

U.S.-Russian Relations under Bush and Putin

Interviewee: Robert B. Zoellick

United States Trade Representative, 2001-2005

Deputy Secretary of State, 2005-2006

President of the World Bank Group, 2007-2012

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[BEGIN TRANSCRIPTION]

BEHRINGER: My name is Paul Behringer. I'm a post-doctoral fellow with the Center for Presidential History at Southern Methodist University.

MILES: My name's Simon Miles. I'm an assistant professor in the Sanford School of Public Policy at Duke University.

ZOELLICK: And I'm Bob Zoellick, who's being interviewed today.

BEHRINGER: Great. And thanks for being with us today, Ambassador Zoellick. Can you just give us a background on your experience in U.S.-Russian relations?

ZOELLICK: So the origin actually dates all the way back to my college days, in the early seventies. I took a number of courses related to Russian history, and they were Russian and then of course Soviet as well. But the relevance to today is I had a particular interest in the pre-revolutionary efforts in Russia to modernize the economy and society—in particular, two individuals, one named Count Witte, the other, Stolypin, who was an agriculture reformer. And I recall, even when I wrote my applications for graduate school in public policy, I used the example of trying to understand and learn what worked and what didn't work and what might've succeeded in Russia's process if it hadn't been for World War One.

So I'd had a background in understanding Russia, the Soviet Union, the broader context of its neighborhood with Central and Eastern Europe. But then the next key [00:02:00] background point was that, from 1989 to 1992, I worked with Secretary James Baker at the State Department as a counselor, which at that



time was undersecretary rank, and then later also added undersecretary for economics with all the issues at the end of the Cold War and German unification and ultimately the breakup of the Soviet Union. And that's relevant to our discussion today because I probably was one of the first people in the administration to try to understand the nature of [Mikhail] Gorbachev's economic reforms.

And I remember discovering a book by Anders Aslund in the early part of 1989—it had just come out—trying to understand the nature of those reforms, because most of the work at that time was by people who had dealt with the Soviet Union and central planning, and people were struggling to understand exactly what Gorbachev was trying to accomplish. This was in part because I'm not sure if Gorbachev knew what he was trying to accomplish. But so, from a very early time, I was engaged with some of the late Soviet Union reformers when Baker brought Foreign Minister [Eduard] Shevardnadze out to Wyoming and really supercharged the cooperative relationship in September of '89.

Shevardnadze brought a couple of economists along, and I had established early ties with [Leonid] Abalkin and a number of the early set of reformers. The one I got to know best, actually, was [Grigory] Yavlinsky, and worked with Yavlinsky on issues related to his efforts for Gorbachev in the 1990 period, the 500 Day plan. And then, had some contact also [00:04:00] with the Yeltsin team. So I had the background of seeing the economic efforts and transformation in the '89-

'92 period. I then tried to follow what was going on during the Clinton era with the nature of their reforms, and there was one particular connection that was pertinent, which was the Rand corporation, in the late nineties, started a project by which they invited me; interestingly, Don Rumsfeld; a number of people who were on the policy side or a few on the business side; and we met with some of the Russian reformers and entrepreneurs in Moscow and the United States, so some of these later became the oligarchs, but some of them were more of a policy reforming nature.

And I give you this background because I think it's relevant to the efforts that I made during the Bush administration, which were primarily related to the economic side. So [that] gives you a little bit of the context.

BEHRINGER: That's great. And then next, can you describe what your various roles in the George W. Bush administrations were?

ZOELLICK: So from 2001 to early 2005, I was the U.S. trade representative. So most of my activities during the first Bush term related to discussions about opening up the Russian economy, the WTO accession process and then including opportunities for U.S. exporters. Because of that, my primary contacts in the Russian system at this time were German Gref, who was the [00:06:00] minister of economics and commerce, who had the lead for the WTO negotiation, and who was one of the St. Petersburg reformers that Putin had relied on. He went on to become the head of Sberbank and actually was quite innovative in terms of the technology and trying

to make a more efficient bank within Russia. His close colleague was Kudrin, who was the finance minister, also from St. Petersburg, also long relationship with Putin. And this is relevant because both of them saw the WTO accession process as a way of furthering Russia's internal reforms—trying to open up the economy, expand from a heavy reliance on the energy sector, import rule of law, economic rule of law. And, in the case of Kudrin, was also quite a diligent and effective manager of the macroeconomic policies of Russia. And he was also associated with the central bankers, and it's interesting, even through today, the Russian central bankers have operated with a high degree of professionalism, even with the other challenges that Putin has thrown at them. And so, as you'll see with answering the questions, I was working with the arms of the Russian system that were more oriented towards the reform side and opening up the economy.

Then, in early 2005, Condi and the president and the vice president asked me to become deputy secretary of state. This was an unusual move because I'd been a [00:08:00] cabinet officer, and now I was becoming a deputy. And frankly, it's more fun to run your own operation than to be a deputy to somebody else's. And I had enjoyed the trade post because President Bush was a very strong supporter of free trade. He had a lot of other priorities, and he gave me a fair amount of room to define and run the trade agenda, working closely with Don Evans, who was secretary of commerce, obviously much closer to the president.

During the time as USTR,¹ because I'd known Condi, I would regularly go over and talk to Condi once every couple of weeks, brief her on what I'm doing, hear about the other interests.

The NEC² system was less operational. And so I tried to talk with them occasionally, but they weren't as effective, so my main channel was through Condi. But I could see that—frankly, my sense of loyalty and obligation to the president led me to believe, “Well, I should take the deputy post,” which I took for about a year and a half to try to help Condi as she was launching her role as secretary. And, in that context, the president, the vice president, and even Condi suggested we try to divide some things up, given the set of load on items, and Condi was very fair-minded in doing that, but the reality is there's only one secretary of state, and also, obviously, she's a world-known charismatic celebrity figure. What is relevant on this is that, given her expertise on Russia, she was the point person in dealing with Russia during the time I was deputy. However, [00:10:00] I was on point in dealing with China, some of the Eastern Europeans, some of the other issues, including some of the economic issues, and so my contact with Russia over that 18 months or so was primarily how Russia would interact with these other players.

Then I left the administration in the middle of 2006. I then, when Paul Wolfowitz had trouble at the World Bank in 2007, Hank Paulson and I discussed my leaving Goldman Sachs, where I had been for a little bit less than a year. And so

¹ United States trade representative.

² The National Economic Council.

I became head of the World Bank from 2007 to 2012. So that's partly Bush administration, but it's also partly Obama administration. And that, of course, is the time of the global financial crisis. And so I resumed my work with the Russians at this point. Kudrin particularly played a key role. And the way that the World Bank operates is it has an onsite board of executive directors. And there were 25 at my time. The key work has to still be done in the capitals, but the executive directors are, in a sense, an almost ambassadorial channel. And I had as one of my Russian executive directors, somebody who had been associated with the reform side, so he was a channel as we were trying to continue to support those, like Kudrin, who were trying to make economic reforms.

But one point would be helpful for me, and sorry I didn't ask this earlier. Could you remind me, when did Putin hand off to Medvedev and Medvedev hand off [00:12:00] back to Putin?

BEHRINGER: I believe that was in spring, around May, 2008. There was a meeting in Sochi in 2008 in May, and that was the introduction of George W. Bush to Medvedev. Putin was there as well, but by that point, Medvedev was ready to take over. And then, of course, in the summer, that's when the Georgia War happens, and at that point, President Putin's prime minister, and Bush and Putin meet at the Olympics in Beijing, and Putin says—

ZOELLICK: And when does Putin return as president? Do you recall?

MILES: That's May 2012, so four years later.



ZOELLICK: Just to share with you an interesting anecdote, I was at the World Bank at the time of the first Putin and Medvedev transfer—the announcement, and I think it would, given this timeline, it probably was our spring meetings. And I remember Kudrin being quite surprised and frustrated that Putin was handing over to Medvedev, because I think there was a tension between the two, because I remember him actually showing me his smartphone that had the news and saying, “Can you believe this? Can you see this?” And it wasn't a shock to me that it was handed over, but obviously it was something that surprised Kudrin. And that's a bit of a sub-theme here, which is Kudrin, in my experience, was a quite committed economic reformer and, on the political and policy side, [00:14:00] preferred a more open system. But, on the other hand, this transfer of authority was always an underlying tension.

One other point, going back to the points I mentioned about my time in the [George H. W.] Bush 41 administration—I had met a number of the later Russian officials. In fact, I think Putin was a deputy to Mayor Sobchak in St. Petersburg when I was there with Secretary Baker in a visit in early 1992, and I suspect we must've met. But I know some of the other people from that system, and what I found personally interesting was that even though this was a traumatic time for the Soviet Union, they didn't seem to bear resentment towards me or people around Bush 41 or Baker, and I honestly had a sense that they felt that, while they were on the weaker side of power and the decisions of history in that period, they



felt that we treated them with respect and tried to work out certain arrangements. And I think they felt a little contrast in that—I can't say this for sure, but I think during the Strobe Talbott years, they sometimes felt like they were being talked down upon. And so, while the relative powers of the two countries was vastly different, they had a sense that our overall relationship with one another still sought to preserve their dignity. And so I never had any personal difficulties with any of these individuals during this time period. [00:16:00]

And one other figure worth mentioning is I believe Bill Burns became our ambassador during Condi's tenure as secretary of state. I had worked with Bill Burns all the way back in the Bush 41 administration. He had been deputy of the director of policy planning—obviously, he is now the CIA director—and Bill had good insights on Russia. And so, when I was trying to work with Russia at times in 2005 and 2006, and even thereafter, some of the insights that I drew came from discussions with Bill.

BEHRINGER: That's a great overview. If we could begin at the beginning, maybe you could talk a little bit more about the Bush administration's approach to Russia on the economic side at the beginning, and then how 9/11 had an impact on the relationship.

ZOELLICK: So the context as I've given it to you was one where President Bush and his administration felt there was a[n] opportunity to try to support economic reform in Russia, that they, we hoped, would make it a more constructive counterpart,

including with its neighbors, and my activities were focused primarily on the trade dimension of that and trying to bring it into the economic rule of law.

It's important that one understand the basics of how a WTO accession process works. There are today I think about 164 economies [00:18:00] in the WTO. I forget how many there were at that time, maybe 140, and the process by which a country accedes to the WTO is that it has to—because other countries have already made commitments on their barriers, and they have agreed to various tariff levels and a broader set of rules—the incoming country has to negotiate bilateral agreements with all the present members about the tariff levels that they'll apply and other types of barriers. Now, in fact, this becomes primarily a negotiation with the bigger players—the European Union, the United States. There are also negotiations on the application of various rules and subsidies and dispute settlement and other aspects. After those bilateral agreements are completed, they then have to bring them back together and make sure that there's an agreement on the overall multilateral rules for Russia, or any other member state. You have questions in there about Jackson-Vanik, and what's important to understand in the Jackson-Vanik aspect is that, since Jackson-Vanik is U.S. law, not the WTO system, if a country joins the WTO and has agreed to certain provisions in tariffs and tariff rate quotas or other terms, then it's up to each member state, including the United States, about whether they'll get the reciprocal treatment, and Jackson-Vanik denies most favored nation treatment—or what now

is called a normal trade relations, 'cause that's the normal relations—except with a year by year basis, based on principles, going back to [00:20:00] free emigration from the Cold War period. So the point of this is that, if the United States didn't grant full access under Jackson-Vanik—permanent normal trade relations that were discussed—the United States would not get the benefit of the terms it had just negotiated. Now, the relevance of this for Congress is that—so when Russia or another country joins, the United States is not taking on new commitments, it's getting new commitments from the other party. However, the way Congress views Jackson-Vanik is to say, well, this is a point of leverage we have over Russia.

And so, throughout the negotiation process with Russia, or frankly, any other country to which Jackson-Vanik applied—this was the case with China as well—Congress will say, we want this market open for this group or this market and this intellectual property rights or this issue or that issue. And so you recall, in the case with China's accession in the process in the late nineties, the Clinton administration did the bilateral agreement. Once the bilateral agreement was done, you had the vote on PNTR,³ and when I came in 2001, we finished the multilateral aspects of Chinese accession.

The importance of understanding the sequence is that you have a question—could something had been done more on Jackson-Vanik earlier? The practical reality is Congress would never give up “the Jackson-Vanik leverage” until

³ Permanent normal trade relations.

the bilateral deal had been done, because why should it? In a sense, that allowed Congress to express its position on the bilateral deal. And so, during this time period, the focus [00:22:00] that I had was engaging with Congress, engaging with different groups, trying to open markets but also get Russia to import the rule of law.

The topics would vary. So the basic ones are whether they will “bind their tariffs.” So countries can have tariffs at lower levels but commit not to raise their tariffs unless they give some offsetting benefit to the other economies in the WTO. A big, important area for the United States was agriculture, as you’ll remember American chicken manufacturers had broken chickens into different parts, most Americans didn’t eat the chicken legs, so they were very sort of low-cost chicken parts that were sent to Russia and were even called, I think, the “Bush chicken legs,” but there were other types of meat and livestock interests that wanted access to the market. At that time there were sensitivities about intellectual property rights, not in the way in which they're viewed in 2021. It was more copyrights, trademarks, making sure that existing intellectual property rights weren’t stolen and making sure you had appropriate enforcement. And there was another issue that actually was probably one of the last to be resolved, which was that the U.S. financial sector wanted to have branches of banks as opposed to have to create subsidiaries. Subsidiaries require additional capital and have additional safety and soundness. As you would expect, after the financial crisis of 2008-2009, that issue



went away, but that was one where we were pressing the Russians and, frankly, the Russians [00:24:00] had a responsible position by wanting to make sure that the banks in the location were capitalized.

As I recall, Gref was a good partner on these issues, but the way that these negotiations often work is, because the types of topics we're talking about—agriculture, intellectual property, tariffs for all different goods—cover much of the economy, he would have to work with other ministries to make sure that they would follow through the commitments. And so, as is often the case with these accession processes, the person on point with the applicant country—in this space, Gref—has often tried to open up the system, but he or she has to negotiate with his own internal parties, which has an ebb and flow. And as you would expect in the Russian system, it was often two steps forward, one step back. Gref would make a commitment, but it wouldn't quite be followed through. There was a point in this time—and I forget the exact years—that Gref had to take a leave. I think he had sort of a breakdown from exhaustion. And then Kudrin stepped in on these negotiations again, and so I got to work directly with Kudrin, and this comes back because Kudrin becomes my major counterpart when I'm at the at the World Bank. But what's important to understand in this four-year, first-term process is that there actually was a common set of interests among Gref, Kudrin, myself, Don Evans, and our secretary of agriculture, but it was a question of the ebb and flow of Russia and internal politics in terms of opening up the system. And so as to your



point about 9/11: [00:26:00] this process wasn't fundamentally affected by that other than the disruption of the whole U.S. role in the world. If anything, this, again, didn't affect our negotiations. After 9/11, Putin obviously offered some support for—not only moral support, but the ability to bring various military forces in. So, from the start, Russia is seen as trying to develop a more cooperative relationship.

[00:29:00] BEHRINGER: And not too long after, Russia starts making a pretty significant economic recovery. Did anyone in the Bush administration foresee Russia bouncing back so quickly in Putin's first term? And, had you known that Russia was going to recover like that, not in small part due to rising oil prices, obviously, would you have handled anything differently on the U.S. side, from an economic, fiscal, commercial, or political standpoint?

ZOELLICK: So the key point here is the one you mentioned, and I don't have the data at my fingertips, but I roughly recall that as a percentage of Russian exports, or, frankly, tax revenues, energy was about 50 to 80 percent. It's huge. So in market terms, Russia was an energy play. The collapse of oil prices in the 1980s was one of the factors that the reformers, such as Gaidar, later point to, requiring Russia, the then-Soviet Union, to act because it was so heavily reliant on those export revenues.

So the early 2000s is the reverse. The energy prices are [00:28:00] high. The Russian economy is doing well. As you'll see in my comments at the time, this

doesn't mean that the Russian economy is healthy. It's not diversified enough. It's still too much reliant on energy prices, and people like Kudrin and Gref understood that. And so the effort for the part of the reformers, and part of the reason they wanted to join the WTO, was to become competitive in other sectors, to be part of the international manufacturing issues, to have intellectual property rights so as to have some of the technology base of Russia. They had arrangements with some U.S. firms—Boeing, I think Ford tried to invest in operations. And so, the perceived strength of the Russian economy because of oil prices, in my view, was always a cyclical factor.

Now, there's one other political and social aspect of this, which I remember discussing with Bill Burns, although it might've been something I concluded myself, which is that I remember talking about how, because of the high energy prices, the Russian government was supporting, sharing the benefits with a broader class of people, and you're starting to see the development of a consumer society. I didn't call it a middle class, because to me a middle class has a certain foundational political element, but it clearly—you were getting a segment, particularly in the big cities, in Moscow and St. Petersburg, [00:30:00] of people who were living a better—still not a great—lifestyle. They were able to travel. They were able to engage in the world, and one of the political economy challenges was whether one could transform this consumer class into more of a political class, a middle class, with the types of things middle classes usually want, which is a

greater say in their society, a greater respect for rule of law, a greater respect for property and contracts and so on and so forth. Now, this is going on at a time you're also dealing with other issues, like the legacy of the oligarchs and the property transfers and the corruption and so on and so forth.

But so, one other feature of this is that, during the first Bush administration, you had Paul O'Neill as the secretary of the treasury. I had met Paul in these processes, but we didn't really have a cohesive economic set of discussions, at least that I was part. And so, I mention this because, as you asked the question, did the administration as a whole view the—that would normally come from the leadership of the treasury secretary and/or the National Economic Council—which had different names at earlier points in the administration—and Larry Lindsey, who was a wonderful economist and a very good human being, but was not by nature a coordinator. So those economic coordinating aspects of the administration were not fully developed. And then, when John Snow became secretary of the treasury, John—again, a very decent human being [00:32:00]—did not really take charge of those either. And so, as a de facto matter, I worked very closely with Don Evans at the Commerce Department, and we formed a good partnership with Anne Veneman and USDA. I would make sure I was plugged in to the NSC through Condi, but not until Hank Paulson comes in do you start to create a more cohesive Treasury policy. And, by that time, I was gone, but I know Hank, and I had talked with Hank about these issues. And he obviously tries to

apply them in the case of China, but we didn't really have that overview in terms of the Russia policy.

BEHRINGER: And just to follow up real quick on that—going back to what you said about the WTO accession, was there hope that Russia's recovery would in some ways speed up that process, or was it viewed as an opportunity to move forward?

ZOELLICK: Sure. There's always a post-hoc 20/20 vision when Russia takes a turn towards greater authoritarianism—we could get into reasons for that, or the same with China—but in general, the American public, the American Congress want their governments to try to assist people with reforms and opening up, economic and political, and insofar as these countries can become more cooperative partners for the United States, it serves U.S. interests. So this is not charity, it's a U.S. interest. In the [00:34:00] book that I wrote, *America in the World*, if you look at the chapter about 1945-47, you have George Marshall coming back from Moscow and being frustrated with Stalin's attitude towards Germany and the potential economic collapse in Europe, which leads Marshall to come up with the idea for the Marshall Plan. But Marshall says, “The American people would have wanted us to try,” which is what he felt he did. So yes.

There was—and again, I personally think that Putin's attitudes and policies shift over this time. And, of course, our policies have to shift with this. Having said that, in my discussions with Putin—and I also discussed this with Pascal Lamy, who is the European trade commissioner, my counterpart—I don't think Putin



ever really understood the nature of the market and economic reforms. He wanted certain things from it, but—you'll see this in my comments—he perceived that, when he took over from Yeltsin, that the Russian state was fragmented. It was fragmented territorially in Chechnya. It was fragmented in terms of society. And the people like him, who had been part of the security state and the KGB, all of a sudden see a number of these people that they considered to be offbeat in some way become extraordinarily rich and their wives and families are bedecked in jewels, and the guys who felt they were the patriots of the Soviet Union, and then Russia, are struggling. And so his strategy was based on reasserting control of the Russian state, and, of course, that has a long history to it, from Russian development. And, you'll see that in my [00:36:00] comments, what I was trying to suggest to them, was that this was my assessment of what had happened. I wasn't saying yes or no, it was an assessment, but I was warning them about the overshoot, that that too much control of the state would actually undermine.

Now, Gref and Kudrin—I don't want to speak for them—but basically, were of a similar ilk. They wanted to have a bigger private sector. They wanted to have Russians have more ties with the world, whether it be technology, economics, trade, investment. And so, I was trying to both open the market for U.S. companies but also to try to support that aspect of the reform side. They both continue in various capacities, but obviously their influence fades over time. And I think the Russian economy today, to its misfortune, has returned to a combination of

control of oligarchs connected with the state security system, and you have competing factions within that. This is also related to corruption. Economies work better if you have rule of law and transparency and fair competition. So those were the aspects of the reforms that we were trying to pursue. At the same time, there were U.S. companies, whether Boeing, farmers, others, who wanted access to the market.

One other point worth noting, particularly—people can lose sight of this if you're focusing on one country. We had to look obviously at Russia within the context of its neighborhood. [00:38:00] And so I also, in my various jobs, whether at USTR or State or the World Bank, had had an extensive experience with Central and Eastern Europe coming out of the end of the Cold War, and we wanted to try to strengthen those economies, link them to the European Union and the transatlantic system. And during this period, one also has Ukraine. Ukraine is also trying to negotiate its accession to the WTO. Now, this is before you had the later Ukrainian reform movements—so you have [Yulia] Tymoshenko, you have a series of presidents in Ukraine that are trying to preserve Ukraine's sovereignty, but they're also trying to work with Russia. And another point that I tried to make to the Russian reformers, who I think accepted this more than Putin, was to say, "Powerful countries that have weak neighbors actually run the risk of importing trouble" because weak neighbors can lead to all sorts of internal strife, whether it's guerrilla movements or economic problems. And I pointed to the U.S. experience.



The U.S. was healthier by having Canada, and we were working with Mexico to try and strengthen Mexico because weak neighbors can actually export difficulty. So I was trying to get them to see that healthier, constructive relations with their neighbors would be in their interest.

This is—we're jumping ahead a little bit—but this is actually interesting with Ukraine because, later when I'm at the World Bank, I'm trying to prod Tymoshenko and others to undertake some of the difficult reforms. And I remember at one point actually going to Kudrin, and we were trying to finance something, and asking if Kudrin would be supportive. And his attitude was basically, "Oh, Ukraine is such a mess." [00:40:00] He said, "I don't want to be involved with that." He said, "Why should I put my money and help Ukraine?" So as opposed to the Russians trying to dominate Ukraine, this was a Russian who said, "Look, I got enough trouble at home here." And this was an ongoing theme. I remember, in the Obama administration, trying to urge Merkel to do more with Ukraine when I was pushing some economic reform. And she said, "Why don't you talk to Obama first?" So, the larger point here was that, in understanding Russia's strategy, you also have to understand the strategy in the surrounding neighborhood. In the global financial crisis, this is important in places like Kyrgyzstan, because I forget the exact percentage, but about 40 percent of the GDP came from remittances from people working in Russia. So the reason I'm making these points is that Russia, and certainly much more China, are part of the

world economic system. So the idea that you can wall them off and say, “We’ll somehow close them and contain them,” just frankly, didn’t make a lot of sense.

And certainly if you then deal with issues like climate or pandemic, even more so.

BEHRINGER: And you mentioned major shifts in priorities. One of the biggest shifts that happened comes with the invasion of Iraq, which Russia opposes with Germany and France. In some of our interviews with Russians, we’ve discovered that Iraq is this big sticking point now that they look back on. But I was wondering, at the time, did Russian officials bring up Iraq to you as a major problem in relations, and especially with regard to the consequences for Russia’s economic business in Iraq?

ZOELLICK: [00:42:00] Yeah, I saw that question. It’s quite interesting. I have absolutely no recollection that the people that I’m dealing with would have dealt with that issue. And that’s why the context is important. They’re trying to leverage the WTO access negotiations to open up and improve the Russian economy. They don’t want Iraq to get in the way. And I think, at another level, the U.S. invasion of Iraq probably affected Putin’s thinking about whether the United States would act without constraint and therefore in his mind require a greater multipolarity in the international security system.

I recall vaguely that there was a friction right after the invasion about which countries would be allowed to do business with Iraq. And I remember I think a statement Paul Wolfowitz made at the Defense Department trying to exclude others, but these actually included our allies too. I thought that was not a very wise



approach because you're going to need the help of others, whether your allies or frankly, even Russia and other parts. And so it's a classic issue of sort of, short term, should the United States get the supposed benefits economically with Iraq's oil, or is it, long term, going to be more beneficial for Iraq's recovery to integrate it with other economies? Having said that, I don't remember any debates with the Russians [00:44:00] on the point. There might've been some point of discussion about doing business there. As I recall, Wolfowitz's position did not prevail, I think Europeans and others were encouraged to come in, but it's one of those points of friction from that era.

BEHRINGER: And you've mentioned China a few times in your remarks so far, and, if I'm correct, while you were deputy secretary of state, one of your main initiatives was a U.S.-China strategic dialogue. During the Bush administration, what role did Russia play in U.S.-Chinese relations?

ZOELLICK: Yeah, that's an interesting one. This is the relevance that I mentioned that Condi is probably on point with the major Russian security and political issues. Russia entered my activity primarily as I was trying to get China to do things. So I remember in particular going to China and meeting Premier Wen Jiabao—this is before President Hu [Jintao] was going to come to the United States—and explaining a number of things that I thought China could do that would improve the U.S.-China relationship and improve the visit. And one was pressure on Iran.



And this is an interesting amusing little anecdote because, after leaving that meeting, the Chinese official—he might've been a vice minister at that point; He later became a vice minister if he wasn't one then—he said to me, “Look, we get the message, but what you have to understand is that, with Iran, of course we can't do exactly what you do. Second, we have interests we have to take account of. And third, the Iranians are a little crazy. [00:46:00] We don't know what they'll do.” And I replied, I said, “This is exactly the types of discussion that I want to engender because let's leave aside how putting sanctions or acting against Iran will improve your relationship with the United States. Let's just look at this from Chinese interests. So if you're interests are energy and Iran,” which at that time denied the Holocaust and Israel's right to exist, “develops a nuclear weapon, what you think it will do to China's energy interests in the prime energy producing area, region of the world? So you have as much of an interest as we do in trying to prevent them from having a nuclear weapon.”

That's an interesting little diplomatic anecdote, and it also gives you a sense at that time—it's relevant to today—I got the Chinese to help in Darfur, I got them to help in Iran, I got them help in Afghanistan. There were lots of areas where the Chinese did act constructively, and people are tending to forget that. Not necessarily exactly what you want, but it's the way Kissinger used to talk about, only in fantasy negotiations do you hand somebody a list, they sign it and say, “We agree to everything,” and give it back to you. But insofar as I and others were

urging China to squeeze Iran, the Chinese had a natural counterpoint, which is, well, if Russia isn't acting, then we'll be more cautious. Russia was seen as the more lead player on that point. And so part of my dialogue with the Chinese was urging them to say, look, don't hide behind the Russians, calculate your own interests. What if you got a nuclear Iran and a conflict with Israel, [00:48:00] that's not going to be good for your energy sources.

So in general, during this time period, the Chinese economy is moving forward at 10 percent a year. There's a sense of vibrancy and creating something. I remember having a thought that, after having worked with the Russians, including with some of the discussions I mentioned with the RAND group in the late nineties, that the Chinese felt they were building something. So there was going to be corruption and other issues, but there was a sense that they had a stake in what was going forward because they were doing fine and they were expected to do better. In the Russian system, you had a feeling that people were just trying to steal the economic rents. In other words, there was this—and this is true of an energy-producing society in particular—there was a certain amount of wealth that was being produced and, rather than create more, it was a question of who could take their share. There wasn't a sense of building something for the future.

And this relates to another example. I remember dealing with the Russian foreign minister at, I think it would have been either an ASEAN Plus⁴ meeting or

⁴ A meeting of the members of the Association of Southeast Asian Nations (ASEAN) plus outside countries such as China, South Korea, Japan, and others.

an APEC⁵ meeting—it was an East Asia meeting—and I remember feeling that the Russians were a little bit on the fringe. East Asia, at that time the United States, and other parties are emphasizing the dynamism of the Asia-Pacific, and Russia was still struggling to engage effectively into the nature of that economy—which I think actually, sad to say, persists to a certain degree today, but Russia uses other points of equity and leverage. So I did not have a [00:50:00] sense, as I would today, that China and Russia are pushed together out of a partnership of convenience. I think strategically, both the Chinese strategists and the Russian strategists don't necessarily believe this is a long-term, stable relationship, but right now they are coming together to oppose the United States.

So to share with you one other anecdote I've kept in mind, and this goes from Bush 41. I was with Bush 41 on his visit to China in early '89. This is before Tiananmen Square. In the meeting with Deng Xiaoping, and President Bush was trying to get a sense of how Deng Xiaoping saw Gorbachev and how the Chinese-Soviet relationship would work, and Deng Xiaoping starts to tell the story of the mulberry leaf. I'm the last person sitting in the line of chairs: "Mulberry leaf? What's the mulberry?" And so Deng Xiaoping puts up his hand like this, and he said, "China's shaped like a mulberry leaf," he said, "but Russia in the 19th century and 20th century was the silkworm that kept eating into parts of the mulberry

⁵ Asia-Pacific Economic Cooperation.

leaf,” and he said, “and until that is resolved, I expect our relations with the Soviet Union will always have a certain distance and reserve.”

Now, it's an interesting and amusing story, but it also has a historical aspect, which is, the borders of that region have been changed in the 19th and 20th century. And, from a strategic perspective, if you look at the Russian population in the east and the dependency on China, their longer-term interests would certainly suggest that they want to have security relations with others, [00:52:00] but their view of the United States is one that has led them to band together. But my point was that wasn't necessarily the view at the time. At the time, during the early 2000s, the Chinese-U.S. relationship showed considerable potential. A lot of this changes with Xi Jinping, but also some actions on the U.S. side. But so, in that context, one didn't have a sense that the Chinese would favor the Russians to disadvantage the United States. The Chinese may hide behind Russian behavior in the UN security council, but that was the extent of it.

BEHRINGER: And since you brought up Iran, I just wanted to double back on that real quick. So if Russia is slow-playing the Iran negotiations on Iran's nuclear weapons program, did you get a sense of what their interest was, how they saw their interests on Iran's nuclear weapons program?

ZOELLICK: This is one you'd have to talk to either Condi or Steve Hadley, who were the people on the arms control. I have a vague recollection that, at that time, Russia also revealed a concern about Iran developing nuclear weapons. And there were



some ideas about reactors or uranium, there was some sort of partial arrangement in which Russia could undertake a role, but it wasn't an issue that I was at the heart of.

BEHRINGER: Okay. One issue that you were at the heart of for many years was what to do with NATO as the Soviet Union collapsed, and then you obviously observed what happened [00:54:00] during the Clinton administration. When the George W. Bush administration comes into office, there's a decision made to go with the "Big Bang" approach, bringing several more countries into NATO. What was your position on NATO expansion more generally, and then why did the Bush administration elect to go with this bigger approach?

ZOELLICK: I was an early supporter of NATO enlargement. I had negotiated the German unification in '89-90. I relay a story about how, on the last night, we had a debate about the ability of non-German NATO forces to be in the eastern Länder, and, in the back of my mind, I was thinking, "Well, someday, Poland may want to come in and you want to have the ability of transit." And so I actually wrote opinion pieces and was pushing and working with the Republican Congress in the early nineties on the first accession, which was Poland, Hungary, and I think at that time it was Czechoslovakia—might've been the Czech and Slovak Republics. I also felt, when out of government, that this was important for the economic security cohesion of Europe. I'm not a believer about leaving lands between Russia and Germany—it's a potential battleground of competition. And I feel today, if you see the nationalist

movements in some of those countries, imagine how much worse it would be if they felt insecure. It'd be like the thirties again.

But I was not part of the decision that you're talking about, which was the sort of broad expansion. [00:56:00] I would have been comfortable going on with Bulgaria and Romania. The Baltics, I think, required sensitive care, because I believe that NATO is a security alliance, and therefore you shouldn't offer a security assurance unless you need it. And for the Baltics, as you would appreciate, that's a complex area of how deterrence would work. I would generally be supportive of bringing in the Baltics for various historic reasons and others, but I would want everybody to understand the implications of this. And to go back a little bit to the economic side, I mentioned the neighborhood around Russia. See, during the global financial crisis, a number of the Eastern European countries were very badly hurt, including the Baltics. It's worth noting I made a special trip to Latvia as World Bank president to show support for very difficult economic reforms that the Baltics were taking. I actually visited their museum of remembrance, which was about the Soviet occupation, a very moving museum. And I actually undertook a series of efforts to try to make sure that the European banks that own many of the Eastern European banks didn't withdraw the capital and liquidity and create a negative multiplier effect.

All of which is to say that, over whatever course Russia takes, we're better off having a strong, healthy, economic, politically stable neighbors as an example,



also for their own security. And so, in terms of NATO enlargement with the Baltics, [00:58:00] I think it was important, if they were brought into NATO, to make sure that there's an ongoing effort to deal with the security and economic challenges of the Baltics. This goes to issues today about hybrid threats and others.

After I left the administration, there was a decision, I think in 2008, that the U.S. was pushing for Georgia and Ukraine. I was not in the administration at that time. I would not have supported that. I believe Condi might've opposed it too. And the reason—there's a combination of reasons. One, I don't think the United States should offer a security guarantee unless the men and women of the Midwest, where I grew up, are willing to put their lives on the line to do it. I don't think we're willing to do that for Ukraine and Georgia, so we shouldn't fake it. And, as a related part, I think that, while I don't believe that NATO enlargement is what created Putin's political reaction—I think it was based on his own internal judgments—I do think that when you talk about Ukraine and Georgia, Ukraine in particular, that this added to Russia's sense of paranoia. And so therefore my approach to Ukraine, as I suggested, was, let's do everything we can to support the Ukrainian economy. Let's do everything we can to support Ukrainian democracy. And let's make sure that it, in a sense, becomes a model, an alternative for Russia, whatever course it takes over time. And I'd also be willing, when it later became under attack from Russians, to make sure it had the ability to defend itself under



deterrence, so with anti-tank weapons and others. But I wouldn't bring it into [01:00:00] NATO, and same about Georgia.

I do recall, actually, President Bush—Condi must've been out, so I was in the meeting in the Oval Office with President Bush, with the Georgian president—was it Saakashvili?—this was before, this would have been 2005-06—Bush was warning him that Putin really had strong antipathy towards him and that he shouldn't take any provocative actions. And I recall thinking that, while Georgia had a lot that it was trying to do economically and politically, that it had to be more careful than it was being.

And I think that turned out to be the case. So Bush was basically, in the privacy of the Oval Office, saying, “We'll be supportive of your reform process, but, if you create a crisis, don't expect us to be bailing you out. You've got to develop your own relationship with Putin,” which I think was the right approach.

BEHRINGER: And sticking on Georgia and Ukraine, actually, moving back to 2003 and 2004, when the so-called color revolutions happen there, I was wondering what your view is on how those revolutions affected the Kremlin's perception of the U.S. role in those two countries and also of the democratization process inside Russia.

ZOELLICK: Yes. I think the color revolutions were very important in shifting Russian thinking and increasing the fear—and by the way, this will also be true in a degree with China. And there's a related part of it, which would show [01:02:00] the irony and the trickiness of diplomacy. When Condi became secretary of state, I know we



picked up the term “transformational diplomacy,” and, while there were some ideas that were related to it, it was in part a label that had to be filled in with substance. But I recall the Chinese and Russians had been very anxious about what this meant. And, as an American, you can explain support for liberty and freedom and the cause, but there was a sense that the color revolutions were aimed at the internal security and stability of Russia and others. And it's one of those tricky topics where I don't believe the United States was trying to destabilize the Russian or Chinese regime. On the other hand, I don't think the U.S. would deny that it would support the causes of openness and freedom, and if people demonstrate.

So that's where, when one has to face these as real-life situations, whether Hungary in 1956 or Poland in 1980, or these other situations in Ukraine in more modern times, I think the governments have to be quite careful about explaining that we will support a movement, but that doesn't mean that we're actively trying to destabilize the political system. I think that it will be interesting—it probably depends on archives over time, but I think that Putin's hardened attitudes—I think Putin in 2001, he's not been in office long, really did seek to try to develop a certain constructive relationship with the United States. And he does this—and you can see they're supportive, at least as I recall, [01:04:00] with transit, with material and equipment to Afghanistan. I think the Iraq invasion, a sense that Russia's prerogatives are not being taken into account, the fear of internal destabilization, all these things add to a sense of, you could describe it as defensiveness to



paranoia, and ultimately lead Putin to the position where he is today, which is he wants to be a counterforce to the United States in a multipolar system, and there were other aspects of it. I think that this was one of the issues that Hillary Clinton stepped into is that I think Putin honestly felt that Hillary Clinton was trying to destabilize his regime, and I think he tried to even the score when she ran. And so this is one of those legacies that, dealing with Russia today, I do think that Putin today has come to different conclusions than the Putin of 2001-2.

Having said that, where I differed with President Bush to a certain degree, was that, you remember, I dealt with the late Soviet Union, and I knew what the KGB was all about. So when the president said, "I've looked through his eyes and seen his soul," that one didn't register so well for me. So my view is that Putin was always, at heart, a KGB colonel. There was a certain cold and hardness about it. But at the same time, that doesn't mean that you can't find common interests. And, for a time, there were people around him on the economic side that were pushing [01:06:00] economic reforms that would have moved Russia in a more constructive direction and would have moved to a more constructive direction in the world.

Even today, I think it's important to try to maintain discussions with the Russians on issues, and, importantly, something that's different from the Russia of the days of the Soviet Union is that you want to keep open the prospect for younger Russians to engage in the world, because this is a long game here. And,



over time, I believe the appeal of freedom and free societies will prevail, and you want Russians to see what free societies are like and open things up and create as many opportunities for them to see what it's like living in a world that doesn't have all the controls and authoritarian crushes that you have. You see in Belarus today. So it brings us back to the tension, which is, we want to support these issues, but we also want to be careful not to be seen as provoking crackdowns where innocent people are going to be the ones that suffer.

So it's a complex issue in the United States. I believe the United States—this is a slight difference from the way that Kissinger used to take these issues—we should always be free about speaking about those topics. I like the way Reagan did it, which he tended to do it aspirational as opposed to a way to punish people, but to kind of, “These are the things that we should aspire to,” and it leads to different policies. So to give you another example, rather than just sanction Chinese over Hong Kong, I like the approach the British took, which is to let people from Hong Kong, at least certain numbers of them, to come to Britain. What better way to show the difference between free and unfree societies? [01:08:00]

BEHRINGER: And this leads us to the topic of the Bush administration's approach to human rights inside Russia. In 2005 and 2006 in particular, when you were deputy secretary of state—there's a couple of flashpoints between Bush and Putin over democracy and human rights. So in February, 2005, there was a summit in Bratislava that Stephen Hadley has called a low point between the two presidents



because President Bush brought up the topic of human rights to Putin directly. And then in 2006, there were a lot of calls, including by Senator John McCain to boycott the G8 in St. Petersburg in the summer of 2006, which the Bush administration did not do. But what's your view—I guess you've talked a little bit about in general, what's your view on how Russia's human rights records should affect engagement with the United States—but do you think the Bush administration struck the right balance between engaging Moscow while also pushing back on human rights and democracy?

ZOELLICK: First, I was always uncomfortable with the Clinton decision to add Russia to the G8, because I felt that the G7 was a group of democracies. And, today, the G20 is a more appropriate group for dealing with the world economy, but the G7 still brings together the democracies. I understood why they did it, so I don't mean to be critical, but I'm just saying that when you bring a country in like that, you have to be anticipating some of the issues that McCain later complained about.

[01:10:00] Because I wasn't at the heart of the U.S.-Russia dialogue, those types of issues with Bratislava, I can't comment whether it was done properly or not.

As a general matter, I think the United States should be comfortable speaking about these issues. There's always a challenge about what you speak inside versus outside. And this goes back to the Nixon-Kissinger days, and sometimes you could get the Russian immigration—Kissinger was able to get a lot of Jewish immigration, but then U.S. public action closed it off. There were times



early on where Reagan quietly got the Pentecostals and others out by making a request and having it done in a way that he never publicly highlighted the fact that Russia conceded on this point. I don't think one can decide these in theory. You have to deal with them in practice.

What I do recall about Bratislava—you'll find this amusing—was that, since I would have been focusing on trying to reform the Russian economy and open it up, one of the most difficult issues was the agriculture meat sector, and I had labored long and hard. And by this time, I was going over to the State Department to get Russia to agree to what would have been a very appealing set of tariff rate quotas for American meat producers—pork, beef, and others. And I got the Russians to agree to it right before Bratislava. And I remember being somewhat disappointed because part of the challenge of foreign policy is also maintaining domestic support. We were in the midst of very difficult wars in Iraq and Afghanistan, and this would have demonstrated [01:12:00] actually how Bush's foreign policy was doing things for American farmers and ranchers. And for some reason, Steve Hadley didn't want to draw any attention to it, but it's more of a little amusing subpoint. Maybe because of the other issues you were dealing with, who knows, but I highlight it for you because part of foreign policy is also maintaining support among your domestic constituencies, and I was trying hard to maintain support of America's open international economic policy with our farmers and ranchers. And you being at Southern Methodist University should appreciate this.



BEHRINGER: Absolutely. Did you happen to go with President Bush or Secretary Rice on any of their trips to Moscow when you were deputy secretary?

ZOELLICK: No. So as I mentioned, I would have dealt with the NATO countries. I would have dealt with some of the neighbors, I'd be in with China, but I wasn't at the heart of the Russia issue.

BEHRINGER: So you—

ZOELLICK: Until I come back at the World Bank.

BEHRINGER: —Right. And does anything stand out to you about your visits to Moscow in this period, 2001 to 2008?

ZOELLICK: It's hard to know the exact comparison point, but since I had visited Moscow in '89-92 and been there in the nineties, because of what I mentioned about the energy money in the consumer class is that Moscow is becoming a more well-lit, clean, economically an apparently vibrant city. [01:14:00] But one also is aware that, because I'd been to other parts of Russia, there's still many poor and difficult parts of the country. And going back to—this is a tangent, but as for Putin's invasion of Crimea and Ukraine, it's a little hard to believe that he would have put all the investment he did in the Sochi Olympics and the goodwill he was trying to demonstrate, maybe he was planning to invade right afterwards. I think that's an interesting case of where, frankly, the perceptions of the removal of Kravchuk⁶—or

⁶ Leonid Kravchuk was the first president of Ukraine from 1991 to 1995, when he was succeeded by Leonid Kuchma. Kuchma served as president until 2005. The Orange Revolution broke out in response to fraudulent elections to choose Kuchma's successor.

I forget the Ukrainian leader—and the sense of the color revolutions or transformation politics unnerved Putin. And I think, in that case, part of the problem was actually, the European Union sent three emissaries, and as you often get the case with the European Union, they are working within the legal structure of the European Union accession agreement, and I think it would have been better if they'd been able to customize more to allow Ukraine to have a[n] economic relationship with Russia and the European Union.

BEHRINGER: And you've mentioned a little bit in our interview so far, your warnings to Russian officials, your warnings about the strong state overreaction, trying to control the situation as Russia recovers economically. How did the Russians react when you told them to be a little bit more moderate, and did [01:16:00] the Bush administration take any steps to demonstrate that the United States is willing to help alleviate some of their concerns about, if they don't get enough control over the media and elections and the economy?

ZOELLICK: So it's important to understand how diplomacy is conducted in context. So if one goes back and looks at those statements, what you'll see is I'm offering a[n] explanation for what's happened in Russia. I'm not doing it as—I'm not making a diatribe, an attack. I'm explaining something that, frankly, from their perspective, they probably understood. They probably also realized that he wanted to have this strong state. But then I'm trying to take it one step further and say, “Be careful that what might have been in your mind an understandable reaction doesn't become



counterproductive.” So the short answer to your question is I never encountered any difficulty with the Russians on that. And recall that most of the people that I’m dealing with—and this, by the way, would’ve included Medvedev too, later—is that they may share that view. They may have the view that you need to expand the Russian private sector and diversify the economy and open it internationally. Putin was always more of a question. I remember seeing Putin when he was prime minister as well. And Putin, I think, always had much more of a suspicious sense of state security and control on issues. [01:18:00]

This is a small point, but it’s representative of the fact that how you can still find common ground with people. When I was president of the World Bank, I discovered there were only 3,500 tigers left in the wild and they were about ready to be exterminated in our lifetime. So I started a[n] initiative to try to get the 13 tiger range countries to develop plans, working with scientific groups, wildlife groups, economic groups, to try to deal with the habitats and the trafficking and others. And Putin and I co-hosted a tiger summit in St. Petersburg, because there were about 500 tigers, Siberian tigers, left in the Amur area, and he also took an interest in them. And so, this was when I was at the World Bank, and I remember riding with him briefly in a van, and I was trying to draw his sense of the Russian tsars and which tsars that he found the most important because, remember, I told you about the Russian history, and asked about Alexander III, who was one of the

modernizers. But Putin, was always more suspicious and controlled, and I think, after a while—he's been in office so long, too. He's trying to preserve what he's got.

When I was at the World Bank, I also once visited Moldova—there's an interesting example, which is another small country that Russia has often tried to squeeze. I was trying to support Moldova's political economy. And Moldova happens to be in a superb area for grapes and wine. And [01:20:00] so, actually, the World Bank had invested in a small private sector wine company, but there are these subterranean tunnels in Moldova that are kept apparently at exactly the right temperature for preserving wine. And so you can visit them, and they take you around on a golf cart and you drive around for miles of these tunnels. And, at one point, they said—they would point at various stashes of wine—"This is Putin's." All these rare wines he'd stashed in Moldova. [laughs] So it's a little different than your normal public servant's compensation.

Medvedev was someone I also tried, I think as Obama did, to try to—he had an interest in technology, he had some interest in innovation, but ultimately I think he had to serve Putin's more suspicious purposes.

BEHRINGER: And just to jump ahead for a second, since you mentioned Medvedev and Putin, you met with both of them in Moscow, June 2008, if I'm not mistaken. Can you talk a little bit more about what those meetings were like, what the issues were on the table, and, coming out of those meetings, how did you feel about the future of U.S.-Russian relations?



ZOELLICK: At this point, I'm president of the World Bank, and I've just taken over, and, without going through all the story on this, but it was a tumultuous time because Paul Wolfowitz had been pushed out. There were lots of complaints about whether the U.S. should have the presidency. And we were on the edge of what was going to become the global financial crisis. So this was my effort, as in, I tried to visit many capitals, [01:22:00] not only the developing countries, but the other capitals. And I don't recall, but I was probably trying to discuss with them my understanding of the sort of Russia-private sector development, the macroeconomic stability, so now we're moving beyond trade to the broader Russia development agenda. And I just remember them being professional and congenial. I later tried to help create an IFC, which is the private sector fund in Russia, develop some of the private banking sector separate from the government. So I was trying to support private sector dimensions.

The current head of the IMF, Kristalina Georgieva, who's Bulgarian, had been the country director for the World Bank in Russia in the early 2000s, the same period of reform, and Kristalina was somebody whose career I promoted—I made her corporate secretary. She then becomes a commissioner of the European Union Commission. But so the Russian economic leadership would have had no reason to have hostility towards me. They would have seen me as someone who tried to work with them on the WTO accession. Gref and Kudrin would have been probably positive about my efforts. Their experience with the Bank in the prior



period, it had probably been constructive. So, the context was one where I'm trying to make sure that they remain a constructive player in the World Bank, and they are welcoming [01:24:00] my overtures, basically.

MILES: And in those meetings—I have to ask because we've heard a lot of stories about these from other folks who served in the Bush administration—were you not subjected to any of the kind of customary procedures when visiting Vladimir Putin, for example, such as four-hour wait times and unexplained absences and things like that?

ZOELLICK: There was one of my meetings—it might've been that one, I forget—that I had to wait for Putin, but that isn't unnatural when you're meeting heads of government, whether they're with their duma or what their issues are. And my approach to such things in general was, if you're easy to take offense, it's more reflecting on you than it is on them. And remember, at the end of the day, I'm the banker. I'm the one who decides whether we go forward with various loan projects and others. So if somebody was too officious, well, I suppose, at the end of the day, turnaround would be fair play, but that wasn't how I conducted the business. Again, I don't know exactly why.

There was another—I'm trying to remember his name. There was a colleague of Putin's who had also been at the KGB and was actually slightly higher ranking, and he had been minister of industry for a while, he had been defense minister for a while. [01:26:00] And I always had a good professional relationship



with him—in fact, he actually sent me a beautiful picture of a leopard, a huge photograph of it. It's quite rare. So there's these commonalities of interest. I remember when I got it at the World Bank, I said, “Let's make sure we test it to make sure it's not listening to all our conversations.” [laughter] But so, I don't—maybe it's because of the economic issues, maybe it's the conduct, who knows, but I always had—and during the financial crisis, this is relevant, I'm trying to play a role to support developing countries. Frankly, I don't recall, Russia had a—because of the good central bank and macroeconomic policy, it wasn't as major player as China was, but I don't remember it being a negative force. There's a story in Hank Paulson's book about how the Russians had approached the Chinese about dumping dollars, at which point then I could see Putin thinking he could destabilize American power by this point. And I was always amused at the Chinese response, who are holding \$3 trillion of U.S. dollars and say, “Oh, we don't think this is a very good idea. You just depreciate the value of your own reserves.”

MILES: So let me pick up on the point about the 2008 financial crisis and ask you, as a banker, what the impact of that was on Russia and its relationship with the United States, in your opinion?

ZOELLICK: Yes. I wish I could recall some of the more greater details, so I'm afraid I'm going to have to give you generalized impressions. I think for Russia, China, and much of the world, the major effect was that [01:28:00] the United States as the leader of the world economy leader, leader of capitalism, leader of the world

financial markets, had been the source of a huge debacle that hurt a lot of people. And so it undermined confidence in U.S. advice. Remember, in the '80s, '90s, early 2000s, you'd had a series of financial crises that had come from developing countries, whether East Asia, whether Latin America, whether Russia, and now, all of a sudden, the developed countries were the source of it.

Relatively quickly, the story shifts from the United States to Europe. So during most of my time at the World Bank, the story is really the Eurozone Crisis and whether the Eurozone holds together. So the U.S. economic response was rather large and the Federal Reserve played a very important role. The Federal Reserve's policies, I think, would have been including, this gets more obscure, but its role of swap lines for the players was well-regarded. But it's certainly a dent in the U.S. confidence and leadership.

And of course at this time, you're also dealing with the ongoing frustrations with Iraq and other issues. So I'm trying to remember the direct effects on Russia. Energy prices probably collapsed. That probably hurt Russia. There's probably the effect on the remittances that I mentioned to some of the neighboring countries. And so, I do remember at some of the G20 meetings with Medvedev there, and him seeming supportive of [01:30:00] the efforts that I was trying to make at the World Bank, which was to try to make sure that the developing countries were cushioned with some of this. And, actually, as it turned out, the developing countries became partly more of a locus for stability and growth, but this gets you



into complex issues. As the regulators clamped down on the banks, they, for example, almost choked off trade finance, and for developing countries, that was a killer. So I and the head of the WTO, Pascal Lamy and others, had to work with the BIS⁷ and others to keep the flow of credit going to some of the developing countries, and we vastly expanded our lending and support in different areas. So there would've been no reason for the Russians to be negative or hostile. But again, I don't recall, remember—in contrast, China has this huge stimulus program. China plays a very constructive role, actually, but Russia is not a major part of the world economy.

BEHRINGER: I think we just have one more question, and I'd like to take a step back and think on a broader level here, given your experience in the administration, but also, you just wrote a book about diplomacy and the role of people in diplomacy. And so George W. Bush and Putin have this famous rapport, and Bush visits Russia more than any other U.S. president in history, Putin comes to Kennebunkport and Crawford. But despite all that, at the end of the administration, relations are at a low point. Do you think the Bush administration misjudged Putin at the beginning, and then what is [01:32:00] your view on personal relations between presidents or principals of states in general? How close should that be, and was too much effort expended on the Bush and Putin relationship?

⁷ The Bank of International Settlements.

ZOELLICK: So I think in considering how presidents and statespeople try to conduct diplomacy, one needs to recognize you have a continuum of objectives here. Just because countries take authoritarian terms or are not successful democracies doesn't mean that you don't have objectives that you're trying to accomplish along the way. And so, my first point is I'm cautionary of retrospective zero-sum calculations. "Oh, it didn't work." Well, my guess is, if you talk to President Bush or Condi or Steve that—or even Vice President Cheney, or Rumsfeld, if he was alive—they wanted Russia's help in dealing with Afghanistan and Iraq, and particularly Afghanistan. And I don't know all the details of that, but I recall vaguely that there was support from Russia, bringing equipment in and other aspects of that. So—and this goes to the point—does it make sense for President Bush to try? Of course it does.

And, again, the zero-sum logic is, if you try something and it doesn't succeed, you shouldn't have tried. Well, why? How do you know? [01:34:00] The nature of diplomacy is to probe, to see if you can find common ground, see if you can come up with issues where, whether it ranges from deterrence to cooperation, you can manage an international order that serves your national interests and values. So the idea that you should cut off relations with somebody never strikes me as a productive approach. Over time, you can look at various countries that have regimes like Castro's in Cuba that are not likely to be productive, and so you can modulate it appropriately, but Russia is also an important country. And I think

even if you get frustrated, if you're the United States, and you're also working with allies that are going to have a mixed view, you want to keep the lines of communication open. And so some in Central and Eastern Europe are very wary of Russia. Germany and others, the French had economic relationships. So you're trying to also manage your coalition more effectively. And in today's environment, how are we ever going to deal with biological security, like pandemics or climate change, if you don't deal with these countries?

And as part of that, personal relations can be important, but one also needs to keep in mind their limitations. If you read the histories of '89, '91, '92, in the end of the Cold War, the relationships that Bush and Baker had with Gorbachev and Shevardnadze and [Helmut] Kohl and [Hans-Dietrich] Genscher and others were critically important in dealing with this. But at the same time—this is why I hesitated on [01:36:00] the Bush comment about seeing his soul—one needs to be realistic about what to expect. So, as I mentioned, I operated at a very different level, but I always recalled Putin's origins and the mindset that he would have as a KGB official, but that doesn't necessarily mean that you can't make a better international economy, open opportunities for U.S. firms, deal with conservation issues like tigers and, frankly, work out security arrangements. And so to try to, over time, nudge them in a direction of recognizing that their actions in Ukraine will just create a hostility in Ukraine that'll last for generations. So that's part of what engaging in diplomacy is about.



To take another level, I think leaders often, sometimes the press want to keep a scorecard, like you're supposed to go into a meeting and, "here's my six points that the other guy agrees on," and so forth. Kissinger, when he discussed his relations with China, you often have to start by trying to understand the other person's perspective. You may not agree with it—often won't—but you need to understand where they're coming from. They may have a perspective, as we've talked about with transformational diplomacy or color revolutions, that you think is fundamentally wrong or misplaced, but it is guiding their thought processes. What I sometimes counsel people is to think about all the times that, with your friends, maybe even with your families, that people misperceive things, or they hear something different, and they go off, and—do all of your personal relationships always work exactly the way you would like, or now and then are there different [01:38:00] perceptions and conflicts? Multiply that many times internationally. And so, the more that you have somebody out there listening—now, it doesn't always have to be the president of the United States.

I think in the case of President Bush and Putin, it was partly the timing of both relatively new leaders, you had 9/11, and so that forged the nature of their relationship. And then you have to get into a much deeper analysis of whether there are things that the U.S. did that led to greater friction and distance on the part of Russia, or the things that we could have avoided, or was that the price of our policies? And where can we find commonality of interest, and where do we

have to simply manage differences? So, not all problems can be solved. Sometimes they just have to be managed. At the same time, in the case of Russia, the U.S. and Russia are two very seriously nuclear armed states. And that also—the question of those nuclear materials, but also nuclear weapons in the world—requires a certain awareness and sensitivity, separate from zero-sum calculations.

Who knows how historians will view this, but I honestly think, if you look at the Clinton administration, the Bush 43 administration, and even for a time the Obama administration, there was an effort to reach out and work with Russia. And it certainly fell short of the aims and aspirations. At some points, it had some common interests. And so, was the U.S. mistaken [01:40:00] to try? I think, at times, this pattern that people got into a reset, I think, was a mistake because it's created the notion that somehow the fault was the U.S., and we had to reset it, or it was an administration, an administration got it wrong, it fell into our partisan politics. I never liked that approach. I personally think you need to see some continuity here across administrations. But this is a bigger question that people will also debate about—China policy. And, of course, leaders change. I do think Xi Jinping's change in China matters a lot. And I think, in the case of Putin, his own attitudes changed, in part because of his feeling that some of the U.S. actions we've discussed either threatened him or disrespected him.

I'll give you a small example. When Obama tried to dismiss Russia and say, "Well, it's just a regional power," I can imagine his frustration. I can imagine how

he got tired of dealing with what he thought were some of the Russia manipulations, but that was a mistake to say that. What good does it do? It just provokes the other party. And so, this is hard sometimes, because leaders have to deal with their domestic politics, but usually trying to diminish or insult somebody doesn't get you where you want to go. And so what's the purpose of it?

Having said that, what I want to make clear—this goes beyond the Bush era: efforts at reaching out and cooperation doesn't mean that you don't vigorously protect your own interests. So where I, frankly, would have had a different [01:42:00] course than the Obama administration, or certainly the Trump administration, is that I think that cyber interference in our elections is as close to violation of our national security and our constitutional basis as I can find, other than nuclear war. And so I think that Obama should have been much harder—and this gets into questions about what offensive actions we could take and what can you do to deterrence—and Trump was all over the map on this, and if anything, probably too accepting of this. And so we'll see how Biden's cautions play out. But I think that from the first Biden meeting, where he was trying to manage the relationship professionally, say there's areas that work but there's also areas where he needs to caution Russia, that he'll get a response. That's the right starting point, but then of course, we'll have to see how words get translated into actions.

And similarly, as I suggested with our NATO obligations with the Baltics and others, we have to demonstrate we're very serious about this. We had to be

prepared for those hybrid threats. And as I've said, in the case of Ukraine, the best way to stop Soviet⁸ armored forces is to make sure that Ukrainians have got anti-tank missiles that they can use, and they will pay the price. Frankly, I think that's a fight for Ukrainians with our military support, not for the men and women of [the] American military. So what it breaks down to is it's up to historians to say, "Well, you missed this opportunity," or, "You were taken in on this point," so on and so forth, but the idea that Bush somehow [01:44:00] erred by trying to work with Russia and find common ground, and probably finding common ground on some of it, I think is a mistaken view of what countries can accomplish in statecraft.

[END OF AUDIO/VIDEO FILE]

⁸ Here Amb. Zoellick clearly meant to say "Russian armored forces."