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Transcript

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## CHINA IN THE WORLD PODCAST

Host: **Paul Haenle**

Guest: **Alexander Gabuev**

Episode 104: Putin's Fourth Term

April 3, 2018

**Haenle:** Welcome to the China in the World Podcast. Today I'm delighted to have with me Alexander Gabuev, who's joining us from the Carnegie Moscow Center, where he runs the Russia and the Asia-Pacific Program. It's a new program at the Carnegie Moscow Center and Alexander is the inaugural chair of that program. Alex was a member, prior to Carnegie, of the editorial board of Kommersant Publishing House. He also served as the deputy editor-in chief of Kommersant-vlast, which is one of Russia's most influential newsweeklies. He's taught courses at Moscow State University and has been a visiting research fellow at the European Council on Foreign Relations. We last had Alex on this podcast just over a year ago, soon after President Donald Trump's inauguration and we discussed then the possibility of a U.S.-Russia rapprochement and the influence that that might have on the China-Russia relationship. The question that Chinese scholars were asking was "is Donald Trump going to improve the US-Russia relationship as a means to put pressure on China," and I guess the only thing I would say is what a difference a year makes. Alex, it's great to have you back.

**Gabuev:** Thanks, it's so great to be back here in Beijing.

**Haenle:** Before we talk about Russia, we're holding the Carnegie Global Dialogue here on Russia issues. We've had you and your colleague in Moscow Dmitri Trenin here to talk about the Russian election, because the presidential election just took place on Sunday, which saw Vladimir Putin now entering his fourth term as president. But before I talk about the issues, I want to talk a little bit about your background, you have a very interesting background. I want to get a sense of how it is you landed at the Carnegie Moscow center as a scholar and I want to start out a ways back—on the day of your birth. What is significant about the day you were born?

**Gabuev:** The first and foremost is that I was born, but for the history of my country it was a pretty significant day, because that was exactly the day when Mikael Gorbachev was sworn in as the secretary-general of the Communist Party of the Soviet Union after a string of deaths of elderly leaders.

**Haenle:** This was in 1985.

**Gabuev:** It was March 10, 1985. You can remember this historic day by my birthday, but this was a really historic departure from the previous pattern and then Perestroika, Glasnost, everything which led to the transformation and then dissolution of the Soviet Union. Gorbachev famously told his wife sometimes that all the reforms that he's doing will benefit not his generation, not the generation of his kids, but the generation of his grandchildren. So I am exactly that generation, and the benefits are definitely there. I think the improvements are there to be seen because we are slightly moving to the end of Putin era and are eying post-Putin era, but that's definitely a very significant and interesting period of time.

**Haenle:** As a child, you wanted to be an ambassador, in Europe somewhere as I understand it. You wanted to study European issues and be an ambassador in Europe but it turns out you're a China hand, a 中国通, as they say in China.

**Gabuev:** 哪里，差得远呢

**Haenle:** How did that happen?

**Gabuev:** Look, I was in school with education in German and special stress on German, the type of the Soviet system of schools where they really emphasize foreign languages, so I started learning German at age 6 and later on won national competition in German, but I went to Vienna as the first foreign city I ever visited at age 12. My mother, who was a highly-paid PhD research fellow during the Soviet era, found her salary down to eight U.S. dollars a month by the end of the collapse of the Soviet Union, about '92. She earned 700 dollars by writing a book on Russian Orthodox festivals for kids using George Soros grant.

**Haenle:** That was a lot of money at that point.

**Gabuev:** That was a lot of money for that time. George Soros is frequently attacked in the Russian media as somebody who was fomenting color revolution. Well, George Soros was doing a lot of good stuff for Russian libraries and Russian intellectuals in the generation of my mother. So she took that money and brought me on a pretty inexpensive trip to Italy going through Vienna, and I was so amazed by the city and that I could speak the language that I wanted to be ambassador. But because my family didn't have any ties to the diplomatic community, nor were we rich enough to pay the entrance fee—the university had then a reputation to have a lot of bribes to get in—there was a backdoor learning some Asian or Arabic language because these languages were not popular back then in Russia, and then getting there without exams and continuing to learn the language and learn the European language as a second language.

**Haenle:** So your idea was to learn some Asian language as a means to then get into the diplomatic core.

**Gabuev:** Exactly. As I put it, the least repulsive one because I was not interested in Asia at all. So I started to read books, which is the culture which is somewhat appealing to me, so I grabbed the book about the biggest country—China—and after seven pages, literally, I was lost for ambassadorship in Vienna.

**Haenle:** You got hooked?

**Gabuev:** I got hooked on the Chinese culture and that's how it started. I was 12, and since that time, I also travelled into the journey of China watching because it's a fascinating country and a universe in itself.

**Haenle:** Well it's amazing, our best laid plans often don't survive first contact and it sounds like that happened in your case. Carnegie Endowment is better off for that, I would say, so I'm glad it turned out that way Alex. Let's talk a little bit about the presidential election that just took place, obviously in the U.S. and in the West, there's questions about whether it's free and fair, was it democratic? Give me your perspective on the significance of the election. What does it mean for Russia's foreign policy?

**Gabuev:** I think it's fair in the context of the Russian authoritarian system. Yes the system is managed, the media is controlled by the state, but the people are voting for Putin voluntarily and the large majority of the population is convinced that Putin is the best leader for this country and that's part of his brilliance, that there was not that much regional casting of ballots for Putin and stuff this time. It was pretty clean and many of my junior colleagues at Carnegie-Moscow who went to observe this election and were at the polling stations all the time, they are not Putin supporters but they said, at least in the wealthy middle class where you are supposed to see a lot of opposition of educated people to Putin, that it was a free and fair election. That's the reality and the takeaway they take back home to think about: how do you change Russian people's attitude toward the government in a peaceful way, just convincing them that it's not probably perfect leadership. But the bulk of the population is definitely convinced, and that's a historic achievement for Putin that he got over 50% of Russia's population voting for him. It's unprecedented.

**Haenle:** He set some goals for the election of 70% turnout and 70% voting for him. Is that correct?

**Gabuev:** That's right, and he slightly underperformed on the turnout, so it's 67, but he overperformed on the votes at 77%, and that's an unprecedented mandate for every Russian leader since 1991. The significance of that is that it's probably the last Putin term, it's last by the letter of the law, by the current constitution and I think that he said that on multiple occasions that he doesn't want to stay in power until 100 years old, and probably out of self-respect, he will need to step down when he is 72 in 2024.

**Haenle:** So you don't think, unlike President Xi here, who has now abolished term limits for president and vice president, you don't think Putin will do something like that?

**Gabuev:** I think that he wants to step from the official position because he's been in power—he will be in power for a quarter century—longer than any Russian leader in the 20<sup>th</sup> century. That's pretty significant for him to have a track record in Russian history, but he's not stepping down to

leave power to anybody else. He will be behind the scenes above the throne but definitely there, and I think that the major measure—the major direction of his effort over the next six years will be installing a whole new generation of managers who are loyal to him, who are professional, who are groomed by him as a generation of his successors.

**Haenle:** Promoted by him, owe their allegiance to him.

**Gabuev:** Absolutely, who don't know how to say that there is a capitalized "U" in Russian and just normal "u," and so who always look up at him as a czar, who don't remember him as a low-level KGB official or an official in the St. Petersburg mayor's office who was reportedly very corrupt, for whom he has always been the national supreme leader.

**Haenle:** And then President Putin would step out of the official position and others would step forward, but President Putin would still rule from behind?

**Gabuev:** I think that Deng Xiaoping's idea of ruling China, or the role that Li Kwan Yu played in the Singaporean system is sort of a template, or the way Sonia Gandhi was important when the Indian National Congress ruled India without having any official government position, so that's the idea and I think that's doable in the Russian context.

**Haenle:** I mentioned President Xi of course. The 19<sup>th</sup> party congress and his second term just started back in November, so around the same time here as President [Putin's] fourth term. One of the things they appear to have in common is that they are tremendously popular at home. President Xi enjoys a high degree of popular support here in China. President Putin, by your description, enjoys quite a bit of popularity at home. I want to get a sense from you, how much of this do you think has to do with President Putin's foreign policy approach? And if so, what is it that makes him so popular?

**Gabuev:** I think that he has this special feeling of connecting with the Russian people. Looking at the way he talks to common people, he has this special gift in reaching out to the vast majority of the Russian population, something that is really rare but is there in some authoritarian systems. People genuinely like his personality. He can present himself as the leader of the people and the *man* of the people, that's important. But the second period, he really brought stability to Russia. He was very fortunate, because Russia has been through a turmoil-filled period in the 90's and then the country has already adapted. It has learned how to operate as a market economy, it has learned how to operate as a democracy, and it has learned how to operate as a large nation-state but not as an empire. Putin inherited that without inheriting the pain, and then the commodity prices went up and that was a relief for Russians because the government had a lot of money to redistribute to heal the wounds. So Putin took credit for this and also brought some stability and vertical power, so he's still credited for that. But then the social contract: "I give you wealth and you Russians surrendered part of your political freedom and participation and dive into

consumption, travel, and your nice life but don't go into politics because that's for the state and for myself."

**Haenle:** That's targeted really at the elite right, not at the common people?

**Gabuev:** That's also targeted at the common people because they're living standards have dramatically improved compared to the 90's and compared to the Soviet Union. It's very important to remember that Russia has never been as rich and at the same time as free as it is right now. It only shows how terrible our past is, but by historical precedents, throughout Czarist Russia, Soviet Russia, or Democratic Russia, this is really a very powerful combination where a majority of Russians can have money and can have enough freedom to use that money, and that's unprecedented. But then the foreign policy is the new element of that. President Putin is seen as somebody who stands up to the West and who carves out a special place for Russia where it belongs, according to the majority view of Russians, which is a great power—the power without whose consent nothing in this world gets decided. I think that Mr. Putin is playing this card brilliantly.

**Haenle:** He seems to be, in the foreign policy realm, punching above his weight: involvement in the Syria campaign, which I think was quite surprising to many; the role that President Putin decided he wanted the Russian military to play; the annexation of Crimea; the interference in our presidential election in the United States. How do Russians perceive President Putin on the international stage? Do they see him as somebody who's representing Russia in an admirable way and raising the stature of Russia in the world?

**Gabuev:** The current chief of our parliament, Vyacheslav Volodin, who used to work as Putin's deputy in charge of domestic politics, famously said two years ago that, "Putin is Russia, Russia is Putin." On the international stage that's exactly the way that Russians see it. He is the embodiment of Russia, he is the Russian brand, and it's very difficult to separate Russia's successes as they see it, Russia standing up to a unipolar world—that Russia could do something that only America could do like going out far away from its shores and use its military to achieve a political goal. That was done in Crimea and in Donbass and that was done in particular in Syria, and the Russians take pride for that. I think that the majority of Russians just like that Russia is back on the international stage as a major power.

**Haenle:** And this gives him some popular support at home, it seems?

**Gabuev:** It gives him a lot of popular support, and the other part is sanctions. As soon as the international community led by the U.S. rallied around sanctioning Russia and Putin, the Russians feel this—when two guys fight most of the Russians will sympathize with the weaker fighter, particularly if that's a Russian guy—so here you feel the need to rally around the flag and say, 'okay, we might have some disagreements at home with Mr. Putin, but definitely if he gets

squeezed and we get pushed into the corner as a country, we need to rally around our president.’ So the sanctions actually helped to boost his legitimacy and popularity.

**Haenle:** Let’s talk about China-Russia. I’m struck, when you talk about China-Russia, you point to 2014 as in many ways a turning point for the Russia-China relationship for the perspectives of the Russian government and Russian leaders with respect to the importance of China. Tell me why 2014, post-annexation of Crimea, tell me why that’s a turning point.

**Gabuev:** I think that if you look at geopolitics as let’s say a dating-app like Tinder, Russia and China should be swiping each other the same direction all the time because there are fundamental forces that drive them together. It’s the border and the need to secure and make this largest border for both countries peaceful because security priorities and challenges as the national leadership see them lie elsewhere and it’s just too costly to maintain military presence there. As soon as the opportunity presented itself to solve the border issue and demilitarize the border, that’s what they did. So that’s the lowest common denominator that two countries shouldn’t turn against each other. There’s the complementarity of the economies, Russia has abundance of natural resources and a need for capital and infrastructure. China has exactly the opposite. And then there’s the similarity in domestic political structures which makes a lot of interests coincide. But Russia has neglected China for a long time because it was obsessed in its integration into the West and hopes that it would be part of the Euro-Atlantic family on special terms, and the Russian elite was bringing their money and assets and families to the West. That all changed with the annexation of Crimea, and as sanctions were imposed on Russia needed an external partner to basically provide a lifeline to provide additional markets for its commodities, additional financial resources and technologies. Where could Russia go? Europe and US are part of the sanctions. Major countries in Asia like Japan and South Korea are allies of the United States, so there was only one door to knock and that was China, so Russians started to look at many risks that they previously thought are associated with China, like ‘China’s taking over the Far East, China’s encroaching on our sphere of influence in Central Asia, China is stealing our military technology’ and the result of the analysis was that many of these worries are just outdated. ‘No there are no Chinese in the Far East, yes China is encroaching in Central Asia but it’s just natural phenomena, and Chinese military is so developed that in 10 years China probably doesn’t need Russian military equipment so we should sell as much as we can’. That’s changed the attitude.

**Haenle:** So the post-invasion of Crimea helped to stabilize the relationship in many ways the China-Russia relationship, and it’s seen some improvements over the last four years. There’s still some constraints, however, that you talk about, in terms of the relationship getting too strong. What are those constraints as you see them?

**Gabuev:** I think that there is something on the economy because definitely this a deeply asymmetrical relationship where Russia needs China much more than China needs Russia. Then the conditions to build up—the trade is close to \$90B US, which is a lot for Russia but not that

much for China, and there is a natural rule on how you can grow the trade and sell more commodities, Russia is the number one oil supplier to China, but then a lot of low hanging fruits in this economic relationship have been picked up so both countries need to do a lot to grow that trade. But Putin, that aside, on geopolitical areas, I think that the countries cooperate a lot on North Korea, Iran, they have a lot of similar outlooks on many aspects of global governance, and the next stage would be to form a full-fledged alliance relationship, but that provides a lot of constraints. Countries don't typically want to make alliances, particularly two great powers like this, because their priorities usually lie elsewhere. Why would China want to support Russia on annexation of Crimea, jeopardizing relationships with its major trade partners in U.S. and EU? Why would Russia support China's handling of the South China Sea, alienating Russia's traditional ally Vietnam? So there are a lot of these areas where countries just don't want to cooperate, so they are not together with each other and the only factor in my view which can cause them to move closer and say 'okay, all these inconveniences put aside, there is a joint threat to us which makes us stronger together because separately we cannot withstand' and that's the United States.

**Haenle:** Absent that threat, there are constraints. The relationship will remain strong and important but there are restraints in terms of how far it will go. You also talk about an evolution of Russian thinking with respect to the Belt and Road Initiative. From when it was first announced, when President Xi Jinping went to Kazakhstan and announced the Belt and Road, from that time until today five years later, there's been some evolution on thinking of it in Russia. Can you talk a little about that?

**Gabuev:** I think that Russia was really worried when the Belt and Road was first announced because Russia's economy was flat and not growing even before the slump in commodity prices and Crimean annexation. Russia was about to frame this Eurasia Economic Union and pull many countries in Central Asia into its orbit.

**Haenle:** And was Belt and Road initially seen as a significant competitor to the Eurasia Economic Union?

**Gabuev:** I think that was exactly the case, and because there was lack of transparency or clarity of 'what does China actually mean by saying Belt and Road'. There are these five broad areas of cooperation which include trade and financing and infrastructure 'so is it against us, or with us?' I think Russia was very unclear and worried. But then after 2014, when Russia started to look anew at partnership with China, many people said 'oh if China is actually building this infrastructure to link its Western regions to Europe, many parts of this infrastructure and many of these infrastructure projects will be in Russia' which will provide additional revenues, taxation, some employment.

**Haenle:** If I remember correctly, China redrew the line in order to go through Russia?

**Gabuev:** I think that many of the maps which were pictured by Xinhua were unofficial maps and you don't find any official map of the Belt and Road, as far as I know there is an internal instruction which tells Chinese media not to publish these maps because they're super misleading. Not putting clear routes or criteria or any goals serves China's agenda because everything can be framed as a Belt and Road projects, and I think that China was very apprehensive of Russia's sensitivities and went an extra mile to say 'okay let's sign a political declaration' which was signed on May 8, 2015. That was a very significant time, one year after Crimean annexation, a year into war in Donbass, no Western leaders showed up to the celebration and military parade to celebrate the 70<sup>th</sup> anniversary of World War II. A decade ago, George [W.] Bush showed up, Chancellor Merkel, so many of the Western leaders came. Nobody came this time and the guest of honor was Xi Jinping. They signed a political agreement to link up the Eurasian Economic Union and Belt and Road. Later on, Russia discovered that China is not that eager to invest because probably Chinese authorities get very conservative about what CDB, ExIm Bank, and other institutions can do because of certain problems of the balance sheets of those institutions, and they're really cherry-picking all the best projects, not necessarily the projects that Russia wants them to implement. But that also provides Russia with a certain degree of confidence that no, Belt and Road is not a large political strategy to steal post-Soviet space from Russia, and it's something domestic political concept to boost Xi Jinping's popularity, it's probably a bunch of strategies of companies and SOEs and regions, but it's not something Russia should be afraid of.

**Haenle:** That's the current thinking on the Belt and Road now. As an analyst of China and watching the developments of the Belt and Road over the next several years as they begin to implement the Belt and Road, do you see any potential pitfalls in the Russia-China relationship and the Belt and Road?

**Gabuev:** I don't frankly see any real potential pitfalls, I would as an analyst, distinguish Belt and Road as a narrative, a useful domestic strategy here, partly to boost Xi Jinping's leadership and to explain foreign policy. It's not to say that China is not doing anything on its international geo-economic expansion—China is doing a lot of infrastructure work. It's not necessarily related to each other but definitely China is out there and the world should pay attention, but when it comes to Russia, I don't expect that much in the next decade. Problems for Russia is that it's Eurasia Economic Union is deeply dysfunctional because Russia plays a disproportionately big role. By giving away part of its sovereignty, its neighbors are not very happy with the way the union functions so it has problems within that China would later on exploit to tie these countries closer to China's fortunes, but that's more internal problems that Russia's partners need to address, not that China has any maligned intentions.

**Haenle:** At the Academy of Military science, a couple years back, when we asked about the Belt and Road, the Chinese military officers we talked to said, "we don't see a security component yet, but there will be a large Chinese security component to the Belt and Road Initiative at some point

in the future.” How do you see that from the Russian perspective, talking about security in Central Asia? At one point in time, I would hear stories that the Russia-China agreement was, ‘China you do the economics, the trade, the infrastructure. Russia will do the security.’

**Gabuev:** I think that was the big hope and that was already a departure of previous Russian thinking before Crimea annexation, that Russia wanted to compete with China for influence in Central Asia on all fronts including culture and the economy. And then, Russia’s analyzing of Belt and Road led to the conclusion that economic competition with China is lost before it is even started because Russia and all five countries of Central Asia in grand scheme of things are competitors in the international markets. They sell commodities and where can all these countries go with their commodities? Russia and Iran are competitors, trans-Caspian pipeline is not happening due to Russia’s objections, TAPI pipeline going through Afghanistan to India—good luck negotiating tariffs with ISIS and the Taliban, so it’s only China and Russia came to terms with that, saying ‘okay there’s nothing Russia can do’ but they wanted to maintain this security presence. I think that in the long run, this scheme will be changed because China has vital security interests in Central Asia. Look, Xinjiang is next-door and there are obvious security problems there which will probably not go away in 10-15 years’ perspective. They will go away some day, but definitely China will be very perplexed. Any influx of instability from Central Asia and Afghanistan will ultimately influence the situation there in Xinjiang, so you need to have forces out there that could police the region. If Russia could play that role even better, then China could free ride this. But then if you are China, why would you have trust in Russia having the ability and resources with its flat GDP growth, very unpredictable fortune, a commodity based economy, that it will have resources to do so. So you probably want to take your own measures, and the reports that we’re seeing that China is deploying its forces in Tajikistan, is doing a lot of military assistance to all of the five militaries of the region, training local officers in paramilitary academies, it’s very indicative of where China wants to go. As a Russian analyst, I don’t think that this is a security threat for Russia because a lot of our interests in this region coincide. We are also afraid as a country of the influx of militias from Syria, ISIS, unstable Afghanistan. We are concerned about the security of these regimes in the region, so here our interests naturally coincide but Russia needs to have a frank discussion with China about it.

**Haenle:** I can’t let you get away without talking about North Korea and Russian perspectives on North Korean nuclear issue. Recent developments, of course, President Trump has agreed to meet with the North Korean leader Kim Jong-un by May. The South Korean President, President Moon, is going to meet with the North Korean leader in April. How does Russia see its role in the North Korean nuclear issue, how does it cooperate with China, and how does the Russian leadership in your view see these latest developments?

**Gabuev:** I think that in the grand scheme of things, Russia sees a nuclear Korea as unwelcome but inevitable development, nobody genuinely believes in denuclearization, although the Russian state pays lip service to the narrative.

**Haenle:** So it's the official position?

**Gabuev:** It's the official position but the real position is as following: Look, if you are an authoritarian regime like North Korea, only takeaway that you do from what happened to Saddam Hussein in Iraq or Muammar Gaddafi in Libya, that you should have weapons of mass destructions and if you can you put them in a platform that can deliver to the US to keep US and its allies in check and be deterred from doing anything to your regime, and then you negotiate from a position of strength on how to relax international sanctions around you. That's the Moscow reading of Kim's strategy.

**Haenle:** So the experiences with Muammar Gaddafi and Saddam Hussein have reinforced the North Korean leader's perspective that it's important to keep his nuclear weapons program, so it's going to be hard to convince him to give up his nuclear weapons. But in terms of Russia's own self-interest, having a country that borders Russia—North Korea has a border with Russia—and having a nuclear weapons program, from Russia's self-interest that can't be seen as something that's not a threat to Russia.

**Gabuev:** That is not necessarily a threat to Russia. A threat to Russia is a possible US overreaction, what is seen as an overreaction—the bloody nose strategy growing into some bigger regional conflict. And test feelers, like Vladivostok is just across the border. Right now, we see that they have improved their technology dramatically so it's probable that you are not afraid of a test failure—that something falls over Vladivostok.

**Haenle:** The Chinese seem to be more and more worried about nuclear accidents coming out of North Korea.

**Gabuev:** Yes but I think this likelihood is decreasing, whereas the risk of conflict is increasing. I think that Russia, seeing that there was a window of opportunity to solve that diplomatically, it's lost. North Korea is now a de-facto nuclear state, with or without capability to put an intercontinental ballistic missile, and they think that there is no way to withdraw these capabilities from the North Korean regime, we should probably talk about how to contain the program and to not continue with what they're doing. In that regard, I think Russian's cooperation with China is very useful because they think that 'okay, North Korea falls into China's sphere of influence so it's basically China's problem. China's has a lot of leverage and Russia doesn't have any leverage.' But our views and our interests coincide. We are interested in keeping this regime to check the Americans and not to have a unified Korean Peninsula which is aligned to the United States. I think that Russia was not very vocal in defending the North Korean regime before last year, it was more China's job, but then last year there was a switch because China discovered that actually Trump is meaning it when he links economic and trade disputes with China to help on North Korea. They probably decided to say, 'hey we want to appear helpful to Trump and not to be super

vocal in defending North Korea' but there is somebody in the P5 who needs to do the job. Who could that be? That's Russia. Russia has nothing to win from being helpful to the United States, to help on North Korea—at least the way the U.S. sees help.

**Haenle:** What about these latest developments. Kim Jong-un, at least the South Koreans say, that he's willing to talk about giving up his nuclear weapons. What do you think constitutes the change in North Korean approach? The New Year's message by the North Koreans saying they want to participate in the Olympics, they're open for dialogue, and now apparently, according to the South Korean National Security Advisor, the North Korean leader is willing to meet with President Trump and, apparently, talk about giving up his nuclear weapons.

**Gabuev:** I think that first, talking about giving up nuclear weapons and denuclearization should be taken with a grain of salt, many grains of salt. They might mean what other nuclear powers mean by signing a nonproliferation treaty that there is the goal to give up all the nukes. Russia's calculation is that it definitely won't give away what they already have. They could talk about capping their current missile program, not doing any tests, tolerating US-ROK military drills and stuff, but they will not give away what they already have. That's the Russian calculation.

**Haenle:** And why do you assess Kim Jong-Un has decided now he's willing to meet the South Korean president and the American president?

**Gabuev:** There are two schools of thought which don't necessarily contradict. One is that Pyongyang decided that Trump is really about to test the bloody nose strategy which could be devastating effect for the regime.

**Haenle:** So worried about talk of US military options?

**Gabuev:** Yeah. And then that somebody might try something that is pretty dramatic. And then the sanctions probably didn't start to bite yet. If you check all the indicators like the rice prices and currency exchange in Pyongyang, they're still pretty stable but they know that, because the international sanctions target sources of foreign currency going into North Korea, that it's going to be effective in a year or two and you want to take precautionary steps right now to stabilize the situation and then probably wait Trump out of the White House. They can wait. They're happy with what they have that guarantees security of the regime as of now. They can embark on some China style economic reforms and grow their economy, keep the Kim regime popular, and then if they have a more rational or cautious president in the United States, finish what they already have and see where it goes.

**Haenle:** And how about our colleague Tong Zhao's assessment that a big part of the reason the North Korean leader's willing to meet is because North Korea now has a basic level of deterrence—nuclear deterrence—with regard to the United States. They've tested successfully the ICBM

that can range the U.S., they've done six nuclear tests. American leadership cannot rule out the fact that North Korea might be able to range the United States with a nuclear weapon. Of course, they haven't demonstrated their reentry capability and all the rest but nevertheless, there is, at least in the North Korean mind, evidenced by the New Year statement that said North Korea now has a weapon that can hit the United States, is there a confidence on the North Korean side that, "now that we have this nuclear capability, sure let's talk?"

**Gabuev:** It's difficult to assess but I don't think that this line of argument contradicts what I have already said. I think that all the elements come together right now and provide them with a window of opportunity where they can really sit on their hands a little bit and don't push the program too far with further steps and just stabilize the situation and drive Trump's and US' attention somewhere else because the guy is obviously living through the day. If there's something that he doesn't feel he needs to do something about, it's good for them.

**Haenle:** Well it's always interesting to talk to you Sasha, and I really appreciate you coming back to the China in the World podcast. I especially appreciate you coming to Beijing and spending the week with us with the Carnegie Global Dialogue Russia.

**Gabuev:** It's always a pleasure to be back at Mama Carnegie the Beijing Branch.

**Haenle:** Thanks for coming and we look forward to having you back.

**Gabuev:** Thanks.