

# Dealing With The Russians

*Imagine you're sitting in the Oval Office.  
What advice would you offer George W. Bush?*

## ***Background:***

*Earlier in his administration, President Bush pronounced that he had looked into the eyes of Russian President Vladimir Putin and taken a measure of his soul. Since then, the international community has assumed that this increasingly intimate "George/Vladimir" relationship would help provide a sense of long-term stability to the global scene. Has the official Russian response to the Iraq War compromised this sense of stability, or was the Russian leader never really much in control of his government—particularly his foreign ministry—to begin with? To what extent will the development of oil resources continue to play a role in the U.S.-Russian relationship? If President Bush asked you for a quick word of advice on how best to deal with the Russians from here on, how would you respond?*



*Mr. President, try to better understand the pressures facing Mr. Putin.*

**ANDERS ÅSLUND**

*Senior Associate, Carnegie Endowment for International Peace*

For the past four years, Russia has achieved an average annual economic growth of 6 percent, and this expansion continues apace. The growth comes from a broad range of Russian-owned enterprises and it has been driven by radical tax reform and fiscal adjustments, while foreign investment or aid have been inconsequential. Since 1993 the United States has promised to abolish the discriminatory Jackson-Vanik Amendment of 1974, but it has still not managed to do so.

On September 11, 2001, President Putin immediately supported President Bush in his war against terrorism, but the United States gave Russia nothing in return, while withdrawing from the bilateral Anti-Ballistic Missile Treaty and enlarging NATO. By being so friendly to the United States, President Putin started looking weak and foolish. The Russian mood turned anti-American before the war in Iraq, which benefited the communists, and this is an election year in Russia. Mr. Putin had to go along with the public mood, which has strengthened the old anti-American Soviet security establishment, and WTO accession has been delayed. Today, Russia does not ask for anything from the United States, and the United States has nothing to offer.

Ironically, the United States has become dependent on Russia in three important regards. First, the embargo against Iraq could not be lifted without Russia's consent in the UN Security Council. Otherwise, ships trading with Iraq could be legally seized on the high sea. Second, Russia's assent is also needed for any debt relief for Iraq in the Paris Club. If not, international financing to Iraq would be encumbered. Third, Russia has a strong interest in selling peaceful nuclear technology to Iran, which the United States firmly opposes because of Iran's endeavors to develop nuclear arms. President Bush needs to make a credible commitment that the United States can deliver something that is worthwhile for Russia, but what could that be and how can he establish any credibility?



*First, Bush Cabinet and sub-Cabinet officials should take a more active interest in Russia, arranging visits and developing agendas for cooperation.*

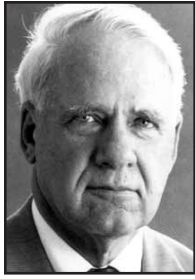
**PETER AVEN**

*President, Alfa Bank, Russia*

First and foremost, President Bush needs to take steps to add depth to U.S.-Russian relations. Over the past two years President Bush has built a very solid relationship with President Putin, but it is not clear that this warmth and trust extend much beyond this personal relationship. The farther one gets from the Bush-Putin relationship, the more ties tend to be conducted on the basis of old, dated models of U.S.-Russian relations. President Bush needs to insist that his Cabinet and sub-Cabinet officials take a more active interest in Russia, arranging regular visits and developing agendas for cooperation which can build a more comprehensive basis for future ties. We Russians firmly believe that we understand the United States better than the Americans understand us, and it would serve the relationship well if more senior-level U.S. figures—both government and private-sector—spent more time in Russia meeting with our experts and learning that old models no longer fit the “new Russia.” The recent visit of U.S. National Security Adviser Condoleezza Rice was a good step in this direction, but we need further exchange and understanding in the trade and economic areas as well.

Second, President Bush should understand that Putin has taken a substantial risk in aligning his policies, and his political future, with the West. The forces of nationalism and potential anti-Americanism are never far from the surface in Russian politics. As we prepare for legislative elections this year, and presidential elections next, powerful voices in the Russian body politic will be asking what President Putin is getting in exchange for his bold opening to the West.

Thus far the answer to this question is not immediately obvious. In the coming year President Bush needs to take more aggressive steps to offer concrete benefits to the Russian government, steps such as more active support for Russia's bid for membership in the World Trade Organization, immediate and unconditional repeal of the Jackson-Vanik amendment, and more encouragement of Western investment in Russia.



*Good personal chemistry is clearly insufficient to encourage Russian acceptance of our priorities.*

**JAMES SCHLESINGER**

*Senior Adviser, Lehman Brothers, and U.S. Secretary of Defense for Presidents Nixon and Ford*

Russia is no longer a superpower—but even in its reduced state, it remains a major player.

Russian cooperation in combating international terrorism and the proliferation of weapons of mass destruction is both crucial and in the U.S. interest. Also, as demonstrated by disagreements over Iraq, Russia can limit America's ability to use the United Nations to pursue important foreign policy objectives.

Good personal chemistry between Presidents Bush and Putin is helpful to the U.S.-Russian relationship. Nonetheless, it is clearly insufficient to get Russian acceptance of our priorities. While President Putin has obviously been appreciative of President Bush's warmth, he has not yet commented about the soul of his American counterpart. To the Russian president, who is a product of the Soviet and Russian bureaucratic systems, pragmatic calculations are likely far more important than emotional connections. In the case of Iraq, those calculations—or miscalculations—resulted in Russia taking a position not only different from, but even defiantly opposed to, the position taken by the United States.

Russia wanted to preserve the role of the United Nations Security Council, in which Moscow has a key role, in making major international decisions. Russian leaders were mindful of the need to avoid repeating the domestic political fiasco of the 1999 NATO war against Yugoslavia, which significantly damaged the Yeltsin government, by standing up to the United States. This inclination was reinforced once it became clear that two American allies—Germany and particularly France—were willing to take the lead. Russian domestic politics also played a role, not in the sense that President Putin was not in control (which he clearly was on fundamental issues), but rather because the Russian president would have had to expend significant political capital to take a more pro-American position than Washington's NATO allies. With parliamentary and presidential elections approaching and Russian public opinion overwhelming against U.S. military action to remove Saddam Hussein, that would have been a considerable risk.

The Administration could do three things to deal more effectively with Moscow:

- Consider ways to increase Russia's stake in the U.S.-Russian relationship—and to be more sensitive to Russian concerns without giving away the store;
- Avoid rubbing Russians' faces in the disparity of power between our two countries, as some U.S. officials have occasionally done. That disparity is increasingly understood by both the Putin government and the bulk of the Russian elite, and stressing it is unhelpful in persuading Moscow to play ball on our terms; and
- Ensure that Russia understands that its actions have consequences and that America cannot disregard assertively obstructionist behavior on issues that have been identified as major U.S. priorities by returning easily to happy partnership.



*Better integrate Russia into Western economic and security arrangements.*

**LEE HAMILTON**

*Director of the Woodrow Wilson International Center for Scholars and former Chairman, House Committee on International Relations*

While it has proven premature to speak of a positive transformation in U.S.-Russian relations, the breadth of our common interests suggests that partnership is preferable to confrontation.

The United States and Russia each have an interest in strengthening Russia's economy. The United States should forgive some Soviet-era Russian debt, repeal the outdated Jackson-Vanik amendment, and support Russian accession into the World Trade Organization, in return for greater transparency and market reform within Russia. A Russian economy tied more to the West would strengthen the global economic recovery, reduce Russia's interest in dealing in nuclear technology with countries like Iran, and enable the full development of Russia's oil and gas reserves.

The United States and Russia also have overlapping security concerns. While we should speak out vigorously against Russian human rights violations in Chechnya, the United States must continue working with Russia in the war on terror and the stabilization of Central Asia. We should also bring Russia closer to NATO, as cooperation reduces the likelihood of a return to Russian expansionism.

Most importantly, the United States and Russia must lead efforts to reduce the threat of weapons proliferation. The United States should increase programs to help Russia secure and dismantle its weapons of mass destruction, as the former Soviet Union is a natural destination for terrorists seeking dangerous materials. If the United States and Russia work together to reduce and secure their arsenals while building strong global non-proliferation regimes, trust between our nations will grow, and the world will be a safer place.

Russia's future is uncertain. The amicable Bush-Putin relationship and cooperation against al Qaeda represented a surface warming in relations; but the rift over Iraq revealed that this positive turn rests upon a shallow foundation. Integrating Russia into Western economic and security arrangements will build a stronger foundation, promoting reform within Russia while reducing the chances of future conflict.



*Russia is now a junior partner, but even junior partners should not be expected to follow blindly.*

**DMITRI SIMES**

*Founding President, The Nixon Center, and Co-Publisher, The National Interest*

**T**he disparity in power between Washington and Moscow is a structural problem in the U.S.-Russian relationship that must be handled carefully if strategic partnership is to have a chance.

For its part, Russia must accept that the United States is the world's only superpower and that the U.S.-Russian relationship cannot be symmetrical. To President Vladimir Putin's credit, Moscow has stopped seeking a multi-polar international system and has given priority to domestic development over foreign aggrandizement.

Yet old habits die hard. When France and Germany invited Russia to join forces against the United States in the UN debate over Iraq, the temptation proved irresistible. This occurred even though the Putin government had no particular affection for Saddam Hussein and was aware that so long as sanctions were in place, Russia was unlikely to get little from Baghdad beyond its share of the oil-for-food program. Strategic partnership cannot work if the Kremlin does not realize that it can get away with this

kind of defiance only so many times before seriously damaging its relations with America.

Some adjustment is also required on the U.S. side. Notwithstanding the ongoing bloodshed in Chechnya, Russia has achieved impressive economic growth under President Putin and, as a result, has eliminated deficits and stopped asking for international handouts. This improvement in Russia's condition changes the dynamics of the U.S.-Russian relationship and should be recognized in Washington.

The bottom line is that successful strategic partnership requires Russian acceptance that Moscow can at best be a junior partner and American acceptance that a junior partner is still a partner and should not be expected to follow the United States blindly—especially, as Iraq demonstrates, if Russian leaders do not believe that the relationship is working to their advantage.



*Keep your eye on maintaining the unqualified U.S.-Russian support of the International Atomic Energy Agency.*

**JACK KEMP**

*Co-Director, Empower America*

**I**n the case of U.S.-Russian relations much work remains, but Secretary of State Powell's visit to Russia was a step in the right direction. The secretary's visit was punctuated by the Russian parliament's ratification of the Treaty of Moscow. I believe the United States and Russia can build on this treaty's success by creating a workable space-based "boost phase" missile defense shield to protect against the threat of ballistic missile attacks from rogue nations, international terrorist organizations, or even the accidental launch of nuclear weapons.

But I see no reason, as some pundits have suggested, for the United States to make enemies of old friends or to create animus with old rivals. Instead, we should capitalize on opportunities to mend open wounds, build relationships, and solve problems when our interests converge, as they do in the need to build a stable and prosperous Middle East and Central Asia and to eliminate the greatest threat facing mankind today: nuclear, chemical, or biological attacks against civil populations by terrorists or rogue states.

George W. Bush has displayed sound judgment time and again. President Putin, for his part, has done an in-



credible job of restoring economic vitality in Russia by instituting a flat tax at 13 percent, which has transformed the old Soviet Bear into a raging bull.

That said, perhaps the most promising pre-war U.S.-Russian consensus that is in danger of being compromised by our differences over Iraq is U.S.-Russian unqualified support of the International Atomic Energy Agency (IAEA) as the last best hope for preventing terrorists and rogue states from acquiring nuclear weapons or the makings thereof.

Both countries have already unilaterally drastically reduced their 'tactical' nuclear arsenals. We and the Russians have entered into a Trilateral Agreement with the IAEA to transparently and peacefully dispose of those tons of materials. Most of it is to be blended—under IAEA supervision—into fuel to be burned-up in nuclear power reactors. The United States and Russia should continue to work with the IAEA and cooperate to bring Iran into compliance with its commitments under the Nuclear Non-proliferation Treaty.

The United States and Russia took another step forward by passing a UN resolution lifting sanctions on Iraq. So long as the sanctions were in place, the UN effectively controlled—and limited—the production of Iraqi oil by the Iraqi Oil Ministry under the U.N. Oil-for-Food program. Now the United States and Russia should take the next step and recognize that the Iraqi people should not be burdened by onerous debt to which they did not consent.



*Take careful note of the divergences and convergences in U.S. and Russian interests.*

**CHARLES WOLF**

*Senior Economic Adviser and Corporate Fellow in International Economics and Professor, Rand Graduate School of Policy Studies*

**R**ussia should be viewed as a generally friendly country whose burgeoning democracy has within it strong currents and constituencies that are hostile to the United States. President Putin is, and more or less has to be, responsive to these constituencies in varying degrees at various times. Currently, with parliamentary elections pending, he has to be more responsive to them, which affects how much and how frequently he may be at odds with us.

In this broad context, President Bush and his key advisor on Russian affairs, national security adviser Condoleezza Rice, should take careful note of divergences as well as convergences in basic U.S. and Russian national interests. Prominent among the convergent ones are these: successful evolution and strengthening of the economy, democracy, and civil society in Russia; counterterrorism; cooperation in space (especially while the U.S. shuttle is indefinitely grounded); and peace and stability in the neighboring CIS states. Prominent among the divergent interests are these: relief of Iraq's \$8 billion "odious debts" to Russia; high and stable oil and natural gas prices preferred by Russia as a major oil exporter, rather than lower prices preferred by the United States as a major importer; nuclear technology and reactor sales to Iran; prospective U.S. basing in Eastern Europe and in one or more of CIS states; and resentment and resistance by Russia to the "hyperpower" status of the United States.

Dealings and deals with Russia should be cognizant of this balance and of the varying weights that may be attached to each component in the balance. The shifting weights will, in turn, be affected both by internal developments in Russian politics, as well as by changes in the external environment. Notions of a durable "strategic partnership" with Russia should be shaded in substance as well as in rhetoric by acute awareness of these inevitable uncertainties.



*U.S.-Russian relations now are as much about economics as they are about geopolitics.*

**TOBY GATI**

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**W**e managed U.S.-Russian relations during the war in Iraq so that there is no long-term damage to the relationship. Things could have turned out worse—to paraphrase an old Soviet joke, we could pretend that the strategic partnership is just fine, and they could pretend to cooperate. Acknowledging that things could be worse is, of course, not a very high standard of

“success,” but it does give us a chance to mend relations and, perhaps, to take a step forward.

Fortunately, President Putin still believes that Russia’s long-term strategic goals—economic growth at home and participation in the global economy—require good relations with the West.

The important point is that U.S.-Russian relations now are as much about economics as they are about geopolitics. The growing participation of Russia in the global economy has affected the way that country calculates its foreign policy interests.

In Iraq, Russia is concerned about how the American presence will affect Russia’s ability to play a role in the Middle East and how future Iraqi production will affect the long-term price of oil—not only about getting its debts repaid and assuring that its companies’ claims to Iraqi oil fields are recognized.

In large part this is because Russia’s future prosperity, for better or worse, is wrapped up in energy: supplying fuel to the rest of the world, using oil and gas revenues to fuel Russia’s economic growth, and modernizing its aging infrastructure.

That said, the biggest mistake would be to assume that all Russia’s interests are negotiable on U.S. terms. “My way or the highway” does not translate well into Russian. If, for example, we can foreclose future Russian cooperation with Iran by “grandfathering” the Bushehr nuclear reactor, we should consider doing it, even though our stated aim is to eliminate all of Iran’s access to nuclear technologies.

A final note: Every rule has an exception. Some issues have no national security or economic context but matter because they are symbolic. The Jackson-Vanik amendment fits into this category. Last year it was chicken legs that messed up plans to repeal the Jackson-Vanik amendment. Next year it will be Iran, or North Korea, or something else. Make it a priority and round up the votes for repeal.



**ARIEL COHEN**  
*Research Fellow,  
Heritage Foundation*

*Keep the Russians fixated on the common strategic imperative—fighting global radical Islamist terrorist networks.*

The flap over illegal Russian arms sales to Iraq, albeit most probably without the official blessing of President Vladimir Putin, military advice to Saddam by retired Russian generals, and exposure of intelligence cooperation between Russia and Iraq, demonstrate how fragile the relationship between Moscow and Washington has really become after Moscow sided with Paris, Berlin, and most of the Arab world in opposition to the war against Saddam. Three small and shady arms deals are threatening a broad, multi-faceted matrix of ties repeatedly termed “strategic” by Presidents Bush and Putin. Numerous security, diplomatic, and business relationships, from multi-billion dollar Cooperative Threat Reduction programs, which deal with non-proliferation of weapons of mass destruction; to abrogation of the Jackson-Vanik Amendment, which denied Normal Permanent Trade Relations, currently under consideration by the U.S. Congress; to billions of energy investment dollars may be jeopardized if U.S.-Russian relations go south.

It is obvious that the Russian president was ill-served by his defense and intelligence community and the Foreign Ministry. These institutions, unlike the rest of Russia, have not undergone significant reform, and the same anti-American officials are making policy as was the case in the Soviet days. What Putin is going to do about this is another matter.

## Background: Jackson-Vanik

The 1974 Jackson-Vanik Amendment prohibits normal trade relations with non-market economies that restrict the free emigration of their citizens. Normal trade relations may be extended—on a conditional basis—only if the President determines that a country complies with the requirements of the amendment. Compliance reports must be submitted to Congress every six months.

Russia, which has been in compliance with Jackson-Vanik since 1994, considers the Amendment to be a relic of the Cold War. But some in the U.S. Congress see delaying repeal of Jackson-Vanik as a way to influence Russia on issues unrelated to Jewish emigration such as Russia’s lack of support for the war in Iraq or Russian efforts to block U.S. poultry exports. More recently, the repeal of Jackson-Vanik has been linked to Congressional efforts to influence the terms of Russia’s accession to the World Trade Organization.

It is in the interest of both countries to stop acrimony over Iraq and focus on the future. To achieve this, the Putin Administration must “clean house” and take the culprits who sold banned weapons to Saddam to task. Moscow should expand cooperation with the United States on prevention of sales of dual-use and military technologies to countries on the U.S. State Department terrorism watch list.

Moscow should also reflect on how breaching the U.N. Security Council sanctions banning weapons sales to Iraq makes its own accusations of violating “international law,” heaped on the United States by the Russian Foreign Ministry, ring hollow.

Most importantly, the two countries should not lose sight of the strategic imperative of fighting global radical Islamist terrorist networks, which threaten them both. In that struggle, the survival of tens of thousands of Russians and Americans is at stake.



*The Russians can be wooed to cooperate with the United States.*

**JOSEPH S. NYE**  
*Dean, Kennedy School of Government,  
Harvard University, and author of  
The Paradox of American Power*

**G**eorge W. Bush handled his relations with Putin well in his first year. The result was a moderate Russian reaction to the bitter medicine of terminating the ABM treaty and the expansion of NATO. In year two, particularly the run-up to the second Gulf War, the president was less adept. Russia joined with France and China in a soft balancing of American power by depriving the United States of the legitimacy of a second UN resolution authorizing war. Fortunately, Russia has much to gain from good relations with the United States and can be wooed away from that temptation to balance. Similarly, we have much to gain from a stable Russia which develops its oil fields and increases diversification of sources in world oil markets, as well as a friendly Russia that eschews dangerous nuclear exports to Iran and elsewhere. This will require the same intensive wooing that occurred in year one, and willingness to help on issues like the WTO. It will also require putting content into the new NATO-Russia relationship rather than letting it languish.



*U.S. and Russian interests overlap a lot more than they diverge.*

**ADAM GARFINKLE**  
*Editor, The National Interest*

**T**he decision of the Russian government to oppose U.S. policy with regard to the Iraq Baath regime was both unfortunate and unexpected in Washington. The Bush Administration seems to have taken Russian support—or at least an absence of active opposition—for granted, and may have done so based partly on expectations that the warm personal relationship between George W. Bush and Vladimir Putin would hold pride of place. This experience teaches two things: that national policy should be based on national interests and not on personalities, and that no significant international stake should be taken for granted. It points to failures on the part of the United States both philosophical and diplomatic.

Nevertheless, while U.S.-Russian disagreements over Iraq do place limits on how close the relationship between the two countries can become anytime soon, there is no reason why the two sides cannot develop very useful mutual relations. This assessment is based on the fact that U.S. and Russian interests overlap, over a whole range of issues, more than they diverge. These issues include counterterrorism efforts, economic cooperation (including in energy policy), counterproliferation policy (including Russia’s own “loose nuke” issues), security in Central Asia, Southwest Asia, and Korea, and more besides. Certainly, Russian interest in good relations with the United States outweighs any temptation to ally formally with China, France, and Germany in a more or less open attempt to balance and constrain American power. And as far as long-term U.S. interests are concerned, nothing is more important than bringing Russia (China and India, too) into the historical mainstream of liberal constitutionalism and, ultimately, genuine democracy.

If the United States assesses its relationship with Russia based on a calculus of mutual interests, and if its tone toward Russia is one of respect and genuine regard, the negative fallout from the Iraq war will be mild and of relatively brief duration. If, on the other hand, the Bush Administration becomes dizzy with postwar delusions of grandeur, and if it fails to distinguish between power and authority in the wider world, it can make quite a mess of things—and not only with regard to Russia.



*Better harmonize economic relations and ramp up the anti-terrorism dialogue.*

**ROBERT D. HORMATS**

*Vice-Chairman, Goldman Sachs International*

**P**resident Putin's opposition to the Iraq war had little to do with domestic pressures but a lot to do with strains that pre-dated the war and affect longer-term Russian interests.

Putin believes that Russian international status depends on restoring the country's economic strength. He hoped to achieve that goal in part through closer trade and investment ties with the United States—which he expected to emerge as the result of his support for the United States after the September 11 terrorist attacks.

Instead Russia was hit with new tariffs on steel, a dispute over chicken imports, and failure to grant permanent normal trade relations by exempting it from the Cold War era Jackson-Vanik legislation. A ballyhooed energy summit last October did not generate new investment, as U.S. firms wanted direct access to Russian fields and Russian companies wanted investment to go through them.

Then the war against terrorism turned into a war for disarmament and regime change against a country with whom Russia had long and close ties. Concerns arose in Moscow about the United States riding roughshod or, at a minimum, ignoring Russian interests—particularly in the Middle East.

Missing also was an invitation to Crawford for a summit on American and Russian interests in the region and how U.S. success in the war could reduce proliferation and eliminate a potential source of arms for militants on Russia's border.

Repairing relations requires three steps:

■ Reaching summit-level agreement to avoid a reversion to the Cold War view that relations between the two countries are a zero sum game in which a political gain for one was a political loss for the other—and each sought to limit the other's influence. This type of rivalry was practiced particularly in the Middle East. Revival of this notion by either party would weaken cooperation to resist Islamic fundamentalism and would destabilize that region. And it would threaten progress in the United Nations, where both are permanent members of the Security Council.

■ Establishing a Cabinet-level mechanism to harmonize positions on economic issues important to one or both countries. These include defining Russia's role in Iraqi post-war reconstruction and debt rescheduling/forgiveness, accelerating Russian admission to the World Trade Organization, establishing the basis for elimination of Jackson-Vanik legislation, and determining measures to improve the Russian investment climate, especially for energy (where greater policy congruence is required to boost investment and output).

■ Restoring and ramping up the dialogue on terrorism/proliferation. The two countries have much to gain by actively sharing intelligence, establishing a common front to resist proliferation of weapons of mass destruction in North Korea and elsewhere, and resisting expansion of Islamic fundamentalism. ◆