

U.S.-Russia Relations

Facing Reality Pragmatically

AUTHOR
Thomas Graham

PROJECT CODIRECTORS
Andrew C. Kuchins
Thomas Gomart

JULY 2008



EUROPE, RUSSIA, AND THE UNITED STATES
FINDING A NEW BALANCE



CSIS | CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES

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Center for Strategic & International Studies
1800 K Street, NW, Washington, DC 20006
Tel: (202) 775-3119
Fax: (202) 775-3199
Web: www.csis.org

Institut Français des Relations Internationales
27 rue de la Procession, 75740 Paris Cedex 15, France
Tel: 33 (0)1 40 61 60 00
Fax: 33 (0)1 40 61 60 60
Web: www.ifri.org

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Preface

The joint CSIS/IFRI project “Europe, Russia, and the United States: Finding a New Balance” seeks to reframe this trilateral relationship for the relevant policymaking communities. We are motivated by the possibility that new opportunities may be emerging with leadership changes in Moscow and Washington. In particular, we hope that our analyses and recommendations will be useful as France takes over the chair of the European Union on July 1, 2008.

The title of the project reflects our sense that relations among Europe, Russia, and the United States have somehow lost their balance, their equilibrium. The situations of the key actors have changed a great deal for a variety of reasons, including but not limited to the wars in Afghanistan and Iraq, the expansion of NATO and the European Union, and the unexpectedly rapid economic recovery of Russia. At a deeper level, we find ourselves somewhat perplexed that nearly 20 years after the collapse of the Berlin Wall and the subsequent conclusion of the Cold War relations among Europe, Russia, and the United States seem strained on a multitude of issues. In Berlin in June 2008, President Dmitri Medvedev of Russia invoked the language articulated 15 years earlier by then-Presidents Bill Clinton and Boris Yeltsin about “unity between the whole Euro-Atlantic area from Vancouver to Vladivostok.” Despite many achievements over the past 15 years, it is hard not to conclude that collectively we have underachieved in building greater trust and cooperation. We are convinced that, for enhanced European as well as global security, we must increase the level of trust and cooperation among the transatlantic allies and Russia and that this cooperation must rest on a firm economic and political grounding.

We humbly acknowledge that we have no “magic bullet,” but we hope that the series of papers to be published in the summer and fall of 2008 as part of this project may contribute to thinking anew about some of the challenging issues that we in Europe, Russia, and the United States collectively face. We are very grateful to the excellent group of American, European, and Russian authors engaged in this task: Pierre Goldschmidt, Thomas Graham, Rainer Lindner, Vladimir Milov, Dmitri Trenin, and Julianne Smith. We also want to thank Keith Crane, Jonathan Elkind, Stephen Flanagan, James Goldgeier, Stephen Larrabee, Robert Nurick, Angela Stent, and Cory Welt, participants in the workshop held on May 16, 2008, in Washington, D.C., for their rich and thoughtful comments about the papers and the project. Finally, we want to thank Amy Beavin, research associate of the Russia and Eurasia Program at CSIS and Catherine Meniane and Dominic Fean of the Russia/NIS Center at IFRI for their indispensable support in making all aspects of the project a reality.

This project is the continuation of the IFRI/CSIS transatlantic cooperation started in 2006. We would like to thank warmly our financial supporters—France Telecom, the Ryan Charitable Trust, and particularly the Daimler **Fonds**.

By publishing some articles in Russian, *Russia in Global Affairs* will also take part in this project.

Thomas Gomart
IFRI

Andrew Kuchins
CSIS

U.S.-RUSSIA RELATIONS

Facing Reality Pragmatically

Thomas Graham¹

U.S.-Russia relations are now at the low point of the second cycle of great expectations and profound disappointment since the breakup of the Soviet Union in 1991. The grand vision of strategic partnership that Presidents George W. Bush and Vladimir Putin articulated at the Moscow/St. Petersburg summit of May 2002 ran afoul of fundamental differences over Iraq, the terrorist threat (especially in Chechnya), energy security, colored revolutions in the former Soviet space, and Russian domestic developments. Putin's address to an international security conference in Munich in February 2007 castigating alleged U.S. efforts to build a unipolar world presented a familiar litany of Russian grievances—the United States' refusal to discuss arms controls and the militarization of space, U.S. missile defense sites in Europe, NATO expansion, discrimination against Russian companies seeking to invest abroad, the focus of the Organization for Security and Co-operation in Europe (OSCE) on democracy east of Vienna—and underscored how far relations had sunk.² The Russia-U.S. Strategic Framework Declaration issued by the presidents in Sochi in April 2008 may have stanching the deterioration, but the extent to which its promise will be fulfilled is in doubt as a new administration shakes out in Moscow and a lame-duck administration winds down in Washington.

The story was much the same in the first decade after the breakup of the Soviet Union. President Boris Yeltsin extended a “hand of friendship to the people of America,”³ and President Bill Clinton talked of a “strategic alliance with Russian reform.”⁴ Americans had great expectations for rapid market and democratic reform in Russia along American lines because that was, they thought, the natural destination with the “end of history,” and Russians expected to be welcomed into the West with open arms, as they were, in gratitude for their central role in “ending history” by bringing down communism as a global movement. All these hopes were dashed by the Russian financial crisis of 1998 and the deep discord over NATO's military campaign against

¹ Thomas Graham is a senior director at Kissinger Associates. Previously, he served as special assistant to the president and senior director for Russia at the National Security Council.

² Vladimir Putin, “Vystupleniye i diskussiya na Myunkhenskoy konferentsii po voprosam politiki bezopasnosti,” Speech at the Munich Conference on Security Policy, February 10, 2007, <http://www.kremlin.ru/text/appears/2007/02/118097.shtml>.

³ “Russian President's Address to Joint Session of Congress,” *Washington Post*, June 18, 1992.

⁴ President Bill Clinton, “A Strategic Alliance with Russian Reform,” Address before the American Society of Newspaper Editors, Annapolis, Maryland, April 1, 1993, <http://dosfan.lib.uic.edu/ERC/briefing/dispatch/1993/html/Dispatchv4no14.html>.

Yugoslavia in 1999. Relations remained strained into the early months of the Bush administration—and then the cycle repeated itself.

What Went Wrong?

In both countries there is a widespread belief that things have gone terribly wrong—and that the other side is largely at fault. But an objective look at the United States and Russia, and the world more generally, would have laid bare the formidable obstacles to building far-ranging positive relations, no matter what experts were writing and political leaders were saying about the end of history, the lure of free markets and democracy, and the democratic peace.

The psychological background has not been favorable. Cold War stereotypes linger. It could hardly have been otherwise, particularly in the bureaucracies. The U.S. national security apparatus—the National Security Council, the Department of Defense, and the Central Intelligence Agency—was created, and the State Department grew rapidly, in the harsh realities of the Cold War, which left an indelible imprint on mindsets and structures. The vast Soviet security apparatus after the World War II was focused on the “main enemy,” the United States. The very *raison d’être* of these bureaucracies was rooted in global U.S.-Soviet rivalry. Ingrained suspicion and distrust do not vanish overnight. Ironically, U.S. bureaucratic adjustment to new realities (and the diminution of Russia’s standing in U.S. foreign policy) has had a pernicious impact: the day-to-day management of relations has been left in the hands of mid-level bureaucrats more comfortable with confrontation than constructive endeavor with the Russians. In Russia, the bureaucratic process was different, but the result was similar: the national security apparatus, after years of disarray in the 1990s, congealed once again in the early 2000s, just when it gained broad currency to blame the United States for Russia’s travails, a view that conformed well with the mindset of this apparatus.

Beyond stereotypes, events have conspired to create a debilitating dialectic of strength and weakness. For the past 15 years or more, strength on one side has been met by weakness on the other, hardly a recipe for constructive long-term relations. For the United States, the 1990s were years of rapid economic expansion, surging power, and overweening optimism as the country relished its standing as the world’s preeminent power; for Russia, they were a time of troubles and profound national humiliation, of a socioeconomic collapse unprecedented for a major power not defeated in a major war. The United States became a revolutionary power, intent on using its vast power to reshape a changing world in its image; Russia longed for a return to the status quo ante 1991, at least in terms of its international standing. The last eight years tell a different story, one of a remarkable, and largely unanticipated, Russian recovery, and of a United States rebuffed in its effort to reshape the world and now facing mounting economic problems at home. A confident Russia stands facing a United States mired in doubt, even if Russia’s potential pales in comparison to that of the United States.

The different potentials—the deep and enduring asymmetry in power and fortunes—only compound the problem. Despite current difficulties, the United States remains the world’s most

powerful country, a genuine global power with a presence and responsibilities across the globe; it has a clear sense of mission in the world, grounded in its history and national psyche, a firm belief that the spread of democracy bolsters America's security and prosperity—even if at times, such as now, the population has grave doubts about the leadership's competence in pursuing this mission. Its challenge is adapting to a world in which its margin of superiority is narrowing and accommodating the interests of other leading powers is critical to advancing its own and to maintaining its preeminent status. By contrast, despite its remarkable recovery, Russia remains perhaps the weakest and most endangered of the great powers, a power facing enormous tasks of modernization and economic diversification to sustain its status over the next generation. Its challenge is to muster the will, wisdom, and resources to accomplish those tasks—but, even if it does, it will still lag far behind the United States with an economy several times smaller.⁵

Cold War stereotypes and clear asymmetries have shaped each country's assessments of the other's concrete policies, raising concerns and sharpening divisions rather than bringing the two countries together. The fall of 2004, framed by the Beslan terrorist attack in August/September and the Orange Revolution in Ukraine in November/December, marked the turning point in relations under Presidents Bush and Putin. In remarks shortly after Beslan, in an implicit reference to the United States, Putin spoke of forces that used terrorism in an effort to tear off "juicy" bits of Russia because, as a major nuclear power, it posed a threat to them.⁶ And in remarks shortly after the Orange Revolution, again in an implicit reference to the United States, Putin warned of those who wanted to organize the world "according to the barracks principles of a unipolar world."⁷ So much for strategic partnership from the Russian perspective. Meanwhile, in the United States, Putin's post-Beslan political reform—particularly the end to the popular election of governors—was sharply criticized as backtracking on democracy. Shortly thereafter, over a hundred leading American and European opinion makers released an open letter decrying Putin's undermining of democracy and calling for a reappraisal of policy toward Russia.⁸ The criticism only grew louder after what many in the West saw as Russia's blatant interference in Ukraine's 2004 presidential election in an effort to defy the will of Ukrainian voters and block the Orange Revolution in the making. So much for strategic partnership from the American perspective.

⁵ The Russian leadership is fond of citing a Goldman Sachs report because it has Russia becoming the world's fifth-largest economy by 2030. It projects that the Russian GDP will be 10.6 percent of the U.S. GDP in 2020, 14.4 percent in 2030, and 16.7 percent in 2050. See Dominic Wilson and Roopa Purushothaman, "Dreaming With BRICs: The Path to 2050," Global Economics Paper No. 99, Goldman Sachs, New York, N.Y., October 1, 2003, p. 9, <http://www2.goldmansachs.com/ideas/brics/book/99-dreaming.pdf>.

⁶ "Obrashcheniye Prezidenta Rossii Vladimira Putina," The Kremlin, Moscow, September 4, 2004, http://www.kremlin.ru/appears/2004/09/04/1752_type63374type82634_76320.shtml.

⁷ "Vystupleniye na konferentsii Memorial' nogo fonda Dzhavakharlala Neru," New Delhi, December 3, 2004, http://www.kremlin.ru/appears/2004/12/03/2344_type63376type63377_80609.shtml.

⁸ "An Open Letter to the Heads of State and Government of the European Union and NATO, September 28, 2004," *Journal of Democracy* 16, no. 1 (January 2005), <http://www.journalofdemocracy.org/articles/gratis/Documents-Open-Letter-16-1.pdf>.

The beginning of President Bush's second term put the strain in relations in bold relief. His second inaugural address in 2005 crystallized the administration's foreign policy thinking, gave it a sharp ideological edge by making the promotion of democracy the core principle, and committed the United States, in the Bush's words, "to seek and support the growth of democratic movements and institutions in every nation and culture, with the ultimate goal of ending tyranny in our world."⁹ The gap with the way Putin and the Russian elites thought about the international system could not have been starker. These difficulties lay behind the testy summit meeting in Bratislava in February 2005. A series of joint statements—on nuclear security cooperation, energy cooperation, and the World Trade Organization¹⁰—and commitments to deepen cooperation on a range of issues could not hide the growing mutual discontent.

Relations have not recovered since. In the past three years, the Russians have grown only more vocal and assertive in challenging plans to locate a U.S. strategic system (missile defense) in Eastern Europe, NATO's relentless expansion eastward toward Russia's borders, the United States' growing presence in the former Soviet space, and what Russians see as undue U.S. interference in their domestic affairs. All these developments, Russians believe, belie an unwillingness on the part of the United States to accept and respect Russia as a major world power, if not to prevent Russia from playing that role. At the same time, U.S. leaders have sharpened their criticisms of Russia's arms sales to unsavory regimes, its use of energy for geopolitical gain, particularly vis-à-vis former Soviet states, its more assertive policies in the former Soviet space aimed in Washington's view at constraining the U.S. presence there and undermining the independence of regional states, and the authoritarian and nationalistic drift inside Russia. This behavior, Americans believe, erodes the very foundation of a partnership that was supposed to be based on a shared commitment to democratic and free-market values.

A breakdown in reliable channels of communication, particularly during the second terms of Presidents Bush and Putin, has reinforced the sense of separation and, for Russia, of disrespect. Although both sides publicly tout the relationship between the presidents as a sign of the strength of relations between the two countries, the frequency, intensity, and substance of interaction has declined sharply since 2001–2002, when the hopes for strategic partnership shone brightest. Other channels have fared even less well. A White House–Kremlin channel set up in the first term to discuss strategic issues slowly died in the second. The Consultative Group for Strategic Security (the original "2+2" of foreign and defense ministers), and the working groups under it, was

⁹ President George W. Bush's Second Inaugural Address, Washington, D.C., <http://www.whitehouse.gov/news/releases/2005/01/20050120-1.html>.

¹⁰ "Joint Statement by President Bush and President Putin on Nuclear Security Cooperation," <http://www.whitehouse.gov/news/releases/2005/02/20050224-8.html>; Joint Statement by President Bush and President Putin on U.S.-Russian Energy Cooperation," <http://www.whitehouse.gov/news/releases/2005/02/20050224-6.html>; Joint Statement by President Bush and President Putin on Russia's Accession to WTO," <http://www.whitehouse.gov/news/releases/2005/02/20050224-5.html>; "U.S.-Russia Joint Fact Sheet: Bratislava Initiatives," <http://www.whitehouse.gov/news/releases/2005/02/20050224-7.html>.

moribund from the moment it was created by the Joint Declaration of May 2002. The Counterterrorism Working Group slowly faded away. Various energy dialogues lost their intensity. Efforts to start a dialogue on the former Soviet space were stillborn. Against this background, there is some truth to the Russians' assertion that Putin's Munich speech in February 2007 was in part a plea for a dialogue, engagement, and respect.

The International Context of U.S.-Russia Relations

By the end of President Putin's second term in May 2008, it was curious how much of the content of U.S.-Russia relations reflected a Cold War agenda. The focus was on the balance of forces in Europe: NATO expansion, U.S. bases in Bulgaria and Rumania, planned U.S. missile defense systems in Eastern Europe, the Conventional Forces in Europe (CFE) Treaty, the Balkans (particularly Kosovo), and European energy dependence on Russia. There has, of course, been no return to the Cold War, despite the best efforts of some commentators, because the fundamental element—two rival superpowers with radically different ideologies engaged in a global competition—could not be replicated (given in particular Russia's limited means). But this European focus has drawn attention away from critical trends in the international system that could provide a basis for closer U.S.-Russia relations (and which had indeed informed the Joint Declaration with its promise of strategic partnership).

What trends? Simply put, the world has entered a period of great flux and upheaval of uncertain duration. We are witnessing an historic shift in global dynamism from Europe to the Asia-Pacific region, initially in the economic realm, but one that will eventually reorder the geopolitical realm. The Middle East—or more broadly the Muslim world—is engaged in an epic battle between tradition and modernization that jeopardizes global energy security. Although the nation-state, the fundamental unit of the international system since the Westphalian peace of 1648, is thriving in East Asia and the United States, it is under mounting strain as Europe seeks to create a supranational structure and artificial states in the Middle East begin to break down along sectarian and ethnic lines. Globalization has fueled an unprecedented period of economic growth around the world while unleashing the forces of disorder—terrorism, transnational crime—and raising challenges beyond the capacity of individual states or current international organizations to manage—global warming, pandemic diseases, proliferation of the materials and know-how to build weapons of mass destruction. With the economic growth has come an historic transfer of wealth from the West to energy exporters, such as Russia, and rising manufacturing powers, such as China.

In this uncertain world, the United States and Russia are not strategic rivals, and neither poses a strategic threat to the other (despite some overwrought Russian rhetoric to the contrary), in contrast to the situation during the Cold War. Rather, they share a set of common strategic challenges. Russia, by virtue of its geographic location, and the United States, by virtue of its global role, must build new relationships with a Europe that is expanding and deepening; they both must find a way to cope with the growing instability in the Middle East, the challenge to

energy security that implies, and, at least for Russia, the threat that that instability will infect Russia's southern reaches; and they both must manage relations with a rising China. In addition, both countries must deal with the dark side of globalization, and both have a keen interest in the role and effectiveness of the institutions of global governance, such as the United Nations and the G-8, the World Bank and the International Monetary Fund.

Common challenges, however, are not the same as common interests. And there are deep differences in the way the United States and Russia think of global order (consider, for example, the role of democracy or the United Nations). But the question each country needs to ask is how important the other is to its achieving its own strategic goals. For example:

- Given their standing as the world's two leading nuclear powers, the United States and Russia are each indispensable to dealing with the problems of proliferation of weapons of mass destruction, nuclear terrorism, and strategic stability.
- The United States, as the world's largest energy consumer, and Russia, as the largest producer of hydrocarbons, are essential to any discussion of energy security and energy's future.
- Global economic dynamics and transfers of wealth will require bringing Russia, along with China, India, and others, into a more central role in managing the global economy, a service long performed by Europe and the United States.
- In East Asia, to create a favorable new equilibrium, Russia has an interest in a strong power—that is, the United States—acting as a moderating influence on China, and the United States has no interest in a weakening Russian presence in Siberia and the Russian Far East, regions rich in the natural resources that fuel modern economies.
- In the Middle East, both the United States and Russia have levers that could help promote stability, if the two countries were working in concert, or fuel conflict, if they were not.
- In Europe, Russian energy is critical to economic well-being, and the United States remains essential to security and stability.
- On a range of other issues—for example, civil nuclear energy, pandemic diseases, climate change—each country is capable of making a major contribution, given the vast scientific talent of each.
- In the former Soviet space, both countries will be critical to building lasting security and economic structures.

In short, the United States and Russia are better off working together rather than at cross purposes, managing the inevitable differences rather than magnifying them, as is too often the case today.

Uncertain Outlook for Improved Relations

New administrations in Russia in 2008 and the United States in 2009 provide an opportunity for movement toward improved relations, but it is not clear it will be seized.

In Russia, to be sure, the end of the electoral cycle has witnessed a ratcheting down of the vitriolic anti-U.S. rhetoric that marked the Duma and presidential campaigns. The challenges now before Russia—infrastructure modernization and economic diversification—call for improved relations with Europe and the United States, since they are the main sources of the money, technology, and know-how Russia will need to succeed. The Russian leadership understands that confrontation with the United States will not make Russia more secure. Nevertheless, there are significant elements in the Russian elite that would benefit from continued tension with the United States, if only because that would improve their position internally (against the more liberal forces around Dmitry Medvedev) in the inevitable jockeying for position that will take place as President Medvedev and Prime Minister Putin sort out their relations.

In the United States, the new administration that will take office in January 2009 will engage in a review of Russia policy, as part of a broader review of foreign and security policy. So far, campaign rhetoric holds out little promise of improved relations—and it is too soon to say how the responsibilities of governance might reshape thinking. Senator John McCain's call for creating a League of Democracies (as a substitute for the United Nations) and for expelling Russia from the G-8 does not augur well for a more pragmatic approach should he be elected,¹¹ although recent remarks on cooperation with Russia on nuclear matters offer a more constructive course.¹² Senator Barack Obama has suggested he would take a more measured approach and work with Russia in a number of areas, although he has indicated continued criticism, in particular, of Russia's authoritarian tendencies.¹³

Moreover, although there is a growing desire for less rancorous relations in both Russia and the United States, and a grudging recognition that on some matters the two countries have no choice but to work together, there is little pressure for broader constructive relations and the more intense engagement those would entail. Outside of the Russian and American business communities, there are no significant constituencies for dramatically better relations, and even within the business communities, companies are focused more on advancing their own commercial goals than on lobbying for better overall relations.

Finally, the attitudinal foundation for far-reaching cooperation is lacking in Moscow and Washington. In Moscow, arrogance about Russia's growing strength fosters extreme positions

¹¹ See "Remarks by John McCain to the Los Angeles World Affairs Council," March 26, 2008, <http://www.johnmccain.com/Informing/News/Speeches/872473dd-9ccb-4ab4-9d0d-ec54f0e7a497.htm>.

¹² See "Remarks by John McCain on Nuclear Security," May 27, 2008, <http://www.johnmccain.com/Informing/News/Speeches/Read.aspx?guid=e9c72a28-c05c-4928-ae29-51f54de08df3>.

¹³ See "Obama Statement on Russian Presidential Elections," March 3, 2008, http://www.barackobama.com/2008/03/03/statement_of_senator_barack_ob_6.php.

and precludes compromises that would appear to legitimize the U.S. position (as with missile defense or Kosovo, for example) or sharpens competition (as with energy matters or the former Soviet space). The thirst for vengeance for the humiliation of the 1990s leads to resistance to any cooperation that would appear to help the United States undo the damage of its own mismanaged policies (as with Iraq). In Washington, continuing doubt about the sustainability of Russia's recovery and a focus on the formidable challenges of modernization before it lead to questions about the degree of effort that should be put into improving relations with a country that, in Washington's view, does not really matter that much long term.

It is far from clear what would shock Moscow and Washington into thinking otherwise. Or what long-term developments would deflate Moscow's arrogance and sate its thirst for vengeance and persuade Washington that Russia matters in the long term. But a Russian government that demonstrated a strong commitment to modernization, including a concerted campaign against rampant corruption, might precipitate rethinking in Washington, while a new American administration that appeared competent and restored the country's confidence might do the same in Moscow.

Toward More Constructive Relations

Nevertheless, if contrary to appearances, both countries at some point decide they need broader, constructive relations, what needs to be done?

The first, and essential, step is rebuilding the trust that has evaporated over the past few years. The starting point for that is a return to the first principle of diplomacy: the willingness to accommodate the interests of the other side to the extent that that does not jeopardize the achievement of one's own strategic goals. This will require each side to do a better job of articulating its interests and priorities and of listening to the other side. It will require a focus on concrete, pragmatic tasks, and less cynicism in Russia and less ideological fervor in the United States. This will not happen without a well-defined set of channels for communications—a framework for discussion, negotiation, and execution of agreed actions.

Architecture

There are two fundamental disparities that complicate the conduct of relations: (1) the United States figures much higher on the Russian list of priorities than Russia does on the U.S. list, given each country's threat perception and strategic goals; and (2) responsibility and authority are pushed farther down in the U.S. bureaucracy than they are in the Russian one. And there are two realities that must be accommodated: (1) U.S.-Russia relations must be presidential, if only because presidential authority is necessary to ensure constructive interaction given the still lingering Cold War stereotypes and the resentments and suspicions that have accumulated in the past decade and a half in both bureaucracies. But presidential engagement is hardly sufficient, particularly since the U.S. president alone will not be able to devote sufficient attention to Russia to drive relations forward, given his other responsibilities and priorities. And (2), for protocol

reasons, the Russian president will not engage on a sustained basis a lower-ranking U.S. government official, even if that official is fully empowered on U.S.-Russia relations.

In this light, what is needed is a trusted individual on each side, someone close to the president, well-versed in his foreign policy goals, and able to speak authoritatively on the full range of issues in U.S.-Russia relations. These two individuals would play the key role in fleshing out presidential decisions and directives and overseeing the management of the relationship, including working groups and other individuals responsible for key issues on the agenda such as nonproliferation and terrorism, economic and commercial ties, and regional issues.¹⁴

The Agenda

The agenda is broad, although often the U.S.-Russia dialogue will need to be embedded in a wider multilateral discussion, given the current global distribution of power.

Nuclear Issues and Energy

The centerpiece of the relationship could be cooperation on four issues: strategic stability, nonproliferation, nuclear terrorism, and energy. These are high-priority issues for both countries. As the world's two leading nuclear powers, they share a unique capacity and a unique responsibility for dealing with these issues. Because each country has significant assets to bring to dealing with these issues, the United States and Russia can cooperate as equal partners in providing global leadership.

Many of the elements of such a partnership are already in place: the U.S.-Russia Bratislava Initiative on Nuclear Security of 2005, which has helped enhance security at nuclear sites, especially in Russia, and develop emergency response capabilities; the U.S.-Russia-led Global Initiative to Combat Nuclear Terrorism, which now includes over 50 countries; the Megatons to Megawatts program, which blends down highly enriched uranium from Soviet nuclear weapons for use in power generation in the United States; cooperation in the U.S.-conceived Proliferation Security Initiative; and the Moscow Treaty on Strategic Arms Reductions. Key missing elements of this cooperation include: agreement on a follow-on treaty to START, which is set to expire at the end of 2009; practical joint work on missile defense; and the 123 Agreement now before Congress, which could provide a framework for closer cooperation in the development of civil nuclear energy, including ways to link programs under the U.S. Global Nuclear Energy Partnership (GNEP) with Russian plans to build international nuclear fuel centers. (Both countries draw significant benefits from this cooperation. Both sides need to do a much better job in publicizing the achievements.)

The difficult piece to put in place will be cooperation in oil and gas. Repeated efforts in the past have foundered, largely because of a mismatch in interests and the unsettled nature of energy-

¹⁴ For the United States, this arrangement could serve as a model for managing other key relationships with, for example, the European Union, China, India, and Japan.

sector developments in Russia. For much of the last 15 years, the U.S. side has been focused on how to improve the climate for private U.S. investment in the Russian energy sector, with the implicit assumption that improvements there would also foster market reforms throughout the economy. The Russian side, meanwhile, has been focused on rebuilding the sector and, more recently, on reasserting state oversight and Russian precedence in investment inside Russia. Progress in advancing cooperation might come from (1) U.S. acceptance of the current structure of the Russian energy sector and a willingness to consider significant Russian investment in energy assets in the United States and joint U.S.-Russia ventures in third countries and (2) Russian recognition that it needs the management skills and technological know-how of major U.S. energy firms to develop the more geologically challenging deposits (particularly off shore in the north) now critical to sustaining Russia's production growth.

Both sides need to depoliticize the issue of Russian energy, particularly gas, deliveries to Europe. The reality is that Europe will need all the energy Russia can deliver, and then some, to meet growing demand in coming decades. Pipelines in addition to those that Russia has built, is building, or plans to build will be needed to import energy from Northern Africa and the Middle East. This should be a cooperative effort, with roles for Russian, American, and European companies, not grounds for stiff competition among nations. It would also help if Russian, U.S., and European officials acknowledged how little geopolitical leverage has accrued to Russia because of its energy resources. How, for example, has dependency on Russia changed fundamentally the strategic orientation of Ukraine, Georgia, or any EU country?

Regional Issues

On all these matters, the U.S.-Russia discussion has to be subsumed in a larger multilateral framework.

In and with Europe, the goal should be is to develop institutions that are adequate to the challenges of the twenty-first century, notably, a pan-European security structure with three pillars: the United States, a united Europe, and Russia. This will entail reform and modernization of NATO and its eventual absorption into the larger pan-European structure. The NATO-Russia Council, properly managed, could have yielded such an outcome over time, by gradually expanding the range of issues on which Russia joined the NATO allies as an equal partner in discussion, policy formulation, and implementation. Whether it is possible to revitalize that structure now is an open question, but one worthy of discussion. In addition, we need to explore various trilateral U.S.-Europe-Russia formats for the management of certain issues, where one key matter would be the composition of the European leg (the European Union, sets of individual European states, or some combination of the two).

In the Middle East, three issues should provide the focal points: Iran (not simply in its nuclear dimension, but more broadly as a regional power), the Israel/Palestine (Arab) peace process, and Iraq. For Iran, the question is how we can persuade Iran to become a responsible regional power. For Israel/Palestine, the question is how we can slowly push the conflict to a stable, enduring resolution, while preventing the outbreak of war along the way. For Iraq, the issue is how to

increase the Russian commercial stake in exchange for increased Russian responsibility for helping stabilize the situation.

In South and East Asia, the key issue is how to foster new equilibria that take into account the rise of China and India. One clear shared U.S.-Russia interest is the development of Siberia and the Russian Far East and the strengthening of Russian sovereignty over these territories as a key element of the new equilibrium in Northeast Asia. The interrelated issues of security and energy could provide the basis for a more structured dialogue among the United States, Russia, China, Japan, and South Korea. Counterterrorism, counterproliferation, and counternarcotics provide a basis for cooperation in South Asia, with a focus on stabilizing Afghanistan, where the United States should be more open to a significant Russian role on the ground, particularly in infrastructure projects. Developing infrastructure to link the burgeoning Indian economy to Central Asia and the adjacent regions of Russia would help create a new equilibrium that benefits the entire region.

Related to these regional issues is the role of international institutions. There has recently been much focus on reforming the United Nations, particularly the Security Council, to reflect new realities and the new global balance of power. So far, this has been an unrewarding task, and real reform appears to be far in the future. In the interim, the United States, Russia, and other major powers—at a minimum, China, India, Japan, and the European Union in some guise—should look at possible ad hoc arrangements for discussing and providing leadership on major international issues, such as an enlarged or restructured G-8.

Economic/Commercial Issues

The recent U.S.-Russia Strategic Framework Declaration provides a good starting point for strategic economic cooperation. It calls for completing work on Russia's accession to the World Trade Organization by the end of 2008, negotiating a new bilateral investment treaty to strengthen investor confidence, and creating private- and public-sector dialogues on economic and commercial relations.¹⁵ All these steps should help foster two-way trade and investment, something that is critical to building public support for improved relations. In addition, each side needs to ensure that legitimate concerns about national security are not used in bad faith to fuel protectionist sentiment and raise barriers to investment. For this reason, each side should take care in explaining how their rules regulating investment in strategic sectors will be applied in a fair and equitable way in practice and in following through on actual cases.

There are also a number of issues related to management of the global economy that the United States and Russia could consider, along with other leading powers. The governance of the International Monetary Fund, for example, needs to be reformed to take into account the changing distribution of economic power in the world. It can no longer be dominated by the United States

¹⁵ "U.S.-Russia Strategic Framework Declaration," April 6, 2008, <http://www.whitehouse.gov/news/releases/2008/04/20080406-4.html>.

and Europe. In addition, the growing prominence of sovereign wealth funds, and the mounting concerns about their potential misuse for political gain, calls for greater discussion of how these funds should operate, including the obligations of investing and receiving countries.

The Former Soviet Space

This region is perhaps the most contentious issue on the U.S.-Russia agenda, and the competition is only likely to intensify as Russia recovers. As a matter of principle, both sides need to respect the sovereignty and territorial integrity of the states of the region. Beyond that, the United States needs to be attuned to the special role this space occupies in the Russian psyche. The states of this region were part of the Russian state for at least one to two centuries; multiple political, economic, and personal ties remain from the period of common statehood; control of this region gave Russia its geopolitical weight and was critical to Russia's sense of security; and it remains critical to Russia's sense of itself as a great power. That said, Russians also need to recognize that, given current realities, particularly globalization, this region can no longer be an exclusive zone of influence for Russia; other countries, including the United States, have legitimate interests in various parts of this region, and their presence will only grow over time. The challenge for the United States and Russia is not to eliminate the competition—that is a nonstarter—but to find a way to prevent that competition from eroding the trust needed to cooperate on other matters.

Ukraine poses the most formidable challenge. It needs to distinguish itself from Russia to define itself as a nation, but, for historical reasons, it is inevitably an element of Russia's own national identity and is intimately linked to Russia's role as a major world power. Ukraine's Western drift—a consequence of its own domestic political debate—needs to be respected, while Russian sensitivities need to be accommodated. How to do this is not obvious, and it will take time to sort this out—politically, economically, and institutionally. Meanwhile, the key is not to accelerate developments artificially, but to let them unfold gradually over time, as the EU and NATO work out their relations with Russia and respond to—not manufacture—Ukrainian requests.

Values

Interests, not values, remain the coin of the realm in international affairs. But the question of values has brought much irritation to U.S.-Russia relations, and there is no escaping it. It is impossible to conceive of a United States that would not seek to promote democracy abroad, as it has from its origin as an independent state. This is something that Russia needs to accept as an unavoidable reality in dealing with the United States. The issue really is one of limits and approach. The United States must take care to avoid moving from general support for democratic values to undue interference in Russia's domestic affairs. This is not only a matter of respect for Russia; there is a practical aspect, related to the very outcome the United States claims to want. As George Kennan wrote a half century ago at the beginning of the Cold War, "The ways by which peoples advance toward dignity and enlightenment in government are things that constitute

the deepest and most intimate processes of national life. There is nothing less understandable to foreigners, nothing in which foreign interference can do less good.”¹⁶

As a substitute for what has become a sterile discussion of democratic values, the United States and Russia might find it more profitable to focus on concrete challenges that each faces in sustaining growth and providing security in the twenty-first century: migration, federal relations, corruption, income inequality, innovation, and so on. Expanding incipient efforts to bring experts together to discuss the practical aspects of such issues and pragmatic approaches to managing them would likely prove more fruitful in building trust and respect and deeper understanding of the challenges themselves.

Facing Reality Pragmatically

There are no easy paths to improved U.S.-Russia relations. The disappointments of the past 15 years have taken a heavy toll, and the global uncertainties of the present make it more difficult to overcome the distrust that frustrates improvement. What is needed now is a focus on the concrete challenges we face, pragmatic approaches, and hardnosed assessments of what each country can bring to their resolution. We need not, and we should not, ignore the very real differences that divide us, but we should acknowledge that they pale in comparison to the common challenges we face.

As new administrations settle in in both countries, we need to avoid rhetoric and actions that suggest we are on different sides of an existential divide and irreconcilable rivals. And, should relations improve, we need to resist the temptation to declare easy victory and talk of partnership that cannot be supported by actual behavior, even if we aspire to far-reaching cooperation; otherwise, we risk initiating the third great cycle of expectations and disappointment that has plagued our relations. We must face reality: Ours will be a relationship of cooperation and competition. That is only normal for any two major powers, and, truth be told, normal relations on a foundation of respect are all we need to begin dealing with the challenges we both face.

¹⁶ George F. Kennan, “America and the Russian Future,” *Foreign Affairs* (April 1951), reprinted in *Foreign Affairs* 69, no. 2 (Spring 1990), <http://www.foreignaffairs.org/19900301faessay6020/george-f-kennan/america-and-the-russian-future-1951.html>.

