



## Is the 'Reset' with Russia on the Rocks?

*Anders Åslund says the recent political setbacks for Prime Minister Putin have poisoned US relations and jeopardized prospects for improved trade relations.*

*Transcript of interview recorded December 8, 2011. © Peterson Institute for International Economics.*

Steve Weisman: What has happened to the reset of US-Russian relations? This is Steve Weisman at the Peterson Institute with Anders Åslund, senior fellow at the Institute, to talk about recent developments that have created new problems for Prime Minister Vladimir Putin and introduced new tensions with the United States. Anders, what's your assessment of what is going on after the elections in which the opposition did surprisingly well?

Anders Åslund: The big point is that Prime Minister Vladimir Putin seems to have simply imploded. And the big event was of course a couple of weeks ago, when the people started booing at him at the sport performance. After that, he seems to have lost all authority. And I think that his fundamental mistake was when in late September he said that he's coming back [to the presidency of Russia]. He said that "President Medvedev and I had decided this from the beginning," and that meant two things.

The first was that President Dmitry Medvedev, [who] has spoken about reforms and sounded very different from Putin, was never serious about it. And the other thing it meant it was that Prime Minister Putin has been in charge for twelve years and he's responsible for everything. And the last three years Russia has on average not had any economic growth.

Steve Weisman: You're saying that it was the announcement of his desire to return to the presidency that seems to have led to this counter-reaction in the Parliamentary (Duma) elections.

Anders Åslund: Indeed. It took those into account, and then people realized that this is not good enough. So the demonstrators now are not demonstrating against United Russia [Putin's political party]. President Medvedev now looks as nobody. Instead, they are shouting against Putin. So the two big slogans are: "Putin is a thief," and "Putin to prison."

Steve Weisman: Those demonstrations have erupted in the last few days, after the election. Were those the first, or were there demos before that?

Anders Åslund: There had been demonstrations, but these were bigger demonstrations. The one on Monday [December 5] probably had something like seven thousand people involved. The numbers vary greatly.

Steve Weisman: Is that an impressive number?

Anders Åslund: It's quite substantial. The biggest demonstration we've heard of before was 12,000 people—in January 2010 in Kaliningrad. And that was a big sensation.

Steve Weisman: And they've arrested six or seven hundred people or more?

Anders Åslund: They're up to one thousand or so. They have taken about three hundred people a day— Monday, Tuesday, Wednesday.

Steve Weisman: Are these people well known or are they just the rabble?

Anders Åslund: No, it's very much the leaders of all kinds of opposition. The person that particularly stands out is the anti-corruption blogger Alexei Navalny, who seems to be the new leader coming up now.

Steve Weisman: Where is this headed? The United States issued what I thought were some bland supportive comments for democracy. But Putin has reacted by saying that the United States is meddling and even causing the demonstrations. Is there any calculation here?

Anders Åslund: Putin has always run against something. He has had a war against something in Presidential elections. So in '99, it was Chechnya; in 2003, it was the oligarchs; in 2008, it was Georgia. And to judge from the public rhetoric, one wonders if he's targeting the United States now.

Because we have heard many statements strongly defending Syria; taking completely different position on Iran from what Russia did before with regard to possible nuclear arms in Iran; threatening to target US anti-missile installations; and also threatening to block the northern delivery network to Afghanistan through the former Soviet Union. So this is a lot. It's not only the statement today against [Secretary of State] Hillary Clinton, but it's a total change in rhetoric. Or as we may say, this is Putin's old rhetoric from his second term as President against the United States that is coming back.

Steve Weisman: Congress has before it the legislation that would enable the United States take advantage of the Russian accession to the World Trade Organization. Does that accession have anything to do with Putin being liberated to go on this national tack? Was he on good behavior until that got settled? What are the chances that the US can do this legislation now?

Anders Åslund: I don't think that the United States can really discuss permanent normal trading relations for Russia until the Russian elections. Because if the administration proposes it to Congress, it would get into a big fight over Putin. The administration would not be interested in doing that. And they can do it later on.

Steve Weisman: When are the elections in the spring?

Anders Åslund: The elections are on the 4th of March, and Congress needs to adopt this legislation essentially before the 15th of June. So there is ample time after the Presidential elections. But of course, what we are seeing now is the serious deterioration in the relationship. Putin has said that he's in favor of a WTO accession now. And he very much emphasized that he has taken lead of it in the last few months. So I don't think that he wants to block WTO accession. But the PNTR issue here in Washington is becoming much more complicated by him.

Steve Weisman: Is there any chance that Putin is in trouble in the Presidential election?

Anders Åslund: Absolutely. If you have lost your magic touch, as an authoritarian leader, and start looking ridiculous, then you're really weakening. And yesterday and today Putin has had meetings with the party activists and they just looked at him with deadpan faces as, "Poor chap, doesn't he realize what has happened?"

So there is a sense that this is a huge implosion and Putin refuses to acknowledge it. He still says that the elections were honest, the television channels hammer that these were decent elections. And you can't do this. The Internet today in Russia is far too important. Forty percent use it. And the television programs are even forced to respond to the opposition on the Internet in television programs.

Steve Weisman: And yet Putin still commands 50-60 percent approval ratings? Couldn't he expect at least after a run-off to get re-elected?

Anders Åslund: I don't think so. I think that when you have lost your magic touch, then you're finished. A democratic political leader can come back. An authoritarian leader who has relied upon censorship and to some extent repression cannot come back in the same way. So I think that what we are likely to see is very much a question of who will be able to come up with a clear alternative. And of course, time is short. But so far we don't see their alternative; the opposition is disorganized.

Many of the leaders or most of the leaders are now arrested for two weeks or so, and therefore, they of course can't do public planning of it. But it's striking that hardly anybody apart from former President [Mikhail] Gorbachev has said that the elections should be declared invalid. People are rather just discussing how the fraud was taking place and there are statements like, "25 percent of the votes for United Russia were not real." So it's a massive fraud that has taken place. Even so, they only managed to get 49 percent out of the participation of 60 percent.

I think that when all these things end, people will say: "This regime is over. And it had better realize it." At the same time Russia that does not have much of actual riot police. There's an excellent Intelligence Services; it does not have many people who can be pushed out to use violence against the population. And unlike the Arab Spring, Russians are actually very peaceful. We have not seen any killings in demonstrations so far. The demonstrators don't use violence and the riot police beat up the demonstrators, but they don't kill them as yet.

Steve Weisman: What should President Obama do about this? Should he echo Secretary Clinton and speak out? Or is this a time for the US to perhaps step back and let events play themselves out?

Anders Åslund: It's a difficult question. On the one hand, of course the US needs to speak out. On the other hand, it's obvious that Putin just waits for the US to weigh in, so that he can hit hard against the US. So I think that Secretary Clinton's statement was quite soft and accurate, but this is approximately the right tone to use.

Steve Weisman: Thank you, Anders.

