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Living with Vladimir Putin's Russia

Remarks by Jack Matlock, Former Ambassador to the Soviet Union

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Thank you so much for those kind words and I want to thank the association for the invitation to come here and particularly for the honor of delivering a lecture series in Dan Rose's name. The Roses have been good friends for many years now and it's really great to come and talk to you on an occasion they made possible.

I was asked to talk about living with Putin's Russia and, you know, when you've seen Russia in so many ways to what we've been reading over the past particularly year and half or two, has made it seem as if everything is really going downhill very fast. We've had the occasion of Gazprom for a day and half or so reducing the gas supplies supposedly to Ukraine, but of course the Ukrainians took what they wanted out of what passed and the Europeans ended up a little short -- not enough to do any great damage and the whole thing was papered over in I think within three days, but still it raised a question of whether Russia can be, in the future, a completely reliable supplier of energy. And since Russia has the largest natural gas reserves in the world and some of the largest oil reserves this is obviously a matter of concern.

Then, of course, for many years now ever since they renewed the war in 1999 against Chechnya, the atrocities there and the problems there have been an intermittent matter of concern and so on. And then of course we had the whole Khodorkovsky affair and the backdoor re-nationalization of the Yukos, which Khodorkovsky had built into probably their most efficient oil producing firm and potentially, if it had been allowed to go through with one of the mergers he had in mind, I think they would have been the third or fourth largest international. The rule of law and particularly the procedural aspects protections were simply rolled over and it made it clear that in a pent the Kremlin does control the courts and they have not made as much progress as people had hoped in separating the judicial system from the political authorities.

And then for several years now, the electronic media in particular have been under pressure, at least in two areas they really not able, particularly in the national television, to criticize the President and coverage of the war in Chechnya has been kept very limited and hardly at all, particularly anything that could cause concern.

Then we had about two years ago, less than two years ago, a couple of constitutional changes that seemed to be backtracking. Instead of electing their governors of what they call the subject of the federation, we would call them states, are going to be appointed by the president with to be sure the approval of the elected legislatures but nevertheless appointed rather than elected. They also abolished the constituencies for election of the members of Duma, the legislature for a proportion representation. Earlier half the members had been seated by proportional representation giving, in effect, the parties a choice over who gets seated, provided the parties get more than five percent of the vote, there is a certain threshold they have to pass, and half previously had constituencies, like our representatives have constituencies. Now, they won't be constituencies in the future, but everybody will be elected on a party list.

Of course we had the case of their interference in elections in Georgia and Ukraine. Interference that was overcome, eventually, but, nevertheless, the interference was there. This raised questions about how far they would go in trying to reassert authority over some of the independent countries that came out of the Soviet Union.

Then, fairly recently, they've passed a new law on foreign-funded nongovernmental organizations, which gives it the potential to put pressure, particularly on those that you might say are in the democracy building area. So far, I think, we have not seen any strong action against any of the important one, but clearly it gives them authority if they choose to come in and create considerable difficulties.

And to make matters worse in general, corruption seems to be increasing rather than decreasing. Transparency International, between 2004 and 2005 moved Russia to 90th place in the world to 125th place – out of 159 countries – but it places them there next to Nigeria and Sierra Leone in terms of the amount of corruption.

Now, these things, which we've all read about, and obviously there are other issues I could have mentioned but I think these are the principle ones that cause concern, we're hearing an increasing number of voices saying we should do something about this. We hear them in Congress, I think Congressman Lantos was proposing at one point that we simply abolish the Group of 8 and go back to the Group of 7. In the press, the Washington Post had a very strong editorial just about 10 days ago about disappointment with Russia and something had to be done about that. And even the task force that was organized by the Council on Foreign Relations came out with a report making similar recommendations, fairly mildly, but nevertheless the same idea. I think they even used phrases like "backtracking on democracy."

Well, it's pretty clear that the trends we see, if they continue, are going to result in, I would say, an illiberal autocracy in Russia. Nevertheless, one has to ask, are these events

the whole story? Or are they just part of it? Will they continue? Is this a trend that is going to continue for a long time? And finally, assuming what the story is, and I'll say a little more about that, is any of this really of direct interest to the United States?

Now, first of all, is what I have enumerated the whole story? No, I think is the short answer. There is another side of the coin if you look at it from the standpoint of the average Russian citizen. Now you take the whole Gazprom thing. I think that, yes, it was outrageous for Russia to demand that Ukraine start paying something close to market prices for its gas. I mean, other countries don't do that and other firms don't do that. They were, after all, supplying gas to Ukraine for something like one-sixth, maybe one-eighth than what they supplied it to Western Europe for.

Obviously, I'm speaking with a certain irony here. It was really not the point that Ukraine and others, including Russia, shouldn't start bringing their domestic prices up to world market prices, for a whole lot of reasons. But it was the way it was done, and it did seem as if they were for political reasons, because they didn't like what happened earlier in the Ukrainian elections, they put the pressure on Ukraine.

Actually the story was much more complicated than that, but the bottom line, as far as the West was concerned, is it didn't really damage anybody except Russia's reputation, and it is probably going to make it harder for Russia to negotiate the kinds of terms it wants on subsequent deals, because they're going to have to give, I think, pretty strong assurances that this sort of thing won't happen again. The fact is, Russia needs the money, Europe needs the gas, and on the whole, they have not yet anything that really, seriously disrupted supplies.

Behind this whole thing, however, was a story that very little was told about it. This whole operation is actually run to the benefit of a very shadowy organization, I believe it is incorporated in Vienna – nobody quite knows who the owners are – called Rus Uch Energo [*sic*]. What we have here behind this is really a struggle between oligarchs in both Russia and Ukraine, over control of such things as pipelines and other things. They worked out a temporary deal and they will be working on this later. But it was not, in any sense simply a political action in regard to Ukraine. Now, I don't say that I think it was a good thing to do, but on the whole I think it was more damaging to Russia than anybody else.

Second, the Ukrainian election. Well, yes, they made their preference very, very clear. They probably put in a lot of money into that, and of course the election was fraudulent. You had the Orange Revolution, the crowds in the square, and the blocking of government until they redid the election. This was portrayed in the West as if it was pro-Western Ukrainians versus pro-Russia Ukrainians, and there was some of that, no question. And when the election was redone, more fairly, Mr. Yushenko won. But even in that election, the other fellow got 44 percent. His support is really concentrated in Eastern Ukraine.

The fact is Ukraine is politically divided, very seriously. And the reason Mr. Yushenko was able to win is because he put together a coalition, including one of what I would call the oligarchic groups, led by Mrs. Tymoshenko. Within a few months, that coalition broke up totally, and she was fired as Prime Minister over issues of corruption in the Ukrainian government. The most recent election has Yushenko coming in third, Tymoshenko second and Yanukovic's party, the one that lost, coming in with the largest number of deputies. This situation is much more complicated, and the idea that suddenly Ukraine is a viable candidate either for NATO membership or EU membership is frankly, pretty absurd. But it is often played as if this was the major issue there. It's much more complicated than that.

Take Chechnya for example. Was that a case of national liberation struggle that the Russians have brutally put down? Well, they have certainly been brutal. They came in to Chechnya, well, just about the way we went into Fallujah. The main difference is Chechnya is part of Russia and Fallujah is not part of the United States. It was an armed rebellion, by a government which had no authority to claim independence because they never had an election. And you've had throughout fights between the various Chechen factions, and yes, Al Qaeda has infiltrated the group, and the group has been guilty of some very horrible terrorist attacks, not only within Chechnya but also outside of Chechnya in other parts of Russia. Russia has not handled it well. It has been brutal.

It is a terrible situation, but again, it is one where it is hard to see a complete end to because it is not simply a case where if Russia would leave Chechnya alone, let them have their independence, everything would be ok. They tried that. They tried that for four years, and Chechnya in that time became a center for crime, kidnapping, increasing activity by Al Qaeda and by then, the invasion of some of the surrounding areas. No government is going to put up with that, or should. As I said, they certainly have not handled it well, but it is not the open and shut case that people often make it.

Let's take the media. Yes, it is too bad, and I think it is not in Russia's interest, the kind of controls they have over it. But this is in no sense like the controls the Soviet Union had. Often I think the commentators that look at Russia today have either forgotten or don't know what the situation was under the Soviet Union. There, you didn't write anything in the press unless you were told to, and you were told what to write. There were vast areas that just weren't covered at all. That's one point.

The second point is that the Russian press was never freer, before or since, as it was the last year of the Soviet Union, a time when all the media stayed on, but Gorbachev stopped controlling it. Throughout the 1990s it became privately owned. They became the pawns of the oligarchs, most of the media. They were free, yes, but if they started muckraking, if they started going after criminal gangs, they would get shot. I think over 50 journalists in the 1990s were killed on contract assassinations, and I don't believe a single one of them were solved.

So, are they backtracking on a free press? Or is it a case where they are struggling with a situation where they haven't really had a free press, and the problems are different. So,

maybe the things we hear about, I think if we look at the whole story, I wouldn't say that these are good events, but they are not quite as bad, maybe not nearly as bad at times, as they are said to be.

In addition, there have been a whole series of undoubtedly positive developments. There has been a steady improvement of economic performance and a rise in the standard of living since 1998, when they had the financial collapse. Industrial performance has been growing seven, eight, nine percent every year, it will vary each year, almost every year since then. Government finances are not only in a favorable balance, they have not just a balanced budget, but one that is taking in more than it spends. Their balance of payments with the outside world is also very favorable, they have a stable currency, the ruble has stayed stable against the dollar ever since they reformed it in 1998, whereas the dollar has sunken vis-à-vis the euro. The ruble tended to stay between the two, stable for the first time since they have had a convertible currency. They are paying their debts ahead of time, they now have one of the smaller debts of the larger countries of the world while the U.S. has become the world's largest debtor.

The average citizen sees a certain degree of stability and predictability about their lives that they didn't have before. Putin's popularity is high. He won two elections, without committing widespread fraud as far as anyone could determine, by 70 percent. The polls, and they are now conducted on a scientific basis, show he is running still about 70 percent popularity. Now if you go to intellectuals in St. Petersburg or Moscow, you hear nothing but complaints. They have complete freedom of speech on this, and nobody puts them in jail as they would have during the Soviet period.

And even if there has been backtracking in a number of formal senses, some of the things I mentioned, it's not back to the USSR. In fact, I think one of the basic fallacies in the backtracking charge, and you find this very clearly in the recent Council on Foreign Relations report, is the assumption that Russia had a democracy in the 1990s and is regressing. But the Russia of the 1990s was not a democratic country in any real sense. It was beset by a significant degree of anarchy. Even the word democracy got a bad name, because they called what they were doing democracy but it wasn't.

I'm reminded that in 1991, in that last year of the Soviet Union, we had an American ship visit Sevastopol for the first time since World War II, and of course, we went down with members of our staff to greet the ship, it was a missile cruiser, and one of the Soviet admirals took us on a tour of the Crimean Peninsula and we ended up at Yalta. The mayor met us and we were walking along the waterfront seeing the city and I remember there was a sign over at the waterfront where people were swimming that said "Danger, no swimming." There must have been 20 people there, and I asked the mayor, don't you enforce your safety rules? And he said, you know, we have democracy now, we can't tell people what to do!

[laughter]

When you ask a Russia now in the polls, you'll find that probably 60 percent will say no. But if you ask them, do you want freedom of speech, do you want to elect your people, do you want freedom to travel, all of these good things, its 89 percent yes. But if you just do the poll on democracy, and there have been articles on this by scholars, that say Russians really do not want democracy, they are not fit for it, look at what these polls say. You've got to look behind it and see what they mean when they say that.

Now, I see the time is running on but I do want to look briefly at the past, because I think that one of the problems often is that particularly we Americans live in the present, we think about the future, and we want to put the past behind us usually and not dwell on it. But that means, you know, we often forget important things about people's perceptions.

First of all, we shouldn't forget that it was Russia that dealt the Soviet Union its final blow. I can elaborate on that if you wish, but in fact, if the elected Russian president hadn't ganged up with the leaders of Belarus and Ukraine to dissolve the Soviet Union, we would have had a Soviet Union longer than we did.

In the 1990s, Russia really went through three profound revolutions of a magnitude that no other country has had to face. It went from a completely state-controlled economy where private property and the means of production were considered illegal and immoral to a market economy with widespread private property. They turned 180 degrees in their political system, from a communist dictatorship where the whole country is run behind the scenes the way a criminal organization might run a city or part of one – and that's the way communist party ruled the Soviet system – to what is a representative democracy on paper. But most of all, I think the Russians were going through a profound doubt about what it means to be Russian.

Did they lose an empire, and therefore fall to the bottom of the heap? Or did they rid themselves of possessions which were actually drains on them. As a matter of fact, most Russians said they were happy to get rid of Central Asia, for example. They considered it a drain. I think Russia is still trying to sort this out, they've even set up a commission to try to decide what the national meaning of Russia is. Well, obviously you can't sort this out in a commission, it comes out through experience.

But, you know, they called the 1990s democracy and some outsiders did, but for most Russians it was the law of the jungle, it was a criminally ridden society at that time. It represented then the flagrant theft of state assets by a small group of people who went overnight from people with no property to billionaires. And they had a media free of censorship but controlled by some of the oligarchs with journalists, as I pointed out, frequently assassinated if they went after the local gangs.

Now, of course in this whole period of the last few years President Putin has concentrated more and more power in his hands, using energy receipts to re-exert his country's political power. This seems to be resented abroad, but frankly, most Russians welcome it. They do have at least the rudiments, more than the rudiments, of a civil society. They have many of the freedoms that they and we were seeking throughout the Soviet period,

freedom to travel. Over 8 million take their vacations abroad now – there are no restrictions on freedom of travel. Freedom of speech, as I have indicated, although you can't criticize the president very severely on TV, you can in the [printed] press. Plenty of antiquated books – you can talk to any taxi driver in Moscow or St. Petersburg and if you can understand his Russian you're likely to hear a long screed about how bad Putin is as a president and so on. They have not lost all of these freedoms by any means.

And now there is considerable press freedom. One of our friends who spends her winters in the states and her summers in Moscow, says you know, I'm really better informed on matters of world politics by the Russian media, than I am if I watch CNN, and certainly I'm better informed than if I watch FOX. So, yes, there are certain things that are missing, but it is not what it was during the Soviet media.

So, how much of this is relevant to us, the U.S., as a country. Most of these are primarily domestic issues. Obviously, some of them do have foreign policy implications, but if you look back to the basics, the security interests of both our countries are very, very similar. Terrorism is a threat to both and more or less, so are the same groups. We're both prone to natural disasters. With what I would call their eroding infrastructure, a New Orleans of some sort is almost waiting to happen. Neither of us is immune. We both face the problems of spreading epidemic diseases, whether the next one, if it is bird flu, can be contained like SARS was is hard to say, but AIDS is a problem in both countries and still they have not found a way to cope with it adequately.

Nuclear proliferation is the major threat to both of us, and that will never change. It's going to affect us both. Quite frankly, global warming may affect Russia more favorably than it does us, nevertheless it doesn't mean that's necessarily a good thing for any of us. Then, of course, we think of today's rise of China or India. Now, that's not necessarily a threat to either of us if we handle it properly, but it presents problems, whether they are economic, political or military or security for both countries. Yet Russia, being closer to both, is going to be more affected than the United States. It's certainly in both of our interests that that process of Chinese and Indian development be peaceful and integrated into the world system.

Our fundamental economic interests are basically consistent; after all, we for some time have quietly tried to encourage greater export of Russian energy, to reduce the total reliance on the Middle East to the degree that Russia can supply that. Obviously it does tend to moderate prices, and at the same time it does diversify sources of supply.

Is an expansionist Russia a threat? And I say, look at the record. When they have tried to use too much muscle on their neighbors, they have normally failed. And they certainly invaded another country using direct military force. There are there, in our security issues, I think, some sleeping issues that neither government has given enough attention to, and that is our own nuclear weapons. I think it is utterly, it reaches almost the level of insanity that we both have nuclear weapons on alert. We say they are not aimed at each other, but why have them on alert? It's a dangerous situation, something that should have stopped 15 years ago and somehow we are stuck with that. Even with the reductions that

are to be made, each of us have over 2,000 nuclear warheads, and for what? Again, that's a long lecture in and of itself.

Let me just say that when we're looking at U.S.-Russian relations, we also need to look back at recent history. The fact is that if we look at it from the Russian standpoint, the U.S. in fact ignored most Russian interests in the 1990s and in their eyes tried to marginalize them. They would name a number of things, such as NATO expansion, the bombing of Serbia over Kosovo, and many are convinced that we led them down the garden path – and this is a perception, not necessarily true – we led them down the garden path saying if you accept democratic institutions and a market economy, you are going to be living well. Instead, they faced economic collapse. Then they see the United States competing for influence in what was once the Soviet Union, and they think this is very dangerous. I don't know why we have any trouble understanding that, ever since President Monroe, we haven't been very happy about foreigners fiddling around in our hemisphere, and yet they have gone so far at times as to approve U.S. bases in Central Asia because we were going after an enemy in Afghanistan.

In the bilateral relationship if you look at the 1990s and early 2000s, Russia has made almost every concession over contention issues between us. They took two NATO expansions, including into the Balkan states, in stride after having opposed them. They sat still for the abolition of the ABM Treaty, which was one that until then was considered a rock-bottom agreement in our security relationship – the sort of foundation agreement. Even after Putin had offered to amend so that we could work on missile defenses he offered a joint program, which was turned down. Furthermore, the U.S. in many Russians' eyes constantly moves the goal posts.

Well, where do I come out on this? How do we live with this Russia with all these contradictions and some of these developments that raise serious concern? First I firmly believe that we should base our foreign policy and our relationship to every country on our national interest, not on the compatibility of their internal political structure. I would like to live in a world of democracies, but I think the idea that we can somehow promote it by penalizing backsliding, as we put it, and the belief that this helps foster democracy, I find quite counterintuitive from my experience. Most people don't like to be told which institutions are appropriate to them, particularly if they look out and see they are being treated differently than others. So it does seem to me that basically we should look at our interests and form our foreign policy on that basis.

I think that President Putin, with all of his faults, understands that Russia is naturally a European power, though of course one with important interests in Asia. The reason this is important is he is not one of those who feels that Russia's future is making an alliance with India or China or both of them against the United States or Western Europe. He knows that is just not going to work, and that's not his direction. Putin and his successors will use energy resources to regain a place in great power politics, but I don't know what this needs to threaten America's international interest. In fact, to the degree that it might make us less dependent on the Middle East or Venezuela or Iran for oil, than it actually helps, at least in marginal ways.

Should we worry about Russian imperialism? A lot of people do. Now, I think we do need to understand Putin's view of the Soviet Union, which is very widely shared, I think, in his country. He has said on a number of occasions that anybody who does not regret the collapse of the Soviet Union has no heart. Anybody that would try to reassemble it has no brain.

Why is that? It's because the collapse of the Soviet Union coincided with the collapse of almost everything else from the average standpoint, and they connect the two. It was not cause and effect, we can say in the abstract, but they felt that in Russia, although Russia itself was the final initiator of that collapse. I said in the book I wrote two years ago about the break up of the Soviet Union that an unreformed Russia will not have the strength for empire, and that a reformed Russia will not have the will. I think that remains true, and we are somewhere in between, in which we have a somewhat reformed Russia that does not have the strength for empire nor the desire, and to the degree they implement reform they won't have the will to do so.

But are they sensitive to what happens in their neighborhood? Of course they are! Is the United States sensitive about what goes on in Cuba or Honduras? How have we acted? At times, Russians will say, well, we are modeling our behavior on yours, and if it's ok for you why is it so bad for us? I would say Russian behavior really has mimicked U.S. behavior in the Caribbean and Central America, minus unbridled military intervention, which we have been guilty of more than they, even in recent history.

Russian democracy. Should we worry about it? When I was ambassador during those last couple of years of the Soviet Union, when people could speak very openly and ask questions openly, I was often asked, how long is it going to take for us to become a normal country? They would say "normal country," but what they meant by that was where were they going to have democracy, broadly speaking. And my answer was always at least two generations. I'll hold to that. Okay, it may take three. But even if it is two, they are about halfway through the first, and I'll tell you, they are much more than a quarter of a way between what they had in the Soviet Union and what we would like to see them have.

And if the Russians move in an authoritative directions, Russians, not Americans or Europeans or Asians, will be the primary victims. And this is something we need to bear in mind, because when we make so much of their internal structure, the internal conclusion is that we are doing it to gain an advantage over them, that it is more in our interest for them to become a democracy more so than theirs. And that is precisely the opposite of what we need to convey.

The best way, in my opinion, to support democracy in other countries is by example. Russians feel strongly that we are not their nanny, and attempts to instruct them, or worse, pressure them, do more harm than good. Furthermore, we have zero leverage, because right now, we need them more than they need us.

I've sometimes said I feel a little strange when Americans start talking about backsliding on democracy to a country that has a president that won to terms of the vote and is running 70 percent in the polls as far as approval of his own people, and we inaugurated a president who got fewer votes than his opponent and in many ways are arguing over issues such as war powers, and whether the president really has to follow laws enacted by congress. Looking out at the world, frankly, some of the preaching about backsliding on Russian democracy strikes Russians, and not only Russians, as the grossest hypocrisy. That's another reason that I find it very distasteful.

Let me just conclude by quoting a comment that George Kennan wrote in a Foreign Affairs article in 1951. Kennan, I might say parenthetically, we in the government disagreed with a number of Kennan's advice. But in a very basic sense, Kennan determined U.S. post-war policy towards the Soviet Union, because throughout it was containment, not liberation. It was an attempt to change Soviet behavior, not directly to create regime change. And they predicted, even from the 1930s, that if we could contain Soviet expansion, the system would collapse from within because of internal contradictions and tensions. And that's exactly what happened. But in 1951 he wrote the following:

“If it should turn out to be the will of fate that freedom should come to Russia by erosion from despotism rather than by the violent up thrust of liberty let us be able to say that our policy was such as to favor it, and thus we did not hamper it by preconception, or impatience or despair.”

Thank you very much.