Thank you, Mr. Chairman. You have totally disarmed

me.

Well, I realize that. I’m now at a stage in my

life in which, when I go into a restaurant, people come up to me,

and I puff up, because, you know, I feel I’m being recognized, and

they say to me, ‘‘Are you the father of Mika?’’

Thank you very much for having me here, and

the issue that you’re focusing on is obviously important and timely.

I’ll make a few comments about it, in general, but let me start by

giving three capsule formulations which guide my approach to this

issue. The first is: Don’t dramatize. The second is: Don’t propitiate.

The third thing is: Don’t personalize.

In my view, we’re not facing a renewal of the cold war. I think

that is an overdramatization of the present state of American-Russian

relationships. But we are in a phase of a cold peace, and that

cold peace is related to Russia’s internal, and rather difficult, historical transition.

Russia is in the process of moving from an imperial consciousness,

an imperial evocation which has defined it over the centuries,

to being a national state imbued with nationalism as the source of

its internal unity, as the source of its political impetus.

It has, as a consequence, regional ambitions. And we have seen

them reflected in some one-sided, highhanded actions by Russia toward

Estonia or toward Georgia or toward Ukraine. And it is still

motivated, at least on the top elite levels, by what might be called

an imperial nostalgia.

But the basic fact is, it is no longer a superpower. Its economy

is one-dimensional. It’s an energy-exporting economy, but it has a

very antiquated industrial infrastructure. Its social conditions outside

of the major cities are still rather poor and primitive. And

Russia faces an extremely serious demographic crisis in which its

population is declining rapidly, and, while declining, it is also aging

rapidly, which is a rather incongruous combination, but it maximizes

the economic and social weaknesses of Russia.

Russia today, worldwide, has no ideological appeal. The Soviet

Union did. Russia cannot exploit an ideological appeal, because it

doesn’t have it. It tries to substitute for it by money. And it’s learning

to play the money game, including, I may add here, in Washington.

If there is any doubt about it, you should have your staff

dig up for you an article which appeared in the Wall Street Journal

about a month or so ago on how Russian money is used in this city

to buy services and influence.

But money, unlike ideology, does not buy commitment, it doesn’t

generate devotion. It can capitalize on opportunism, and it can be

very useful, but not as a powerful source of influence.

Russia is, therefore, in no position to reignite a cold war with us,

either. And it’s rather interesting to me to note that Russian observers

say that quite often. A leading Russian geopolitical thinker

recently observed, in writing—Dmitri Trenin is his name—‘‘Energy

superpower is a myth, and a dangerous one, because it may mislead

the Russian leaders into thinking they have more influence

than they actually can generate thereby.’’

An article in a major Russian paper, Novaya Gazeta, recently

said the following: ‘‘Would a confrontation,’’ presumably with the

United States, ‘‘be beneficial to Russia?’’ The answer: ‘‘Obviously

not. Russia’s economic resources are not comparable to those of the

West. In the event of a confrontation, our country would certainly

have to choose between guns and butter, while the West, much to

the displeasure of many Russian,’’ quote/unquote, ‘‘patriots,’’ can afford

both. A confrontation would not be good for the budgets of

Russian corporations, some of them already burdened with debts to

Western creditors; neither would it increase dividends for their

shareholders. That’s the best-case scenario. In the worst-case scenario,

the Western creditors would call in their debts, and a substantial

part of those debts would be paid by the state at the expense

of the people.’’

In brief, I don’t think we are moving toward a confrontation of

a cold-war type, but it is a process of accommodation to the new

realities prevailing between us and the Russians and involving,

also, Russia’s new, different position in the world.

A broader accommodation between the United States and Russia,

which one had hoped for in the early 1990s, I think has been delayed

by two wars and their destructive impact on the policies,

both of Russia and of the United States. I have in mind, first of

all, the war in Chechnya, which badly damaged democratic prospects

in Russia and set in motion political processes which have

emphasized authoritarian institutions of power. And, I think, by

and large, the West ignored that. Interestingly, only one Western

leader who is now in power has made an issue of that war, its destructive

and immoral aspects, and that’s President Sarkozy, who

explicitly said, recently, that he condemns the silence about the

200,000 dead and 400,000 war refugees in Chechnya generated by

the war. He’s been quite outspoken on that subject.

The war in Iraq has damaged American position in the world,

and that’s created temptations for the Russians, for Putin personally,

to exploit the consequences of that war, and some of his rhetoric

clearly reflects that, the recent rhetoric; and some of his statements

addressed towards Western Europe, such as about targeting

sites in Western Europe, or their other excessively energetic reaction

to the Estonian incident involving the Russian War Memorial,

or the CFE issue that was recently raised in Vienna, reflects, in my

judgment, an excessive reaction, which has rebounded negatively

against Russia.

Having said this, I will also argue that the Putin regime—probably

followed before too long by, perhaps, the Ivanov regime—is

gradually coming to an end, in the sense that that regime reflects

the last gasp of the old Soviet elite. They are the products of the

KGB, once the pampered children of the Soviet system with access

to the world, with access to the Western literature, trained in politics

and hard-nosed playing. But, within a decade they’re going to

be replaced, probably by a new generation of leaders, many of them

trained in the West, much more open to the West, not brought up

in this imperial atmosphere. And hence, in the longer run I think

we can more optimistic and expect steady improvement in American-

Russian relations.

In that context, Mr. Chairman, I think our policy should reflect

the mixed nature of shared, as well as conflicting, interests with

Russia. We should emphasize nonproliferation as a shared interest.

And I think we do, to some extent. The growing interdependence,

economically, is to be welcomed. I think, personally, the Jackson-

Vanik amendment should be looked at critically. The WTO issue is,

I take it, maturing, and, before long, Russia will be entering.

But we should, at the same time, support the new states around

Russia in the preservation of their independence. We should further

economic cooperation, particularly in energy, but avoid dependence.

And we have been slack in exploiting opportunities in

Central Asia, with the risk to potential diversification. And, above

all else, our long-range goal ought to be to create a context in

which Russia sees its own interest in becoming more closely associated

with the Euroatlantic world, because, in my view—in fact, historically—

there is no other option for Russia. Russia, as an imperial

undertaking, is already historically assayed.

Russia, as a regional dominant power, will simply stimulate the

resentment of all of its neighbors, and it has, to some extent, already.

Russia alone, between the Euroatlantic world and China,

runs the risk, eventually, of losing its vast eastern spaces to China.

Russia really has no choice but to be part of the West, and we

should try to catalyze that.

And an important way of catalyzing that is to help Ukraine become

part of the West. And I emphasize that. Helping Ukraine to

be part of the West is not an anti-Russian policy, it is a policy

which paves the way for Russia to be part of Europe, because if

Ukraine moves to Europe, to the West, Russia will have to follow

suit. So, it is a strategic objective that is actually in our shared interest.

Let me conclude by one final point. The President will be entertaining

Mr. Putin in Kennebunkport. In my view, personal theatrics

should follow progress in strategic relationships, but should not

create deceptive illusions. If I may say so, it is lesson to be drawn

from the experience of the Bush-Gorbachev relationship in which

Brent was involved. That was a relationship in which personal cordiality

was closely linked to strategic progress, and strategic

progress preceded personal cordiality, and that, in my judgment,

was the way to do it.

To do it the other way is to create illusions, misconceptions; it

breeds assertions such as the one made not long ago by the Secretary

of State, that the American-Russian relationship is the best

in history. It isn’t. And it takes a long time and effort to make it

the best in history. But personal relationships should formalize and

express a changing reality.

And I hope that, before the President meets Putin in

Kennebunkport, and entertains him in this family setting, which is

likely to create illusions, that he reads an important book. And I

brought it here. It’s called, ‘‘A Russian Diary,’’ by Anna

Politkovskaya. And this is the Russian journalist who was shot to

death in Moscow not long ago.

Mr. Putin dismissed the significance of her killing. The killers

have not been discovered. And the book is a remarkable statement

of personal courage and decency by a sensitive Russian woman who

just kept a diary about what is happening today in Russia, day

after day after day, noting the things that troubled her, politically

and morally. And it conveys what is good about the Russian people,

some of them: their depth of feeling, their ability to empathize,

their sense of history. But it also conveys what’s wrong, and what

shouldn’t be ignored: The brutality, the insensitivity, the mendacity,

the cruelty, particularly—and she was concerned with

that—in Chechnya, but, more generally, in the system at large.

We have to have that mixed perspective to understand what is

going on, and we have to feel for someone like Politkovskaya to

have a better understanding of both the opportunities and limits of

the personal relationship with a President who originates from a

very particular institution of the Soviet state, and whose traditions,

to some extent, he still embodies.

Well, first of all, let me say that I don’t think

foreign policy is the same thing as psychiatry. Foreign policy

involves defining your objectives, assessing how reasonable it is to

seek them, try to avoid a confrontation with the other side, while,

at the same time, advancing those objectives, in a manner that

doesn’t put the other side in complete jeopardy. That requires careful

balancing, but not an excessive concern for the moods and sensitivities

of the others, because that opens you up to manipulation and exploitation.

Obviously, it’s important to have a sense of history and understand

what is happening in a given part of the world, but, in doing

so, I think one has to have a much broader view than concentration

simply on hurt feelings or complexes.

As far as Ukraine is concerned, I think the argument that

Ukraine moving to the West is going to help Russia move to the

West is sustainable by some degree of evidence. For example, the

fact that Ukraine has been moving forward on WTO has helped to

accelerate Russian interest in moving into WTO. And that’s all to

the good. I want Russia in WTO. I’ll be very happy to see Russia in WTO.

I think the question of energy dependence of Ukraine and Russia,

and the issue of ownership of pipelines in Ukraine, has helped

to advance a discussion on access, not only of Russian capital to

downstream arrangements in the West, but Western capital to upstream

arrangements in Russia—again, creating a suction effect on

Russia moving to the West.

So, I rather stick to my position, that advancing Ukraine’s evolution

to the West is not an anti-Russian policy, but one which, in

fact, paves the way to Russia moving in the same direction.

Conversely, if we adopt a policy toward Ukraine which is dependent

on Russian sensitivities, we will help to reawaken the lingering

nostalgia for, essentially, an imperial position in which Ukraine,

Belarus, and the others are viewed as an extension of a traditional

sphere of imperial power.

Finally, when it comes to dealing with the question of the oil producers

outside of Russia, and particularly the Central Asian states,

I think we have to deal with them directly, and make an effort to

deal with them directly, and make it attractive to them to diversify

the sources of access to world markets.

The fact of the matter is that all of these new states feel vulnerable

in their political independence, and they prefer to be independent.

And they know that, if they have no access to world markets,

they become much more susceptible to pressures. But to deal

with that, one has to negotiate with them and be prepared to really

make serious commitments.

The reason we got the Baku-Ceyhan line was that the United

States was really prepared to put its money where its mouth is to

develop a consortium that was engaged in this effort. I know a little

bit about it, because I was a presidentially emissary to Azerbaijan,

dealing with that issue, and that was a success. We need

to do the same now regarding the Trans-Caspian pipeline that

Brent correctly mentioned. That’s very important. But that means

we have to deal with the Turkmeni regime at a very high level,

flatter them, take into account their diverse national interests; we

have to deal with Kazakhstan. And we shouldn’t go too far—in fact,

I think we have gone too far—in ostracizing the Uzbek regime,

which is also an important source of independence for the Central

Asian states. So, we have to have a comprehensive strategy, which

is not one of hostility toward Russia, but which is designed, above

all else, to create a context in which Russia’s movement to the

West, to the European community, to a closer association with it,

is tangibly furthered, in keeping with historical dynamics.

Well, a nice boat trip—

Photo opportunity, family dinner,

showing great conviviality, joint press conference on the lawn in a

nice-scening setting. But then, in addition to it—and, actually,

more seriously—I would hope that the President would say to Mr.

Putin, ‘‘Look, we have a long road to travel. Your country and my

country are going to be playing important roles in the world. We

have to deal with problems in a calm, no accusatory fashion. It

would be good if your neighbors feared you less, hated you less, and

perhaps you ought to think a little bit about that. It might be helpful

to you to know that the road to the West for you is also going

to be open, that we would like to have a closer association with you

in some fashion.’’

I am not sure the Russians really want to be part of NATO, and

probably their membership in it would mean the death of NATO,

but we can have a wider security arrangement with them, particularly

focusing on nonproliferation and more tangibly on Iran.

I think we could say to them that we would help and support

some wider arrangement involving the transatlantic community

and its special association with Russia, historically. If we look, 20,

30 years ahead, I think the Russians know that they have a serious

problem in the Far East, which is being depopulated, and which

faces an overpopulated and thriving China; and some shared engagement

in the development of a Euroatlantic community that

embraces Russia is a vision that I think would attract many Russians,

who know that their standard of living is infinitely lower

than in the West, and that their security is threatened by protracted

isolation in the democratic crisis.

I think that would be helpful. But specific negotiating relationships

cannot be negotiated in a weekend in which neither President

is really supported by a lot of the material that is needed by

the complexities of respective positions, and so forth, and I would

not like to create illusions if, you know, personal friendship that

obscures certain problems that we have to work out in common.

I think Putin will step aside, and I think that’s

an important step. If he does it, he will be the first ruler of Russia

to have ever done so. And, even if he retains influence behind the

scenes, that, nonetheless, is an important step in institutionalizing

regularity and respect for procedures.

His most likely successor, however, is going to be someone from

his immediate entourage. The one that’s talked about the most is

the recently promoted Secretary of Defense Ivanov, who is also a

KGB product, who actually tends to be even somewhat more outspoken,

more—sharper—maybe belligerent is too strong a word,

but more assertive in some ways than Putin has been, even in the

last year. And he may be even more inclined than Putin to appeal

to Russian nationalism and its various roots, including the

resentments and so forth that Brent has talked about.

So, in that sense, I don’t think there’s going to be a significant

change of policy. However, I do think that the next President of

Russia is going to be facing a much more serious economic and social

crisis. Putin has been able to consolidate the chaos that ensued

upon the fall of the Soviet Union. And this year, 2007, Russia regained

the same level of GDP that it had at the time of the fall

of the Soviet Union, which is also a measure of the problems that

they’ve had to overcome, because they’ve had a lot of growth in recent

years, but they have now reached only the level of the former

Soviet Union. But, in doing so, they haven’t really made major investments

in social infrastructure, in addressing the social problems.

And these will come home to roost in the course of the next

presidential incumbency. And that, I think, will be the time when,

perhaps, new voices and new faces will begin to appear on the political scene.

And I’m preoccupied about the short-term relationship, because

I think we have to have a strategic framework for it, but I’m, historically,

more optimistic about the long range, once the Soviet elite

that Putin and Ivanov exemplify has passed from the scene and an

altogether new political formation begins to dominate the political

scene, people who have been part of the world, who have dealt with

the world, who have gone to Western business schools and so forth.

So, that is basically the prognosis. Greater difficulties inside, but

also probably, eventually, resumption of more positive political change.

Well, let me, perhaps, parse what you have said

into three segments. One is the United States-Russian strategic relationship,

strictly speaking. Second is the issue of nuclear proliferation,

including ‘‘loose nukes,’’ you know, theft from arsenals,

the Nunn-Lugar Initiative, and all of that. And the third is the geopolitical

context on how it might interplay, particularly with the second of the three.

I think, basically, the strategic relationship between the United

States and Russia is relatively stable, in the sense that both sides

have an equilibrium that they can live with and that is reasonable—

reasonably understood by both sides. Though there are some

uncertainties that should not be ignored, I personally think that we

may have been somewhat insensitive to the Russian sense of American

nuclear superiority—which, in effect, does exist—in our pursuit

of the missile defense shield in Central Europe, some aspects

of which do impinge on Russian capabilities, either immediately, in

the short run—that is to say, the radar facility, which would actually

cover part of Russia—not so much the 10 interceptors in Poland,

but if the interceptor system becomes larger in scale, and

more effective, statistically, in probabilities, it could affect, in the

long run, Russian capabilities. So, I think we should have been a

little more prudent in the unveiling of this system.

The second aspect is the ‘‘loose nukes.’’ Obviously, much more

needs to be done. And I am deferring, in this respect, to Senator

Lugar, who has been a pioneer in this issue. But obviously, we and

the Russians have, and should have, a continued stake in making

certain that there is no illicit access to these systems outside of the

preeminent state actors that are responsible for generating the existence

of these systems. And I think a great deal more can be

done, and there are some question marks about the efficacy of some

of the existing arrangements.

But that brings me to the third issue, which is the geopolitical

context. I think much depends, also in this connection, how the situation

in the Persian Gulf and in the Middle East will unfold. If

the United States gets involved in a protracted war in the Middle

East, beyond what it is engaged in today, and particularly if it

spreads to an American-Iranian conflict, the Russian position on

that may very well be very ambivalent.

On the one hand, certainly, the Russians would not wish the

spread of nuclear weapons to rogue entities, Islamic fundamentalists,

given the fact that a large percentage of Russian population,

now, is Muslim—in the Russian population is 140-odd-million people,

close to 30 million are Muslims, and, after the war in

Chechnya, increasingly self-aroused, politically, and resentful—a

war in Iran would contribute a great deal of instability to that. At

the same time, it would also have the effect of bogging down the

United States to an unprecedented degree.

And we shouldn’t ignore the fact that there’s a great deal of

schadenfreude already in Russia about the costs to us of our

present imbroglio in the Middle East. And hence, there may be

some temptation to view that, at least in a limited sense, as of

some benefit in equalizing the status, the very asymmetrical status

of these two powers, America and Russia.

All of that will add further complexity to the relationship,

produce more suspicions, more fears on both sides; and hence, it is

something that we have to try to avoid, on several levels: Maintain

the strategic relationship, but not be insensitive; tighten controls,

to the extent that we can, on a bilateral basis; and also be very

prudent, specifically in the Persian Gulf area.

I’m willing to answer that——

If you want.

I think we ought to engage the Iranians on two

levels. One, regarding Iraq, because the fact is that every one of

the states adjoining Iraq is going to be threatened if and when we

leave and if then Iraq explodes. So, there is a kind of latent shared

interest here. My own view is that we ought to leave. And I won’t

get into that. But if we are ever going to leave, I think we have

to engage the states around Iraq in serious discussion as to what

should be done in conjunction with our disengagement. And I think

Iran obviously is a major influence, and we have to engage it on

that issue. And my own personal view is: The sooner, the better.

Second, I think if we do that, it’ll make it, perhaps, somewhat

easier to engage Iran also in negotiations about a nuclear weapons

program. There, I think we have an opportunity in the fact that the

Iranian posture, publicly, on the nuclear issue, is different from the

North Korean public posture. The North Korean public posture is,

‘‘We have a nuclear program, it is also a weapons program. We

want weapons, and, at one point, triumphantly, we have tested weapons.’’

The Iranians are saying something quite different; namely, ‘‘We

don’t have a nuclear weapons program. Second, we don’t want nuclear

weapons. Third, our religion forbids us to have nuclear weapons.’’

Now, they may be lying through their teeth, and we suspect

that they might be, but it is still an opening, which is to say, ‘‘Fine.

If that is really your posture, then we have a shared interest in us

believing you. And, therefore, we ought to negotiate about arrangements,

mutually agreed to, which would enhance our confidence

that that really is the situation.’’ And we can, you know, perhaps

define some technical ways of dealing with that.

But, to do that, we have to be willing to sit down. And here is

where I part company with the administration. The administration

says, ‘‘We will not sit down until you stop enriching.’’ The problem

with that is that they have a right to enrich—not to enrich to 95

percent in order to have weapons-grade uranium, but they’re

enriching only to 5 percent, which is in keeping with what a lot of

other countries are doing when they’re enriching uranium.

We are, in effect, saying to them, ‘‘Stop your program, though

you have the right to it, for the privilege of negotiating with us

about mutual accommodation.’’ That makes it easier for the

hardliners in Iran to say, ‘‘No way.’’ It mobilizes their nationalism.

It tempts them to feel that we’re essentially using this as a device

to make them stop while negotiating ad infinitum.

I think our position out to be, ‘‘We want you to stop, at least for

some duration of time, pending the negotiations, but we are prepared

to do something in return, simultaneously.’’ And here, I have

in mind some substantial lifting of sanctions that have, over the

years, been adopted by the United States, whether in ILSA or subsequent

to ILSA. And these are various sanctions—financial, banking,

trading—toward not only ourselves, but even to our friends.

That would give the Iranians some sort of quid pro quo, some also

facing—saving of face, and it would probably divide the moderates

from the extremists in Iran, instead of a posture which actually

unifies the extremists with the moderates and stimulates their nationalism.

Now, whether that will lead to a good outcome, I don’t know, but

it certainly would break the paralysis into which I think we have

actually injected ourselves.