



After the G-8: The Future Orbit of U.S.-Russian Relations

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David Kramer: Ariel, thanks very much. It's a pleasure to be here, and I very much appreciate the opportunity to speak at Heritage, which has done tremendous work not only in this region but on things both foreign and domestic concerning the United States. So many thanks for the opportunity. And thanks to everybody for coming on, at least not the hottest day of the week but certainly a warm day out there.

With the G-8 Summit and the presidential bilateral meeting between Presidents Bush and Putin behind us, I think it's a good time to take stock of where we are with the U.S.-Russian relationship.

There has been a loud debate for months about U.S.-Russian policy with concerns of folks on democracy backsliding, the problems encountered by NGOs, worrying internal trends, and Russian policy towards its neighbors. These concerns are balanced with Russia's potential as a partner with the United States and Europe, as well as Asia, in dealing with a whole host of challenges from Iran to the Middle East to North Korea.

It is fair to say, of course, that the promise of strategic partnership post 9/11 has not been fulfilled, but important work, nevertheless, has been accomplished between our two countries and our two governments.

We, to state the obvious, feel that Russia cannot be ignored or isolated or treated as an adversary. On the contrary, we seek to work with Russia on the many areas where we share common interests and to push back, strongly if necessary, on issues where we disagree. What we have with the Russians is a realistic partnership and relationship.

President Bush has stressed the importance he places on keeping lines of communication open with President Putin, and if our relationship is to move ahead productively he needs to keep those lines open.

The President went to St. Petersburg a day early last week so he could spend more time with President Putin, both formally and informally, in advance of the full G-8 program. The President used those opportunities to promote our interests and express our concerns including over the trajectory of Russian democracy and civil society and its relations with its neighbors. The President also discussed ways we can work together on many problems that require our cooperation.

The St. Petersburg G-8 Summit provided an opportunity for the President to raise all of these, as well as other issues with President Putin and the other G-8 leaders. We feel we made significant progress on some areas but of course less than hoped for in other areas, and in particular on the WTO bilateral negotiations. But there is no doubt, we would argue, that going to St. Petersburg was the right decision.

We knew that Iran and North Korea would overshadow much of the agenda of the G-8 meeting, but the fighting in Lebanon, which was not anticipated, became a significant focus of discussion among the leaders and for the world's media. Nevertheless, important work was done to advance our mutual interests. In addition to the various G-8 agreements on energy security, health, and education, President Bush and President Putin announced the extremely important Global Initiatives to Combat Nuclear Terrorism, an important step in our counter-terrorism cooperation with Russia that has been a pillar of our relationship since 9/11.

Through this initiative, we join together to prevent terrorists and dangerous regimes from threatening us with the world's most deadly weapons. Our cooperation will include the physical protection of nuclear materials, suppressing illicit trafficking of those materials, responding and mitigating the consequences of any acts of nuclear terrorism, and cooperating on the development of the technical means to combat nuclear terrorism, denying safe haven to terrorists, and strengthening our national legal frameworks to ensure the prosecution of such terrorists and their supporters. This initiative serves U.S. national security interests.

We have invited partner nations to meet in the fall to elaborate on and endorse a statement of principles for this initiative. It's one we hope to expand.

The two presidents also announced new initiatives on the peaceful uses of nuclear energy and countering nuclear proliferation, expanding on initiatives that were already underway and which will include other nations.

There are areas where our two presidents obviously don't see eye-to-eye, including on Russia's democratic development. President Bush has a regular dialogue with President Putin on the internal dynamics in Russia. Concerns we expressed, for example, about the recent NGO legislation led in part to its being modified somewhat, though, of course, we remain concerned about the implementation of this legislation, a point we have made very clear to our Russian interlocutors. Many Russians, I would add, also share concerns about how the law will be implemented.

Promoting civil society in Russia is key and will over the long run help transform Russia into a country where our values converge, which will make it easier and more productive for us to work together.

We know that nations that share values also share interests. A Russia that embraces pluralistic political institutions, personal liberty, and a transparent, empowering economic approach would be a Russia that shares European and American – and I believe universal – values. Such a strong Russia would be a partner with whom we could cooperate on the widest possible range of issues. Whether in Eurasia or the broader Middle East, democracy provides the basis, ultimately, for stability in the world.

Yet, to many Russians, democracy is a discredited concept because it unfortunately is associated with the chaos and weakness of the 1990s. The collapse of the state in the 1990s under Yeltsin and now the reemergence of the state under President Putin reflect the Kremlin's tendency toward a pendulum approach in the way it exercises control. Transitions to democracy can certainly be tumultuous and trying, but the payoffs at the end are immeasurable.

Strong states are marked by balance among independent legislative, executive, and judicial branches; by institutions that ensure pluralistic and open political competition including free media and free and fair elections; by religious freedom; by measures that reduce corruption and thereby open a level playing field where its citizens prosper; and by determination to empower those citizens and decentralize the powers of government.



Because promoting democracy is central to the foreign policy of the Bush administration, the President has raised it with President Putin in private meetings, which we believe is the most effective approach. Secretary of State Condoleezza Rice has done the same thing with her Russian counterpart. Where necessary, we speak out publicly on this issue as the Secretary did at the G-8 Foreign Ministers meeting, but we do so as a friend who raises concerns in a way designed to steer development in Russia in a positive direction.

The President underscored our concern by meeting with a group of young representatives of Russian civil society in order to get their views on developments in their country. He met with a diverse, outspoken group of Russian civil society activists representing the democracy, human rights, environmental, and health communities in Russia. The President's meeting came after a meeting that was called "Other Russia" in Moscow that Assistant Secretaries Daniel Fried and Barry Lowenkron attended for the U.S. government. And Fried and Lowenkron attended out of respect for the work that NGOs and civil societies do in Russia – that democracy activists do in Russia. They did not go as an unfriendly gesture, as one Russian official suggested.

A vibrant civil society also requires a vibrant entrepreneurial sector rooted in the rule of law, which can contribute to the modernization of the Russian economy. And to support one of the underpinnings of democracy – a strong and independent middle class – the President announced our intention to create the "U.S.-Russia Foundation for Economic Advancement and the Rule of Law", which stands as a successor to the successful U.S.-Russia Investment Fund, known as TUSRIF, which was established in 1995 to promote the growth of the Russian independent entrepreneurship and improve the climate for private investment.

The two Presidents also agreed on several other cooperative efforts, as I mentioned, including security, counter-terrorism, health, and science issues. These initiatives will help our two governments move forward on many common tasks.

But I won't pretend that we achieved all that we could. As I mentioned before, concluding a bilateral WTO accession agreement was a high priority for President Bush. U.S. Trade Representative Susan Schwab and her team negotiated around the clock last week in an attempt to close on such an agreement. They were not successful, but only because they insisted on an agreement that would be commercially viable and pass muster with Congress. We will continue to work toward the goal of completing bilateral negotiations with the Russians and hope to do so in the coming months.

Now that the G-8 leaders have departed St. Petersburg, Russia will focus its attention on upcoming elections for the Duma and for the new President in 2007 and 2008 respectively. Democracies, of course, consist of more than just good elections, but the run-up to these elections – including the state of independent media and equal access for all parties and candidates to the press, as well as a level playing field and the help of civil society during that period – all of this will be a telling gauge by which we can measure Russia's democratic progress. It will also give us a good measure to judge whether Russia's moving away from personality-based politics and to embracing the institutions that characterize political and economic modernity.

We hope to see the growth of a strong and healthy Russian civil society, independent media, and the implementation of adequate checks and balances in the Russian political system, and we look forward to observing competitive free and fair elections that will, to a large extent, determine Russia's commitment to a democratic course.

As we have over the past five years, we will continue to encourage Russia to take the steps necessary to become a strong, democratic, and prosperous member of the international community, and we will press for healthy, constructive relations between Russia and Russia's neighbors, many of whom are going through their own difficult transitions.

Working with Russia is not always easy, but it requires a long term approach. Through increased engagement including expanded people-to-people exchanges, we can build a foundation for better understanding for the years ahead, which will pay dividends for our broader, long-term relations.

We hope that Russia will define its role in the world in a way that allows us the possibility of genuine partnership, and not retreat into a world view defined by balance of power strategies and checking U.S. moves wherever possible. The U.S. is not Russia's problem, and a democratic West and democratic neighbors are not a threat.

Our two countries and the entire world are safer as a result of our working together, and we would welcome even more the cooperation with Russia with whom our shared values would open the way to a complete and fruitful strategic partnership.

Dr. Ariel Cohen: Thank you, David.

The G-8 event overall went well. It was well managed. It not only had high-level representation from the G-8 countries, it had representatives from India and Brazil and China and Kazakhstan. It also had a youth G-8, which President Putin engaged in a dialogue and other leaders engaged in a dialogue. I attended a "Civil G-8" a couple of weeks before that in Moscow where the likes of Irene Hahn, the Secretary General of Amnesty International, the leaders of OXFAM, the German Greens, among other organizations sat around the table with President Putin for two hours engaging in a real dialogue on public policy. This is what I call "Clintonization of Vladimir Putin". He is becoming a policy wonk. Then he charmed the leaders of these NGOs so much they went to tea with him in his dacha.

So, I think, Russia handled the public communications aspect of this summit very professionally. Russian officials were extremely accessible in St. Petersburg, which had three or four, counting the joint conference with Bush, four press conferences, and the agenda that the Russian side formulated – energy security, other things, education – that agenda was front and center. But for the second year in a row, the G-8 Summit was hijacked, literally hijacked by terrorists. I'm not saying the terrorists timed their attacks in '05 in London when the trains were bombed and this year across the internationally recognized border in Lebanon, the Lebanese-Israeli border, that they timed it exactly. But realizing how sophisticated the leadership of Hezbollah is and how tightly they're coordinated with the leaders of Islamic Republic of Iran – their founders, their funders, their trainers, and their suppliers – I cannot exclude the possibility that the provocation against Israel, that they fully knew that if they killed eight Israeli servicemen and captured two, taken hostages, that they will bring to a retaliation that will escalate. And then the Iranians and Hezbollah hijacked public attention from the agenda of the G-8 leaders.

Not only does Hezbollah hijack the whole country of Lebanon, they hijacked the G-8. And the G-8 rose to the occasion and published a joint statement on the Middle East in which it says among other things, I'll quote you some paragraphs, "The immediate crisis results from efforts by extremist forces to destabilize the region and to frustrate the aspirations of Palestinian, Israeli, and Lebanese people for democracy and peace."

In Gaza, elements of Hamas launched rocket attacks against Israeli territory and abducted an Israeli soldier. In Lebanon, Hezbollah in violation of the Blue Line, which is an internationally recognized border, attacked Israel from Lebanese territory and killed and captured Israeli soldiers reversing the positive trends that began with Syrian withdrawal in 2005 and undermining the democratically-elected government of Prime Minister Fouad Siniora.

What the G-8 recommended, or demanded rather, was a number of measures starting with "the return of the Israeli soldiers in Gaza and Lebanon unharmed, the end of the shelling of Israeli territory, and the end to Israeli military operations, and the early withdrawal of Israeli forces from Gaza after the soldier is released."

The G-8 leaders said, "We extend to the government of Lebanon our full support in asserting sovereign authority over all its territory in fulfillment of UNSCR-1559." That's the resolution that demands the disarmament of Hezbollah and the return of the Lebanese army to south Lebanon. This includes the deployment of Lebanese armed forces to all parts of the country, in particular the south, and disarming of militias. "We would welcome examination by the UN Security Council of the possibility of an international security/monitoring presence."

In Gaza the leaders said, "The disengagement of Israel provided an opportunity to move forward steps toward a two-state solution under the road map. All Palestinian parties should accept the existence of Israel, reject violence, and accept all previous agreements and obligations included in the road map." And they recommend action to ensure the Palestinian security forces comply with Palestinian law and the road map so that they are unified and effective in providing security for Palestinian people. The G-8 demands the resumption of dialogue between Palestinian and Israeli political officials and recognition by Hamas of the state of Israel would be probably the first step in such a dialogue. And they conclude, "These proposals are our contribution to the international effort underway to restore calm to the Middle East and to provide a

basis for progress toward a sustainable peace."

Ladies and gentlemen, I think just the flare-up in the Middle East and the hijacked agenda, which had Iran front and center as a joint action, the diplomatic efforts that I'm sure David was involved in, the State Department, the NSC (National Security Council) were involved in for months with Russia, with the EU-3, the three European powers, and had the involvement of IAEA and the Security Council. That was on the agenda of the G-8, and that unfortunately was derailed.

The challenge, as we're looking past the G-8 Summit, the challenge for the U.S., Russia, the European countries, the EU, China, India, and the rest, is to make sure that the Middle Eastern crisis does not derail our attention from what is a real threat to the whole of the Middle East today and that is the Iranian nuclear program. Why? Because we saw that during the flareup, during the escalation of hostilities, for the first time Saudi Arabia, Egypt, and Jordan came out squarely against Hezbollah and its Iranian sponsors. Why? Because the Iranian nuclear weapons will be a challenge for the survival of moderate Sunni regimes, not just the regimes, for the very fabric of nation-states in the Middle East because radical Islam, whether Sunni or Shia, does not recognize national borders. It is talking about a caliphate, it's talking about trans-border entities that are sectarian based, and unfortunately we see in Iraq how the sectarian based violence is playing out with thousands and thousands of casualties.

So the Middle East today is in a process that goes way beyond the Israeli-Hezbollah confrontation. It's in the process of radicalization where the Sunni extremists such as al-Qaida and the Shia extremists led by the Islamic Republic or elements in the Islamic Republic, not obviously all the Iranian population, but the Sunni and the Shias are polarizing the Middle East, threatening not just the state of Israel but the moderate regimes of Saudi Arabia, of the Gulf States, Jordan by all means with Hamas popular in Jordan and the Muslim Brotherhood popular, and Egypt where Muslim Brotherhood is also popular. That is the trend that the G-8 countries need to address in the future, building coalition with moderate Arab regimes including in the process Israel, India, Turkey, and other countries. Without that, on the economic side, our survival will be threatened because the Middle East is the producer of 40-plus percent of the oil we consume, but, on the geopolitical and geostrategic side, a Middle East in an arms race of nuclear weapons starting with Iran, but then countered by either Egypt or Saudi Arabia and Israel going on a hair trigger alert is not the Middle East that is in our national interest or in the national interest of the G-8, including Russia.

Finally, to conclude, I came away from the Summit with a sense of foreboding. For two years in a row we had the Summit derailed – its attention, its leaders not allowed to work together by terrorist attacks. It means, to me, that the G-8 must give answers to fighting terrorism on many levels – the security level, on a level of economic development, but also on a level of war of ideas, and I've probably already bored you to death with my preaching of the necessity to engage the world, and especially the Muslim world, in the realm of ideas and the realm of public diplomacy but also in other ways.

We also need to consider that the G-8 format today may not be sufficient, we may need to look for ways to engage India, China, Brazil, possibly African countries, either South Africa or Nigeria, in an expanded format so that the challenges that are really global get truly global solutions and answers.

Thank you.

Dr. Andrew Kuchins: First of all, thank you very much for the invitation to speak to this distinguished audience this morning among such a very distinguished group of panelists. I'm very honored and I appreciate the opportunity to participate. Thank you.

I would like to take one moment before I begin my prepared remarks to honor somebody in the room, and that is the newest citizen of the United States of America who is with us today. That is Marina Barnett. Marina, can you please stand up for a second? [Applause].

Dr. Cohen: I thought for a moment it's [inaudible]. [Laughter].

Dr. Kuchins: I think that's coming in the fall, perhaps.

I think that Vladimir Putin is a very happy man right now. I don't think that Vladimir Putin wanted the G-8 meeting to ever end. [Laughter]. The only sad moment for him was when he had to say "Do svidanja" to everybody because he looked like a rock star all weekend. He was feeling his oats and feeling good, and Russia was feeling good. I have a couple of introductory remarks on Vladimir Putin and his leadership, and then I'll turn to a couple of comments about the bilateral relationship and say something quickly about the G-8.

I have a piece that I hope to get published in the next couple of days in a newspaper in the U.S. and it's called "Vladimir the Lucky". The history of Russia and East Central Europe is replete with colorful figures with catchy titles. There was Vladimir the Apostle who brought Christianity to Kiev and Russia at the end of the 10th Century. During his pre-saintly pagan days Vladimir was renowned for his 800 concubines and also reputedly introduced the practice of human sacrifices to the banks of the Niper.

There was Cetapol the Accursed who earned his title by ordering the death of his three brothers during an 11th Century accession struggle.

The most colorful sociopath, probably, of the Middle Ages may have been Vlad the Impaler whose lurid tastes inspired Bram Stoker's "Dracula".

Voice: He wasn't even a Slav. [Laughter].

Dr. Kuchins: I said Central Europe, Transylvania. I didn't restrict it to Slavs.

And, of course, Ivan the Fourth was terrible for a lot of reasons, including the murder of his son and heir, which precipitated a dynastic crisis in Russia at the end of the 16th Century.

Now the current Vladimir in the Kremlin is neither terrible nor saintly, although he did recently tell us he remembers precisely the last time he had sex. I don't think he's in the territory of 800 concubines or anything like that. Nor is there any evidence to suggest that Mr. Putin has a fetish for impaling his enemies and drinking their blood. I think his preference is simply to send them to Siberia to chill out. [Laughter]. And we certainly have no grounds to conclude that Vladimir Putin is accursed.

On the contrary, I think that Vladimir Putin is maybe the luckiest guy in the world today, and I do hereby anoint him as "Vladimir the Lucky". The story of his rise went back to childhood on the hard streets of Leningrad, to the Chairmanship of the G-8, which he presided over in the lavishly restored Konstantinovsky Palace in his home town must have involved some luck along the way.

Now we know it's usually better in life to be lucky than good, but there is no doubt that Mr. Putin is a bright, tough, and gifted politician. Ronald Reagan was also a gifted politician and a lucky one. Part of his good luck was due to the collapse of oil prices back in 1986 that led Mr. Gorbachev to undertake reforms in Russia that ultimately led to the collapse of the USSR and the end of the Cold War. That's part of Mr. Reagan's legacy.

Mr. Putin is lucky because he happened to become President of Russia when oil prices were rising and then skyrocketed and this has been, of course, the main factor behind Russia's macroeconomic miracle and its resurgence as a great power, which was highlighted last weekend in the splendor of St. Petersburg. It was only eight years ago, in August 1998, the ruble collapsed and Russia defaulted on much of its debt. Russia was virtually bankrupt and an economic basket case at a time when oil was less than \$15 a barrel. For most of the decade of the 1990s, oil was about \$20 a barrel. In this respect, neither Mr. Gorbachev nor Mr. Yeltsin were very lucky.

In 1998, Russia received less than \$40 billion in revenue from oil and gas sales, its most important source for economic growth. In 2000, Mr. Putin took over the Kremlin.

The average crude price was about \$28 a barrel, and Russia brought in about \$75 billion. This year, the U.S. Energy Information Administration projects the average price for crude to be about \$61 a barrel, and it is likely that Russia's revenue from oil and gas sales will exceed \$200 billion. While in 2000, Russia had less than \$30 billion in foreign exchange reserves when Mr. Putin became President, now Russia has more than \$250 billion in reserve and a stabilization fund projected to reach close to \$100 billion by the end of the year. Clearly, Vladimir is one lucky dude!

But Vladimir's good fortune, I think, extends beyond his petrol luck. Just last week, for example, on the eve of the G-8 meeting, Russia's enemy number one, Shamil Basayev, kind of like Osama bin Laden for George Bush, was blown up. We don't quite know how, preparing for a terrorist attack that likely would have spoiled Vladimir's coming out party in St. Petersburg.

Now it's likely that Mr. Putin created some of this luck for himself when probably his colleagues in the Secret Police finally took out the elusive Mr. Basayev just in time to burnish his reputation as a partner in the War on Terror. Accidents don't really happen accidentally in that part of the world.

I was in Northern Ossetia, in Ingushetia a few weeks ago. I was with a delegation of Chinese and Americans and Russians. For some reason the Northern Ossetians really did not want us to go to Ingushetia. We were detained, we were fined, we had to sign papers that we had violated laws of the Russian Federation, we were detained for seven hours by some guys that looked like keystone cops at this checkpoint on the road from Northern Ossetia to Ingushetia. In retrospect, maybe if Mr. Basayev was running around in Ingushetia at that time, they didn't really want us to be near that. Just a hypothesis. I'll say while these guys at the checkpoint looked like keystone cops, there were some very very serious security guys that came up in this jeep that consulted with them, and I think encouraged them not to let us through. Interesting coincidence.

Nevertheless, Vlad's luck continued later in the week when hostilities broke out in Lebanon, as Ariel just pointed out, and the Middle East crisis helped to divert attention from the question about Russia's fitness to be hosting the G-8. Not that Mr. Putin's colleagues and the rest planned to rake Vladimir over the coals about the deficiencies of Russian democracy, but the Middle East crisis ensured that Putin would be less isolated from his other summiteers than if the Iranian nuclear program dominated the agenda, as many expected. On Iran, Vladimir, of course, would find himself faced with a common front between the Americans and the Europeans, whereas on Lebanon, Mr. Putin's position was certainly supported by Jacques Chirac and closer to others of his European colleagues. Mr. Bush and the Americans find themselves more lonely in their unqualified support for Israel.

Luck? Well, maybe not.

Let me turn to the bilateral relationship and say some more informal remarks. I think that both President Bush and President Putin certainly wanted to have a successful bilateral meeting, and I think he used this opportunity to smooth out some of the differences in the U.S.-Russian relationship. I had the honor and the privilege of consulting with President Bush about three and a half weeks ago in the Oval Office to talk about this, and that was the clear impression that I came away with.

I think, though, that all of the tensions that David pointed out in the U.S.-Russian relationship were on display I think in St. Petersburg.

Let's start with the positive.

First of all, there were the two nuclear agreements. The agreement to negotiate for the cooperation of civilian nuclear technology. I think that's quite positive, as is the agreement to extend the Proliferation Security Initiative to establish this Global Initiative to Combat Nuclear Terrorism. These are both areas where Russia has capabilities to bring to the table that are of use to us and that we can work jointly in cooperation with. I think that's quite positive.

When we get to the rest of the agenda, it didn't look quite as positive. There was the failure on the WTO, which I agree that I think both presidents definitely wanted to reach and worked very hard to reach. I think the failure to do so reflects several things. On the U.S. side, and the President noted this, that Russia will have to come up for PNTR status and the Senate would have to approve whatever agreement is reached.

The fact is that Russia has very few friends in Congress and the attitude toward Russia in Congress is quite, quite negative. So I think it's possible, David would know, it's possible that there was a calculation made that it would be worse for Mr. Bush, it would be worse for Mr. Putin, it would be worse for the U.S.-Russian relationship if the bilateral agreement of WTO were reached this past weekend and then got shot down in the Congress probably in the early part of 2007.

I think the failure to reach agreement also, to some extent, reflects the lessened authority that President Bush has, within his party even. I think this is a little bit analogous to the Dubai Ports case where I thought the President took the correct position. I was very much in agreement with him, but he was sniped from both the Left and the Right on that and had to back down. I think there's a little bit of that dynamic going on here with the concern about how the WTO agreement would be faced in the Congress. Certainly the detractors of Russia and Russia's joining the WTO, they would be able to use as part of their argument. Well, you caved in because you wanted the photo opportunity of reaching the WTO at the Summit. They didn't do that.

On the Russian side, I think there was maybe a miscalculation in the negotiating strategy. This is very much of a hypothesis. I think the Russians expected that they wouldn't have to move so far on some of the core technical issues that were blocking the agreement because they thought that the U.S. really wanted this deal, because they had advised the U.S. basically that a decision about the Stokhman gas deal, the partners for Stokhman were being held up by the WTO agreement, and also the other large commercial transaction out there, the Boeing deal. I think the Russians may have calculated they would get this deal without having to move as far on making the kind of concessions and agreements that they needed to.

The democracy question. We very much agree that right now the Russians have a very very cynical attitude toward democracy and toward our efforts to promote democracy around the world, which the Russians basically perceive to be simply a big leap for the expansion of U.S. hegemony, which it is in part, but only in part. We actually do believe that democratic governments are more capable and more effective and actually, as I wrote in this letter to Mr. Putin that was published in *Kommersant* last week, if you're talking about a sovereign democracy, if you really implement the institutions of democracy, then it is likely that Russia will actually end up being more sovereign. But suffice it to say that is not quite the way the Russians see it right now, for a variety of reasons. Part of that is simply the legacy of the 1990s, as David pointed out, and part of the reason is the high oil price. Petrol states don't typically undertake democracy campaigns when oil prices are at very very high levels.

Then, of course, the democracy question was prefaced by Mr. Cheney's comments in Vilnius two months ago that we're all aware of, and those comments were, of course, sandwiched, they were sandwiched by the visit of Mr. Aliyev from Azerbaijan to Washington the week before, then by Mr. Cheney's subsequent trip to Kazakhstan and Azerbaijan where the issues of democracy and civil society and human rights weren't so much on the public agenda as they were in Mr. Cheney's comments about Russia in Vilnius.

Now I think when the Russians look at that they see this sandwich and they think this is just a bologna sandwich. That the choice of lunch meat is bologna. That the Americans don't really believe democracy, it's just a fig leaf for expansion of American hegemony and regime change in favor of American states. That's the way they see it, I'm afraid.

I think one thing that as Americans we need to be careful about is to too easily believe that countries that share values and are democracies are naturally going to agree with us on major foreign policy issues. I think there's an element of a national conceit in the American political culture that is deep-seated there. I would just point out that certainly two of the most mature democracies and two of our oldest allies – France and Germany – did not agree with us about Iraq. I am very skeptical that if Russia were a mature democracy today that it would reach much of a different conclusion about Iran, but that's a highly debatable point, and I would just be a little bit careful about that.

Finally, one thing about the personal relationship between our two Presidents. I have a feeling that we may be ending the era of Mr. Bush referring to his "friend Vladimir".

I have the suspicion that some of the personal chemistry was really lost in this meeting. It's more of a hunch, and a lot of it has to do with the press conference and the body language at the press conference afterwards. I don't think that Mr. Bush in general looked nearly as happy as Mr. Putin about this whole G-8 Summit in general, to start with. And I think the final comment that Mr. Bush said about his vision of a democracy for Russia, press freedom and civil society, et cetera, like Iraq. Then, of course, Mr. Putin's expected retort that well, honestly, Mr. President, this is not the vision of democracy that I have for Russia.

My question about that, and David can answer this but I don't expect he will: [Laughter] Was Mr. Bush pissed off at Mr. Putin? And if this was a calculated jab at Mr. Putin that he expected would irritate Mr. Putin? I doubt that. Because, of course, right afterwards Mr. Bush turned to Mr. Putin and said, "Just wait." I'm afraid that the President may have drunk the Koolaid on Iraq and may actually believe it, but that's my personal view.

Finally, on the larger significance of the G-8, for me it emphasized the feeling that we're in a transitional moment in international relations from a uni-polar world to a multi-polar world, and an erosion of the era of Western predominance is taking place. I think it was very telling that Mr. Putin and certainly Mr. Putin and the Russians, are thinking this right now. I have no question about that. I think it was very telling that Mr. Putin met with the Chinese and the Indians and others afterwards, after the formal G-8 meeting, and he expressed for the first time his most open support for their joining the G-8 in the future.

My prediction at a press conference last week over at Carnegie was that within five years I think the G-8 will either cease to exist or it's going to be expanded as in ways it looks more and more like kind of an anachronism. Let's recall back to 1970 when the G-7 was formed. Those seven economies were the seven largest capitalistic economies in the world. They commanded over 60 percent of the GDP of the world. Today the G-8, including Russia, commands less than 45 percent of the world GDP and that percentage is only going to probably fall in the coming years as large emerging market economies will grow faster than the G-8 economies.

So it looks more like an anachronism, and I can only say that that feeling for me is stronger than it was before the G-8.

Thanks.

Dr. Cohen: At least here at the Heritage Foundation, as you can see, we do have democracy. [Laughter]. To come here and kick poor President Bush. After meeting with him.

Dr. Angela Stent: Thank you very much. I'm delighted to be here, Ariel. The good news is you've had three very insightful, great presentations. The bad news is, I don't have too much different to say but I'm going to say it anyway. [Laughter].

I would first of all like to congratulate you on the title. I like the planetary metaphor. I'm just going to quote an article to you from our colleague, the Russian scholar Dmitri Trenin who has recently written an article where he said, "Russia has gone off the Western orbit and decided to form its own planetary system. It doesn't want to be a Pluto any more in the Western system."

So here you have the metaphor of a different orbit of systems. Even though I'm not a scientist, it's a great metaphor.

We're now dealing with a Russia, and I think you've heard that, that is less interested in pursuing integration with the West and more interested in a multi-polar world, being itself a focus of integration, particularly if you look at the Shanghai Cooperation Organization, the Asian states.

I would agree, I'll say a few words about the G-8 and then I do want to look to the future. I would agree that Russia achieved much of what it wanted to achieve at the G-8. I'm not going to repeat what my colleagues have said. I think the stakes for Russia were really quite high. It showed that after 15 years of political turbulence and instability in Russia and after the 1998 crash and all of that, Russia is back on the world stage. It's a major player. It's stable. It's an influential country. It's reaping the benefits of high energy prices and also of a booming economy, 6.1 percent average GDP growth rate since 2001. It's called a booming consumer market. Americans, Europeans, others, can't wait to invest more in Russia. They see that it's a very very promising market despite all the other things that we have discussed.

Also President Putin, and no one has mentioned that talking about lucky, he enjoys popularity rates that his other G-8 colleagues can only envy. Seventy percent for him. We won't talk about either our President, the British Prime Minister, the French President. Actually Merkel, she has pretty high rates but not nearly as high as that. So very good.

Although Russia didn't achieve the WTO agreement yet, bilateral agreement with the U.S., my understanding, and David knows more than I do on this probably, is that it will come. They have to work a few more things out and there is the issue of Congress. But there were the other agreements that David Kramer already talked about, so I would say from the Russian point of view very much a success.

So how do we characterize this newly emergent, this newly self-confident Russia? And I'm going to quote to you from the Defense Minister and I guess First Deputy Prime Minister Sergei Ivanov. In last week's Friday *Izvestia*, he referred to Russia as an "energy super power". But this is how he defined it. He defined it as Russia being, "a reliable and predictable partner who efficiently carried out the obligations assumed especially in Europe." That's his definition.

We talk about energy super power a lot, and I want to spend a couple more minutes on this because I think there are lots of misconceptions and I think it's a kind of dangerous term to use because I think we have a rather different idea of what energy super power means.

I think when we talk about Russia as an energy super power, we say that it's using its energy supplies as a form of political leverage, that it seeks to achieve with oil and gas what it once sought to achieve with nuclear weapons, with its military hardware. That is to say greater global influence, global clout. On the other hand, we refer to energy usually as soft power as opposed to hard power, so I think we get our metaphors confused, too.

The problem is, how do you define, where do you draw the line between what's business and what's politics in Russia? And in the energy sector that's of course increasingly difficult to do because everything converges in the end in the Kremlin. But also if you look even at the Ukrainian gas dispute with Russia in January, yes of course there were political elements there and we're all familiar with that, but there were economic elements too. There was the issue of price and how it's discharged.

So when you try and deconstruct all of this and you use words like energy super power, I think we just have to be careful. But, of course, the rising energy prices, and we've already heard this, has helped Russia obviously reestablish itself as a global player.

I think the other fact of life is, of course, Russia's control of the transit routes in Eurasia. Eighty percent of the gas that goes to Europe, Western Europe and the rest of Europe, passes through Ukraine at the moment. So again, this does give Russia considerable clout.

Before we just look at Russia only as newly self confident, and we look at the glow after the G-8, I think we have to remember that Russia faces major challenges and that those challenges will continue.

The demographic challenge. You all know the Russian population is sinking. In 20 years time, where will the people come from to man the armed forces, to provide the labor for the economy? Yes, maybe Russia can develop a better immigration policy, a more productive immigration policy. It's a major challenge. Also high energy prices. Yes, the economy is growing now but one day energy prices will fall, as they always do, and if Russia hasn't diversified its economy, if it hasn't invested so that it can exploit all of these energy resources which it plans to transport – to China, resources to Europe – then that's not going to help it very much. It also faces major health issues again related to the demographic crisis that we've heard about.

So yes, it's a power on the rise, but if it doesn't deal with its domestic problems, and they are significant, then all of this won't mean very much in 10, 20 years time.

Now I want to look out to the next two years. I want to go beyond the G-8 and look to the year 2008. I think we have to admit that the United States has limited leverage over Russia now. Just because Russia, because it's more self confident and because of high energy prices, and as it moves into its own planetary system, there are a limited amount of things that it wants from the United States and again I think we have to be, I'm glad that David Kramer used the word realism. We have to be very realistic about how much we have to offer Russia and how much leverage we're going to have over what Russia does over the next two years.

We have to continue the cooperative agenda that's already been mentioned that has to do with the global war on terror. Counter-proliferation, counter-narcotics, counter-terrorism, all the things that you've heard about. The things that bind us and have bound us since 9/11, we must continue, we must engage. We shouldn't isolate Russia, we shouldn't try to contain it. Again, I would agree with everything that David Kramer and the others have said. We have to interact with Russia on this and try and reduce the threats that emanate from that.

But I think we've also seen in St. Petersburg and before even, that public criticism of Russia's domestic system has not been very productive. That is that they haven't produced the kinds of results that we would have liked to have seen in Russia and I think we've understood that and therefore we have to deal with the issues of what's happening inside Russia in a somewhat different way. And of course we've already begun to do that.

You saw with President Putin's jibes not only to President Bush and Andy's already got into this, but also on the issue of corruption with Prime Minister Blair who himself is facing his own corruption scandal at home. So President Putin was really, as you said, on a roll there and had the right [inaudible] for all of these.

So what we have to focus on is not so much the public criticism, but what are our interests and how can we promote our interests in conjunction with Russia when we know that if we talk about values, it's going to become much more difficult.

In the next two years, and I think this is the next point we have to remember, the succession issue will very much dominate our relationship. We have a succession issue here, but it's pretty predictable. We don't know who will succeed President Bush but we know what the system is, and we know that that's going to impact our foreign policy too as it inevitably does in an election year.

It's not predictable in Russia. Even the Kremlin hasn't figured out what the rules of the game are going to be in terms of a succession, and I think that means you are going to have a Russia that's going to turn in more on itself, and may be less active in foreign policy and it may be more of a challenging partner to deal with. We've seen hints of that already in the various different factions that appear to be fighting for influence, and I think we can only see more of that. I think for us, we just again have to be very patient and deal with Russia because that is going to be a challenge for us.

The other major challenge of the next two years and one I think that cries out for more intense dialogue between the U.S. and Russia, if that's possible, is what's happening in the post-Soviet space, Eurasia or whatever you want to call it, because I think we do have rather different interests now. I think it's true that Russia's youth-colored revolutions and some of the things that are happening there as a concerted Western effort to displace Russia, it's seeking to minimize our influence there, we've seen that in Central Asia. We have very different views of what's happening there, and we need to discuss that with the Russians and I think we have to be much more explicit about what we view as our legitimate interests, and at least we have to listen to them and talk about what they view as their legitimate interests and then somehow maybe move forward from there.

The message that we have to give to Russia, and I think it doesn't fall on very receptive ears, but I think we have to try to convince Russia that it would do better with a stable, prosperous, independent states on their borders, even if they don't share the same domestic system as Russia and even if at some point they aspire to membership in the European Union or even NATO. Again, it's a tough message to deliver but we should be trying to deliver.

A couple of words about our allies because I think we also have to be aware that our European partners, and now I'm going to talk mainly about what our Defense Secretary has referred to as "Old Europe" as opposed to Poland and the Baltic states, but Germany, France, Britain. They view the relationship with Russia as a kind of longer term investment, particularly Germany, I guess. I've just come back from Berlin discussing these issues with the Germans. But they are much less prone than we are to engage in these kind of cyclical debates about should we be seeking to transform Russia internally or should we be focusing on real politic, they have a much greater material stake in this relationship, the Germans and the other Europeans, because they get so much of their energy from Russia and that's only going to increase over the next few years, particularly once the northern European gas pipeline is built. And the Germans still talk about strategic partnership with Russia, even though Chancellor Merkel has used different words than Chancellor Schroeder, they do believe that a strategic partnership is the only way to go.

So I think as we formulate our policy and we try to act in concert with our allies, I think we have to understand that they are committed to developing this relationship and to engaging Russia, irrespective of what's happening inside Russia, and they are more likely than we are to pay attention to Russian concerns about what's happening in its neighborhood and particularly say what's happening in Ukraine and questions of Ukraine's future orientation. I should say that during the G-8 Summit I happened to be in Yalta, Ariel Cohen's home town, and I became very aware listening to the different Ukrainian politicians there that Ukraine's NATO membership is not an actual topic now given what's happening there. But I think this calibration between listening to Russian concerns and interacting with the different countries in Russia's neighborhood is something where we and the Europeans I think have to try and coordinate our policies more.

I think my final point is that, and I would endorse everything that's been said, I think we have to continue, however difficult it's going to be over the next two years, engaging Russia on the issues that have to do with terrorism. I very much applaud the initiatives that David Kramer spoke about, having to do with the creation of this new organization to promote a middle class and entrepreneurship in Russia. We need to stay involved on every level with civil society in Russia, with trying to promote the middle class, bringing more students and young politicians, young leaders here. The amount of anti-Americanism among the young in Russia is growing exponentially, and we have to try and do whatever we can to counter that. We have to work with civil society there to the extent that we're able to in terms of Russian legislation.

Again, long term, we have to take the long term view of this. We have to understand that the process of transformation, of change in Russia is a matter of decades. We had a completely, I think, unrealistic timetable in the '90s about how Russia would change and how long it would take it to change so we just have to be in there for the long haul because I think if we're not, then we will face the prospect of a U.S. or U.S.-European and Russian orbit moving further apart and I don't think that's in anyone's interest.

Thank you.

Dr. Cohen: Thank you, Angela.

Question: I do have a question for the distinguished members of the panel. Could you summarize what do you think in your views are the biggest achievements and disappointment of the Summit, bearing in mind that it's the first under Russian chairmanship, both substance wise and public perception wise. Thank you.

David Kramer: I think the statements that came out on energy security, education, health, are all ones that we can look at and feel good about. Those are the themes that Russia wanted to focus on in the G-8 meeting. I think the negotiations that took place leading up to the final statements were very constructive. There was transparency going back and forth among all sides, so I think what came out of that is something we can all view as an accomplishment.

The other issues that were covered, certainly the Middle East became a dominant issue. It's beyond the control in some cases on what winds up on the agenda as Ariel and others were suggesting.

I'm not sure there were any major disappointments. I think the meeting itself went well, a credit to the Russians for hosting their first meeting. I think the orchestration of it was very efficiently done. It is always useful I think for the leaders of the G-8 as well as the opportunity they had with the other leaders from countries that were present to engage on the issues that they covered, security issues, non-proliferation, Iran, North Korea. So from that perspective I think it went fairly well.

Dr. Kuchins: I don't think there's anything that Mr. Putin was disappointed with except for perhaps the weather in St. Petersburg.

I already was pretty clear about U.S.-Russian relations, but I'd like to clarify something. I really didn't mean to sound so critical in the way of President Bush. My impression of President Bush is that he very well understands the Russians, that he very well understands Mr. Putin, there are no illusions, but that he and our administration and other governments are struggling with the policy dilemma of how do you deal with a Russia which has gotten much more powerful in a very short period of time, and simultaneously become more authoritarian and in some ways difficult to deal with and more inclined to bully its neighbors. So I think there's a fundamental policy dilemma which is there, and I very much concur with my colleagues, especially David and Angela both addressed this question directly, about the importance of engaging on as wide of a front as possible and staying in there for the long haul.

Two specific things that I would and I did encourage our President to convey to Mr. Putin, I don't know what they talked about exactly in their philosophical discussions about governance at dinner in the palace. I would urge that when we do talk to the Russians about democracy that we be very specific because we were effective, as David pointed out, very much on the NGO issue.

I think the big thing coming up, this 2006 G-8 was a signature moment for Vladimir Putin's leadership, the largest signature moment for his leadership is the transition in 2008, and the most important thing I think we can convey to Mr. Putin is the importance that this transition take place in as democratic a manner as possible, because if it doesn't it will likely undermine your legitimacy at home, although that would sound like lecturing in the long term, but more fundamentally, what we know is that it will make having a constructive relationship with the Russians much more complicated on the domestic front here in Washington if that election does not take place in a very democratic way.

Actually I think that our election is much less predictable, the Russians' is much more predictable. Mr. Putin will choose a successor at some point, and he will be elected and it will be a *he*.

The other thing I would emphasize to Mr. Putin, because of what was pointed out by Angela in particular, is the growing anti-Americanism and anti-Westernism in Russia today and even amongst the youth. There are many stories in the press about this and those we need to be very worried about, and I know that President Bush himself is very concerned about it. The positive thing is you have this middle class developing. The negative thing is that a lot of them don't have a very good view of the United States. How do you address that?

One piece of advice to Mr. Putin would be look, Vladimir, you control national TV in Moscow. I spent two and a half years living in Moscow until the end of 2005, and my impression was that the image conveyed of the United States was quite negative, it was more generally quite anti-Western, and one would think after watching a lot of Russian TV that the Russians more highly value their relationship with the Chinese than they do with the United States. Vladimir, I don't think that's true, so why don't you do something about that?

Dr. Stent: Let me briefly say on the G-8, I don't think there were any great disappointments. I think it came out more or less as was planned. The WTO issue obviously maybe could have been more successful. Obviously, the surprise was what was happening in the Middle East and what Ariel talked about, but I think in terms of the agenda, people prepared very long and hard for this. I think it came out mainly as was predicted. So in that sense I think it was successful.

When I said that we were more predictable, no. It's less predictable who's going to be our next President, but the question is I think the impact of election campaigns on U.S. foreign policy is something that we know because we go through it every four years, whereas I think the impact of all of this on Russia's policies and behavior on the world stage I think is less predictable.

One other thing, just to come back to what you said about the media, I was reading yesterday that a Russian journalist decided that she would not go on the internet for three days and just watch television and just the official media, and she said you had the impression then that Russia was really greatly threatened by other countries, particularly the United States. So I thought that was a very, it dovetails with what you said.

Dr. Cohen: I can share my colleagues' concerns about the anti-American tone of Russian television. I religiously watch Russian television every time I'm in Moscow or in Russia and that happens four or five times a year. I would say that the success of the Summit was the image. The image was not obviously of the Soviet Union, it was in Konstantinovsky Palace, and in Peterhof, it was the image of imperial Russia, as you would say in Russian, it's [inaudible] side, its façade. There are other sides as we students of Russian history know. There are other sides to Russian imperial history, especially when viewed from non-Russian provinces or non-Russian countries around Russia. But it was a successful image, it was a successful event.

I think on the bilateral level, probably the biggest disappointment from the Russian side was the lack of a WTO agreement. And to me also, in terms of international diplomacy, the fact that there was no strong statement on the Iranian nuclear program, and there was not. So hopefully that will be corrected as we're moving towards September when people come back from vacations and start doing real business, which is international security and diplomacy, be it in the United Nations or in the respective foreign ministries and chancelleries around the world.

Question: One of the successes of the Summit was Russian-American nuclear energy agreement. The importance of this agreement is that it [inaudible] for nuclear waste storage in Russia. Until now this [inaudible] can be realized without American approval [inaudible] North Korea and others [inaudible] Russia. Is very generous present to Mr. Putin and his commercial associates and it's very bad message to the Russian people. As you know, according to all opinion polls, 90 percent of [federation] is against storage of foreign nuclear waste in Russia.

American media doesn't consider that this present was made in expectation that Mr. Putin will be more constructive on Iran issue. What makes you believe that Mr. Putin will be more constructive? The only interest of petrol state is the high world prices and the more critical situation about Iran and the Middle East in general, the more [inaudible].

David Kramer: Andrei, I think it is fair to say that the United States and Russia share the common goal that Iran not acquire nuclear weapons or capability to manufacture nuclear weapons. President Putin has been crystal clear on that both publicly and privately.

I think it is not right to say that just because Russia is interested in the price of oil that it therefore ignores the potential threat that Iran would pose not only to Russia and the United States but to everyone in the world if it were to acquire nuclear weapons. So I think there is more common ground than maybe you were suggesting.

Do we see exactly eye to eye with the Russians on the Iranian problem? Sometimes we do, sometimes we don't. But I think I would say that from where our positions were several years ago to where they are now, we're much closer than we have been before. I think along with the other leaders and the offer that was made with the Russians to the Iranian regime, it demonstrates that there is unity on dealing with Iran. The fact that the Iranians unfortunately have chosen to ignore the offer and not take it seriously leaves all of us in a position where we have to take next steps, and there's no indication so far that the Russians are going in a different direction on that.

Question: I want to follow Andrei's question concerning this civilian nuclear cooperation agreement. Rather than seeing the result of the Summit as a present, one might see it as a promise of a possible present in the future. We also note with interest the vigorous denials from a number of Russian officials of any Russian interest in becoming a depository for nuclear waste.

How do you see the dynamic of these presumed negotiations [inaudible]?

David Kramer: What the United States and Russia have agreed is to cooperate on ensuring the safe and secure disposal of nuclear waste and also working together on peaceful uses of nuclear energy. We're not looking to create a situation in which Russia receives all nuclear waste, and everybody washes his hands of it, and Russia has to figure out how to deal with it. The deal was also not done in the hope that this would produce or provide an incentive for more cooperation on Iran. We deal with these issues separately. And we deal with Iran, as I was suggesting in response to Andrei's question, on its own merits. We pursue the peaceful uses of nuclear energy also on its own merits.

We understand and we've heard the very comments you mentioned, Stewart, about Russian comments on how they view this. I'm not sure that there is much disagreement between us because we don't view Russia as becoming a wasteland for nuclear waste and appreciate the concerns, Andrei, that you were talking about, how this may be perceived. We're not looking to do that.

We're looking to create more opportunities so that countries have the ability to benefit from peaceful uses of nuclear energy, particularly as we all feel a need to diversify, to find other sources of energy, and so I think that's what's really behind this initiative.

Dr. Kuchins: To add to this quickly, I think what I like about the potential for this agreement is that I think given the last 20 or 30 years the Russian scientific and technical, the nuclear complex, they've been doing a lot of research and a lot of work on, from what I understand, on nuclear generation and new generation of civilian nuclear reactors. The United States, I'm no expert on this, but since Three Mile Island my understanding is that we have been doing far less research and development on new generation nuclear reactors, but that the Russians actually do have some things that could be useful to offer not only for the United States but for other countries and other areas that are going to be using nuclear energy to a greater extent. And the Russians are generally interested in this beyond, look, Sergei Kuprianov who is now running Rosneft is one of the most competent and effective and I think trusted of Mr. Putin's team. It's very significant when he was appointed to that position I think, and the Russians are very serious about wanting to use more nuclear power domestically so they could sell more gas abroad for higher prices. I think they could reduce their gas consumption domestically much more effectively if they were more energy efficient. There are much greater savings to be had there. And, of course, they want to be selling their nuclear reactors around the world, and they already are to China and India and of course Iran. They'd like to do more of that.

Certainly nuclear energy, and the Bush administration has been more clear about this in the last year or so, will play a larger role in power generation in the United States. I think, in principle, if that can be done safely, that's a good thing.

Another interesting fact I've picked up about this is that actually they're already, it's Russian supplied fuel which generates about 10 percent of U.S. electricity. Already there is considerable cooperation in this area that maybe is less known than it ought to be.

Question: When I look at this G-8 it seems to me that Russia got 99 percent of what it wanted and what it set out for itself which is a pretty positive accomplishment. And with each foreign policy crisis Russia seems to like foreign policy more as the U.S. and the West like it less. We regard it as an intrusion on what we're doing, and I think the Russians gain some influence and some more sense that they are if not a global power again at least a power with a global presence and global interests.

I think the second goal of the image of Russia at home was really a very positive image. I think that's, to me, what the comment about Iraq was about. It was about Putin in effect saying we are not Iraq, we don't want to be Iraq, we don't want to have a domestic system like that. Look at the one we have and compare it to the ones the Americans are saying is good. So I think that was really the significance of that comment, and I think it was unfortunate we used it, but Putin came right in and that remark was aimed at the Russian public, not at others.

I think the third thing that was a success was keeping good personal relations with each leader of the West, so the criticism [inaudible]. Now I realize public criticism isn't only good, but only [inaudible] criticism means that the Russian public would [inaudible].

My conclusions, and I'd like to hear your reaction, is that the Russian domestic political system is even more Putin dominated during a period when we're supposed to be transitioning to an election. So it makes 2008 [inaudible] and easier.

The second is that it will give an appetite for more foreign policy presence by Russia since it's had so many successes.

My question, how do you convince Russia that we are serious about some of the issues we say we're serious about? 2008. How do we work with Merkel on the next G-8? And is the link between domestic politics and foreign policy broken? In other words, the whole [inaudible] of how to deal with the Soviet Union and the sense that our country's internal structure matters. Is this now broken as we talk about non-proliferation, War on Terror, and really focus on those issues?

David Kramer: I think, Toby, we actually have been public about a number of our concerns, but let me just start with January 1 when we issued a statement when the Russians cut off gas to Ukraine. We issued a rather strong statement followed up by comments on several occasions by the Secretary, that when Russia inherited the G-8 chairmanship, it needed to understand that that came with certain responsibilities and obligations and cutting off gas to Ukraine didn't exactly fall into that category.

Certainly the Vice President's speech was not private, that was public. The Secretary -- I would recommend reading the transcript when there was a press conference of G-8 foreign ministers after the G-8 foreign ministerial meeting -- was asked about the situation inside Russia and came up with I think a very cogent statement on the state of play there which Foreign Minister Lavrov certainly noticed in his reply.

In terms of how we move forward, does the domestic situation have an impact on foreign policy? Absolutely. I tried to be as clear on that as possible. Can we do things with Russia now even if our values may be quite divergent? Yes, absolutely. We have no choice. We don't have the luxury of ignoring or isolating Russia and pretending that we can do many things in the world that require the cooperation that's necessary between Russia and the United States on non-proliferation, counter-terrorism. Dealing with health problems. That's why health I think was an important issue to have on the G-8 agenda.

But it does not mean that we stay silent or do nothing about the concerns we have on the internal trends in Russia, which I think also have an impact on Russia's foreign policy, and I think we see that most noticeably in relations with Russia's neighbors.

So I think there is a clear connection. It's a connection that the administration feels very strongly about, and it is a reason why we feel that promotion of democracy and freedom is so important, not just in Russia but around the world.

Dr. Stent: I'd like to follow up on that. I think on your question of succession, I think the whole succession issue, it seems to me, is probably becoming more as opposed to less opaque. I think that foreign policy from the Russian point of view will be a factor in that but it's really not the decisive factor. The decisive factor in that is obviously a host of very complicated domestic and political and personnel issues.

We've heard President Putin say recently, you know, you might be very surprised by who succeeds me. It might be someone you've never thought of yet. Whatever is happening, it's very opaque. We don't really have very much insight into it. But foreign policy is maybe a side show in that. Foreign policy [inaudible] can be brought into whatever system they evolve for determining this. That's why I really do think that it will impact on Russia's foreign policy and on their relationship with the United States in ways that we maybe haven't fully appreciated yet.

On the link between the domestic and foreign policy, I said that already. I think we have to engage Russia where we have interests that are common, and even if we have interests that divert in this selective partnership, irrespective of what's happening inside Russia. But we understand that what happens domestically in Russia does impact its foreign policy and then I think also because when Russia looks at its neighborhood, it can see that what's happening domestically in the neighboring states is having a

direct impact on its own domestic situation, so that makes it more complicated, but I think we have to separate from a policy point of view issues where we must and we will deal with Russia from what's happening inside Russia. That's how the world works.

Dr. Cohen: Toby, I have a quick comment on your query about how Russia likes or doesn't like foreign policy, and this is something coming from the internal discussion here at Heritage. Someone with a lot of experience in the government pointed out that while Russia may enjoy the process and the limelight of being involved in decisions on global issues at the highest level, the actual track record when you look at the performance on either North Korea or Iran, the ability to get results that are agreeable to those that Russia sees as a reference with their peer group, that performance is not that impressive so far. I hope that it will be more impressive in the future, but so far we saw both North Korea and Iran on a track in terms of their missile capacity and their nuclear programs that is dangerous, outright dangerous, not just for the world security in general but for Russia itself. A more destabilized Northeast Asia or more destabilized Middle East is not a good thing for Russia and for Russian interests in the Caucasuses, in Central Asia, or in the Far East.

So while I think the State Department and the Bush administration is welcoming Russian participation, at some point people will ask where's the beef? And it will not be a reference to the WTO agreement. [Laughter].

We are starting to run out of time.

Dr. Kuchins: A quick comment. I'm very much sympathetic with the comments of my colleagues on the panel, but what I see, Toby, is fundamentally the Russians are happy, almost euphoric and really enjoying the moment of where they are suddenly back in the game, and they are a respected great power, they're a player on lots of different levels and of course a lot of it has to do with the energy card, which they are more eagerly ready to play. But what I still see is an absence of strategy on the part, sort of large, large strategy on the part of Moscow.

The 1990s were a reaction to communism. What we're seeing right now is a reaction to the period of weakness in the 1990s. So all the emphasis is on sovereign democracy and Russia being an independent player, energy super power, blah, blah, blah, and okay, we can work with the Chinese, we can work with the Japanese, we can work with the Europeans, we can pick off each one of the Europeans, work with the United States. Oh, yeah, we'll play ball with Hugo Chavez and kind of playing all these different cards, but I don't have the sense that there's really a strategy that has germinated beyond all of this. So I don't think the viable long-term strategy is simply that Russia can be this kind of independent Eurasian pole, which is not going to anchor it more closely to something else. It's my suspicion that longer term, once we get through this kind of reactive period to the 1990s, then the strategy will reemerge, and I remain somewhat confident that since Russia is economically, geopolitically, historically, culturally, has always been kind of Western leaning, Russia will anchor itself a bit more in that direction. But I don't see that happening in the near future and the sort of euphoria with the petrol dollars awash in the economy don't help matters.

Dr. Cohen: Ladies and gentlemen, we ran out of time which is a good point because that will entice you to come back to our future events. Thank you very much for coming. Let's give our panelists a round of applause.

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