

## An Emergent Russia

Mr. Peter Baker  
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**Mr. Baker:** Thank you very much. I really appreciate that kind introduction. Thank you for having me today. It's a real honor to be here. It's a bit of a crowd.

When they first booked me for this it was back in the spring and if you'd asked most people -- [Laughter] -- back then about Georgia as a battleground state people would have thought you were talking about the coming election, right? It's got a different meaning today. It's good to be here because I do think this is going to be a critical moment in our relationship with Russia, a good time to talk about it. A good time to talk about where Russia's going, where we're going, where the two of us are going especially with new leadership coming in the United States, if not necessarily in Russia in the coming months.

As Chet mentioned, I did spend four years in Moscow with my wife, Susan Glasser. We were co-bureau chiefs there. We coincided with Putin's first term, the rise of Putin. Our first reporting assignment to Russia was in March of 2000, in fact the day he was formally elected President. We returned at the end of the year to take over as bureau chiefs. We came home on November of 2004, on election day here as it turned out, actually, which turned out to be a pretty good contrast, I thought, in terms of what we had seen over the previous four years and returning to a pretty healthy, vibrant, democracy here at home.

After returning we did write a book, as Chet mentioned, called *Kremlin Rising*. It's now out in paperback and still highly relevant. [Laughter].

One of our responsibilities in Moscow was to cover all the former Soviet Republics. So as part of the time we were there I spent a fair amount of time down in Georgia. Long before the Rose Revolution I went to write about the sort of decaying Shevardnadze regime and the hunger, very deep hunger for change among its people.

I remember sitting one day in a cramped little office in Tbilisi interviewing a former Shevardnadze Minister who had all these grand ideas about how he was going to reform the country. He had turned on Shevardnadze. He was maybe 34 at the time, younger than I was. I was taking notes and thinking to myself, this guy is crazy. How is he going to do all these things? He's got these grandiose ideas.

Well, it turned out to be Mikheil Saakashvili, and it turned out if he was crazy he was sort of crazy as a fox because within a year or so he led this remarkable bloodless revolution, turned out the old regime, and suddenly found himself at the very ripe age of 35, 36, President of his country.

I'll never forget standing on the streets of Tbilisi around 3:00 in the morning that night, I had just filed my story and I went out to see what was happening and there was just this parade of cars and trucks, people waving flags, shouting out the window, a little drunk. [Laughter]. Maybe like a soccer match in Britain. But they were so exuberant, so full of the possibilities, so excited about what was happening. I remember calling up my father and I held up the cell phone. I said this is what a popular revolution sounds like.

And it was popular. This was an exhilarating moment. I chronicled the early days of Saakashvili's tenure with the hope that it would lead somewhere good for a country that really needed it.

He surrounded himself with this generation of 20-something and 30-something people who hadn't really been affected with the old Soviet way of thinking. People who had ambitious ideas for change in the country. He took on corruption. He seemed fearless. From a reporter's point of view, he liked to talk. We thought that was good.

I remember meeting him for a sushi dinner late one night, and he just went on and on about his dreams for his country.

I remember a few months later when he ousted one of the feudal barons who had been ruling a little part of his country for so long, Jariah, and it was this moment when things seemed to be going right. He sent a helicopter for me in fact to pick me up and bring me down to see all that had changed there. When I arrived he was in this feudal baron's captured villa swimming in the Black Sea. He comes out of the ocean, wraps a towel around him, and sits down outside this scrumptious lunch he had set up and toasted with the wine he had captured from this feudal baron.

But even then, of course, there were signs that Saakashvili could be tempestuous, that he ruled by gut more than deliberation. He had a daring way of provoking his enemies, most notably, of course, Russia.

He loved America. He loved the West. He became a hero for those of us in Washington who hoped he would be a pioneer for the kind of world that people could desperately use in that part of the world.

I went back to Tbilisi with President Bush, I remember, in 2005. There were something like 200,000 people in the main square waiting for him there. Waving signs and singing songs and so full of gratitude to America and to President Bush.

Let me tell you, I've covered President Bush's entire second term. He doesn't get crowds like that very often. It was a good crowd. [Laughter]. I tell you that, because I think it's an important backdrop to tell you why it is that this tiny little country in the Caucasus, four million people, poor as dirt, has come to matter so much to the United States and to the West in this sort of moment of confrontation with Russia.

It's not an ideal democracy. Georgia is hardly some perfect state. It's hardly some sort of little Brigadoon. But it is a place where beyond the fact that Saakashvili sent 2,000 troops to Iraq, people were trying to do something better. Even when he made mistakes and he had his flaws, people were rooting for him to realize these great ambitions.

Having said all that, when Russian troops began to roll into South Ossetia following the shelling by Georgian forces, it came as a shock but it should have surprised no one. This had been building up for months or years. Anyone watching Saakashvili anyway, watching Putin, would have realized it would have probably come to this.

For four years my wife and I watched Putin reestablish central authority, both in Russia and through pressure in the neighborhood surrounding him. When we arrived, a lot of people in the West wanted to believe the best of Putin as well. They wanted to believe he was a modernizer, a Western-oriented performer. There was special hope following 9/11, that he was going to recreate a paradigm of a new partnership with the United States. For a moment, it seemed that was possible.

In fact anybody who was paying attention realized I think from the beginning that Putin was no democrat. He was no Westernizer in a real sense. His idea was not democracy, but managed democracy, sovereign democracy as they now call it. Heavy emphasis on the word sovereign. Heavy emphasis on the word managed.

Putin didn't hide his point of view, even if we didn't want to listen to him. He said very openly that he thought the breakup of the Soviet Union was the greatest geopolitical catastrophe of the 20<sup>th</sup> Century. Think about that. It ended tyranny for 300 million people, that gave independence to 14 new nations, in his mind was the greatest geopolitical catastrophe of the 20<sup>th</sup> Century.

His top political guru, his Carl Rove, a man named Vled Pavlosky told us early in our tenure there, he said Putin was through with Boris Yeltsin's revolution. Putin says he wants to end the revolution, not start a new one, he told us.

So we watched him as he set about putting an end to this revolution. It started by sending troops into Chechnya to reestablish control over this quasi-independent state. Very brutal war down there. It moved to take over television and parliament and business and manipulate elections. When that became inconvenient it simply abolished them for the 89 governors. Intimidate human rights groups, assume control of newspapers one by one. The Kremlin didn't need to take over everything in society as in the old Soviet days, because it had sent a message by these actions.

People who used to talk to us pretty freely at the beginning of our tenure, by the time we left stopped returning our phone calls. Or if they called us back, they begged us not to use their names. A more closed atmosphere had settled in even by 2004 when we were leaving. It's only increased since then.

Something interesting happened the other day I think is kind of telling. There's a television show in Russia on [Rosia] State Television called Phenomenon. It's like a lot of shows you might see here with magic and witchcraft or whatever. They had a fellow on there who's a telepath, he says. He had a game. He had a murder mystery he had sealed in an envelope and he was going to telepathically beam the clues to members of the audience. He was going to beam the murder weapon and the place of the murder and the perpetrator.

He gets the first guy in the audience and he says name your dangerous weapon. The guy says knife. So his assistance writes "knife" on the board.

The next person, name your place. The person in the audience says Munich. The assistant writes "Munich" on the board.

Goes to the third person and says name me a famous person who's not in the audience today. The young man thinks about it for a little bit and says Putin. He writes "Putin" on the board.

Well Putin is now, under this scenario, the perpetrator of the murder. This can't be. It's a live television show. The host of the show sudden rushes on stage, into camera range, and says we can't do this, this is not appropriate, and they try to scrub off the word "Putin" from the board, but it won't come off. [Laughter]. This is Russian television today. You can't even have an obviously whimsical reference to the leader that might be

offensive. Not because Putin necessarily would do anything, but because they're afraid he might or his people might.

Before we go on, I don't want to over-romanticize Yeltsin's Russia. I think a lot of people look at Putin's Russia today and say you know, Yeltsin's Russia was no Jeffersonian democracy, and they're right. It wasn't. It was deeply corrupt. The few got rich at the expense of the many. Elections were obviously manipulated. But to the extent that Yeltsin launched a revolution, that however flawed or incomplete was heading in a new direction, that's what his successor has stopped. That's what his successor has tried to reverse.

How has Putin done this? How has he gotten away with this? Why do people accept that? Well, because in large part Putin reflects the Russia he leads. He's not out of step with his society. He's not cracking down on a resistant population, he's restoring stability in their minds, he's restoring order after a decade of tumult and chaos. People who lost their life savings, they lost their jobs, they lost their sense of the universe in the 1990s, looked at Putin and says here's finally a real Mujik, a man who's going to lead us again and bring us back to the sort of greatness that we once had. Their economy's growing at seven percent a year, thank you oil dollars. The shopping malls are sprouting up everywhere. Three or four times as many cars on the streets of Moscow. Any of you who have visited know that it's terrible and hard to get around, but that's also a sign of prosperity and a growing small though it might be middle class.

And he hasn't restored Soviet totalitarianism, per se. Your neighbor's not going to rat you out to the FSB. You can make jokes about the leadership, you can say anything you want, you can do anything you want, you can travel abroad, you can watch foreign movies, just so long as you don't do anything to threaten the regime.

So what Putin has done here, he's tapped into this sense of longing by many Russians.

Consider this. Just a couple of Christmases ago we celebrated the 15 year anniversary of the end of the Soviet Union, but in Moscow there were no parades and there were no commemorations, no panel discussions about what a great thing this was. There weren't any television specials celebrating it. By contrast, the 100<sup>th</sup> birthday of Leonid Brezhnev happened to be the same month. That touched off a whole wave of nostalgia. Wreaths and flowers were laid at his tomb in Red Square, conferences were held, a street and a park were renamed for him, a state television correspondent rhapsodized on the air about how he was quite a hit with the ladies. One poll showed that more than 60 percent of Russians saw the Brezhnev era in a positive light compared with 17 percent who didn't.

Maybe this isn't surprising in a country where 61 percent today say they regret the fall of the Soviet Union, and 25 percent say they would vote for Stalin for President if they had a chance to today.

We saw that in our own home. We had a dinner party once. It was a group of Europeans and Russians, a young woman in her 30s. Somehow we were talking about the USSR and she got very offended that we said it in something other than a positive light. She said you don't understand. This was a great time for us. Stalin was a great man. And her husband who was, this was a Russian woman in her 30s, educated, married to an American, American citizen child, and her husband who had obviously had this conversation with her before, says to her well, how can you say that. Would you say Stalin is going to be remembered in history as a hero or a villain? She said as a hero. Everybody has to kill people in order to make progress and he simply did the same thing everybody else had done. [Laughter].

So against that backdrop perhaps what's happened with Putin shouldn't be a surprise.

It's gotten to the point where the opposition is so weak to him, so fractured, both because of what the regime has done and because of their own internal problems, their own lack of credibility, that even the leader of the opposition when we were there, Boris Nemsov, told us over dinner a few months ago his mother voted for Dmitri Medvedev, Putin's hand-picked choice for President. And Boris Nemsove said to her, "Mama, how can you do this?" She says, "Well, when Putin took over my pension was \$70 a month; now it's \$200." That tells you a lot.

So what Russia is left with today is what [Liliev Sheshova] of the Carnegie Moscow Center calls "imitation democracy". A news media that looks like CNN or Fox, but in fact actually answers to the Kremlin. A court system that looks like one we would have in the West, but still convicts 99 percent of the defendants. A parliament that is formally elected, but the only opposition parties in there are ones that were actually created by the Kremlin. Elections where rivals are thrown off the ballot on sham technicalities. Governors are ordered to produce quotas of votes in elections. A business community that fears prosecution or the breakups of their companies if they get out of line.

Aleksander Velosin who was Putin's first chief of staff told his colleagues in the Kremlin, "The Russian people aren't ready for democracy." Others said it out loud in public. One of her advisors, a woman named Valentina Metfenyenko, was once asked about establishing a more parliamentary democracy in Russia. She said, "We're not ready for that. The Russian mentality needs a

baron, a czar, a president. In a word, a boss." That's what they've got and that's what they want.

So where do we go from here? We've discovered since the war in Georgia last month it seems that the U.S. government's ability to influence events in Russia seem somewhat limited, particularly if Europe isn't willing to go along. The Bush administration's promise of a billion dollars to Georgia and is making a show of its support by sending Vice President Cheney there. Both of the presidential candidates, McCain and Obama, have echoed that support.

But the only tangible action Washington has really taken is to sort of shut down some NATO military programs and to withdraw the civilian nuclear cooperation agreement.

Throw them out of the G8? Well, I'm not sure there is an expulsion provision in the code there, and I think the Europeans wouldn't go along with it even if anybody really wanted to do that.

Don't let them into the WTO. Well, to get into the WTO you have to negotiate bilateral agreements with all the other members. Russia had done so with everybody but two, one of which is Georgia. So they're not getting into the WTO. That's over.

So the one thing that may make a difference is money. The main Russian stock market has tumbled something like 40 percent in the last few months. Not just because of Georgia, but exacerbated by Georgia. And a group of big businessmen the other day asked for a meeting with Putin and Medvedev. There's a great nervousness in the money circles in Moscow today. And the money circles today for the first time are the same thing as the Kremlin in some ways. This didn't use to be true. As Mike McFall, a Russian scholar put it, "In 1968 no member of the Soviet Politburo worried about his investment portfolio when they sent troops into Czechoslovakia." But today Putin and his crowd own huge, huge stocks, huge investments that are part in Western banks and subject to the whims of the market like everybody else's. For all we know, they're involved with Lehman.  
[Laughter].

But today there is a struggle then in Moscow over what's happening. Between the earners and the spenders. The spenders are the KGB veterans who desperately want to crush Mikheil Saakasvili, who definitely want to reassert control, who like to rattle the sabers a little bit, who are sending their planes to buzz your planes and the aircraft carriers and the bases around the world.

Then there are the earners. They're the ones who value their visas, who have estates in London, a nice villa in the

south of France. They don't want to see this go away. They don't want to see a new Cold War.

And you've seen the struggle playing out even in the last few days. Both Putin and Medvedev have given a dozen interviews in the last week to Western media. Only one to their own. Why is that? I think they've seen that there is a cost to isolation and they're a little worried.

But there is a difference in what they're saying. Putin uses phrases like slingshot and pen knives and bloody snot. Provocative language. Medvedev has been trying to be reassuring. He said, "This war should not signal a rift with the past." A friend of mine in Moscow e-mailed me today. She said she interprets this as "ignore our pugnacious rhetoric. It's only intended for domestic consumption. We want to do business with you." [Laughter]. We'll see.

But in this formulation Medvedev sounds like an earner and Putin sounds like a spender. The spenders have always done better in Russia than the earners.

I'll open it up for questions.

[Applause].

**Question:** [Inaudible]?

**Mr. Baker:** That's a very good point, obviously. We shouldn't expect that much out of them, but we also shouldn't romanticize what we think they are or ought to be.

Part of the problem was when we first got there at least, everybody sort of imagined that 15 years after or 10 years after at that point the fall of the Soviet Union, that things were on the right path. The trick is not that they're not on the right path right now, it's that they're going backwards. I think that's the problem, is the trajectory, not the progress. If they were making progress, however halting, that would be one thing. I think the concern today is they don't seem to be trying to go forward, however slowly, towards that thousand year goal, but they seem to be in fact very aggressively and assertively moving backwards.

**Question:** What do you see as the real objective of [inaudible]? Do you think that's an emotional response to being poked in the eye, or was there something [inaudible]?

**Mr. Baker:** I think both. Saakashvili gets under their skin, let's just say out loud. They just don't like the guy. They have been portraying him as Hitler in their media for years. They cut off wine imports. They cut off bottled water imports.

There's a very virulent anti-Georgian ethnic kind of sense in Moscow right now where people were beaten and so forth, people were deported. Then on top of that I think you overlay the broader strategic goal of reasserting itself in the near abroad. What they've said, and pretty openly is, this is our area. This near abroad, the 14 countries - at least the 11 that aren't in NATO - that used to be part of the Soviet Union is our sphere of influence and it's time for us to get off the mat again. We want to be the dominant players here.

Look at it from their point of view. I saw a map once produced by the Russian Defense Ministry. They had large dots everywhere they saw NATO bases or U.S. deployments. If you really think about it, they've got three NATO countries in the Baltics right there, Poland, you go down now to Romania, Bulgaria, you go to the Middle East, you see U.S. troops in Iraq, you see U.S. troops and NATO in Afghanistan and Kyrgyzstan and the time, and Uzbekistan. You move over to the east, you see U.S. troops in South Korea, you see Diego Garcia. From their point of view, they're surrounded. As they look at it, we encircle them. This is their way of kind of shoving back a little bit.

Remember, we had troops in Georgia, right? We still have troops in Georgia, and Russia went along with it sort of reluctantly after 9/11 because there was the promise of getting rid of terrorists, Islamic groups that were holed up in the Georgian territory. Well, those are gone now yet the American troops are still there. This is greatly unsettling to them.

So I think this is both emotional and strategic.

**Question:** You characterized the Russian invasion of Georgia as a response to the Georgian shelling, but [inaudible] as a Russian prearrangement [inaudible]. Do you [inaudible] more one or the other?

**Mr. Baker:** I would put more of the onus on Russia. I think that Saakashvili is an emotional gut leader who does things that perhaps we might find reckless. I do know the White House and the State Department had warned him, please don't do something like this. We're not going to come to your assistance here. We're not going to be sending troops. Yet I still think he had this idea that the West was going to come to his aid.

But no, I think Russia was prepared for this. I think Russia has been preparing for this for a long time.

Look what they did in South Ossetia and Abkhazia. They gave passports, Russian passports to their citizens. Why would you do that? You would do that because you want to have a pretext to say these are our citizens who are being subjected to genocide.

What's the term they used? Genocide. That's a very strong term. And the idea that this tiny little country of Georgia is responsible for genocide against Russian speakers or a Russian protectorate, in effect, is a powerful rationale to them.

So I think they've been preparing for a long time. They had the exercise in North Ossetia, just across the border. They were ready to go in at a moment's notice. I wasn't on the ground, so I can't tell you how different the Georgian shelling was compared to the border skirmishes of the past. Was it of a different order that might have provoked a different response? Or was it just an excuse? I tend to think more of an excuse than anything else.

**Question:** -- Georgia in their minds was a successful exercise of power. It was annoying to them and they pounced on it and they got the low hanging fruit. But there are other ones like that that are teetering on the brink, that they'll be emboldened. They'd say Georgia was pretty good, let's try to resolve some other crisis doing the same thing. There are other things that are [inaudible].

**Mr. Baker:** Georgia is the most obvious and the one that's been most resistant to them, most uppity, to use a phrase.

One people are focused on at the moment is the Crimea section of Ukraine. It's a predominantly Russian-speaking area, it's of great strategic interest to Russia in order to keep its Black Sea Fleet there. They have an agreement to leave after a certain amount of time. They don't want to do that obviously. And Crimea really wasn't part of Ukraine to begin with. Khrushchev gave it to Ukraine when he was the Soviet leader. Of course he was Ukrainian. So arguably it doesn't make sense as part of Ukraine and recently there have been reports that Russia has been increasing its doling out of Russian passports, again, to Russian speaker in Crimea.

Do I think that's going to happen tomorrow? Probably not. Would it be a terrible shock to see the beginning of a drum beat of pressure? No, I don't think it would be a shock to see that.

**Question:** How would you characterize the relationship between Putin and Medvedev? And do you use that evolving over time, the longer Medvedev [inaudible]?

**Mr. Baker:** That's an excellent question and it's really, I think, one of the central quandaries right now for anybody who's watching Moscow. There was this sort of wave of maybe he's more liberal, maybe Medvedev is more one of us when he came into office because he said some things that were more sympathetic to the ideas of liberal democracy and a freer market and so forth. It's true that he doesn't use the kind of language, the sort of

gutter language that Putin is known for when he talks about the West. Putin is very raw in his comments in the past.

One time he told a reporter, hey, if you like the Islamic jihadists so much, come to Russia. We'll have you circumcised then nothing will ever grow back. [Laughter].

My wife was in an interview with him with a few other reporters and the only thing that ever got him mad was the mention of Chechnya, and boy it just rubs at him. You can see sort of the fierceness come out.

Medvedev's not like that. He's a quieter, calmer, more affable person. I saw him and Bush meet together and Sochi, right after Bush met with Putin, and the different body language was interesting.

Having said all that, I think there's absolutely no reason to think that Medvedev is somehow a closet liberal. I think that we need to wait and see if there's any evidence of that. I don't see much evidence that he's actually running the show.

Medvedev, after all, was the head of GASPROM when GASPROM took over NTV. He was a willing, if he feels differently than Putin he was a willing tool of Putin to do what Putin wanted him to do. And GASPROM was one of the most corrupt organizations in the world. And a piggy bank for the [siliviki] and the Putin crowd. So just because he uses nicer words hasn't convinced me that either A, he's in charge; or B, that he has a different direction in mind for the country. If he did, certainly I think the events of the last month would undercut that.

**Question:** Looking back 100 or more years, the British had a diplomatic doctrine where [inaudible] power [inaudible]. Do you think, looking beyond the immediacy of Putin in Georgia and [inaudible], do you see this as sort of an evolution along similar lines [inaudible] doctrine approach?

**Mr. Baker:** Let's look at Putin for a second in his childhood. He grew up in Leningrad, the son of poor parents. One is a World War II veteran. His mother almost died in World War II. They thought she was dead because she was so wiped out. He lived in this [commonalka] apartment with other families, and rats everywhere. They would chase them down the halls. Putin was a small guy, kind of a runt. And basically until he was around eight or ten, he was, by his own description, a street hooligan. He would pick the toughest guy in the playground and start beating on him in order to show that he was the toughest guy around. So he comes from that kind of a mentality. It's definitely about showing toughness. After Beslan, after the horrific slaughter of school children in the small town of Beslan where I was at, and I have to say the most terrible thing I've

ever witnessed, Putin's conclusion was that we weren't tough enough, that we had not been harsh enough in our methods against the Chechens, and I think you see this extended now to a broader foreign policy.

Having said that, the Georgians aren't the toughest guy on the block. So he's kind of at this point going for one of the weaker guys on the block who doesn't have somebody standing next to them protecting him yet. Maybe that was part of it, to outrace this idea of NATO membership for Georgia before somebody would be on his side. And to make a point to all the other ones around the block.

**Question:** I wonder if you can comment on Russia's association with Venezuela and what they think they're trying to do [inaudible]?

**Mr. Baker:** Jab us in the eye. They're both oil powers, they both have an interest in asserting policy in the oil markets beyond OPEC. They both are on the receiving end, in their view, of American attempts to assert hegemony in the world. And so every time - I remember when Chavez came to Moscow for the first time, in fact, my wife was there in Cathedral Square, inside the Kremlin. Her parents had come to visit and they were taking a tour. Suddenly out of the main office emerges Putin and Chavez. They're just walking across the square. Putin's just kind of like boom, heading straight across. Chavez, the populist, stops and starts shaking hands with the tourists and posing for photographs.

It's a marriage of convenience. It's a marriage of friend of my friend, enemy of my enemy kind of thing. But it has consequences. They sell them arms, at least small arms anyway, and they could create instability in a region where obviously we have a great deal of interest.

**Question:** Most of us, even those who have been to Europe, have never been to Russia. And it's really interesting to hear about the leadership. Can you talk about the sociology of the people, on the ground, day to day? I've heard people say that it's a terrible, miserable place. Can you talk about that for a little bit?

**Mr. Baker:** Sure. That's a good question. How many people here have been to Russia? That's a good number. Most not, but a lot have. That's great. How many have actually served in Russia in some capacity, in the embassy or in some fashion?

Parts of Russia are miserable. It's really very much of a stratified society right now. If you live in Moscow, you might think you were living in a normal European city, actually. It's got restaurants and cafes and shopping malls and prime grocery

stores and people walk around with their cell phones and they have wireless internet, so on and so forth. People there travel to France and Egypt and Turkey for vacation. They have all the things you might see in a normal European city. In fact they have more disposable income there in some ways than a lot of European cities because they have lower costs for utilities and housing than the average European does.

When we moved there in March of 2000, they opened the first IKEA store there there had ever been. Forty thousand people came the first day. Forty thousand people. There was such a hunger for consumer goods. By the time we left, IKEA had shopping malls all over the place. All these little sort of street kiosks were gone and all the open air meat markets were gone. People had real grocery stores.

Having said that, if you get outside of Moscow and St. Petersburg, and particularly if you go into the provinces, you would think nothing had changed in a thousand years. People live in these very crude houses, some of them without electricity. With very little money, living hand to mouth. That prosperity that has come with the oil dollars has not trickled down to these rural villages.

There's also a real demographic crisis going on right now in Russia. We didn't talk about it, but let me set a couple of statistics that I think it's very important to understand where Russia is today. A lot of you will probably know about this, but it gets very little attention.

Russia is literally today a country that is dying off. The population is collapsing year after year. For every ten babies born in Russia today, 17 people die. Think about that.

The average life span for a Russian man today is 58 years old.

Russians drink more, smoke more, commit suicide more than practically any other people on the planet.

They suffer from some of the world's highest rates of heart disease, accidental death, tuberculosis, hepatitis, syphilis.

Some 41,000 Russians die each year from alcohol poisoning. Forty-one thousand people. Do you know what the number is in the United States? A country of twice as many people. Four hundred.

Something like 17,000 Russians drown each year. Why? They get drunk and go swimming. [Laughter]. It's really that simple. In Moscow each year something like 2700 Russians fall out of windows in Moscow every year. Why? They get drunk and fall out or are pushed. [Laughter].

Now we have HIV growing there faster, at least when we were there, it was growing faster than any other country in the world. There's virtually no efforts to get rid of it. I went to the Health Ministry one day to see what they were doing to fight AIDS. They had four people working on it in the Health Ministry. No triple cocktail, none of that kind of stuff. So some of the UN estimates have suggested that by 2050 the country's population will have fallen from about 145 million a few years ago, to about 102 million. That's a huge crisis. You talk about how people live. That's a huge crisis today.

The hospitals are so bad that you bring your own syringes. You bring your own drugs.

**Question:** Just like before.

**Mr. Baker:** Just like before. It's not changed at all. Many of them don't have running water. Hospitals without running water.

So there are two Russias today. There are these very stratified societies. One rich, oil rich booming society and one that's still stuck in czarist times from the 18<sup>th</sup> Century or much earlier.

**Question:** A question about [inaudible]. Do you think they're open to the United States right now? [Inaudible]. It seems like [inaudible].

**Mr. Baker:** That's a good question. People ask me that and I usually duck. [Laughter]. For one thing, as a reporter it's not my job to prescribe policy, obviously. For a second thing, I think it's a tough dilemma. I really do. I feel sympathy for this administration or any other one that has to sit there and figure out what do you do with Russia at a time when you have enough other challenges around the world already? A more hostile Russia is not in our interest. A new Cold War is not in our interest. But peering over what they really are and what they're doing in their neighborhood and elsewhere is also not a good idea, right?

What I thought was happening in the early part of this decade was that we were not clear eyed about what Russia really was and who Putin really was. I think the bloom is off the rose now. I think people understand.

But the options are pretty few. They in some ways have more leverage right now than we do. We want them to help us on Iran. We want them to help us on North Korea. We want them to not create any more trouble in Ukraine because we just don't have time to be dealing with yet another foreign policy headache the

way they could be. So I don't know what the options are, really. I think this is a really tough thing.

What's interesting to me is that neither Obama - Obama and McCain are more or less on the same page. McCain's a little tougher, wants to throw them out of the G8. But Obama was pretty strong on Georgia, even from the beginning. But neither one really has a great answer to how do you pull them back from the edge. It may be, again, something that markets end up doing. It may be something that government has a limited ability, but that businessmen have greater influence there.

**Question:** I just want to point out, I asked it a little bit differently, it's exactly the question Charlie Gibson asked Sarah Palin.

**Mr. Baker:** That's why you should not vote for me for Vice President. [Laughter].

**Question:** [Inaudible].

**Mr. Baker:** I think they recognize that Poland is beyond their grasp at the moment. But Ukraine's not. I think they still view -Ukraine is such a part of their history and such a part of their emotional psyche and their self identity that they're not just going to simply let it go because we want to have it be part of NATO. The government there right now is on the verge of collapse in Ukraine, as a result partly of the tension that has come up in the post-Georgia world.

It's easier for Russia to go and beat up on Georgia with four million people than it is on Ukraine with 45 million people. I don't think you're going to see that kind of direct confrontation on the Ukrainian border. But I think they very much want to make sure that Ukraine stays within their orbit. They're willing to do almost anything to make that happen. The notion of NATO membership is a very provocative idea, a very very provocative idea. I don't know whether it's a good idea or not, that's for you all or for people in Washington to decide on, but that's going to be a big big test in these coming years I think. In December the Foreign Ministers of NATO are supposed to get together, they're supposed to decide whether or not to go ahead and offer a Membership Action Plan to Ukraine and Georgia. That's going to be a big moment of decision with the Western Alliance and I think for Russia.

**Question:** [Inaudible]?

**Mr. Baker:** That's a good question. I don't have a good answer for you on that. It's a shame, I ought to for this audience. My guess is somebody here probably knows a lot better than I do.

From time to time Putin will get up and say we've designed this great new thing that I'm not going to tell you about, but boy, it's going to knock your socks off. They promise they have missiles that can beat any missile defense we could put up and they've redesigned the TOPOL missiles, but I'm not very schooled on that and I wouldn't want to give you a bad answer.

**Question:** [Inaudible].

**Mr. Baker:** No. Not many anyway.

**Question:** You mentioned Chechnya a little earlier. Will you comment on the Russian people's opinion towards Putin and also towards the United States? How do Russian people view this?

**Mr. Baker:** The Russian people, they're solidly behind Putin. I don't think they love him. It's not like they are in rap with him, all of them, but they accept him. They think he's the right leader for them at the time, and most Russians are pretty checked out of politics. There's a real apathy about politics. They don't want to get involved. Democracy has been devalued in their mind because democracy is associated with what happened in the '90s. Robber baron capitalism, economic tumult. So politics isn't really of great interest. If Putin does his thing, he makes us stronger, that's great, leave us alone, we don't want to be part of it.

Toward the United States, we never, I won't say never. We rarely had people be hostile to us for being Americans. But they're very, there's a great deal of skepticism and suspicion about the United States. Every conspiracy theory out there about us they believe. Absolutely. You cannot convince them otherwise. Not one of them would believe that as a Washington Post reporter I didn't take my orders directly from George Bush on what to write about Russia. [Laughter]. They just don't believe it.

Putin got together with Bush, you remember in Slovakia, I think it was, in 2005. President Bush had just been reinaugurated and promised his freedom agenda, spread democracy around the world. This is his first test. Are you going to be open and honest with a guy who's taking Russia in the opposite direction? They had this behind the scenes, closed door confrontation and Putin came armed ready with what he thought was his great rebuttal. He said you can't talk to me about media freedom you fired Dan Rather, you fired Peter Osnows. You fired Jeraldo Rivera. You're just as bad as I am. I mean this guy does not understand our system, and neither do the Russians. They don't get that I very rarely hear from President Bush. [Laughter]. They honestly think that's the way things work here.

So every conspiracy theory is a very real possibility there. And look, why not? It's a country where conspiracy theories, truth and conspiracy, there's a very murky netherworld there. So what you see on television these days is many more fictional movies, fictional things that celebrate the old KGB and in which Americans are bad guys.

The most popular movie when we were there was a movie called Brat 2, Brat is brother. It was a sequel. This thuggish Russian gunman who had wiped out the Chechens in Episode 1, comes to Chicago to basically take on all those bad Americans who are victimizing Russian women who had come over to be taken advantage of. So it's a real old way of looking at the United States.

**Question:** -- U.S. and European policy had on [inaudible] on the path that Russia took. [Inaudible] policy made a difference, or [inaudible] anyway?

**Mr. Baker:** I think the policy made a difference. I wasn't there and I'm not an academic, but I think the policy did make a difference. I think at the time when they desperately needed our money, our capital, they wanted our experience and our wisdom in terms of capitalism and so forth. Anders Oslan who is a very smart scholar about Russia has a new book out, and his argument is actually that the things that were done in the early '90s were the right things. The only problem was that they didn't keep doing them. And that the other problem was they did the right things on economics, but didn't on democracy. In his view, they created the foundation that today's economic growth was built on, even though they would never get credit for it. Putin gets credit for it. Ironically, the economic growth that started, the economic recovery that Putin has gotten credit for started before he was actually made President. What Oslan says is they made a mistake, the Russian reformers in the early '90s, with our advice and our counsel of not doing enough on the democracy up front, shock therapy type of thing. And that therefore that never set in. It's going to be a debate that's going to go on for a long time.

But there was a great deal of resentment when we got there toward Americans and their advice that we had given them in the '90s. Every bad thing that happened they blamed on us, whether it was true or not.

**Question:** You talked quite a bit about the relations between Russia and the West. What about the relationships between Russia and India, China and Japan? How are those changing?

**Mr. Baker:** Very interesting. Increasingly one of provider and consumer. Russia right now pumps almost as much oil as Saudi Arabia and more natural gas than anybody. They're right next to

China which is consuming more at a more rapid rate, is increasing its consumption of those things at a more rapid rate than anywhere in the country. So the economic ties between China and Russia today are growing and substantial.

They would still rather, they still have more respect and would rather deal with the West. So the idea that there's somehow a new Russia-China access or something like that I think is a little overstated. And they're very paranoid about the Chinese as well. The Far East, you remember we just talked about their demographic crisis. Well that's a huge land mass with maybe say 15 million people sitting on top of an over-crowded billion and a half, right? All the resources that are out in Siberia and the Far East look mighty attractive as far as the Russians can tell to the Chinese, and they're very paranoid about that. So there's a natural in-born tension that's always going to exist there.

India, they're building their arms relationship with India. Sold them an aircraft carrier, increased other arms sales to them.

Japan has been a bidder, a wooer for Russian oil and Russian energy, but they've lost out mostly to China in that regard.

I remember traveling out to the Far East and there's a great deal of worry about the "yellow influx" as they put it. And so that's a big potential issue you can see in the next decade or two in terms of great geopolitical instability in which you have this growing dynamic, economically prosperous China, sitting on the border with a resource rich but population poor Russia to its north.

**Question:** Along the same lines, what if any relationship does Russia have with the European Union?

**Mr. Baker:** They're big economic partners these days. Russia provides a quarter of Europe's natural gas these days, and Germany and Russia are the biggest trading partners for each other. It's a more integrated relationship than it used to be and that's one of the reasons why I think you've seen the European Union struggle with how to respond over Georgia. Germany and France were the two leading skeptics of Georgian Membership Action Plans for NATO during the summit in Bucharest in April because they don't want to piss off Russia. It's in their interest to have a more stable relationship with them. That's one of the reasons why I think the options for Washington in this current crisis have been limited because they would do more things but they don't want to do them alone. If you do things like visa bans or economic sanctions or cracking down on trafficking, money laundering, that sort of thing. It doesn't do you much good if the Europeans aren't also going along with that.

They've tried very powerfully, the Russians, to split Europe away from the United States over the years.

**Question:** Can you give us some sense about how you think organized crime [inaudible]?

**Mr. Baker:** It's not the Soprano scene of the 1990s when you literally had shootouts in the streets every day. When we got there it had calmed down in that sense. In fact what happened was the Sopranos went corporate. The same people are there and they're still ripping people off, they just do it in a much more civilized seeming way. Today they run major gas and oil and energy companies and metals companies and all that sort of thing. They've cleaned up their act to some extent. But corruption as a whole, corruption is defined largely, is endemic to every part of Russian society. There's no getting away from it. You drive down the streets, as a foreigner, you drive down the streets and the cops stand there in the middle of the street with their batons. They don't even need to get in their cars. They point at you, over. You pull over, just like that. You didn't have to do anything. There's no reason to pull you over, they just wanted to. Check it out. And you can not have filled out every paper the way they want you to have filled out the paper. There's just no way of doing it. They hit you up for a bribe.

You say why don't you just refuse? Well, a friend of mine tried. This is a way of making even honest Russians dishonest. Her husband got stopped for supposedly being drunk while driving. He wasn't. The cop wanted a \$100 bribe. He refused. He said no, no, take me to the station, let's just, you prove it. They take him down to the station, he sits there for six hours. The harangue him and so forth, and in the end he has to pay \$200 to the station captain to get out. It's part of their life.

If you want a driver's license, you have to pay for it. You want to get into university? You have to pay for it. A 19 year old young woman who worked for us wanted to get her driver's license. She was absolutely determined not to pay and to be part of this corrupt system. She studied and studied and studied. There's something like 600 possible questions they can ask you on the written test. She passed it. No problem they said, fine, you passed the test. Now we'll schedule you for a road test. How about some time in 2011? So she paid the \$60 and got the driver's license. What are you going to do? So it's everywhere in society.

**Question:** Given the essential role that [petrol] dollars play in their economy, how do you assess the relationship of the Caspian pipeline and what happened?

**Mr. Baker:** They're very sensitive about transit routes for oil, obviously. We have been trying, the United States has been

trying to get around them for years. I don't think it's an accident that the pipeline goes through Georgia and that they managed to bomb it. They were sending a message. They understand better than anybody that pipelines are power.

The head of the pipeline agency in Russia today is one of the most powerful guys around. They determine who gets what.

Look at what happened when Ukraine made the mistake of balking at some price increases. Suddenly, Georgia too. Suddenly you can find your energy turned off. Now that's not in Russia's interest, by the way, to turn it off because ultimately they want to sell it and get the money for it. But they can make a point. And pipeline politics are behind a lot of what goes on in Russia even if we don't understand it entirely.

**Question:** It doesn't seem like Russia wants to capitalize on its other resources. You say they're resource rich. The only thing they [inaudible] is oil. Why can't they do it with [inaudible]?

**Mr. Baker:** Well, they do with like aluminum for instance and nickel and lumber. They tap their other resources. None of them is quite as geopolitically significant, I think, as oil and natural gas.

The problem for them is that they're such a resource rich economy that they've done almost nothing to retrofit themselves to expand and diversify beyond that. This is a society that knows how to make airplanes, that has great industrial factories, that equipped half the world at one point, and they've had this great opportunity because the wealth has come in to reorient their economy and build for the day when oil suddenly runs out in Siberia, and they really haven't done it. The economic reforms that Putin put in place when he first came into office pretty much dribbled off after about a year or two. It's been a wasted opportunity I think. Ultimately that will come back and bite them because they haven't sort of prepared for the day that all these minerals and everything run out basically.

**Question:** One of the opinion or OpEd pieces in the Washington Post [inaudible] was hypothesizing that part of the reason or perhaps the major reason for the Iron Curtain coming down and [inaudible] was the awareness and publication politicizing, if you will, the Russian Soviets' human rights abuses. This author was saying rather than trying to militarily or financially or economically corral Russia, we should do the same thing. Do you have a thought about human rights in Russia? Could you comment on that?

**Mr. Baker:** The biggest human rights abuse, of course, was Chechnya where people disappeared left and right and never to be

seen again, horrific things. There's a new book that's coming out by Asne Seierstad, I think is her name, the Norwegian journalist who wrote the book [inaudible] Kabul, which is a big international best seller. She's gone back to Chechnya and written a very evocative book called The Angel of Grozny, to talk about what Chechnya is like today. And even though the war is no longer basically going on there, it's still a terribly destitute and deprived place where human rights have been routinely violated.

I think the human rights complaints to the European Human Rights Council from Russia were larger than any other place in the world, even per capita.

Human rights groups have tried to defend people who are abused, are routinely pressured and systematically put out of business if they have. They have a law on the books that allows them to shut down, well, they can shut down anybody if they want to on the theory that you haven't filled out the paperwork right. But - it's totally true. I'll come back to that in a second.

But they have a law that says you cannot incite racial and ethnic hatred, which is a great idea, but they use it to smash anybody who says anything pro-Chechen. The Russian-Chechen Friendship Society was shut down on that pretext.

Human rights are routinely violated in Russia and there is very little apparatus to defend them.

**Question:** To follow on, is it bad enough that it's something we could --

**Mr. Baker:** We could publicize?

**Question:** Yes. To [inaudible]?

**Mr. Baker:** The problem is, yes maybe. But the problem is that for every time we point to something that they've done, these days they point to something that we've done. It's sort of an old Russian trick that's not unique or new. But these days if you say look what you've done to Chechnya. Look at these horrific things. You've carpet bombed a whole city, and tens of thousands of people were killed or made homeless. Their answer to everything is, well Abu Ghraib, or Iraq or Guantanamo or what have you. And it doesn't matter that those things aren't really comparable. It doesn't matter that there are intellectual distinctions between whatever we've done, whether we agree with it or not, and what they've done. Everything that's happened in Russia is on a much bigger scale. A hundred thousand people in Chechnya were made homeless or killed or wounded. That goes far beyond anything, the worst thing that's happened in terms of Abu Ghraib or Guantanamo or what have you. But they are resistant to

anything like that. They don't embarrass easily. They're willing to send people to London to take care of somebody with polonium if they get in the way. They weren't that worried about the international shock value.

**Question:** If our direct investment dries up and Western capital starts to leave Russia [inaudible], how much influence will that have, if any?

**Mr. Baker:** I think they do have some real influence now. One of the things that Putin has done is he had this war on the oligarchs, right? Really what he meant was a war on those oligarchs, the guys that got in my way - Berzovsky, Gusinzky and so forth, Horkovsky. He created his own and adopted the ones that were still around and were willing to pay fealty.

So all the people around him right now have huge, and so does he most likely, have huge financial stakes in the West and huge financial stakes in continuing some sort of economic partnership with the West. So I think ultimately that is persuasive and powerful.

How persuasive and powerful? I don't know. Maybe Putin has put his money in a really good CD or something. But I think in the end there's a real nervousness right now in Moscow, and those people ultimately have enormous amounts at stake and they're now his people as well. All the Deputy Prime Ministers and Cabinet Ministers, they're all head of a state company. They've had these companies now for eight years to bilk and soak, so they're not just bureaucrats living on this \$10,000 a year they're supposedly paid.

**Question:** [Inaudible] openness towards religion or evangelization in Russia [inaudible]?

**Mr. Baker:** There's been a revival of Orthodox religion, but the Russians have recognized four religions as officially allowed religions. Orthodoxy, Judaism, Islam, and - I'm forgetting. Basically the answer to your question is a lot of people who come there, like Catholics in particular, and Seventh Day Adventists and others who have tried to be active in Russia have often run into a great deal of difficulty as a result of this law that only sanctions these official religions. Judaism has made a real comeback. Anti-Semitism is down to some extent in Russia. There is a greater migration in the last few years from Israel to Russia than the other way around which is an extraordinary change, if you think about it. That's partly economics.

The society is more open to these largely accepted religions, but in their view Catholics don't count, Seventh Day Adventists don't count, Protestants don't count.

**Question:** [Inaudible]?

**Mr. Baker:** That's an excellent question. How long will Putin be able to leapfrog positions in order to stay formally in power. He's a very creative fellow, and they can do almost anything they want. They've got the power in the Duma to change the constitution whenever they decide they need to do it. There's nothing in the constitution that says he can't run for president again after four years. I think you'll continue to see an evolution in the structure of government so that whatever position he's in, is the one you want to be in. [Laughter]. HE'S a young guy, so I'd say for a while.

There's no history in Russia of giving up power voluntarily. Very little history of that. Yeltsin, arguably, is the only one and he was pretty much on death's door it seemed like at the time, both politically and physically. So there's nothing in the Russian nature that says yes, I'm going to have an orderly transfer of power the way we have 200 years of experience with that. And as we just talked about, there's a financial reason not to, by the way. You leave power, even if you decide I'm tired, I want to retire to have all my money and sit in my dacha. The next guy comes in, he's going to prosecute you, you might worry. He'll take your money away. So there's a financial interest in this current clique of people staying in power regardless of Putin specifically, but the people around him. That's a very powerful incentive, that fear of what would happen if they ever left power.

**Question:** Without touching on policy if possible, can you in your opinion give us sort of a best case, worst case scenario moving forward. What [inaudible] from a U.S. interest standpoint and a U.S. ally standpoint. What would be the best case scenario to see Russia go down [inaudible]?

**Mr. Baker:** The question is, what's the best/worst case kind of scenarios. I don't think we're in a new Cold War, at least not yet. I think that's hyperbole on cable television and I've probably participated in it. [Laughter]. It's easy, it's too easy to say that. I think Russia is not our enemy. I also just don't think they're our partner the way that we hoped they might be in 1991. I think we're going to have, at least for the foreseeable future a difficult but not necessarily always unproductive relationship with them in which we find ways to accommodate each other's needs where we have shared interest and how we agree or disagree is a little more tricky.

They don't want a direct confrontation with us either. This is great to go in and beat up a country of four million people. In any real fight with us they'd get their butts kicked and they know that. That's not what they want. What they want is to be respected again. What they want is to be a player again. What

they want is for us to treat them as they see themselves, which is a great Russia. That's sort of where I think we're going to be seeing more of that in the next ten years. Does that make sense? Okay.

Thank you guys. I really appreciate it.

[Applause].

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