTT: It sure as hell did matter who won.

SERGEY ALEKSASHENKO: It did matter, but it was not his plan. The result was much better than expected. Putin was just trying to destabilize the U.S. and he succeeded. Russia was able to penetrate U.S. information systems with no response. That means he won. He successfully disseminated fake news with no response. Putin can proudly declare: "I'm strong, I can do whatever I want, and no one can deter me."

ALINA POLYAKOVA: We shouldn't make Putin out to be an all-powerful puppet master who can easily control global events. He's not 10 feet tall. It has become clear that Russian meddling in the U.S. election was quite disorganized. Russia's intelligence services—the GRU and the FSB—were not coordinating amongst themselves. They were competing for the same data in the DNC servers. They didn't effectively cover their tracks. This was a sloppy operation. So we shouldn't give them too much credit or attribute capabilities that they don't have. Putin may have said that whoever wins the artificial intelligence war wins the next Cold War, but there's no plan. The Chinese have a plan. The Russians have failed at producing technological innovations and training the human capital that would be needed for a leap forward in technology.

Putin is also an emotional decisionmaker. There are widespread reports about him obsessively watching the fall of Moammar Gadhafi and about the personal hatred he has for Hillary Clinton. There's little doubt that his personal feelings about Clinton contributed to the decision to intervene in the United States' election. We see Putin presenting himself as very calculated and rational, but these decisions suggest that he is not always a rational thinker. He also takes risks. The operation in Ukraine was a huge gamble. Syria was as well. In the case of Ukraine, it's not clear that Putin won. Yes, he got his boost in popularity from the annexation of Crimea, but it turned Europeans and the U.S. on him. Russia has become more isolated as a result.

SERGEY ALEKSASHENKO: I would agree that in 2016 Putin had no plan. It was an unintentional result, but there was the intention to influence. In 2018 there will be a plan. In 2020 there will be a plan because they know how to affect the situation.

ALINA POLYAKOVA: Because they have learned.

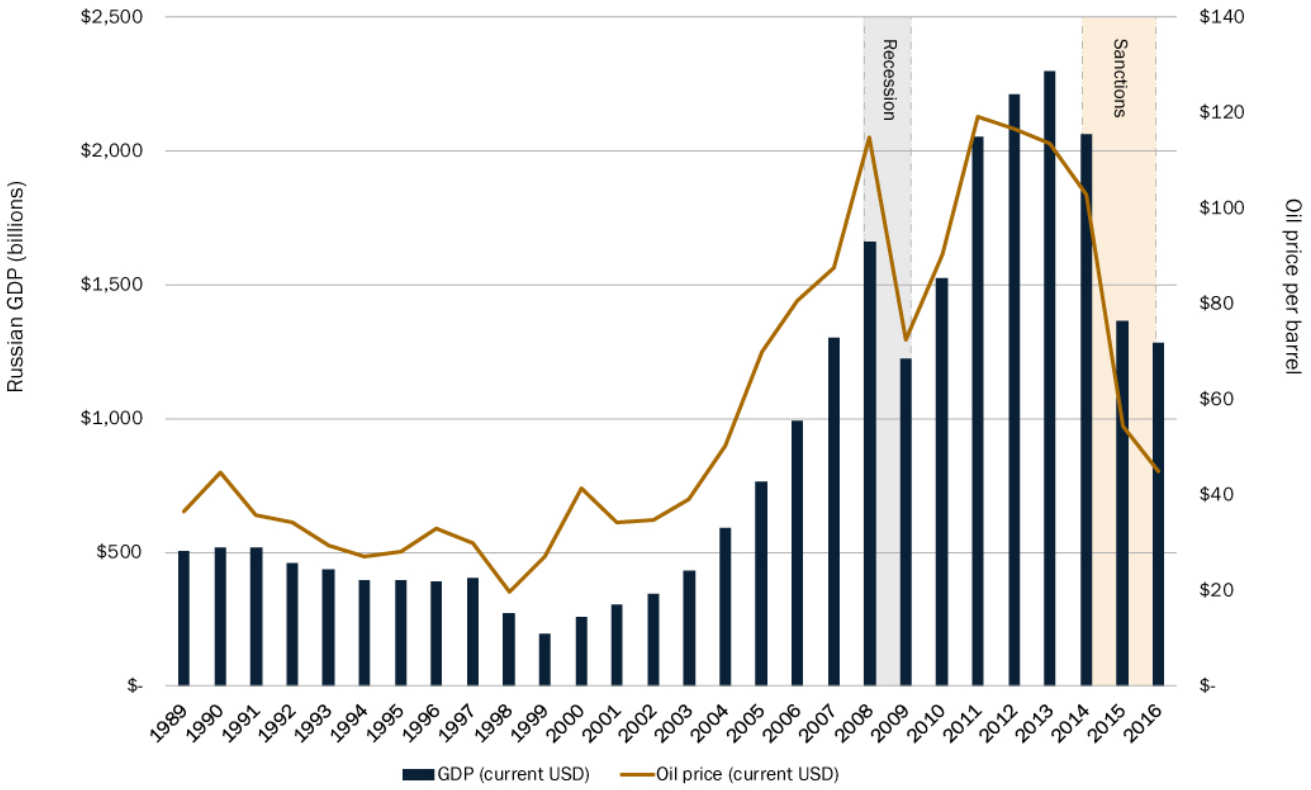
STROBE TALBOTT: Let me remind us of something that Tom said, which is that Putin is afraid of a successful West. I would say that things are looking pretty good for him. His bumper sticker is, "We are going to help the West fail." And there are at least four pieces of low-hanging fruit: Poland, Hungary, Turkey, and Montenegro. The Russians are going to keep pushing on those four.

3. ASSESSING RUSSIA'S ECONOMY

BRUCE JONES: Let's turn to Russia's domestic situation. You often hear that Russia is a nation in decline, that it is a minor power. One reality is that Russia is half the size that the Soviet Union was; its economy is now the size of Italy's. The other reality is that from the late 1990s to the recent present, Russia underwent substantial recovery and growth. Taking these two realities into account, is Russia a declining power? And is Putin capable of making the economic reforms Russia needs?

SERGEY ALEKSASHENKO: First, Russia's economy has structurally declined compared to the USSR. For example, the USSR produced around 5,000 tanks per year. In 1993-94, Russia did not produce any tanks. But this was not a collapse of the Russian economy. Mikhail Gorbachev said in 1989 that Russia spent around 10 percent of its GDP on its military and defense. Afterward, Russia started to spend no more than 3 percent of GDP. So, yes, there has been structural change, but Russia's economy is completely different today. It's not fair to compare what Russia had then to what it is now.

THE RUSSIAN ECONOMY AND OIL PRICES



Sources: For Russian GDP data, see "GDP (current US$)," World Bank, https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?end=2016&locations=RU&start=1989&view=chart. Oil price data is from BP, "BP Statistical Review of World Energy June 2017," (London: BP, 2017) https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review-2017/bp-statistical-review-of-world-energy-2017-oil.pdf. Historical oil price data has been converted to current USD using the U.S. Bureau of Labor Statistics Inflation Calculator at "CPI Inflation Calculator," Bureau of Labor Statistics, https://data.bls.gov/cgi-bin/cpicalc.pl.

The second point is that from 1998 to 2008, the Russian economy doubled in real terms. It was unprecedented. The economy grew at 7 percent per year for 10 years. Since 2008, the economy has grown less than 1 percent per year. The Russian economy is dependent on exports of natural resources, but there is no capacity to produce more while the domestic engines in other sectors are stopped.

BRUCE JONES: And the commodity boom is over.

STEVEN PIFER: I think Sergey is exactly right. You need to divide the last 20 years into strong Russian economic growth up until 2008, and then relatively flat growth since then.

BRUCE JONES: Although most of the West has also experienced flat growth since 2008.

STEVEN PIFER: But 1 percent per year is pretty thin. This is also in an economy structured around the export of commodities. Unless it is military weapons or nuclear reactors, Russia doesn't build anything that the world wants to buy.

Dmitry Medvedev acknowledged this in 2010 in a talk here at Brookings. When asked about the 2008 financial crisis, he candidly responded that Russia did not expect it to be as deep in terms of the negative impact on the Russian economy. He also said that it showed the vulnerability of the Russian economic model being so dependent on the price of oil and gas, which the Russians cannot control; they are dictated by world markets. I'm not sure Putin gets it the way Medvedev does. Putin has continued a model of heavy dependence on energy exports.

BRUCE JONES: I'll play devil's advocate. If you're dependent on oil sales and military sales, instability in the world is conducive to both, isn't it?

SERGEY ALEKSASHENKO: But Russia cannot increase oil production by 20 percent.

PAVEL BAEV: And Russia cannot increase military production by 50 percent.

STEVEN PIFER: If North America continues its production of unconventional gas and oil, it will be a swing producer that can push prices down.

ANGELA STENT: If you go back in Russian and Soviet history, every time leaders have thought about modernizing or reforming the economy, they have always stepped back because the political consequences could mean a loss of their own power. This is also the case under Putin. He is surrounded by very good economists, including his former finance minister, Alexei Kudrin. There were proposals put forward about how to modernize the economy and how to move it away from excessive dependence on raw materials. And Putin has always, in the end, stepped back. This is linked to a fundamental question of what motivates Russian foreign policy as well as its economy. It's regime survival. We should not forget that in Russia there is a small group of people in power, in a system that practically has no functioning institutions. It's all very informal. And, as Tom said, pressure from the West to modernize and democratize is a threat that could undermine regime survival.

The lack of economic reform is tied to the desire of this regime to remain in power and maintain their lifestyles and assets. In the long run you have to ask, how can Russia go on like this? You look at Russia's demographic crisis, the crumbling infrastructure, the economy's excessive dependency on oil and gas, and the sanctions. And then you see that Russia is able to muddle along and survive. I would caution against underestimating the ability of the Russian economy and the Russian people to continue like this. Russia weathered the 2014 Ukraine sanctions and now the economy is growing slightly. It's not a recipe in the long run for Russia to become a modern 21st century power, but we have to understand that Russia will continue on like this, because the ruling elite believes that any fundamental restructuring of the economy could threaten their own political survival.

ALINA POLYAKOVA: It is clear that, economically, Russia is a declining power. This acknowledgement leads many policymakers to say that we should not be focused on Russia in the long term. That U.S. strategy should instead be focused on investing resources in the Middle East and on managing the rise of China. But it is a

mistake to assert that because Russia is a declining economic power, we don't need to focus on it. Russia compensates for its economic weaknesses in multiple ways, including through its aggressive foreign policy.

There is no question that Russia's economy has stagnated. Attempts to diversify the Russian economy have failed because they have been top-down efforts led by the government, rather than bottom-up entrepreneurship. This is why development of the IT sector and Skolkovo (Russia's version of Silicon Valley) have failed. The regime, through bad economic planning and continued dependence on hydrocarbon exports, has exacerbated the problem. Russia's long-term demographic problem will catch up with it. We haven't seen the worst of it. The Russians are basically dying out.

STEVEN PIFER: Skolkovo demonstrated the problem, which is that you have a lot of very smart people in Russia, but in order to make Skolkovo a success on par with Silicon Valley, you have to completely change the legal infrastructure, and respect contracts and patents. You have to change financial structures to incentivize venture capitalists. Putin is not prepared to make those changes.

BRUCE JONES: I don't see anything coming out of Russia that even begins to sketch what an alternative economic future looks like.

THOMAS WRIGHT: Well, they may have flirted with it, right? But Putin can't do it. He believes, probably correctly, that any structural reform will weaken the regime.

STROBE TALBOTT: It's a huge dilemma. What Russia has to do in order to survive economically, in their view, will make it impossible for the regime to survive.

4. HOW STABLE IS PUTIN'S RUSSIA?

BRUCE JONES: How susceptible is Putin's regime to domestic unrest? Can Putin's plan for the economy endure, or is he exacerbating domestic vulnerabilities?

ANGELA STENT: What you see for Putin's next six-year term is stagnation. When you talk to Russians about what will happen after the elections in March 2018, nobody knows. Putin's main priority is getting re-elected and having a reasonably decent turnout. They are worried about apathy, particularly in the big cities. There are some Russians who think that Putin will never leave the Kremlin voluntarily because of the risks he would personally encounter.

Then there are others who believe Putin might choose a successor. Whatever happens, the current situation shows that Putin's situation is stable and he is popular. But everything seems stable in Russia until it isn't. We see discontent among youth groups. Alexei Navalny can motivate young people to go in the streets. But it doesn't mean the revolution is coming. A lot of the best and the brightest don't stay in Russia, they leave. At what point do elites around Putin think it's time for something different, and that they can't maintain their positions of power because of pressure from the West? Maybe Russia will experience some renewal and a younger generation will come up and demand their place in the sun. We have to be modest about our ability to predict what might happen.

PAVEL BAEV: There is a picture of objective stability. And there is also a picture of how it is perceived by the Kremlin. Sometimes you get an impression that they are extremely confident in their ability to control everything. At other times you see how paranoid and afraid they are of events coming out of nowhere. Putin carries memories of events that came out of nowhere like in Dresden, in Tripoli, and in the Moscow street protests. Fear is a very serious factor that drives mistakes and miscalculations. What sort of discontent is brewing behind that gradual decline is very difficult to assess.

SERGEY ALEKSASHENKO: The Russian economy and Russian society can endure. It's not developing, it's not a rising power, but it's stable. The crisis of 2014 demonstrated that the Russian economy is stronger than it was in 2008 because it was able to restore an equilibrium faster than before. That means the Russian economy is resilient. Furthermore, oil accounts for more than 50 percent of Russian exports. Does anyone foresee a decline

in the global consumption of oil in the next 15 years? Maybe in 20 or 30 years, but definitely not in the next 10 to 15. This means that Russia's natural commodities exports will allow its economy to remain stable in the medium term.

Stagnant or frozen living standards are making people unhappy. But this does not lead to any political or social unrest because Putin controls all domestic policy and decisionmaking. He decides who runs for elections and who wins the elections. He decides who to replace and how. There are no checks and balances in this environment.

Police officers block supporters of Russian opposition leader Alexei Navalny during a rally in Moscow, Russia October 7, 2017. REUTERS/Sergei Karpukhin

STROBE TALBOTT: Could you add two points on health and demography trends in Russia?

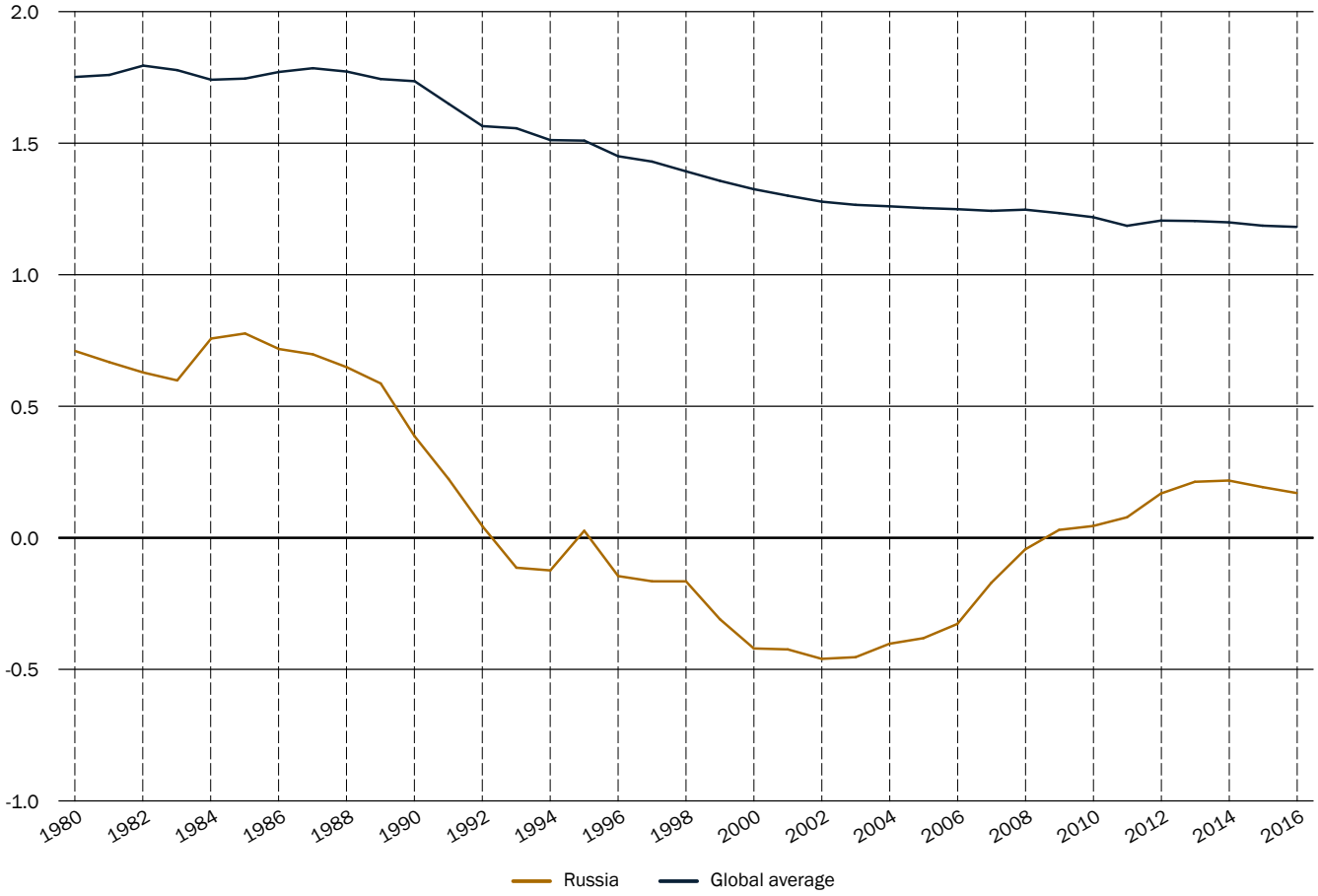
SERGEY ALEKSASHENKO: There have been improvements on health in recent years. If we look at the last 15 years, life expectancy in Russia has increased. It's not very substantial, but there is improvement. The demography problems started last year when the birth rate declined by 11 percent due to demographic waves linked to the Second World War. It declined in 84 out of 85 regions. If the birth rate declined 11 percent last year, labor power will decline by the same 11 percent, 18 years later. So it's a long cycle. All predictions show that in the coming 10 years there will be a decline in the labor force, with an increasing number of pensioners and pressure on the budget. But this decline will be slow.

STEVEN PIFER: If you break the numbers down, Russia's population will decline in the next 25-30 years, and the ethnic mix will change. Ethnic Russians will become a smaller proportion of that overall population. And I wonder what that ethnic change will do to Russia's conception of itself.

Another problem that Russia faces is a brain drain—well-educated younger Russians leaving for better opportunities abroad. I heard several years ago that around 3 million people had left Russia. They were predominantly from the 22-35 age bracket, which is your most productive part of the population. There are between 15,000-18,000 Russian émigrés in Silicon Valley; when you walk down the streets of Palo Alto, the first language you hear is English, the second language you hear is Chinese, and the third is Russian. Medvedev visited Silicon Valley in 2010 and met with several Russian émigrés. At one point he reportedly asked what it would take to get them back to Russia. They responded that there was nothing he could do to get them to

go back to Russia. So you have an outflow of young and creative people, the ones that Russian society really needs. And Putin seems to be comfortable with this.

POPULATION GROWTH RATE (ANNUAL %)



Source: "Population growth (annual %)," World Bank, https://data.worldbank.org/indicator/SP.POP.GROW?locations=1W-RU.

ALINA POLYAKOVA: Steve, you're right about that. Rosstat, Russia's official agency that collects migration information, reported in 2014 a surge in outward migration. It's unclear how much of that spike in emigration was related to permanent migrants or temporary migrants who may be living abroad on a short-term work or education visa. Based on official numbers, it's hard to get a good picture of the brain drain. But we have a good sense of where these people are heading: only a minority of them are heading to the West. Most are migrants going to Central Asia, and there's large back-and-forth labor migration from Central Asia. There may be only 50,000-100,000 well-educated individuals going west, but this is still a huge gap for Russia. And we don't know very much about why they left or what they think about Russia's future.

STROBE TALBOTT: Do we have any reliable data on the cultural Islamic population in Russia, and the degree to which they are beginning to think of themselves as Muslims and/or are radicalized?

ALINA POLYAKOVA: We know that Russia is the biggest origin country of foreign ISIS fighters in Syria.

ANGELA STENT: Putin has said 4,000 fighters from Russia are in Syria, including people from the North Caucasus, and Central Asian migrant workers who live in Russia.

SERGEY ALEKSASHENKO: 14.5 million people, approximately 10 percent of Russia's population, identify as Muslims. 4,000 is less than 0.03 percent of them. There is definitely an increase in radicalism, but as of today we should talk about it in terms of dozens of people and not hundreds. Muslims, Islamists, and extremists represent approximately 50 percent of political prisoners in Russia, and the number of new prisoners is approximately 100 people per year. This means that all the FSB and the other security agencies can do is arrest approximately 50 people per year. So we should be very cautious in saying there is a huge increase in radicalism.

5. U.S. POLICY OPTIONS FOR RUSSIA

BRUCE JONES: I want to start putting concrete policy proposals on the table. Mike has published a very detailed proposal on a new security architecture for the West and Russia. In addition to this proposal, what are other proposals reaching a desirable end state with Russia, and how do you make it work? What specific policy options are needed?

MICHAEL O'HANLON: The basic proposal has four elements. First, no further NATO expansion, especially to former Soviet republics. Second, explicit Russian acknowledgement that should these or other countries wish to join the EU at some future date, they may (though the security provisions of the EU treaty could be put aside). Third, resolution of the Donbas, South Ossetia, and Abkhazia conflicts to the mutual satisfaction of all key parties, including the verified withdrawal or dismantling of Russian-backed forces. Fourth, Russian acknowledgement that ongoing security cooperation between the neutral states and NATO can continue on matters like peacekeeping.

I would submit that with this kind of idea, you have to start by developing and explaining the concept and hopefully getting buy-in over time. Hence I don't get distracted with a detailed roadmap for what to do first, second, and third in the book, and I was right not to lay out such a roadmap, I'd argue. In the book, I do however underscore that we need to stay firm and resolute on other aspects of Russia policy, such as the European Reassurance Initiative to protect the Baltics and Poland, as well as ongoing improvements in our ability to withstand Russian meddling in our politics (though to the extent Russia continues to try to meddle, my proposal would prove unworkable politically in the United States, something that Moscow will have to figure out if it ever decides it wants such an arrangement).

STROBE TALBOTT: To make progress, there must be channels and there really aren't channels right now. U.S. Ambassador to Russia Jon Huntsman and Russian Ambassador to the U.S. Anatoly Antonov can do a certain amount in capitals, but not much. I would put my money on Secretary of Defense James Mattis and Russian Defense Minister Sergey Shoygu to talk about mutual security interests and difficulties.

BRUCE JONES: Imagine that Trump gets these channels under way, what ideas should Mattis be willing to explore in terms of mutual security?

STROBE TALBOTT: Stabilization of the strategic relationship.

BRUCE JONES: What does that mean?

STEVEN PIFER: You have many more instances now of U.S., NATO, and Russian military aircraft and warships operating in close proximity. We need to agree on some rules so you don't have a collision between a Russian fighter and an American P-8 intelligence aircraft.

BRUCE JONES: But those are just tactical ways to stabilize the current relationship, right?

STEVEN PIFER: I think we are in a situation where that's needed. This is a starting point. The Mattis-Shoygu channel could be very important. U.S. and Russian officials also had one round of strategic stability talks, where they at least agreed to have a second round at some point. These talks should have a broad mandate to include enhancing strategic stability through a series of military deconfliction steps, and the preservation of

certain arms control agreements, specifically the Intermediate-Range Nuclear Forces (INF) Treaty. I think there is a small chance of early progress, but to have that conversation in that channel is important.

There's another channel that we must have, on where Ukraine fits in Europe, at least in the near term. We can't resolve Ukraine unless there is some meeting of the minds on this question. And at this point, "no NATO membership now, but not never" is the best I can come up with. The harder question will be whether you can create assurances that would be acceptable to the West, Russia, and Ukraine.

BRUCE JONES: Your vision of "not now, but not never" for Ukraine and Georgia sounds very similar to Mike's proposal to Russia of "if you violate the agreement, then we will void our end of the bargain."

STEVEN PIFER: No, because Mike's proposal has a formal declaration of a zone of neutrality.

BRUCE JONES: Yes, but it can be broken if Russia misbehaves.

STEVEN PIFER: Right. But I think the problem is where Mike's proposal says to Ukraine, Georgia, and other post-Soviet states, "no to NATO, but yes to the EU." Russia has already made clear its view is no to the EU. Russian pressure on Ukraine in the run up to the Maidan revolution in 2013 was because Ukraine wanted an association agreement with the EU.

BRUCE JONES: So your proposal of "not now, but not never" also includes membership in the EU?

STEVEN PIFER: "Not now" to both NATO and the EU. The reality is that Europe is not prepared to put Ukraine or Georgia on a fast track to membership in either institution. But my proposal also suggests "not never" to both.

ANGELA STENT: Europe is not prepared to put Ukraine and Georgia on a slow track to membership either. You have to look at the EU's own problems. The best we are going to get this year is a weak German government. There is also Brexit. So the idea that somehow the EU is going to look to expand to these very difficult countries is questionable. They're not going to put them on any track; they don't want them in the European Union.

BRUCE JONES: To play devil's advocate, the United States is not going to bring Ukraine and Georgia into NATO either. What exactly is Putin giving up if the United States isn't going to bring these countries into NATO, and the EU isn't going to bring them in either? Why does Putin need to negotiate anything?

MICHAEL O'HANLON: Putin, with this deal, can get sanctions lifted, and economic investment and trade with the West reinvigorated. He can also go to his own people and say that he is the first Russian leader in history to stop Western encroachment into the Russian heartland. Of course, I wouldn't buy that interpretation. But Putin would be free to offer it to his own people. This is not a bad place for Putin in the history books, if he can get Russian historians to buy into the logic.

PAVEL BAEV: It's not about EU or NATO membership. As we discussed, it is the Western model that is threatening to Putin. I don't think Ukraine's exclusion from NATO or the EU is a starter to any conversation with the Russians. But a risk in this conversation, whatever channel you work through, is that leaders in Ukraine and elsewhere in Europe will discover that the U.S. and Russia are discussing their security without their participation. For Putin, the main target of his political maneuvering is Western unity. If discussions with the U.S. over NATO and European security damage this unity, then Putin will win.

ANGELA STENT: To get back to your original question, there is no grand bargain possible between the West and Russia at this point. The best we can do is what Steve and Strobe are suggesting, take very small steps. You restore the military channels of communication: between Chairman of the Joint Chiefs of Staff Joseph Dunford and his counterpart Valery Gerasimov, and also between Mattis and Shoygu. You continue with the Volker-Surkov channel on Ukraine. The best you can do is to restore these channels. The Obama administration cut back on so many of these channels after Ukraine, including the military ones. Some of this communication must be restored, but with very modest expectations. On arms control, both the INF and the New Strategic Arms Reduction Treaty (New START) are areas where we should be talking with the Russians. Although it sounds strange now, we should consider talking about cyber issues. We do have a commercial cyber agreement with

the Chinese, which apparently works reasonably well. But until we have the results of the Russian investigation in the U.S., it's going to be difficult to take even these small steps.

The best case scenario is that the Robert Mueller investigation doesn't find political collusion that directly affects the president or the people around him. I'm putting aside questions of money laundering and inappropriate business contacts. If there is no proven collusion, then you can intensify the military contacts, discuss arms control, and talk about Ukraine. But beyond that, and as long as Vladimir Putin is in the Kremlin, I think there is a real limit to what you can accomplish. A worst case scenario is if the Mueller investigation implicates the president or members of his family in some kind of collusion. Then it would be even more difficult to sustain what Rex Tillerson, Mattis, and McMaster are trying to do, which is to revive some of these channels of communication. At the moment, the administration says that we should not use the word "cooperation" to describe relations with Russia; we should instead talk about "discussions." So any grand bargain over the future of NATO, Europe, and Ukraine is doubtful because it would take a very long time to get to the point where you could even discuss that.

STROBE TALBOTT: To add a sub-phrase: as long as Putin is in the Kremlin and as long as Trump is in the White House.

Special Counsel Robert Mueller departs after briefing the U.S. House Intelligence Committee on his investigation of potential collusion between Russia and the Trump campaign on Capitol Hill in Washington, U.S., June 20, 2017. REUTERS/Aaron P. Bernstein

ALINA POLYAKOVA: Putin will be in the Kremlin longer than Trump will be in the White House.

SERGEY ALEKSASHENKO: I do not agree with Angela that there is no possibility for a grand bargain. Of course, there is no space for a grand bargain like the Yalta or Potsdam treaties, which defined the future of Europe for 50 years. But there are options on Ukraine and the Ukrainian crisis in Donbas, though not in Crimea. The crisis in Donbas is the key element of confrontation between Russia and U.S.

BRUCE JONES: Does everybody agree that Ukraine is the centerpiece of tensions between the West and Russia?

ALL*: Yes.

SERGEY ALEKSASHENKO: Putin is humiliated by sanctions. Maybe he does not recognize the long-term implications of sanctions from an economic point of view, but he is scared and he is humiliated. I think Putin is ready to give up Donbas to Ukraine. But if the U.S. wants a deal on Ukraine, the steps outlined in the Minsk Agreement must be followed. Ukrainian control over the border is the last step in the agreement. Putin is ready to do this, but he believes that Ukraine must take the necessary steps first. This is a cynical approach, but no one can rewrite the Minsk Agreement. I would insist that Ukraine approve all the laws written into the Minsk Agreement, which would be enforced after Ukraine controls the border. I would also grant elections to local communities in Donbas, but delay their empowerment until after Ukraine controls the border. Do not debate over who will vote in those elections; it would not matter who votes. Donbas and its economy will depend on central funds from Kyiv for many years, so their independent status would be minor. In sum, take the necessary steps, adopt the laws outlined by Minsk, and then demand that Putin give up control of the border.

What pressure can the West use in negotiations with Russia? The U.S. and NATO should state that Article 5 of the NATO treaty applies to cyberattacks, as well conventional attacks, and define what it considers a cyberattack. Hacking governmental infrastructure and informational networks is an attack that would elicit a response. The U.S. and NATO must also define what that response would be and demonstrate it. We need to operate in the realm of hybrid warfare. NATO operates in the conventional and nuclear space, but Putin operates through information and cyber. So one instrument of pressure would be to make it clear that cyber is not an acceptable tool.

STROBE TALBOTT: This is very helpful, but I wonder if it's realistic to have a blanket prohibition on cyberattacks because one superpower's cyberattack is another's spying.

SERGEY ALEKSASHENKO: Intelligence and information gathering will always be conducted. But spying and trying to interfere in a state's electoral process are different. The first step should be to define a cyberattack, and do so unilaterally. There is no need to negotiate with Russia over the definition of a cyberattack.

On sanctions, they exhausted their power in mid-2016. Increasing personal sanctions on Putin or those around him will not affect Putin's decisionmaking and willingness to negotiate on Ukraine. I would continue, as President Obama said, to raise the economic costs of Russian aggression. First, introduce new economic sanctions, including a ban on U.S. and European purchases of Russian domestic debt. From 2015-17, 70 percent of newly issued Russian debt was purchased by foreigners. Today, the West prohibits Russia from borrowing externally, but allows it to borrow internally through flat fixed exchange rates and high oil prices. Second, I would freeze correspondent accounts for state-owned banks, for example, VTB, and ban them from carrying out international transactions. Russia's financial sector is very sensitive to these kinds of moves. Third, I would introduce a ban on the export of oil sector equipment and technologies. The Russian oil industry imports 70-90 percent of its components from the West. Not from China, but from Europe or the United States.

ALINA POLYAKOVA: On Ukraine, as the military situation stands in occupied Donbas, it's impossible for Ukraine to hold elections that will be free, fair, and monitored by international observers. To get progress on the Minsk Agreements, Russia needs to move first to demilitarize Donbas and restore Ukraine's political border. So far, Russia has demonstrated no desire to take these steps, despite Western sanctions. The same is true for the idea of the Ukrainian government granting special status to the occupied Luhansk People's Republic (LNR) and Donetsk People's Republic (DNR) regions: until Moscow disengages from military activities in Ukraine, no member of Ukraine's parliament will vote for special status. And rightfully so, as such a status would *de facto* grant Russia—via the so-called separatist leaders—to vote on questions of Ukraine's national security. Ukrainian civil society would not stand for that either.

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* Michael O'Hanlon and Thomas Wright not present.

BRUCE JONES: What about Putin's proposal for a multinational force or peacekeeping force in Ukraine? A report commissioned by former NATO Secretary General Anders Fogh Rasmussen suggests that the U.N. should consider sending a 20,000-strong force under U.N. authority to eastern Ukraine. President Putin has also suggested a limited U.N. peacekeeping mission in eastern Ukraine.

ALINA POLYAKOVA: This was a non-proposal from the Kremlin. Putin proposed a U.N. peacekeeping force to accompany the current Organization for Security and Cooperation in Europe (OSCE) mission observers. The OSCE does not have access to a large portion of Donbas and has to operate close to the line of contact that separates government-controlled territory from occupied territory. The Russian proposal would basically solidify the current line of contact as the *de facto* border.

On cyber issues: the nonconventional space is the new battlefield. But attribution remains a challenge. Russians use proxies to carry out cyberattacks and hack into systems and this allows them to maintain maximum plausible deniability. Western governments are getting better at calling out bad actors, including the Russians, but we still need more political leaders to show some courage and stand up to malicious actors in the cyber domain. Our security institutions within NATO and national governments need a critical update. These are not currently set up to respond rapidly and effectively to cyber threats, digital disinformation campaigns, and other forms of nonconventional warfare.

BRUCE JONES: What are the specific elements of your proposal for countering Russia's cyber operations?

ALINA POLYAKOVA: First, we should go after corruption and consider deploying the same cyberattacks to expose the stolen wealth of Russia's elite while maintaining plausible deniability. We know that the Russian people, whose standard of living has been declining, resent the lavish lives of their government officials and civil servants. We should push on this societal wedge: expose the corrupt practices, hidden assets, and criminal activities of Russian officials on all levels.

Second, we should also make it impossible for Russia's corrupt elite to use Western financial institutions to hide their assets, launder money, and export corruption abroad. There are many tools that the international community can leverage against individuals that go beyond the current sanctions regime: asset freezes, travel bans, banning the use of anonymous accounts and shell companies to purchase real estate abroad. Putin undoubtedly is one of the richest men in the world, but no one knows what he owns and where.

Third, we should continue to use sanctions, but do so knowing what policy outcomes we are looking for. On a scale of one to 10, we are currently at four when it comes to Russia sanctions, so there is still room to ratchet up.

Lastly, the U.S. should also work more closely with the Europeans, who have not been comfortable with increased sanctions in the energy sector, which of course is Russia's backbone, to reduce their dependency on Russian gas. If the Russians thought that Gazprom couldn't do its deals with Europe, if Rosneft couldn't sell through its various proxy companies and organizations the same level of oil they're able to sell now, that would really hurt.

BRUCE JONES: Is this a realistic step to take with the Europeans?

ALINA POLYAKOVA: Perhaps not, but it's worth trying.

ANGELA STENT: The Nord Stream 2 pipeline connecting Russia to Europe is going to happen. The United States can't stop it.

STEVEN PIFER: Three points. First on Ukraine, I agree with Sergey. I think we should be looking at ways to increase sanctions on Russia over Ukraine. But I disagree with his analysis because, if Russia wanted to make a settlement happen, Russia could make the cease-fire stick, and Russia could withdraw heavy weapons on the line of contact. If Russia were concerned that Ukraine might take advantage militarily, Russia could position heavy military units on the Russian side of the border to make it clear that they would not tolerate that. And then Russia could say to the OSCE, "go wherever you want." Then the burden of implementation of Minsk would shift from Russia to Ukraine. The Russians have not done this, which leads me to conclude that the Kremlin is comfortable with the current situation, which allows them to use Donbas to put pressure on the government.

Second point on cyber. I think General James Clapper captured it a year ago. He said "we know what we do." Cyber intelligence is fine, it's a question of whether you want to draw the line at the weaponization of the information that you gain. Russia weaponized the information it got when it hacked into the Democratic National Committee's emails. I assume we have a certain amount of intelligence we've gathered about corruption close to the Kremlin. So the response ought to be to release some of that information and send a very quiet message saying, "if you want to weaponize cyber intelligence, we can do it as well, and we can make it painful for you." You basically set up a situation of mutual deterrence in the cyber realm. But first we have to articulate that policy and then we have to do something about it.

Finally, we talked about channels of communication between the U.S. and Russia. We need strategic stability talks through the Mattis-Shoygu and Dunford-Gerasimov channels. But we also ought to recognize that the president has established Tillerson and Sergey Lavrov as the primary channel. The president has given him the main job of fixing the U.S.-Russia relationship, and Tillerson has said multiple times that Russian action against Ukraine is the big obstacle. But the fact there's a cloud over Tillerson doesn't help that particular channel.

PAVEL BAEV: Three points. First, Sergey is right, Putin thinks he's at war with the United States. And Torrey is also right, his main advantage in this war is being able and willing to take the initiative. Yet Putin was passive over the last year. The Zapad 2017 military exercises were curtailed, the International Olympic Committee's banning

of Russian athletes from the 2018 Winter Olympics was swallowed. Nothing proactive was done. I think this passivity will continue through the March 2018 elections and the 2018 World Cup, which is a big deal for Russia. This gives us a window of passivity with Putin. But what's going to happen after the World Cup is as difficult to predict as what happened after the Sochi Olympics in 2014.

My second point is on cyberattacks and NATO's Article 5. I think the strength of Article 5 is in how vague it is. You don't need to go into specific details about what a cyberattack is and how we would respond. A political statement might be useful, but ambiguity is constructive. My third point is on channels of communication and what should be discussed in these channels. Maybe it's time to shift from discussions on how to preserve the INF Treaty to discussions on how to get rid of it.

U.S. Secretary of State Rex Tillerson (R) waves to the media next to Russian Foreign Minister Sergey Lavrov before their meeting at the State Department in Washington, U.S., May 10, 2017. REUTERS/Yuri Gripas

SERGEY ALEKSASHENKO: Do nothing and that will happen. On Donbas, I disagree with Alina and Steven. The U.S. does not understand that in dealing with Russia, it is dealing with a one man show. You are dealing personally with Mr. Putin, not with Russia, not with the Russian Foreign Ministry, and not with the Russian establishment. Putin wants to win in Ukraine and in Donbas. To get anywhere on Ukraine, the West has to follow the steps outlined in the Minsk Accords and then hold Putin to his promises. You need to let Putin believe he has won and that you followed his plan. Only after you explain to Putin that he has won will he be ready to move on Ukraine. He cannot withdraw troops or reduce Russian influence in Donbas pre-emptively. He would be seen as the loser. But if he can explain to the Russian people that his terms were accepted on Ukraine and that the West is committed to doing what it said it would do, then there's a real chance for change.

BRUCE JONES: And that's where we have to leave it. Thank you all very much.

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Baev graduated from the Moscow State University in 1979 with a master's degree in political geography, and worked in a research institute in the former USSR Ministry of Defense. After receiving a doctorate in international relations from the Institute for the U.S. and Canadian Studies, Moscow, in 1988, he worked with the Institute of Europe in Moscow until October 1992, when he joined PRIO. From 1995 to 2001 he was a co-editor of Security Dialogue, a quarterly policy-oriented journal produced at PRIO. From 2000 to 2004, Pavel was the head of the Foreign and Security Policies program. He held the NATO Democratic Institutions Fellowship from 1994 to 1996.

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Talbott entered government service after 21 years with Time magazine. As a reporter, he covered Eastern Europe, the State Department, and the White House, then was Washington bureau chief, editor-at-large, and foreign affairs columnist. He was twice awarded the Edward Weintal Prize for distinguished diplomatic reporting.

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