



## Russia after the Presidential Election: What It Means for the United States

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Peterson Institute for International Economics, Washington, DC  
March 12, 2012

*Unedited transcript*

C. Fred Bergsten: Let me welcome all of you to the Peterson Institute today. We want to take advantage of the unique opportunity of Ambassador Mike McFaul's visiting Washington. As you might expect, he's under very tight time constraints during his stay here, but he very thoughtfully carved out an hour for us. And we wanted to bring in friends to catch up on all the recent and extremely important events that are going on in Russia at this time.

I've introduced Mike several times here. I'll make it short, as you all know, he's an outstanding academic. He has been Professor of Political Science at Stanford, a senior fellow at the Hoover Institution, Director of the Center on Democracy Development Rule of Law, and a number of other things in his distinguished academic career.

I think it's fair to say, he may not agree, I think it's fair to say he's the key architect of the Reset Policy. He served for three years as special assistant to the President and Senior Director for Russia and Eurasian affairs at the National Security Council prior to becoming ambassador. He was sworn in as US Ambassador to Russia on January 10th, just about two months ago. He has attracted considerable attention since he arrived in Moscow and we're delighted that Ambassador McFaul joins us today.

Two or three questions, I'm sure, are foremost in all of our minds that we will want to discuss with him. Of course, number one is what the election of Vladimir Putin means for the future of Russia and Russia-US relations. How will the administration manage the hot, current, or upcoming issue between the US and Russia PNTR, you have a draft study from us on that topic that we will be releasing formally in the near future and discussing widely and we might also ask Ambassador McFaul how he and the administration view the Magnitsky Act as it is also being proposed in the Congress and how that relates to all of the above.

So, with no further ado, Mike it's great to see you back, thank you for joining us, we look forward to the discussion.

Michael McFaul: So I wasn't sure if I was going to get introductory remarks or just take so those three questions so I'll take those three questions and then it sounds like we'll do Q&A and I know we don't have much time so I really want to get to your questions as fast as we can. Quite a tremendous turnout on a lovely day, I almost didn't come because I haven't seen so much sun recently. So I'm going to take that as a sign that there's still interest in this town about US-Russian relations.

I'll be quite blunt. The main reason I'm here today is to talk about PNTR and Jackson-Vanik. I was here a while ago now, when you had a very, in my opinion, a very important

meeting here to discuss these things. That was before Russia had agreed to join the WTO and before the Accession Agreement was done. I remember very vividly standing up here and saying we're going to get it done or we're going to get it done this year and I heard lots of people in the lunchtime saying, you know, you naïve people, you come and go but, you know, we've been doing this for 20 years and it's not going to get done. Well, we got it done.

And we think it's a great deal, by the way, for the American Economy, for American businesses, for American farmers, for American workers. We think it's a great deal and maybe we'll spend a little time talking about it because I think there's a misperception that somehow Russia joining the WTO is a gift to Russia and there's an incredible misperception that lifting Jackson-Vanik or to be more accurate, terminating the application of Jackson-Vanik to Russia is a gift to Russia.

It's nothing of the kind. WTO Accession is good for us, that's why we argued and fought so hard to get the deal we did and lifting Jackson-Vanik is only a gift to our farmers, our industry and our workers. That it's no gift to Russia at this point. It may have been before, in a different scenario where we--some people had argued we should lift Jackson-Vanik first and then do WTO but we're in a different world now.

So to me, that's why I came here and I hope that we can have some discussion. I jumped to your second question before your first. Let me say two words about the first and then briefly on the next two and then let's get to questions.

In terms of what the election in Russia and the period we're in means for the Reset, I want to start just very cryptically or I was going to say, Twitter-like, tweeting like, that is a 140 characters--like as opposed to my usual 50 minutes that I get for a lecture at Stanford. And just to remind you of what the Reset and the theory behind the policy was all about. And remind you where we're at when we started this policy.

It was a tough time in US-Russian relations. For obvious reasons, when the president first met president Medvedev in London in April of 2009, he used the phrase that there's been a dangerous drift in US-Russian relations and it's time to end that drift. And the reason he wanted to end the drift was not to have better relations with Russia, not to have happier relations, not to, you know, the kind of mood stuff, it was rather--as he looked out at the problems that we were addressing as we came into office.

I think of Afghanistan. I think of Iran. I think of the START treaty ending. I think of North Korea. I think of the WTO. We looked at those issues and the view was, why is this not in our mutual interest? And we gave them a bunch of explanations for why we hadn't reached agreement on a whole set of those issues and his idea was with more engagement of the government.

First, at the highest level, including him, personally and second, across the government. And that's why we created the Bilateral Presidential Commission. We would have a better chance of realizing win-win outcomes, as the president used that phrase, than if we were just kind of every now and again communicating with them.

So that was first idea. The engagement as a means to this end, not the other way around. Second part of the Reset, very important, was that, as we engaged with the Russian

Government, we were going to try to increase engagement with Russian society in parallel to that. And by that, we meant both engagement of Russian Government, American government officials with civil society as we've practiced from the very beginning and including when President Obama was in Moscow. As well as trying to create more connectivity between our civil society and Russian civil society. We call this dual track engagement. We do both these things at the same time.

And third, we rejected, I would say in large measure, approaches from the Russian government, but maybe from our side too. I'd have to think about that a little bit more. But we rejected the concept of linkage. We rejected the idea that in order to get a START treaty, we're going to not cooperate with our partners in Georgia. We rejected the idea that in order to get the sanctions on Iran - 1929, the most comprehensive sanctions that have ever been passed through the UN Security Council. We rejected the notion that in order to do that, we're going to check our values at the door and we're not going to talk about human rights abuses or the problems that we see in Russia. And that's the Reset in five minutes or less.

And our view of the Reset so far is that it's achieved real results that are good for our national security, that are good for our economy. And we're proud of those achievements. The northern distribution network, which was just a tiny fraction of how we supplied our troops in Afghanistan in 2009 is now well over 50% of the way we supply our troops and that number keeps going up, not down. That's a good thing for American national interests.

The new START treaty, that's a good thing. To reduce the number of nuclear weapons and most importantly, from our point of view, to continue to have the inspections, the transparency that goes with that. That helps to keep us in a stable relationship vis-à-vis Russia when it comes to our nuclear arsenals.

Third, Iran, as I just mentioned, we started in a very creative way, in a cooperative way to make offers to Iran about a way out of this impasse. And us, together with the Russians and the French did some very creative things to try to change that dynamic. Tehran rejected us. We didn't reject the overture. We put together a creative overture. The Tehran Research Reactor deal, they rejected us and after that rejection – by the way they rejected Russia as well as the United States and therefore we then cooperated with Russia, to again, as I mentioned, to pass UN Security Council Resolution 1929.

Russia then after that cancelled the S300 contract and literally sent tens of millions of dollars back to Iran, which had been paid as a down payment for that military system. The 123 agreement, North Korea, WTO, less tension between Russia and its neighbors, I know that's controversial but I would say if you look at where we were in the beginning of the administration and where we are now, I think there's less tension across the board. To what extent we had anything to do with that is more complicated but we've been involved in that. Whether it's about with Georgia or the Baltic States or other countries in Europe, we've been engaged with the Russians on that.

And then, if I had more time, but I'll just point you to our website, every day we're doing things that we think are good for our national interest with Russia. Whether it's a new Visa agreement, the Nuclear Security Summit that's coming up in Seoul, terrorism, the business deals that have been done, you know trade is at the highest levels it's ever been at last year. Should be a lot more and we're going to get to that when we get to the second question.

The Fort Ross deal that we were just talking about, fantastic cooperation between private sector--Russian private sector and the California government to restore an important place, an important park at Fort Ross in California. Skolkovo, MIT, in other words, there are just a lot more going on as a result, I think, of this strategy that we've done.

Now the challenges are real and I don't want to dismiss them. Syria, we have a big, a fundamental disagreement. We've been working this for a long time, we're still not closer. The alternative--and I would mention missile defense is another one. And I would mention disagreements about the pace of political change in Russia. Those are three big issues today that are front and center in terms of challenges in US-Russian relations.

But what we would argue is the way to deal with all three of those is not disengagement, or a return to containment, or somehow pivot away from our general strategy. We would say that even on tough issues like Syria, better to engage, try to find common space, even if it means we have to adjust, that's exactly what Secretary Clinton was doing with Foreign Minister Lavrov today in New York. And I should remind you, not let our policy vis-à-vis Syria or other places be defined solely in terms of what we're doing cooperatively with Russia.

I think that's a big misconception I hear sometimes that, if we don't get a Security Council resolution on Syria, then we're not doing anything else. And that's just not true, we have a very comprehensive policy vis-à-vis Syria, of which one of the areas that we're working with is to have cooperation of the international community at the UN Security Council and elsewhere.

Second, on PNTR. I've already made it clear I don't want to go into that but to me, at this stage, to quote Senator Baucus; this is a no-brainer. The economic interests are obvious, you all should read the draft report or soon-to-be released again. Senator Baucus has read it so I hope the rest of you have. I won't go into the arguments here in the interest of time. My colleagues from USTR brought a bunch of Fact Sheets that are outside, laying there that show you the arguments for why this is good for the American economy. Pick them up there or go to their website if they run out, I think the argument is just simply overwhelming on the economic side.

And don't forget the negative consequences of holding on to Jackson-Vanik. Because if we do that, we will be a non-application. We will be the ones on the outside with everybody else within the WTO adhering to the WTO rules and the Russian government has made it very clear to us that they're not going to give us some special privileges just because we haven't worked out our Jackson-Vanik legislation

I know many have hoped for that, right? Well, we'll still get the TRQs for Pork. No, we won't. We'll still get the lower tariffs because the Russians like us so much because of what we did to get them into the WTO, no. We pulled them in to do a lot of those things. That was a very difficult set of negotiations. So there are some forces in Russia, not all, but there are some that would be really delighted to see those markets go to other countries.

So, to me, this is just, on the economics, straight up, a no-brainer. Now others argue, well we need this for Democracy and human rights. That's an argument out there. I was over on Capitol Hill earlier this morning, our answer to that is the following: We're not going to have an argument about the diagnostics with anybody on the Hill. We're not going to claim Russia is more Democratic than you think. We're not going to get into that kind of argument.

We'll just agree Russia has problems with these issues. Where we disagree is with the prescription. We don't believe that holding on to Jackson-Vanik in any way, shape, or form advances the cause of Democracy and human rights in Russia or rule of law, for that matter.

What's the causal relationship? There's no causal relationship. On the contrary, we believe that we should work with Congress to do other things and to--in parallel, not this kind of linkage, but in parallel to do things that can help, to advance rule of law, to advance accountable government and to strengthen civil society in Russia.

For instance, we have proposed to the US Congress to create a new civil society fund for Russia. We proposed that 50 million dollars in a neutral way, by the way, in terms of new money. That's what I hear in Moscow that when you talk to real human rights organizations and what they really need, they need that kind of support. That support does not exist from Russian sources, it's a concrete idea, it's being held up by congress right now.

So if you want to do something constructive, that's an area where we should be focusing our attention, not on this weird linkage like somehow holding Jackson-Vanik is going to make Russia more democratic or is going to help us with Syria. There's just no relationship between those things. And if don't believe me, ask [inaudible 0:16:22.4] because he just put out a piece today with his colleagues, Mr. [inaudible 0:16:25.3] and others that made the argument as emphatic as you could want and I think you'll be seeing more and more organizations in Russia trying to explain to us that you're not helping them by holding on to Jackson-Vanik.

And even in a more sophisticated discussion, if we had time, those that work on Rule of Law and Transparency, Transparency International for instance, the great people in Moscow that work at that place, they argue very forcefully that WTO constrains bad behavior from their government. And if you're interested in fighting corruption, that's a good thing, not a bad thing.

Now don't get me wrong, it's not a silver bullet, it's not going to solve everything overnight but our argument is we need to use everything that we can to fight corruption, to help open up society and to constrain bad non-market behavior. We think joining the WTO and being inside the tent, as a WTO member that has a most favored nation status, PNTR with Russia, gives us more leverage to be at the table than to be on the outside.

Finally, you mentioned Magnitsky. Let me just remind everybody, we took very seriously what happened to Sergei Magnitsky, I personally met with his mother, we met with people that worked with him. I met many times with Bill Browder, who he was working for at the time and I met with Senator Cardon two or three years ago and I'm meeting with Senator Cardon I think on Wednesday again.

We agreed with those that say that those--the gross human rights offenders should not have the opportunity to travel to the United States. We agree. And we agree so much that we've already taken actions. We've taken those actions in the Obama Administration. We first--well, it's was in parallel, to be fair, it was not exactly a sequence but we did, last August, the president signed a new Executive Order to give the Executive Branch more authority to make those kinds of decisions about gross human rights violators, universally by the way, this is for us. We believe this should not be just a Russia-specific thing, this should be a universal principle and that's the Executive Order that the president signed and we've taken that action. By the way we've taken action beyond the Magnitsky case.

So again, we agree with the diagnostics and we've actually taken action. And we like what we're doing there. In other words, we can have a serious conversation about democracy and human rights in Russia, with Russian government officials, with Russian civil society and with the US Congress. And we should, and we should continue that and I suspect we will in the Questions and Answers.

But I dare somebody to stand up today and tell me how now repealing, lifting, terminating, whatever the right language is, Jackson-Vanik, how that helps the cause of promoting rule of law, democracy and human rights. We just don't see it that way. So we want to use other venues, other mechanism and other instruments. Again, listening to those, after all on the ground in Russia, not just what we think but what they think and that's our answer in terms of that piece of legislation.

Well I'll stop there, I'll bet you that's not the last we've heard of that question so.

### Question and Answer Session

C. Fred Bergsten: Okay. Mike thank you very much for leading off and so candidly addressing some of the hot button issues. Let me throw you a high hard one to start off. You mentioned the--

Michael McFaul: I'm playing basketball again out in Moscow, just so you know.

C. Fred Bergsten: Good for you.

Michael McFaul: I've already had three injuries in eight weeks, so.

C. Fred Bergsten: You're going to the boards too hard.

You mentioned the statement put out today by Nemtsov, et cetera, calling for abolishment of Jackson-Vanik and making the point that failure to do so plays into the hands of those who are anti-American and they specifically made reference to President Putin. The high hard one is as follows, the closest analogue I'm aware of is back when the US had the famous Helms-Burton legislation. Helms-Burton then against Cuba is kind of like Jackson-Vanik against Russia. And the Congress sent a study team to Havana to assess the impact on US interests of the Helms-Burton legislation, which of course tried to tighten the embargo and limit the economic exchanges with Cuba.

The congressional delegation came back and said, we came to one main conclusion. The Cubans that are on our side, the US side, want to get rid of Castro, want to democratize Cuba, et cetera, et cetera, tell us that that legislation in Cuba is widely called the Helms-Burton-Castro legislation because it strengthens the hands of Castro enormously. That even Castro's opponents have to oppose Helms-Burton, and so it actually rallies more support to Castro, hurts our interests, should be abolished.

Do you find that same kind of phenomenon in Russia, that the continuation of Jackson-Vanik actually hurts US interests in the country?

Michael McFaul: Without question. I mean, yes. And let me talk more about what the Russians say. I mean the statement today was an important one because they're saying it now as opposed to

intermediaries like me saying it. But here's how it plays internally right? Remember what Jackson-Vanik was for in the first place. It linked higher levels of Jewish Immigration to most favored nation status. By the way, you know, I wrote about it at the time, tremendously successful piece of legislation, I think it was a very important legislation at the time.

But the problem of Jewish immigration since 1994, every year, you know there's a process we go through to authorize that is not a real problem. So what happens to the debate inside of Russia, this becomes, these Americans so hate Russia that this issue that went away 20 years ago is still there because they're out to get us, they're out to destroy us. So it's a burden on the human rights activists. It's a burden on the Jewish community, by the way I see Mark Levins here, I just saw – I went around to talk to many leaders of the Jewish community before this trip, knowing we'd be here. Not a single person supports Jackson-Vanik being on the book. It's a burden on them. It's not a useful argument for them. And so they would just as soon get rid of it and have a more interesting, modern, contemporary conversation about the real issues that are facing these people as opposed to having their opponents just roll out this, well these Americans are so irrational that they're still withholding this for something that is no longer the problem.

Let me also remind everybody that it used be a different debate. I think this is a very important point. Before Russia had agreed to join the WTO, and now the Duma's going to ratify that sometime in May or June, that's going to happen. Before that happened, there was an argument that we disagreed with, the Obama Administration, but at least you could defend the rationality of it which is, let's hold Jackson-Vanik as a way to put pressure on us to get the right deal for WTO. To put pressure on – and that, Russia did care about WTO, at least some people in Russia did. It's a hotly debated issue and as [inaudible 0:24:58.4] better than I, but the pro-market, open-folks, they supported it and so they wanted it.

That did create leverage on it. It worked, by the way. We heard those arguments and you know, on poultry and pork are the ones I remember in particular and we went back and we argued and we think we got the right kind of deal. So there was a logic back then. But with Russia joining the WTO, that has no leverage on us, we're done. That train has left the station. So it's really hard to understand in whose interest holding this on does serve.

C. Fred Bergsten: Okay, so if it's clear what you just said, holding on to Jackson-Vanik makes no sense, and if you're right before, certainly our study, which, incidentally is out for you to pick up on the way out, I encourage you to do so, it's on the table, it's by Anders and Gary Hufbauer, makes the case, as Mike said. But if you're right, that that's a no-brainer in economic terms, which we certainly think you're correct. So then it comes down to linkage and people want to link the abolition of Jackson-Vanik to something else. Magnitsky bill or something else. You're obviously close to what's going on in the Hill, what's your prediction and what's the likely strategy for trying to avoid linkage of that type, it's clear you want to avoid it, do you think you can succeed? What's the strategy?

Michael McFaul: Well, I like to say I used to teach courses on democratization and revolution at Stanford, that is true, and one thing I've learned from that literature is never try to predict the future about democratization or revolution but I would say predicting what the US Congress does is even more a scarier proposition and I'm not qualified to do that because I'm not an expert on the US Congress so I don't know how to predict that. All I would say is it is the highest priority for the Obama Administration. It's our top trade issue for this year. The

president, just last week, meeting with the business round table, made that crystal clear. I encourage you to go read what he said, if you haven't seen it.

We have a very active engagement strategy with both sides of the house because it has to go through both, right? We're delighted to host Senator Baucus out in Moscow, the chairman of the Senate Finance Committee, which has jurisdiction on the Senate side. I think he had a very successful trip. You should ask him, but in particular we had him meet with people on the political side. We had him meet with human rights activists and people working to fight corruption so that he could hear the argument directly from them as opposed to a cable from me and they're way more persuasive frankly than we can be.

So we're doing that, and we, in terms of time table, of course we would like to get this done before Russia joins the WTO because we don't want our companies to be adversely affected and I want to say one other thing about that. It's not just a one-time thing. I hear some people say, oh, you know, busy year, election year, maybe we'll get to this next year. Well that may be fine in the abstract, but if you lose that market, if you lose, especially for our exporters that have tough competitors, you lose it one year, you're fighting for the next ten to get back to where you were the year you lost it.

And so it is a tremendous blow on very specific companies if we don't get this done in a timely way.

Anders Åslund: Yeah Mike, let me draw you out a bit more with Senator Baucus' trip to Moscow now.

C. Fred Bergsten: The Montana mafia, I'm from Montana, he's from Montana.

Anders Åslund: And in particular, it seems to me that US Senators hardly ever got such a red carpet treatment in Moscow on his so many top-level minister meetings. At the same time we're seeing in the media a massive anti-American campaign. Which for example engages deputy Prime Minister Dmitry Rogozin, how do you make sense of these two totally contradictory signals, you pointed it out before yourself.

Michael McFaul: Well, I would say, you are right about Senator Baucus' visit. I mean he met with the president of Russia, that doesn't happen very often for a [inaudible 0:29:32.1] I'm learning the language, as a State Department official and across the board, and very productive meetings by the way, it wasn't just the fact of the meetings, they were serious meetings.

I guess I would put it this way. The anti-Americanism, which of course, has included me for time to time personally was something that we did not expect. It was somewhat shocking to us, frankly. Especially because of the kind of relationship that we think we've been developing with the Russian government over the last three years.

What I was told hundreds, many, many times, at the highest levels of the Russian government, was they seek continuity in US-Russian relations. And privately, that was the message from every single person I met with, And by the way, there has been a lot of reporting about, you know I met with the opposition the first day I was there. Actually, the first day I was there, I met with, you know, about a dozen Russian government officials, again at the highest levels, and everybody said the same thing.

And that's been a message that they've communicated to us. It doesn't mean that we're not going to have differences and Syria is an excellent case where that's not just a trend thing, we have some principles that are clashing there. And therefore, in the context of wanting that continuity, they treated Senator Baucus the way they did.

We attribute the spike in anti-Americanism to the presidential campaign. It's pretty obvious that somebody decided that there are votes to be had by increasing this stuff. As a social scientist by the way, we used to do survey work in Russia, I'm not so sure I want to see the data, and we're going to try collect some data on that so we should have a discussion about that I think, but somebody had that hypothesis. The election's over and so we'll now see if that was the true explanation or whether it was something more fundamental.

C. Fred Bergsten: Okay, the floor is open for questions. Please identify yourself, either go to the standing mic in the back or the traveling mic coming around and fire away. We've only got about 20 minutes, Mike's time is tight so be succinct. Andy. Right here in the front row.

Andy Kuchins: Andy Kuchins, Center Strategic and International Studies. We had one of our, another one of our meetings with the Executive branch and congressional staffers last week, such as that you participated back in May. And two things emerged out of that that I would note. One, that the efforts to educate the Hill, they need to be ramped up very, very, very significantly and very, very quickly. That was kind of across the board from the Hill staffers, a lot more – yes on PNTR, a lot more has to be done by the Administration there, a lot more.

One point in support of PNTR was kind of applied to the broader US-Russian relationship, that if the United States cannot do something that is so obviously in US national interests, then how can Mr. Putin and company actually trust us to do things on much more complicated issues where we significantly disagree on. So there could be some linkage in that other direction that could be unpleasant for the relationship.

My question has to do with that larger US-Russian relationship. You know I've been of the Reset. You guys have accomplished a tremendous amount. The problem now it seems to be, you look out on the headline issues, they principally seem to be ones that we have fundamentally disagreements on. You mentioned Syria, you mentioned missile defense, Iran, I would add to that perhaps the political system. You didn't mention Iran, could you talk about what you would expect to get from the Russians vis-à-vis Iran.

Michael McFaul: Sure. Well, first on your comment. I take the point and we have an inter-agency team that engages with the Hill on a pretty rapid pace. We've been doing that for over a year. I know others in the business community have been doing the same. I guess I would just plead to those that need to be educated, go to the USTR website, it's all there. Well they also represent the American people Andy, it's not just, there are jobs that are going to be lost, there are farmers that are not going to be able to sell their stuff.

And particularly on the Agriculture, if I could just take a little time on that. These are small – this is not just big businesses, there's a lot of different companies involved here who's literally, they're going to lose a big market. So, you know, I take the point but I also want to be clear that all the argumentation is out there and we've been engaged in what I think is a pretty proactive--I see my colleagues in the back, they can jump in, because I've left town now, I'm in a different set of negotiations with the Russians and not the Congress, but I take

the point, we got to do more and I'm glad that your report is out and I encourage anybody that thinks about this and has views on it to also take the time to educate the debate.

With respect to Iran, I didn't mention it because I don't see it yet as a fundamental issue of disagreement. I see our cooperation on Iran has been one of the successes. Both in that first period when we were seeking a diplomatic solution, and again, you know, a rather creative idea that we had that we worked with the Russians, then in terms of the sanctions. We were with Russia and that was asymmetric by the way, let's remember Russia had real economic interests that were lost because of 1929, and politically the damage to their bilateral relationship, of course, was much greater than the damage that we faced, right? And that was a big important achievement that we did.

We drifted a bit off course, over the last several months because of our unilateral sanctions, that's what the Russians would call them, and by the new sanctions that the US congress have put in place particularly with the National Defense Authorization Act, the amendment there, that has created some tension and we're working that. I just was last week dealing with those set of issues.

But I'm more impressed by the unity of P5+1 than the disunity right now, so that's why I didn't deliberately mention it. Missile defense? Yeah, we've had some disagreements, but I got to tell you, I'm an optimist on Missile Defense for a couple of reasons. Yes, we do not have missile defense cooperation with Russia in the year 2012, but we've only been trying to do that for just several months. Let's remember this was an issue of confrontation. Fierce confrontation for three decades. So why should anybody be surprised that we haven't been able to get this done in a cooperative way in a year?

Yes, we have the public statements about this, that and the other. But when you talk about the facts and when you talk about physics, as opposed to politics, I think this is actually a place where with time and with effort, we're going to be able to cooperate with Russia. I'm an optimist on that. Syria, more difficult but even today, there were some signs that there are some things that we can now agree upon. I encourage you to see what Secretary Clinton said about it. We're still in the middle of that negotiation, but you know, incremental progress.

And the final thing I would say is, yeah, it's hard, you know, welcome to the real world. People say, "oh you went there, it's such a hard time to be ambassador". Yeah, I'm interested in the hard jobs. What should anybody have expected otherwise and we're partially a victim of our successes too, right? I read your report about what the administration should do in the transition and probably half a dozen others here, and go back and read what you said we were supposed to do, we checked off a lot of those boxes. And as a result of that, what's left on the table are the harder issues, by definition. And our attitude towards that is we're going to continue to work them, along the principles that I outlined, right? Without accepting linkage, without throwing our values at the door as we go in and without accepting trade-offs between our relationship with Russia and our relationship with other countries that we have vital interests with.

C. Fred Bergsten: Okay, question in the back.

Speaker 1: Welcome back, I'd like to ask you, since you left, a lot of us here in Washington have been watching what seems to be an increasing trend of civil unrest inside Russia and I'm wondering if you can speak to that and tell us, do you see that movement as growing

and continuing, were the presidential elections of last week free and fair. And how would you grade the overall trend of democratization in human rights in Russia and how does Russia's continued arming of the Syrian regime speak to that and what do you make of the coordinated campaign against Secretary Clinton and yourself personally, including statements by President-elect Putin claiming that you are undermining the Russian government by supporting the opposition and the protest movement, thank you.

Michael McFaul: So you know better, but everybody else doesn't know. Sign up for @McFaul on twitter and you see every single one of those questions have been answered on my twitter handle. I want to get back to that by the way because it affects foreign policy as well. A really interesting thing that's been new for me, so remind me. Now I've lost – I've forgotten all of the questions. Oh, civil unrest, let's start with that one.

First, of all I wouldn't call it civil unrest, I would call it civil society renewal, and there's a difference, there's a big difference. This is not a movement that is seeking the violent overthrow of the current regime and people need to be very clear about that. They are very clear about that. They seek to engage through peaceful actions, to reform the existing system and that's different than other places around the world, right? And they want you to understand that they are different, and that's what they're trying to do.

I just said, I used to teach courses on these topics and what I've learned is predicting where these things go, we're really bad at. Because I'm not a structuralist by the way, in terms of the academic debates, I think contingency and agency matters. So predicting contingencies and agencies by definition is hard to do.

But what I would just say in broad strokes is that there's real politics in Russia again. That society is taking their constitutional rights more seriously and the state is responding to that. Not always in the ways that we would like, I tweeted out last week that as they arrested 400 to 500 people that didn't seem like a good way to respond to a peaceful protest and the MFA represented here, I see, they responded right away.

Reminded me of the Wall Street demonstrators by the way, occupy Wall Street demonstrators, I think that's healthy. I think that's good that we're having that kind of conversation. A, between state and society and B, between our governments. I don't see anything wrong about that. What I do think is wrong is when it's not a conversation based of facts, right?

So when, when we heard, and I heard time and time again, that McFaul is paying for the political opposition in Russia. That is not true. That is not true. Everybody, that is not true. You have to say it five times because don't want--others have a political reason not to allow that truth to get through. We support civil society. We support the electoral observers. We're proud of that work. They did good work. But we're not getting involved in those kinds of things.

With respect to the attacks on Secretary Clinton and me, all I would say is our strategy for dealing with that is to engage as directly and as smartly and comprehensively as possible. Now it's difficult in the environment that we work in and that's why things like Twitter and Facebook are tremendously interesting tools for me. I only got on Twitter six weeks ago, I never had a Twitter account, not allowed to when I worked at the White House, and I was given very explicit instructions to use whatever means available to do what we call public diplomacy, right?

So I used the media. I have been on Russian television, on state channels, Russia Today, as well as opposition. I think engagement is the right policy because we don't feel like we have anything to hide in terms of what we're trying to do and I found Twitter to be a really interesting way to engage with Russian society. If you're not on Twitter, and I'm not going to ask for a show of hands because I don't want to embarrass people that are closer to my age than Josh is, but I got to tell you, I felt like I knew something about Russia before I moved to Russia. You know, I've worked on it for a bit, written some books, I mean working at the White House for three years, the amount that I have learned in the last eight weeks by just being on Twitter is just shocking to me. I never, ever expected it. So I encourage you, if you want to know what's going on in Russia, you have to be engaging with that part of society, not just the other part.

And by the way, it's very useful the work that you guys do. I frequently am using work that you guys do to push that into the Russian debate. It would be great if you had a Russian edition, by the way. So work on that. But that's important too because you've got to push that kind of information to open up the debate. When I re-tweet other journalists, I'm doing it to open up the debate, not necessarily taking a position. So that's how we deal with those kinds of attacks.

Speaker 1: Were the elections free and fair?

Michael McFaul: We put out a statement, for which I'm sure you saw, and that reflects exactly what we thought, including the endorsement of the OSC report, which we thought was very professionally done.

C. Fred Bergsten: Okay, the young lady in the back.

Claudia Rosset: Yeah, hi, Claudia Rosset, you know Russia very well, I know from years ago. Hi, Anders. I have a question that I do not expect you can answer honestly or in full, but to mangle Dostoyevsky even the diplomatic fibs might be interesting. This is about Russia's relationship with Iran and the sanctions regime that has been expanding and tightening and on which the US administration appears to be relying to deal with the Iranian threat. In the last big sanctions push that the international community put together on Saddam Hussein's Iraq, Russia was the leading violator, even while it sat on the Security Council.

Senate's investigative subcommittee found corruption reaching up all the way up to the Kremlin. There was never a single investigation in Russia. There were prosecutions in France, in the US and a great many--never in Russia. And here we are again, we've just seen, and I take it as perhaps an emblematic sign, the ship, the chariot that delivered weapons to Syria in January made news, has called-in in Iran. I'm told carrying Ukrainian generators, my question is, in this contest, if there is any prayer of Russia not repeating with its remarkable talent and skill, the sanctions evasions and violations that have gone on before, who exactly in Russia is minding that store? Where does the buck stop? Is there any authority at all that you see trying to track this down, willing to prosecute violators, doing anything?

Michael McFaul: Well I don't know the story of Iraq, I mean I've read about it, I don't know any details about that so I can't comment on that. What I would say is that Russia's relationship to 1929 is very different, that UN Security Council Resolution 1929 is very different, I don't know if it's very different because I don't know the Iraq case. Let me just say this –

Claudia Rosset: Today is fine; it was just to say they have experience at this –

Michael McFaul: I don't, we do not see that happening right now. President Medvedev took very seriously the negotiations over that resolution. They deliberately carved out some things that they did not want to have come under those sanctions and we don't, I mean, you know, you should investigate it and if you do, send me a copy and I'll tweet it out.

But no, seriously, I'm interested in that. We do not see that as a serious problem right now. And moreover, even more striking, the sanctions that we did and we are adhered to by law with the National Defense Authorization Act, that Russia did not sign up for and did not support and has emphatically argued with us went beyond 1929 and was not done in good faith. Those companies that are affected by those sanctions, they're adhering to those sanctions.

And the reason is not because they love America, or love Iran, or hate Iran, the reason is called the American Dollar and the American System. And those that are affected by those don't want to be subject to losing access to that system. So they're doing it not out of a policy but out of self-interest. I would say this is not yet a problem. It doesn't mean it might not develop to be one in the future, I don't know but I don't see this is a problem right now.

C. Fred Bergsten: Okay, next.

Bill Jones: Yes ambassador, Bill Jones from Executive Intelligence Review. Given the, what I would call, you kind of in-your-face introduction to Moscow as Ambassador to the United States, do you think that where some of the circles consider you something of an enemy of the state virtually. Do you think that this has significantly damaged your ability to create the bonds of trust that is always necessary for a chief diplomat in another country with the powers that be? Given the fact that President Putin, whether you like it or now, has been elected by a large majority in what were generally, I think, fair elections and you're going to have to deal with him. Do you think that your damage now is a result of the initial stages of your ambassadorship?

Michael McFaul: No, I don't. And here's the reason. I worked for three years for the President of the United States on a policy called The Reset, and in that job, I worked with all those high level officials every day, all the time, on some very, very hard issues. 1929, this resolution we keep coming back to, that was an effort--that was a nine-month set of negotiations, of which the President of the United States was intimately involved.

New START Treaty, another giant negotiation, very difficult negotiations that I was a part of. The last big one that we did, WTO, worked with Mr. Shuvalov and the entire Russian government to get that deal done, along with our counterparts. It wasn't just me, it was part of a team and they all know that. They've dealt with me for three years and in my personal meetings with people, I've had no problems whatsoever.

It's one thing for campaign organizers to say Orange Revolution, but at the very highest levels, and I mean the highest levels, I've had personal conversations to say, we're delighted you're here because we know we have somebody that is intimately involved with the execution and development of the policy. So for me personally, nobody's cancelled any meetings, nobody, none of that whatsoever in terms of the Russian government.

What happens on the internet and television, that's a different matter. Although, you know, I got to say, I say engagement is our policy so Mr. Pushkov did a program on me. He's a guy who has a television program. He's now the chairman of the international relations committee for the State Duma. If you saw, you know it's pretty tough, there were a lot inaccuracies in my view, I had him over for dinner the next week. That's, and – we're not going to agree, but we as an administration, are not going to be the ones that allow this go back to some kind of cartoonization of cold war tit for tat, black and white world. We're not going to do it, it's not our policy.

If they want to do that, maybe they will and we can't control what they do but it's not what we're going to do. So I'm going to meet with Mr. Pushkov, I met with Mr. [inaudible 0:51:47.2] the other day, he's another guy, he said some pretty tough things about me. Mr. Ragozin and I trade tweets all the time.

That's what I'm there to do. I'm there to engage and to execute our policy. The other thing, I'm not there to be anybody's friend. I know that sounds kind of weird and shocking. I'm there to represent President Obama and the Obama Administration and our national interest. And sometimes there's a little bit of confusion about that. You know, in the discussion, oh your Russian has an accent and you don't really understand our tradition and, I'm trying, I got lessons, I'm learning again. I'm trying my best to learn all that stuff, but at the end of the day, I'm not there to be a student of Russian culture and history and friends with everybody.

I'm there to advance our national interest and our policy and I think given the background I have before and the backing I have from the president and Secretary Clinton. I think I'm a good representative, a highly qualified representative to continue to do that even if it means at times there's going to be some heated exchanges; not just all lovely exchanges and lovely dinner parties and the diplomatic stuff, that I'm also doing by the way. I'm also having dinner parties and going to parties, I'm doing that stuff too, don't misread me here.

C. Fred Bergsten: Mr. Ambassador, we're conscious of your time. We've reached our witching hour. I think most of us in this room certainly concur with what you just said. We're all delighted you're there. We thank you for taking the time to share your experiences with us. We look forward to working with you and your colleagues on trying to get PNTR through quickly and successfully. We're going to have several meetings here at the Institute, we'll continue to push hard, we'll work with you a lot and we thank you very much for all you're doing and particularly for joining us today.

Michael McFaul: Thank you.

