CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE

IS RUSSIA READY FOR CHANGE?

MODERATOR:
JAMES COLLINS,
DIRECTOR, RUSSIA AND EURASIA PROGRAM,
CARNEGIE ENDOWMENT

SPEAKERS:
DONALD JENSEN,
RESIDENT FELLOW,
CENTER FOR TRANSATLANTIC RELATIONS

LILIA SHEVTSOVA,
ANALYST,
CARNEGIE MOSCOW CENTER

DMITRI TRENIN,
DIRECTOR,
CARNEGIE MOSCOW CENTER

FRIDAY, FEBRUARY 6, 2009

Transcript by
Federal News Service
Washington, D.C.

JAMES COLLINS: Could we please take seats so we could get started? Well, let me, on behalf of Carnegie Endowment, welcome all of you to this luncheon session with three of our best guests in this forum. I'm Jim Collins. I am called the director of the Russian/Eurasian Program but really it's everybody else who makes me look good.

For our panel today, I asked to talk about the topic of whether Russia is ready for change and that had some deliberate implications. And so I thought we might profit from having one of the panelists, who is extremely well-known to most of us here in this town as the expert on the Russian media, give us a sense for what the public media has been saying about U.S.-Russia relations over the last few months as we've gone through our election and the Obama administration has begun to form itself.

And then I'm going to ask Lilia Shevtsova, who is probably someone needing no introduction to this audience but is one of our most distinguished researchers and analysts in Moscow, to give her own sense for what's happening in Moscow and in Russia these days and sort of what are the implications for the Obama administration's future relationship with that country. And then I've asked the new director of the Moscow Center, Dmitri Trenin, to bat cleanup and provide his own commentary of the wisdom of his predecessors and also his own insights into the implications of the recent developments, both here and in the Russian Federation.

So I simply am going to welcome all of you. Thank you for coming. We will do the usual format where I've asked each to speak 10, 15 minutes and then we will have a discussion with the audience when they're finished. So, Don, let me turn it over to you. Don Jensen. There or up there, it's up to you.

DONALD JENSEN: Okay, I'll start right here then. Thank you, Jim. Thanks for the invitation. I'm glad to be here with two friends and colleagues. As some of you know, I'm a great devotee of the Broadway theater and one form of Broadway theater called vaudeville, this meaning what I'm doing today is called a warm-up act. (Laughter.) So let me make my remarks brief and before I turn it over to Dima and Lilia and I want to make my argument right up front, which is that, A, I do want to talk about Moscow's views of Obama, which I think are cautiously optimistic.

Second, I want to talk or refer to I think something that's been lacking in some of the discussions around Washington in the last several months, which is the much-neglected but very important role of Russian domestic political situation as a driver of foreign policy; and, third, to talk about what might be down the road and, in particular, I'm very alarmed at some of the possibilities for what they call abrupt discontinuities in a variety of issues, which I think might jar us out of our conventional way of looking at the bilateral relationship.

Moscow views of Obama, I think, are not all that complicated. As I said, cautiously optimistic, defined by different people in different ways and I think there are clear signals that the Kremlin wants to do business on ABM, on NATO, on START, terrorism, nonproliferation, Jackson-Vanik. We all know the litanies; we've talked about this many times in this room. Some comrades – some Moscow observers – are simply just glad to be rid of Bush for a variety of reasons: being lectured to, hectored to, diversity of voices coming out of our White House and so forth and so forth.

A second group tends to have very realistic expectations. They are optimistic but cautiously so and I think very much want to do deals on all those issues I just mentioned. The third and more alarming, I think, is a group of observers who tend to be unrealistically optimistic, I think – I hope. They talk about more or less across the board, addressing some of the issues, giving Russia much more of a free hand in the former Soviet space. I think they have unrealistic expectations about what can be accomplished with Washington.

And most recently and most profoundly – and this is not just something they talked about recently – I think there's often a misperception in Russia about the extent to which the U.S. thinks about them, the extent to which the U.S. needs them, the extent to which they seem sometimes preoccupied with Washington and Washington's views and America in the world and don't realize that Russia is, for us – as we talked about with Dima last night – sixth or seventh or eighth on some issues.

So Russia remains a problem in the policy sense because it's critical to a lot of – it's important and a player in a lot of key issues but it's not central to many of those key issues and that makes it a very difficult thing to get a handle on and because Russia's interests, as they interact with ours, reach across the board. I should say, though, I think it's very clear from reading the Russian commentary on Obama that the cost for significantly better relations will be high – high for us.

Now, I think this is something I know the Obama administration is thinking about and talking about. I have long had, being a former missile inspector myself, great doubts about ABM, for example. But it's not clear to me that whatever deal we get on ABM ought to be a trade for something on Georgia and Ukraine. For me, this is too much of a grand bargain from my point of view and I think some people in the Moscow do want that. So I think their views of Washington in the transition are, as I said, generally positive. I think they are still refining the lens to a significant extent – haven't come up with a single point of view. They certainly are reading the CVs of all the people said to be linked with the Obama administration and trying to extrapolate, for whatever that's worth, what can and cannot be done in terms of the issues they have on the table.

Relatedly, and also interestingly, I think that the comments by the Russians on the international financial crisis are very interesting. They reflect a variety of points of view about who is to blame once you kind of get through the initial blaming Wall Street thing, where Putin, who tends to be very much more – tends to be very much more angry at the U.S. about this, compared to some of the others. And Medvedev has, I think, been relatively softer in terms of blaming the U.S. And it leads one to suspect, although I don't know, that questions about the course Russia has itself been following in the past eight years might deserve some reexamination.

This criticism, I should say, started before the financial crisis – you started to see some signs of misgivings about Putin's course right after the Georgia war, when in about two days, a huge amount of money went out the door in capital flight. And the Ashmanov media papers in particular were talking about blaming, to some extent, the Kremlin's policies for all of that. So I think, as I said, things probably will go – the Russians clearly want to do business. I think we should engage them in a serious way. But it's also very important to realize that they are, to some extent I think, playing us. And I thought that the symbolic – the optics the other day where in the same few hours, Medvedev talked about helping us with Afghanistan at the same time as they were vetoing our air base situation in Kyrgyzstan – points out the extent to which they speak with a number of voices which we have to sort out just as they often accuse us of speaking with a number of voices as well.

My other points I will go through relatively quickly. I think the whole discussion in the past few months in Washington about Russia's foreign policy behavior seriously underestimates the extent that domestic drivers do play a role. At home last night, I wrote down about 12, but I will just give you two or three: Regime preservation, I think, is very important power, in the sense that the regime, as we understand Putinism to be – and thus this requires, to some extent an external enemy. I think Lilia has talked about this many times – the demonization of the West, to some extent, to justify its own authoritarian course, not only – especially to a domestic audience.

Second, I think that – this is a tough one to say. There are a variety of textures out there in Moscow about what to do in foreign policy. And while Putin is certainly the boss – and one can debate – I think we will later about Putin and the tandem in general – I think there are a number of places in Moscow where the commitment to the Russian course is not as – and Putin's course – is not as unequivocal as you might think. I think other aspects also play a role. I think the extent to which personal enrichment, for example, drives foreign-policy goals in some cases – not always, but in some cases – makes a significant determinant of how Russia behaves.

I have, for about a thousand times, gone over the RosUkrEnergo gas war controversy. And I must say, I cannot figure it out unless – and the best explanation seems to be some of the murkier issues of personal enrichment about RosUkrEnergo and the various people in Kiev and Moscow. And if that's the case, and if this makes a drive and makes – becomes a significant issue in the bilateral relationship with Ukraine, what does this say about how the Obama team is supposed to deal with them?

Two more quick points – I do talk a lot, as you know from this – here in the audience – about power and money. I do not think it's enough to say, as some do, that they've handled the domestic financial crisis there well. Yes they have, but it's in the context of a system that governs and operates and functions in a very different dynamic. I think given the weak rule of law, or given the weakness of institutions, I think an economic crisis in Russia slides much more rapidly into a political crisis than it does here.

So I think – I don't like moral equivalences, but I think that's something we ought to watch very carefully. I don't know what will happen, but it's sort of like a human body with less of an immunity to disease. And finally, among the other points I would mention domestically, I think the issue of state capacity is key. We always hear they can help us on Iran. Well, what does that mean? We always hear they can help us on this or that. That may be true, but I question the extent to which many things do – despite the strengthening of the power vertical in the past eight years – go unimplemented.

They can't even keep order in the North Caucasus, for example. How do we expect them – even if they wanted to – to help us in a way that we would like them to help us? So they are not bad guys, but they are not our friends. They are not partners, they are not our adversaries. They are there, they have their interests, and their interests, as I say, I think are driven to a significant extent by domestic considerations, and we have to pay more attention to those.

Let me wrap up because I want to make sure I repeat – we should engage them on issues of mutual interest. We should talk to them. But the question – I think Celeste asked last week at that wonderful lecture with Gaddy here – what are their levers? Well, the levers are not rewriting their

budget. Their levers are not making it into Ohio. The levers are things like having a firm consensus about what our interests are – clearly communicating to them, making it clear that we do favor political pluralism and democracy without dictating how they should run their country.

There are a number of issues you can take – measures you can take – against some of the corporate misbehavior, which have not been undertaken. Monopolism by Gazprom, environmental issues, the need to improve corporate governance – these are not sexy things, but they do make a difference over the long term, because if domestic factors, as I say, make a difference – and I think they do – it does matter to the U.S., and it is in our interest to have Russia benign, cooperative and so forth and so forth, even as we don't try to repeat the nightmare of the '90s, which the Russians, understandably, are aware of.

Two more points and then I'll turn it over to the main act. I do think we ought to take account, in the coming year or two, about the possibility of sharp disconnects in the way things are going. First I would say is Ukraine. We talked about – I talked about this with Lilia before. I'm not sure it's a failing state or a failed state, but clearly the issue of NATO and the EU was now secondary to a lot of the other more fundamental things going on there. And if Russia wants, as some people say, a condominium in the former USSR, what does that mean in terms of our dealing with Russia? Is Russia going to push further into Georgia? I don't know. But clearly what some elements of the Kremlin want is much more of a free hand to move there.

I could go on with a list and so forth and I want to conclude by talking about where the system seems to me to be going. I don't think the system, as it's currently structure, is – over the long term – sustainable. But that's not particularly helpful. I think – the question came up last week – about social unrest. And I think we all have this Orange Revolution model in our head. I don't think that's going to happen either, although I do expect social unrest. I do expect the elite groups to perhaps fracture under the pressure of things like the international financial crisis. But I would also very much expect a long-term – let's call it degradation in the system, which is going to be a rough haul for those both in Russia and also those of us who have to deal with Russia. Thank you.

MR. COLLINS: Thank you, Don. Lilia, let me turn it over to you.

LILIA SHEVTSOVA: Thank you, Jim. And I want to remind my dear friend Don that as far as I remember, the Rolling Stones went and started without any kind of warming up. (Laughter.) If I may start with boring assertions, firstly. At least those assertions are very important for my understanding of Russia and I hope that you'll be patient with me. So let me start with summarizing, firstly, the essence of my talk. I will give four assertions.

First assertion, which in fact will coincide with what Don has just said, I don't believe that Russian system is sustainable in the long run – at least hardly. It would be preserved through the next 50 years. And what is really interesting and curious and optimistic and encouraging now, that at least major part of the business elite and political elite of the second and part of the first echelon surrounding the Kremlin, from my personal experience – they do not believe in the sustainability of the system either because they perhaps understand that to preserve the system that is based on the rules of the 19th century – that is, personified power, diffusion between power and property and total lack of competitiveness; while this kind of system cannot guarantee not only stability – well, not only dynamics, but stability as well.

But at the same time, when we are talking about the short-term perspective, like the perspective of five, seven years, this kind of system can acquire or can get at least some kind of potential which could be explained, firstly, by a lack of alternative – and when you don't have an independent media and TV, you can't have an alternative – and secondly, with lack of alternative in the minds of the Western world. And also with the fact that financial crisis – and I will discuss it a little bit later – financial crisis – that has turned Russia already into an ugly economic and social crisis, paradoxically, can create some possibilities for survivability of the system.

But at the same time, there is also a glimpse of hope in this tunnel of gloom and doom. Last year, according to some surveys that were done by pretty intelligent and thoughtful people – and the results of the survey have been published on the www.liberal.mission Web site – 45.5 percent of the representatives of the Russian so-called "sub-elite," – we are talking about people from the general staff assembly at the academy, we are talking about deputy ministers in the government and also heads of their division in the Russian government – 45.5 percent of those people believe that the leadership is good for nothing, that the system and regime are good for nothing, and they express that the only hope for Russia and for the state and for the future of Russia lies with opening Russia to the West and switching to the normal, civilized, Western rules of the game.

Second assertion: Russia is and has been a challenge for the West. And from my experience, the Western countries, including the United States, still hope that they can deal with Russia putting Russia, Russian transformation, Russian reforms on the back burner. So far they have been successful, apparently, in dealing with Russia and preserving at least the image of the status quo in the world arena, but I am pretty sure and there is strong evidence that untransformed Russia can play the role either of a spoiler or of opponent for the West. And so far at least, the Western history and the world history and the history of the transition society have demonstrated that without direct and indirect influence of the West and without integration, in some capacity, into the Western civilization, Russia cannot be a normal and sustainable partner.

Assertion number three: It relates to the anticipations with respect to Obama. And I here would agree with Don. I would add to this analysis of these anticipations only one element: The Russian political elite – and I here see my Russian colleagues in the audience, so they could correct me if I'm wrong – Russian political elite and business elite is viewing Obama and the new administration with mixed feelings. First of all, I would say, with concern and worry and doubt, because they don't know what Obama, quote, what Obama's "call for change" means: Does this change relate only to the American internal developments, or does it mean that Obama is ready to overhaul the whole international order and start doing business as usual with Russia? So they are concerned and worried about that.

But of course, there is also an optimism. I don't know what is the basis of this optimism. Maybe it's the work for a shrink to discuss it, but a majority of the political class milieu, especially within the foreign policy and security community in Russia that is the most traditional and non-liberal, they view Obama administration with hope, because they hope that Obama will do with Russia the business as usual, that is, return to some kind of *realpolitik* model. And fourth assertion: With respect to the U.S.-Russia relations, I see these relations as hostage to the clichés and myths of the old times that are strangely, constantly are refurbished and revived, including in the current era, like I've been reading carefully what Russians and Western pundits, including American pundits, are writing recently.

I don't see any revelation in our thoughts. Perhaps, while it's connected, you know, to the general ideological/philosophical inability of the world to start thinking big. I don't know what are the reasons, but in any case, the clichés/mythology with respect to Russia and U.S.-Russia relations still dominate. And also, I would like to add to this that these relations have become the hostage to the way Russia has been built and has continued to self-reproduce itself, taking the American factor – the factor of America – as one of the most important factors or drivers to legitimize and consolidate its society.

Well, and now, I have several short bullet-points. It seems to me, they have to be more down-to-earth points. And I will be intellectually and rhetorically very crude because we don't have time for nuances and shades of meaning. So first point, on failure and success: Even in Russia milieu – political and intellectual milieu – the results of the previous national transformation – the previous years – Yeltsin, Putin – Yeltsin, Putin years have been considered as the civilization of failure and perhaps one of the most important dramatic failures of the 20th century.

But at the same time, I would like to – I would like you to consider another thing. The Russian political elite has been extremely successful, has been extremely smart, skillful and savvy in trying to adapt the Western rules of the game to their needs – to the needs of their system and political regime. And the Russian political elite has been extremely successful in using the West in order to legitimize the system that actually, essentially, is built on the Western rules. So this is a very strange dichotomy of failure and success, which has been acknowledged in Russia today.

Secondly, on convergence and divergence: Yes, there are common interests that Russia and United States including – and Russia and the West are sharing. But at the same time – yes, and I would, by the way, welcome the possibility and the hope for the new arms talks between Moscow and Washington. But at the same time, let's alert ourselves to the fact that when it gets to the real discussion of the common interests, this common interest starts to look like different interests because Moscow and Washington – Moscow and the Western capitals – start to have different understanding of those common interests. Just take only two examples – our position on Hamas and Iran, which only proves that interests are ordered in values.

Third bullet point, on controversial repercussions of the financial crisis for Russia: On the one hand, there is no doubt, and the Russian political and business elite understands, that we have the El Dorado Russia – the end of the Russia success story. And I saw it and felt it with my fingertips twice. During the last year in Dubai, it was the rehearsal of the world economic forum that tries to deal – to sort it out what is happening with the world and with themselves. And just recently, coming from Davos, where, by the way, 45 heads of state were present, including the national savior of Russia, Vladimir Putin, and the whole bunch – the whole milieu of the Russian oligarchs – those who are still in power and those – the majority of them – that have collapsed came to Davos only to express their consternation, their despair, their frustration and their lack of total hope.

So they all are feeling that this is the end of the story; they all are feeling that this is the end of the road. But at the same time when we look on the other hand, you'll see that the Swan Lake continues – you see the same dances on the scene, trying at least to imitate confidence and cockiness.

This is what Vladimir Putin tried to do in Davos and he has persuaded a lot of Western audience. And apparently they feel that they can jump into the water for the second, for the third time because they have been successful for such a long time that they might succeed even more. As one of the fallen tycoons has told me in the SunTrust hotel, brooding over the loss of assets, he said you know, the West and America and Obama cannot let us go down. I said, and you believe it? He said, we all believe they should save us because, you know, it's a petro-state but this is petro-state with nukes. (Laughter.)

If this is the conviction of the Russian political milieu, well, could you imagine how vulnerable the state is and how brittle and fragile at the same time the system and the state are? Don has been discussing the possibility and the option of Russia's going down in a kind of, you know, social turmoil and, as a result, the collapse of the system. Yes, while this is the menu of the day in Russia and while at least in many intellectual and pundit milieus and communities and this is quite a feasible option because the system is working along the law of unintended consequences.

By erasing every possibility of fresh air within the system, the system pushes the people to take to the streets. But on the other hand, I would agree with you, Don, that much more visible, at least so far, is another option, for me much more frightful, much more alarming. The option when both the elite and the society have no guts, have no courage, have no energy even to protest and they allow the system and themselves to go for a gradual, slow degradation. And the society already is in the very serious process of degradation and stagnation, depression and recession will turn into a gradual rot.

Both options have created and will create the danger for Russia's existence in the current geographical form. I want to underline it: Both options – the dismantling, the collapse of the system, degradation and democratization of Russia strangely and paradoxically enough are creating threats for existence of Russian Federation in the current geographical form. Someone told me today when I was expressing my gloom and doom in the corridor, and what about Putin's rating? Yes, they are astounding and apparently all people with exception on Mr. Wen, Chinese leader at Davos – all these leaders were jealous of Putin's approval – still-skyrocketing popularity.

But I want here to underline and highlight only one thing: Yes, Putin still enjoys this rating and rating is still the major prerequisite and the major guarantee of the political stability in the country because there are no others. There is no member of Yeltsin's years that kept the society consolidated and there is no hope in oil prices. So it's only Putin's rating and the system that is hanging on the tail of Putin's rating. But I want to tell you that this is the rating that is the rating of despair because people do understand that the system is the leader and the national savior and in there view there is only one leader in the country.

And if they stop hoping or trust this leader everything starts to unravel and they are afraid to get this unraveling of the situation for the second time, too, in the last 20 years. Third point, very briefly: I am amazed at my almost third or fourth point – I am amazed at my point. I am amazed that already for two years – I cannot understand how successful Russian political community and especially the ruling elite is by forming and implementing one of the most successful paradigm and formula of the foreign policy for a state that could hardly be successful and could be as a failing state because the successful state has capacity and ability not only to install the rules of the game for others, which Russian state has failed, but also to constrain itself, which Russian state has failed.

So while you can expand your definition of the failing state to Russia as well, but this Russian state and this Russian political elite has elaborated and developed absolutely amazing formula for their foreign policy: To be and not to be – it's a new Shakespeare – to be with the West and to be against the West at the same time; to be part of the G-8 and to consider the West and of course the United States of America as the key threat and enemy; to be part of NATO and to consider NATO expansion as a threat to Russia and to put Rogozin – and this is absolutely unconventional trick, which says a lot about sardonic sense of humor of our leader – to put Rogozin to represent Russia in NATO.

And the West doesn't know how to respond to this, you know, to this playing two pianos at the same time – different music – Mozart and Beethoven. And what the West is doing – of course it's not proactive but it's reactive and it's kind of, you know, it's very strange how to react to this very strange beast that Russia offers to be opponent and at the same time partner of the West.

Point number – according to my run-list – point number five on realism or the *realpolitik*: My hunch is – at least my conviction from those two Davos meetings that the mentality of the Western political leaders and their experts and foreign policy representatives, at least during these events – maybe they are not representative – I would be very glad if they are not representative but my conviction is that having no strategy for the West itself – the West has no other strategy towards Russia with the exception of returning back to the old trick and mechanism that are known and it's quite understandable.

But my argument to the adherence of the new mode or new version of *realpolitik* – of realism would be firstly, *realpolitik* didn't work during the last eight years. Secondly, it didn't bring any kind of reciprocities on the part of the West – on the part of Russia, sorry, and not a single tradeoff, which Stephen Sestanovich, by the way, has analyzed this phenomena in his latest article in the Foreign Affairs. And thirdly, *realpolitik* is the god-blessing for the Russian political elite because *realpolitik* on the part of the West and especially Obama demand a key partner, you know, in the views of the Russian elite – is the one of the most important key instrument to legitimize the Russian political elite and status quo in Russia.

Next point on the chances for idealists towards Russia: Well, in fact as far – well, I'm going to be crude – as far as I see there are two approaches that are defined by two, it seems to me, antagonists, or maybe I'm wrong – Kissinger and Brzezinski. We know about Kissengerian approach; what about Brzesinski? It seems to me he has formulated – he was the first to formulate – the formula towards Russia with a X-emphasis on the transformational value approach. Of course, I would prefer Brzezinski's approach and I am looking with great interest at what Francis Fukuyama is doing now, trying to find a new formula for realism plus new Wilsonianism.

I am trying to – I am wishing success to Thomas Carothers, who's trying to decontaminate the democracy promotion of policy. My opponents will say but there is no basis for *realpolitik* towards Russia. My answer would be if you don't look for a new philosophy and strategy of the foreign policy, you'll never have the basis, but if you implement, provide and pursue the policy that has failed – the policy that should have failed in 1914 because this was the burial of the *realpolitik*; the emergence of the Soviet Union only gave it a longer breath – then you'll be doomed again with the same result that you have now.

And final hope for Obama – let me finish with hope for Obama. In a situation when the EU – one of the greatest, most dramatic and most successful, so far, existential and civilizational projects in the world – when the EU failed to elaborate, to form, to pursue any kind of any significant common strategy towards Russia, America again with its new political leadership – with its new administration – is so far at the moment the only hope that it could produce, invent or think over about the new 21st-century approach to traditional Russia that so skillfully adapts itself to the Russian rules.

Of course, hope – well, I'm keeping my fingers crossed, but I also understand that hope is always a delayed disappointment. And just to make the challenge that the West and America facing more complicated, more tough, I should also add to this that when the West starts finally to look for a 21st-century approach to Russia that hopefully would include the triad philosophy. That means engagement, transformational stimulus package and containment of the aggressive part of the Russian elite.

But even in this case, when the West starts to confront current Russia it will have to deal with a very dramatic issue: disappointment, frustration, anxiety, irritation and anger towards the West, not only among the pragmatic part of the Russian political and business establishment, but among the liberals. Russian liberals have lost faith in the West. That means that the slogan "practice what you preach" could be one of the most important approaches or politics that could revive the faith or Russian liberals or Russian pragmatic class in the possibilities of the Western capitalism and Western civilization.

I've criticized Kissinger enough and here I've got his latest article published in The Independent. Well, I would agree with him. He writes, the financial crisis brings also a possibility and a chance for creative thinking. So it brings a chance for creative thinking, not only for the adherence of the *realpolitik* but also for the Russia field and for all those who are dealing with Russian-American relations.

MR. COLLINS: Thank you, Lilia. Very interesting and provocative as always. Dmitri?

DMITRI TRENIN: Well, thank you, Jim. I think that title that you gave for this panel – "Is Russia Ready for Change?" – could be answered whether it's ready it not, it's got to change. And it's actually changing and the 20 years that have elapsed since – 20-plus years that have elapsed since Russia began changing in a very big way have produced I think significant, tangible and even fantastic results. I would take issue with the notion that Russia's change should be stimulated from outside Russia. I think that the most important factor is changing Russia inside Russia.

Those most important factors include the development of a new economic system, the development of capitalism, money relations – property relations, above all. The fact that Russia is a part of the wider world, it's integrated into the international economic system, people travel, people have access to all sorts of information and that creates a totally different domestic environment for change, I think that it was very important that during the Cold War the West was projecting an image of an alternative to Russia.

I think that this image – alternative to communism in Russia – I think that the image of a better-organized society is still there and those Russians who care – and there are many of those who do care – can take a look at what's happening very close to their borders. But I would caution

against an idea that the positive changes in Russia can be brought by those who are outside of Russia and linking with those inside Russia. I think the idea that the West could play the role of the non-existent Russian domestic opposition is a wrong idea; it's not going to work.

I believe that Russia's foreign policy at the end of the Soviet period has actually left the 20th century through both doors: one leading to the 19th century and the other one leading to the 21st century. And what you see now is still an uneasy cohabitation of the two trends in Russian foreign policy: one looking backward very much and the other one looking forward. And I think that it's interesting and intriguing that those two paths are being trodden at the same time and are often led by the same people. So what shaped Putin's performance in 2007 in Munich and his performance this year in Davos – it's the same person and he's clearly not that changed, but he is much more confused than he even understands himself.

Become a nation of the 19th-century path, I think, was the war in Georgia and there was no issue for Russia last year – for the Russian leadership, that is – last year that was more important than preventing the awarding of the Membership Action Plan by NATO to Georgia and Ukraine. As a result of the Bucharest summit, what we have was a war of nerves that led to the shooting war in the Caucasus and then to a near-confrontation with the United States. I would not minimize the dangers – I would not wish to minimize the dangers that flowed from that confrontation.

Lilia had talked about 1914 – there you have it – it was moving in that direction. Whatever we may think about Russia's transformation 20 years from now or 10 years from now, we have to deal with the situation the way it is today and I think that the financial and economic crisis that followed six weeks after the war in Georgia was a saving grace for Russian-Western relations. All of a sudden the focus of at least the Kremlin people moved from the 19th-century-style "great game" in the Caucasus to the 21st-century financial and economic crisis – the first crisis of that nature within the process of globalization.

And, clearly, for the reasons of regime preservation that both Don and Lilia referred to that is an absolute priority for the Kremlin leadership. They realize that not only is Russia in the same boat with the rest of the world, but Russia is heavily dependent on others. It's heavily dependent on the United States, in particular, for good things and bad things. Putin is talking about the United States as the source of the present financial turmoil, but he knows full well from his economic advisers that the only chance for Russia's economy to start picking up will be when the United States starts picking up and two quarters later Russia will follow. And that is something that has been accepted by the Russian leadership. As a result, the Kudrins, the Dvorkovichs, the Shuvalovs of this world are so much more important than the generals of the general staff and that's a reality check on Russia's foreign policy and Russia's relations with the West.

There have been other reality checks; I think they are useful. The idea that somehow Russia and China could form a kind of geopolitical alternative to the United States and NATO has been derailed by China's pointed refusal to side with Russia on the issue of Abkhazia and South Ossetia's independence. And that was not lost on the Kremlin leadership: If you compare the documents that the foreign ministry compiled last year or a couple years ago, where China got a couple of paragraphs, normally very positive on the prospects of that relationship and you look at the more recent speeches and documents by the foreign minister, you will see that China is actually reduced to one word within a paragraph and that paragraph is devoted to all of Asia. So basically it says we

have strategic partnerships with China, comma, India, comma, Vietnam, comma, Mongolia, comma and South Korea.

And then we have relations that are improving with Japan and a couple of others. And that is an interesting reality check, as I said. Another reality check has come from the countries in the former Soviet Union and again, it was not lost on anyone in the Kremlin or the foreign ministry or any other ministry that not a single CIS country has recognized Abkhazia and South Ossetia.

And that clearly sent the message that not a single country wants to be seen as Moscow's stooge, as Moscow's satellite. That I think is something that again, led to some sobering up in the post-war situation. It was very rare for Russia that it had bad relations at the same time with both the United States and the European Union and many countries in the CIS. And yet, that was the case in the fall of 2008. You can talk ad infinitum about the – how precious isolation is, how precious it is going it alone. But if you have to actually do that, you see that it's not a great fun.

The Ukrainian gas crisis has destroyed Russia's reputation as a reliable exporter, and that crisis was – the way it was handled clearly damaged Russia more than anyone else. The crisis has also led to a re-appraisement of the issue of investments. It's one thing to say that we do not really need foreign investors because we don't really know what to do with the money, which was the case back in 2007, and it's quite another to see money flowing at an astounding rate out of Russia and your gas production stagnating and falling and there being no chance of that improving if you do not secure foreign investments. And that, I think, has suddenly become a priority for the Russian leadership.

The Russian leadership – I agree with Don that they will be quoting a price now for any relationship, any new relationship with the West. They are a revisionist – they see themselves as a revisionist power that wants to have new rules, to establish new rules of the game. They want a new deal with the West. And I think that the Manas episode is very telling in this situation. Yes, Russia is not interested in NATO or the United States quitting Afghanistan, that that would land Russia with a situation that Moscow would find it difficult or impossible to control; yes, Russia is interested in the coalition achieving its stated goals with regard to Afghanistan; yes, Russia is prepared to give certain assistance in terms of supply routes across its territory to Afghanistan.

But the message from Manas reads something like this: From now on, you talk bases in Moscow. Next time General Petraeus goes to the region, tell him first to stop in Moscow, do the deal and then fly on to the various capitals in the region. That seems to be the idea. That seems to be the Russian government's view of how relations between Russia and the United States should now be structured.

And this is only an example. You have Russia changing the rules of the game in other parts of the former Soviet space in other parts of Europe. Yes, the Russians can contribute something, and that something can be valuable, although I think that the contribution that Russia can make in Afghanistan, Iran is limited, clearly limited. It's better to have the Russians onboard, clearly, and it's not to be advised that Russia is seen on the other side or is pretending to be an opponent of the United States, because that would encourage exactly the people that the U.S. does see as its enemies, adversaries or opponents in the region.

But Russia is prepared to enter into some very hard bargaining with the United States on a number of issues. We talked about strategic issues: I think that's a fairly natural and a fairly easy – relatively easy – place to start, but it's not clearly a given that a new treaty can be quickly negotiated. However, there's a chance that the strategic arms talks could lead to more than just producing a new agreement, they could lead to producing a new kind of dialogue between Russia and the United States that has not existed for the past decade.

And I think that things being as they are – and I try to be – I'm not sure I support *realpolitik*, but I try to be realistic in whatever I think and whatever I say. And if you are realistic, rather – as opposed to being a *realpolitik*-minded person – if you look several years ahead, if you look ahead as long as the term of the Obama administration, then you will probably have to deal with the Russia that exists today, which means that trust is probably too much to expect for a long time.

I don't believe that we can seriously think about establishing a trust – a relationship of trust between Russia and the United States. But what we should be doing, I believe, is establishing point of confidence, building a little bit more confidence in both sides. And the strategic dialogue would clearly contribute to that.

I have little faith in President Medvedev's idea of having a treaty on Euro-Atlantic security. I don't believe that treaties make relationships. Treaties rather codify relationships. It may be from his legalistic vantage point that that's important; I believe that something else is important, and that something else is engaging Russia and others in a dialogue on European security issues.

Twenty years after the end of – of the Berlin – of the fall of the Berlin Wall, we still have a problem with European security. European security is not secure, let's face it. It's not secure because the idea that you can build it around NATO and the European Union and have two footbridges to Russia, that's not working. The NATO and the EU part are working; the footbridges are not working. And if they're not working, then you need to think about a better way of doing that. I don't think I have a magic solution here, but clearly this is something that needs to be addressed. Like energy security, that also needs to be addressed.

I think that we've seen what an energy conflict can accomplish, and I don't believe that we would want to see a repeat of that. I believe that – and that, I will say that in conclusion – I believe before we seriously talk about relations between Russia and the West, Russia and the United States, it would help if the United States, for its part, decided what it wants to do with Russia. What – where Russia would come in as far as the U.S. foreign policy is concerned. Just forget about the Russia part, think about the United States. What are the interests of the United States? How those interests can be best achieved with regard to Russia.

Now, I would advise the same thing for the Russian side. Again, don't think about improving or extending or expanding or whatever the relationship with the West or the United States. Think about your interests, and if your interest – and now is the trick – if your interest is modernization of your country, then you have a policy, then you have a foreign policy. If your interest is, rather, to build a new empire in Eurasia, then you have a different policy. But you've got to be, you've got to be clear about what your interests are. I very much hope that there is no contest, really, between modernization and building an empire in Eurasia. For – one of the reasons being that no empire in Eurasia is feasible these days.

I believe that it is important that – I agree that interests are intimately linked to values. Any policy that does not, does not rest firmly on values is bound to fail. But having a policy built on values does not, is not the same thing as having an ideological policy. And that I would strongly advise against, i.e., having an ideological policy. I believe that the incoming Obama administration will take one lesson from the Bush administration. The Bush administration's failure – and I agree with Lilia when she said that – failure in its Russia policy, in my view was very much the product of there not being a Russia in the American foreign universe as a unit. Russia was part of, was part of so many other problems, from nonproliferation to democracy promotion. And that is a recipe, another recipe for failure.

So I very much wish that the new administration, when they start structuring their policies toward the outside world, they also focus on some of the more important countries, and I would say that Russia is clearly not central to the United States, but that's – it belongs to perhaps the top 10 countries that the United States needs to keep an eye on. And that whatever emerges in the United States has a clear view of today's Russia, its immediate and long-term prospects and also the interests that the United States have in the relationship with Russia. Thank you very much.

MR. COLLINS: Well, thank all of you on the panel, and we have about half an hour for the discussion with the audience, so I'm open for questions, comments, whatever we wish. Yes? Please tell us what you are and wait for a microphone, if you can.

Q: I'm Volha Charnysh, Smith College. My question relates to the comments made by Dmitri Trenin about states along Russia's borders, that no states recognize South Ossetia and Abkhazia in the face of invasion of Georgia. However, a few states, like my home country, Belarus, did mention that Russia's actions in Georgia were measured and maybe even necessary. And I feel that Belarus, for example, did it because it's currently experiencing a severe economic crisis and Russia gave it a big loan, which came ahead of the IMF loan. So I feel that after Georgia invasion and in the face of economic crisis, many countries along Russian border are looking cautiously towards the West, even the countries that haven't been doing this before. So what could U.S. do to encourage those countries and maybe be more engaged in the region without provoking another situation like the one that happened in Georgia? Thank you.

MR. TRENIN: Well, I very much hope that there'll be no repeat of the Georgia situation. I won't go into detail about that. I think that Russia's response and Russia's action in Georgia was – I wouldn't say measured, but I think it was limited. The Russians could have marched on Tbilisi. The Russians could have taken President Saakashvili hostage. They decided that they would teach a lesson to the Georgians and they would send a message to Washington, I think that was the import of their action in Georgia. I think that – by the way, I think that the Russian action on Georgia was also the failure of the Russian peacekeeping attempt over almost 20 years to resolve the conflict there. And that's – that doesn't speak very well about Russia's policy in the former Soviet Union.

I think that all countries today will be – the crisis is making a huge difference, and Russia's policy in the former Soviet Union is to buy up assets to increase their influence, to increase their profile. They're bailing out countries including Belarus, Armenia and some others – Kyrgyzstan – and they want to use the crisis to increase their influence in the former Soviet Union, because they see the creation of a power center around Moscow as their priority. And that is something that the outside world needs to – that is something that the outside world needs to address. Countries like Belarus and others will also look different ways, and they will try to look at Europe and at other

countries, but the economic realities of today make everything a little bit more difficult than it was before. It's very much about who can get you money when you need it. And the Russians are trying to capitalize on that, that's for sure.

MR. COLLINS: Wayne, Wayne Merry?

Q: Thank you. Wayne Merry, the American Foreign Policy Council. Don, let me disagree with you on one point, when I think you did say that you did not consider Russia to be an adversary. I think in Moscow, they certainly consider the relationship to be adversarial. That doesn't mean you can't cooperate, but certainly I haven't heard very much coming out of Moscow that would imply that that is not the way they envisage the relationship.

I'd like you to comment, however, on what I see as a potential dilemma in terms of cooperation, because in most areas outside of the former Soviet space, Russian influence and access depends largely on failures of American policy, and the more successful an Obama administration is in many areas of the world, the less influence Russia is likely to have. One hears continually from Moscow the concern that a rapprochement between Washington and Tehran could lead to an Iran embracing the United States at the expense of Russia.

To a not inconsiderable extent, India has already gone down that road under President Bush. Certainly, no one in Moscow forgets what China did with Nixon, the extent to which Europeans are rather romantically embracing the Obama administration out of their antipathy with its predecessor creates a situation in which to – and this isn't a dilemma.

The more successful the United States may be in the years ahead in a number of regions in the world, the more the relationship between Washington and Moscow narrows, and narrows down onto the leftover agenda of the Cold War, particularly in arms control. And the more that tends to push Russian relations down the priority list in Washington and make people in Moscow feel increasingly that their influence in the world has shrunk, and that they are increasingly isolated. How do you see a way of resolving that potential dilemma?

MR. JENSEN: Is that for me, Wayne?

Q: Yes.

MR. JENSEN: Ah. On the adversary question, depends on what you mean by the word adversary, but I agree with your point. Call it enemy or whatever, I think, in terms of both of your points that, as I said towards the end of my remarks, that that – the Kremlin is instinctively anti-American and they need the perception of an American whatever, you can use the A-word or something else, as a way to justify their own rule, and that makes absolutely, as you say, in your second point, cooperation very difficult. And it will be difficult, and we ought to be able and prepared to walk away, but I agree with Dima's point: The price is going to be very high that they want for any kind of cooperation. And I think we have to be prepared to speak with one voice, strongly, firmly, and be prepared to walk away from the table.

MR. COLLINS: Yes.

Q: Hi, my name is Nargiz Asadova and I am working for both RIA Novosti, Russian News and Information Agency, and Echo Moscow Radio Station. Thanks for this wonderful presentation, and my question is for our Russian panelists. I quite agree with you that this system is not sustainable, and we were talking about that Russia has to change. And I do think that most Russians, they really don't think that Putin is an effective manager, and the more this crisis grows, the more people will understand this.

But do they see any alternative to Putin's guys, you know? Because I think that Putin's rating, this high rating is because people don't see any other alternative. And this is not just because they didn't see those, you know, liberal and democratic leaders on TV, thanks to Putin, but also because those democratic leaders, they did almost nothing during these eight years. They didn't build a party, they didn't work in the regions, they didn't – they even didn't write the positive political – the positive political program. And the recent one that they build, this solidarity movement, and that was the first positive political program. So do you see any alternative? Who are our agents of change? Thank you.

MR. COLLINS: Let me have Lilia start.

MS. SHEVTSOVA: Thank you, Nargiz, it's very nice to see you here. You started in a paradoxical way, because it seems to me that you agreed with both of us, and we represented a bit different views. So you agreed with both different views. But anyway, I will try to respond to your question. This year, we are going to celebrate the anniversary of the Velvet Revolutions, 1989. That's a really great event, maybe the greatest after the wars of the previous century. And if you remember, if we remember the history, the alternatives during the Velvet Revolutions came with the tide, with the social protests. And these were pretty new faces, with the exception of maybe Polish scene. So the alternative might come, firstly, with the social tide, secondly, with the desperation, thirdly, with cracks emerging within the political and ruling elite.

And the best and the most effective, absolutely the most successful transformations, have happened in those countries where the elite have cracked and the pragmatists were supported by the tide. So even in the situation when the TV is controlled, we cannot totally ignore the possibility of reemergence of the situation; remember, 1989, 1991, when even Mitkova started to disobey the orders. You know, it takes only one person to start to disobey. Simply, you know, remember the Orange Revolution as well. So I wouldn't make these gloomy conclusions about our future. I'm not sure the tide will bring the faces we know. It never happened before.

MR. TRENIN: Well, I would add to that that the crisis is a wonderful thing, I believe. In the situation where the system does not change from above, change will come from below, or from everywhere, and that's the crisis. I think the crisis, although it's painful and though it threatens to wipe off some of the gains of Russia's transformation, it still has the potential of clearing the barriers, of pushing the process of transformation through against the opposition that, otherwise, would be insurmountable. I believe that today, in Russia, just about everyone who is anyone is in the tent, which means that the change will come from within the tent. The tent is so large that it includes modernizers as well as reactionaries and lots and lots of people. So I think that the change will come under the pressure of the crisis from within the establishment, if you like.

Putin's rating is – this is, as I think many of you know, this is not a judgment on his performance. This is a more – of an expression of yearning for stability. You don't have

institutions in a country like Russia, or you may say that, you know, we doubled the number of our institutions overnight when we had Medvedev elected. So we had one; now, we have two. (Laughter.) But that's still not enough, right? So institutions will become more and more – they'll be more and more pressing. There's more and more pressure for institutions – for their rules. And the crisis, I think, will sharpen things up.

The alternatives – I agree with earlier – the alternatives will be aplenty. There are a lot of people within the tent. And there are some people and some forces outside that are being, you know, pushed up by the crisis. You have this social movements, if you like – micro, or medium-sized – but social movements emerging in Russia. The country is prepared for a quick march, I think, or is getting ready for that. So there will be agents of change. I do not see Russia's change, Russia's transformation being stopped. No way; I think if anything, the opposite is true.

MR. COLLINS: Andrei?

Q: Thank you. I also have another remark and some questions. I noticed a dialectical contradiction, as they said in Soviet times, in Dmitri's presentation. And I think it's a fundamental contradiction in Russia-U.S. relationship. Dmitri began with starting with Kremlin faces a reality check, including a reality check on the post-Soviet space. And then he explained his interpretation – a very just interpretation – of Manas incident, that the main signal of Moscow to the United States is that you recognize that post-Soviet space is our backyard. So it's very far, yet, of this reality check. And I think that this one is the main problem in Russian-U.S. relations, because Kremlin can't understand that its problems in the post-Soviet space are not Bush or Obama; their problem is Lukashenko, Nazarbayev, Bakiev, – they don't want – just don't want to become Moscow's backyard.

And I'm sure that the Kremlin will be very disappointed by Obama also, because Obama can't deliver them what they want: the domination of the post-Soviet space. I know that many in the United States would like to do it, for the sake of some great thing like so-called help in Iran, nonproliferation or so on, and sell out their democratic allies. But they just can't do it – they can't deliver it – and until Moscow understands that it's a problem with their neighbors and not the United States, U.S-Russia relations stay very cool.

MR. COLLINS: Ariel?

Q: I think we heard – in terms of foreign policy, still, a realistic or *realpolitik* assessment of how the United States and Russia will deal with each other. And that still assumes rationality, albeit different calculus on both sides, but it's a rational calculus. What I see here and read, which you didn't mention much, is a very anti-status quo rhetoric and, now we saw with Manas, performance that talks about a fundamental revision of the global architecture, going towards some kind of vast, regional division lines with regional champions. Like you have industry champions, you'll have regional champions, Russia being one in Eurasia. And the price that Moscow, presumably, is willing to pay is very high. You mentioned, Dmitri, that if Washington goes to Moscow and asks or begs for a base or some kind of support to re-supply troops in Afghanistan, we may be getting it. What if we don't?

What if, in order to deliver a serious blow – not like Iraq. Iraq was sort of a bleeding wound, but it's being healed now. But a serious blow to the U.S. geopolitical stance in the Eastern

Hemisphere, Russia, at this point, is willing to see the U.S. being defeated in Afghanistan, and then some kind of a coalition of Iran, China and Russia hopefully, god willing, Insha'Allah, will contain the Taliban.

This is high-risk game with an outcome that I believe is against rational Russian interests, but it starts to look like that, doesn't it? And you see a lot of rhetoric coming out, not necessarily performance. So can you and Lilia both talk about sort of the more radical forces and more radical vision? And I just hope that the economic crisis will settle things a little bit and prevent them from taking place in reality. Thank you.

MR. TRENIN: Well, if I may start, I think it takes more than one reality check to change a policy. And what you see is Russia getting messages from across the former Soviet space, from Tajikistan to Belarus, and those messages are not always palatable. At the same time, the Russian leadership is clearly trying to use the present crisis to strengthen its hold – its presence, its influence – in the former Soviet world. I agree, it is a major problem in Russian-American relations. A country like Ukraine, in principle, even last summer/early fall, could become a major problem, not just for U.S.-Russian relations, but for security in Europe, in a big way. So it is something that people need to start paying more attention, if they haven't been paying enough attention before.

Someone was – it was Lilia who said that Russia's music is Mozart and Beethoven. I often say it in terms of, you know, the perennial anthem by Alexandrov, but the words keep changing. The music is the same, essentially. And there's something in it. You will recall that a very liberal and otherwise very pro-Western Russian foreign minister, Andrei Kozyrev, one of the first things that he did back in 1992-1993 was to claim a stake in the former Soviet Union. This is our area of responsibility. That was the most liberal, pro-Western, pro-American foreign minister in Russian history.

So one of my arguments, not in this conversation, but elsewhere, has been that a democratic Russia, when it emerges – I wouldn't say if – when it emerges, will not necessarily be a pro-American Russia. That is something that we need to think more seriously about. So there are internal contradictions, and I think that Ariel's comment is a good follow-up to Andrei's question – Andrei's comment. I think that you have people in Russia who truly believed, back in the heady days of the Georgia War, that Russia was under attack – that the United States had launched a war of proxy with the help of Saakashvili. They never believed, initially, that that was Saakashvili's own enterprise. They thought that couldn't have happened – I mean, that just – it's mind-boggling, in their view.

They thought that the United States was testing the new Russian leadership, much they way that the Soviet leadership tested young American presidents in the '60s and the '70s. And this adversarial attitude toward the United States is very real. And I think it actually lasted all through the presidential address on the day of Obama's victory, when Medvedev pointedly failed to congratulate Obama and instead subjected U.S. foreign policy to most lashing criticism. So that's serious. Later on, they decided to somewhat modify their approach toward the United States toward cautious optimism. They're done with talking of that. But there is as much trust in the United States in the Kremlin as there is in Washington with regard to Russia. And that is – you know, you've got to accept that, that that's the case. So it's going to be a very difficult relationship.

Moscow is prepared to pay, you know – the zillions of dollars that have been lost, you know, in the defense of the ruble at the end of last year, you compare that with a couple of billion dollars invested somewhere in Kyrgyzstan that gives you – that delivers a country to you. And you see the difference. So that's the time when, you know, a billion dollars here, a billion dollars there may not mean all that much. So they think that the timing is right to start investing in that. I would disagree that the – that those who believe that it's best that the United States is defeated in Afghanistan, it's best that the United States becomes involved in a shooting war with Iran, that those people – they do exist and some of them are influential – but what I doubt is that these people actually make Russia's foreign policy.

Russia's foreign policy is a little bit more conventional, if you like. It is a little bit more cautious. It's not friendly toward the United States – let me be very clear about that – but there's not – that policy does not welcome more fires burning close to Russia's borders. That's for sure, especially when Russia has precious little water and no hoses to transport it to the regions.

MS. SHEVTSOVA: Okay, just briefly, to follow up on what Dima has said. Dima has mentioned Kozyrev. This is my first point. And this is – Ariel, you know, just like we do – it's drama for Russians and for Russian political community and intellectual community, that even liberals and democrats, starting with Kozyrev, the most liberal foreign affairs minister, and Yeltsin in 1993, they both asked the Security Council to make Russia the arbitrator in the former Soviet space. And Kozyrev was a staunch supporter of the idea that has been reiterated recently by Dmitry Medvedev of areas of interest in Russia.

So it was typical imperialist approach on the part of the most democratic government in Russia. And this is tragedy in Russia, which gives us no ground for any optimism, that even now, within Russian foreign policy community and within Russian liberal democratic community, with the exception of some rare individuals who are sitting in this room, there are no people who have liberal views of Russian foreign policy. And you know, it seems to me this community still believes that Russia could exist only as the great power – as an empire. Hence, Ukraine and Georgia have to be Russian areas of interest.

And it seems to me, until Russian foreign policy continues to be the servant of domestic needs and the key instrument of self-reproducing Russia, America should not anticipate from Russia any kind of huge tradeoffs, or any tradeoffs, in Afghanistan, Iran or somewhere. But Ariel – and this is the question for me, itself, because I don't know how to respond do it – Dima, to you, then, and James – let's remember Gorbachev's years. Gorbachev's end of the Cold War helped Russia to de-hermitize. That means that foreign policy at some moment, very short, brief period of time, became an impetus to change the domestic equation. But it was in different times with different leader who wasn't responsible for the system and the regime that emerged in Russia before him.

MR. COLLINS: All right. I can do one last question. In the back. Yes?

Q: Mike Haltzel, Johns Hopkins. Terrific presentations. I think you've all made clear that there are issues between Russia and the United States that are highly unlikely to be solved in the near future, and Lilia just rattled some of them off, whether it's Afghanistan or Iran or NATO enlargement or whatever. My question is very simple: Do you think that the Putin people or people in charge in Russia could possibly go for simply de-linking these various issues, and we'll put them to the side if the Obama administration would try to focus on one or two discrete issues, like arms

control or cooperation on global warming? Would they be at least amenable, even if there's only a minimal amount of mutual trust, is it possible to begin with one or two issues like that and put the others to the side for the time being?

MR. TRENIN: Well, Mike, I don't think that tradeoffs are possible. I don't think that there's any administration in Washington that can say, you know, you take Ukraine, we're not interested, or you take Georgia, we're not interested. That's not going to happen. I hope that they realize that in Moscow. What is happening is the situation on the ground, in Ukraine, for example, we do not have – I mean, let me be very, very clear on that: I think that if the ratio of those in favor of NATO membership in Ukraine to those that oppose that was something like two-to-one, there would be no force in the world, including the blessed Russian federation, that would be capable of standing in the way of Ukraine joining NATO.

And that's the problem. Now, the problem why the ratio is what it is, I think, is very much because of the attitudes of Ukrainians toward Russia, because NATO – if you look at NATO from Berlin and west of Berlin, it's about Afghanistan. If you look at NATO east of Berlin, this is about Russia – always been, it is and will be. Now, the Ukrainians, I think – I may be totally wrong, and there are people in the room who I think can tell me how wrong I am – but I believe that the Ukrainians don't want two things. They don't want to be part of Russia and they don't want to part with Russia. (Laughter.) And that's – all this is part of this NATO thing. It's not about American bases here or military reform or civil-military relations as much as about some of the intangibles.

So much for NATO in Ukraine – and if that issue is left to the Ukrainians, essentially, to decide, then I think we can have a more peaceful, more natural evolution in Ukraine and in Europe. But at the same time, Ukrainians need to be helped in a real big way, especially by the Europeans – by the European Union – to move closer to modernization through integration. This is the path that's open to them, not merely open to Russia, in my view. But it's open to them, as it was open for the – it was open to the Baltic states, Poland and many other countries. That's the chance, and people need to seize upon that chance, especially in the time of crisis. Opportunities abound for everyone. It's not just Russia that's sitting atop a few bags of money. Other people have a little bit of change. And I mean, if Ukraine is important, then people need to put their money in a certain place.

Let me also say that, again, the Georgia thing – that this is very much about the borders and the post-war rehabilitation of the region. I think that the best way to address that would be through a multilateral effort, again with Europe playing a major role in that. I think Europe has a chance in Ukraine-Russia relations – also gas relations and Ukraine's modernization and integration and in the Caucasus, especially with regard to Georgia. Europe must be encouraged to go down that path. And very lastly, I think that there are areas where Russia and the United States and the West, more broadly, have common interests, even though their values are very different. And one of those areas is Afghanistan. One of those areas is Iran. I don't think that there are many people in Moscow who just would welcome an Iranian nuclear bomb.

If anyone thinks that Russia's relations with Iran, historically, have been cozy and friendly, well think again or look it up. You know, the first thing that a Russian boy or girl learns at school is that the entire embassy of Russia – the Russian empire – was wiped out – everyone killed, massacred – because the ambassador happened to be a famous playwright and everyone reads his stuff. And people remember that, and people in Persia have their own memories of the Russian empire and the

Soviet Union and Stalin and all that. So it's a difficult relationship. But what I think it is in the United States' interest that the bad boys in Tehran do not use the Russia factor against the United States – that Russia does not serve as a pretext and encouragement for doing bad things.

Russia has joined the common front in North Korea that helps very much to deal with the North Korean problem. And the problem is still there, but it helps enormously. Imagine that Russia were the odd man out. I don't think that you would wish – anyone should wish – Russia to be an odd man out on Iran. I think I talk too much.

MR. COLLINS: Lilia, last word.

MR. JENSEN: Just quickly, Mike, I don't think there's any package – if a year from now, there's a stalemate in the Ukrainian elections, the system seems to be stopped or stuck and the Russians decide to do an assertive move in Eastern Ukraine, I don't think there's anything – global warming, dubious anti-missile system, anything, even piled on top of each other – that would dissuade them from doing that.

MS. SHEVTSOVA: Well, just to follow up on what my friends have said, and responding to your question, it seems to me we need to remind ourselves about the nature of the Russian political class. In fact, this is a rentier class that has dualist ambition and agenda. On the one hand, they would like to have constructive and benevolent relations with the West, because this is where they've been incorporated personally and as a corporation. On the other hand, they would like to close Russia for the Western influence and proceed with a Russia besieged fortress. This dualist nature of the Russian political class creates possibilities for tactical tradeoffs with America and with the West. But these tradeoffs, in their view, cannot undermine the logic of their traditional state.

And could we somehow change this paradigm? Could Russia find the solution to the dilemma of how to combine transformation and political stability? So far, during the previous historical period, Russia has failed to solve this dilemma. But now a lot depends on how you folks, in the West, and first of all, in America, and first of all, with the new American presidential administration, how you'll find – what kind of answer or response you find to the most important issue that you're facing – how to reboot the capitalism and find a new interlinkage or interconnectedness between economic effectiveness, democracy and security.

MR. COLLINS: All right. We really have come to the time when we have to go, so would you thank our panel. (Applause.) And I thank all of you for coming. We look forward to seeing you again very soon.

(END)