

THE ST. PETERSBURG INTERNATIONAL ECONOMIC FORUM 2009

ECONOMIC DAY

SESSION:

THE ECONOMIC CRISIS AND NEW CHALLENGES TO GLOBAL

SECURITY

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Description:

The economic crisis is destabilizing the world. International terrorism, piracy, financial and other crimes have become more of a danger. How can Russia help to provide global security? New breeding grounds of international terrorism and the need to confront it, both economically and geopolitically. The piracy of the 21st century.

Moderators:

Konstantin Kosachyov, Chairman of the Duma's foreign affairs committee

Participants:

- **Sergei Ivanov**, First Deputy Prime Minister of the Russian Federation
- **Binyamin Ben Eliezer**, Minister of Industry, Trade and Labour of Israel
- **Alexander Kononov**, Minister of Justice of the Russian Federation
- **Robert Legvold**, Marshall D. Shulman Professor Emeritus, Department of Political Science, Columbia University
- **Ivan Safranchuk**, Associate Professor, Moscow State Institute of International Relations (University, MFI of Russia)
- **Dr. Andrew C. Kuchins**, Director and Senior Fellow, Russia and Eurasia Program Centre for Strategic and International Studies

Transcript:**K. Kosachyov:**

I would like to welcome all participants of our session. In general, foreign policy and global security issues are not typical for the St. Petersburg International Economic Forum, however the global economic crisis forces us go beyond our traditions. Obviously, we need to discuss issues concerning the ongoing economic crisis, including those related to the global security in its broadest sense, in order to find appropriate solutions for the main question: how the world of the 21st century will look like after the economic downturn fades away. The economic discourse of this Forum goes on an unusual way, indeed, one or two years ago we could not think that record oil prices could ever come down. We believed they would remain high; and certain economic theories were adjusted to

confirm it saying that those prices would always depend on the ever-increasing demand for energy resources of the so-called third world countries, and the other consumers as well. In the same way as recently as one, five and ten years ago global security appeared to be steadily improving. It also seemed that by the end of the cold war the world had calmed down turning into the safer stage of its development, and all we had to do to live in a safe and secure world was just to settle down some regional conflicts, such as the conflict in the Middle East. «Earlier, five to ten years ago we believed that to ensure such security we could just rely upon conceptually new features of space surveillance capable of tracking the location of weapons or terrorists, and to place stakes on the precision-guided weapon was a sufficient means to prevent or settle down such regional conflicts. Just as the economic crisis disproved all evaluations of economists, so the hopes for the fact that the problems of global security were resolved or are going to be resolved in the 21st century turned out to be illusions, unfortunately, and it would be completely wrong to state that by the end of the first decade of the 21st century the world has become more secure than it used to be in the beginning of the decade when the twin towers collapsed in New York and Russia, Israel and other countries faced a number of terrorist attacks. The world has not become more secure. And we would like the panel try to answer what is probably the key question – what does the economic crisis mean within the context of promotion of security. We discussed it during our plenary session and everybody has agreed that one known Chinese pictograph for crisis which is made up of two characters, one standing for danger and the other for opportunity, can also be applied to the economy. I would like to ask the following question to the participants of our discussion: how do you see the balance between new challenges and new opportunities suggested by the economic crisis in terms of increasing the global security, what new problems may arise in this field upon the progress of the crisis and what new opportunities may appear by the end of the crisis. I address this question to all attendees, but first of all I'd like to hear Ivanov Sergei Borisovich who is highly experienced in performing various functions, but they all pertain to the field of security in question. We would definitely like to share your unique experience. You have the floor, please.

S. Ivanov:

Thank you very much, dear colleagues, panellists. I am very pleased to take part in the St. Petersburg International Economic Forum once again, and, as it has been just fairly stated, it is the first time when the issue of global security is being discussed in the context of the global financial-economic crisis. In my view, the issue is raised in a very interesting manner, it is quite reasonable, and it has been already outlined at the opening ceremony of the Forum. Those who attended the discussion in the Grand Hall, probably noted that at the end of the discussion this issue was clearly expressed by the former Prime Minister of Japan, Mr. Koizumi in the context of disarmament. The

President of the Russian Federation has also expressed his personal opinion, for the most part, in the context of Russian-US relations. But, certainly, the problem is much larger and is connected with not only nuclear disarmament, but a range of other security problems.

Certainly, amid the crisis a number of acute global security issues remain urgent, and the crisis did not introduce anything new to their nature. I, first of all, refer nuclear disarmament issues. Here I would say only one thing: for the last eight years Russia has repeatedly raised the question of a new treaty to substitute the START-1. Now this issue becomes a key objective. Of course, we cannot conclude a comprehensive US-Russian treaty in just a year, but we have established a goal for politicians, and the ministries of foreign affairs and ministries of defence are working on it, and, I hope, they will manage to resolve this complex problem. However, even if this problem is resolved, there still will be an issue concerning the disarmament of other nuclear states, and, what is more acute – how shall we treat the so-called “threshold countries”. And I do not mean the recent nuclear and missile demarches of North Korea here, for that is another question. I believe that the non-proliferation issue is becoming even more acute amid the crisis. Those who possess certain technologies – I am not talking about a complete production cycle of ammunition, I am talking about technologies or just enriched uranium, may wish, under the depressing crisis conditions, to sell these technologies or materials “abroad”; while a number of “potential buyers”, including terrorist and extremist organizations, is increasing. It is a matter for concern. Furthermore, Russia and the United States being the major possessors of nuclear weapons, missiles, weapon-delivery vehicles, bear the highest responsibility for strengthening the non-proliferation regime. I also talked about it at the Munich Conference on Global Security. Russia and the USA will be the leading parties to establish new and stricter rules for the international non-proliferation regime. Since today’s authorities as well as financial institutions fail to do it.

Do we have any promising prospects in this field? I think we do. One of the options is a joint Russian-US initiative to create international centres for the enrichment of uranium. One of the centres has been already created in Angarsk where the Russian Federation offers any country of the world, which is inclined to develop its nuclear power industry, to enrich fuel. How could we benefit from it? Here we can approach two key objectives of non-proliferation. On the one hand, we secure all non-proliferation rules to the full extent, since all international centres will be initially controlled by the IAEA. On the other hand, we offer an opportunity to develop the nuclear power industry for those countries which actually want to do it, not going beyond the subtle border between non-defence nuclear power and military affairs. In my view, this is a correct solution, and some countries have already joined the international centre in Angarsk.

This is what concerns non-proliferation. As for the crisis, it is obviously that along with unemployment comes poverty and hunger – in some countries, this is connected with other threats,

for example, the increase of irregular emigration occurs. It is an obvious problem that did not exist in a number of countries at all, and existed in other countries to a lesser extent.

Piracy along the Somalia coastline. In the mid of 1990s I lived in the East Africa and saw a situation in the Horn of Africa. Even then it was clear that Somalia, unfortunately, would not be an independent state. And since then the situation has not changed – there is no national government, there is nobody to control the territory. And in time it led to the current situation where we have a problem with piracy. Piracy had been a problem the previous year, and the year before the previous year, but in the last few months it has got out of control, and, incidentally, this problem impedes the global economy. I saw a video yesterday: the estimates of direct losses of world community from the piracy – thirteen to sixteen billion dollars. It is an enormous surcharge for a traffic network and causes great additional expenses, since you need either to engage professional guards to travel across the Gulf of Aden with you, or change your route and sail round the Cape of Good Hope, around South Africa. We surely cannot attach a warship to each trading vessel, the water zone is too big. The world community (NATO, EU, Russia, etc.) is taking certain measures, China has started to send its war ships there. It means that to settle this problem we need a new international mechanism. This implies a legal framework as well: Russian seamen have already caught the pirates – what next? What court shall judge them? What law shall be applied? Who will pay for the proceedings? And so on, and so forth. In other words, the crisis has put forward an absolutely new problem.

There is also the problem of regional conflicts. I do not mean the Middle East, Iraq or Afghanistan. Pakistan, by the way, is also a country possessing nuclear weapons. Today the new US administration headed by the President Obama states that the Afghanistan situation cannot be resolved without regulation of a situation and control of Pakistan territory. And I am very glad the US administration has come to such a conclusion – it means that the world community has directed more attention to this problem.

I outlined a number of issues for now, I don't want to take your time, but I consider them as the issues we should be always concerned in.

K. Kosachyov:

Thank you very much, I know many of you would like to ask questions, and we will certainly come back to it. I would ask the rest of the participants to remember that we are interested in not merely an exchange of opinions, but in a discussion, that is why I kindly ask you to stay within the scheduled time limit. I have the following question for Mr. Legvold. Mr. Ivanov has just said that the USA changed its views towards the Pakistan's nuclear potential. We can also see what the new US administration declares about its new approaches in some other spheres pertaining security. Do

you think these new tendencies appeared in response to the former US administration policy? Or were they the response to global tendencies, including the economic downturn, which revealed the hopelessness of attempts to approach some problems inside the national boundaries? Is President Obama more global-oriented when compared with his predecessors?

R. Legvold:

I think there is no question that the Obama administration is approaching international politics in a fundamentally different way from the previous administration. In part that is a reaction to what is seen as the failures of the prior administration in many areas, including the consequences of the war fought in Iraq and all that surrounds that decision and the way in which we have dealt with a whole series of issues including those raised by Sergei Ivanov in the arms control area, strategic nuclear arms between the United States and Russia, where we allowed the strategic nuclear arms regime to literally disintegrate over the 12 year period after 1997. And where we made too little progress in dealing with non-proliferation by focusing only on the issue of Iran and North Korea without preparing the way for the 2010 review conference and dealing with this issue in the broader sense that allows us to capture the new trends, including the trend that Sergei Ivanov quite rightly pointed to: the effects of the nuclear renaissance and what that may likely mean for nuclear proliferation. This administration was aware of all of these issues during the presidential campaign so it precedes the economic crisis and the effect of the crisis. It has to do with restoring some kind of US leadership, which means the US needs to move away from unilateralism; from the early resort to military power in order to solve problems; a disregard for the security interests of other states. All of that has been articulated from the presidential campaign through the current speeches and the behaviour now conforms to that. I think as part of it, there is also a new American approach to the US-Russian relationship, which is much broader, much more basic, much more ambitious than simply in the strategic arms area although that is important, and it is the first step, because the most time-urgent issue is negotiating a replacement agreement for start one before the December deadline. We are in a new world with the Obama administration. We would have been there even without the economic crisis, and I would argue that the effect is in reverse. That is, I think this administration is in a better position to deal cooperatively with the G20, with the Chinese and with others in the economic crisis because the foreign policy was changing beforehand. It is not the economic crisis that has produced the change in foreign policy.

K. Kosachyov:

A very interesting point of view. It would be more interesting to see how far other panellists agree with it. My next question is addressed to Mr. Ben Eliezer. You are currently in a civilian position as

the Minister of Industry, Trade and Labour. But we know that you have spent the majority of your life serving with the Israeli Defence Forces, where you as a Brigadier General encountered security issues both in theory and practice. Today's Israeli government upholds a more radical position when compared to the previous government. My question is almost the same as I asked Professor Legvold: how far are the changes in Israeli domestic politics connected with the global events going beyond the Middle East? To what extent can these changes be regarded as the response to the global change of economic situation and to what extent they can be regarded as the response to the changing policy of other centres of power, namely, the United State of America, China, Russia? Thank you very much.

B. B. Eliezer:

My dear friend we are here because of a dramatic economic crisis that has happened in the world. What has happened is not exactly the result of security systems or security problems. It has happened because the whole system of the economy has collapsed. We are here, and by the way I would like just to give you, and through you to St. Petersburg, the compliment of organising such an outstanding gathering that people from all over the world can sit and talk and negotiate and speak and exchange views and see what can be done together because don't forget one thing – all of us, no matter what walls, we have to look ahead and see what will happen. For the time being I want you to know that there is no interaction between this and security problems. No. But in the long term it could happen. It will happen. I mean today, you have to be aware, whether we like it or don't like it, that something happened in the security field and here, my dear friend, who used to be the Minister of Defence for Russia knows that not less than me, if not more than me, I used to be the Minister of Defence for Israel as well. I can tell you one thing, that today something happened in the security field as well. The very usual systems that used to be the tanks and the aircraft have been replaced. Today, the main threat to the world is not exactly the old threat, which was tanks and aircraft; it is terror and mega terror and missiles and long range missiles. This is the threat. And by the way, when it comes, it means that a revolution will simultaneously show what is happening in the economic field and also show what is happening in the security field. There is no connection right now but it will happen if we're not careful. If we don't see, first of all what the resources are; how it came, how it was born, and it's born to the world because the extreme changes happened to be in the Islamic world, unfortunately. This means that today the Islamic world is divided. It's running through a very, very difficult crisis between the Sunni and Shiite; between the moderates, who are lead by Saudi Arabia, the Gulf area, Egypt, Jordan and North African countries, and the other side, lead by Iran, Hezbollah. You have to look ahead at all the terror problems all around the world including Al' Qaeda and others. It's true that in the future it will change. I am going to give

you just one example. If the balance in the Middle East changes. The balance in the Middle East cannot be changed. It will be better, I mean, if during this year, with the support of Russia and the United States we will be able to achieve a breakthrough in the political issue. I am more than sure of that. I am sorry about your opening, but never mind. I was Ariel Sharon's Minister of Defence and Ariel Sharon was the man who helped evacuate Gaza, if you don't know. I was a Minister in the days of Rabin and Rabin suffered with Oslo. So, don't be surprised if in the coming year a breakthrough takes place within this government, where I am a member of the cabinet.

But this is not the main issue. This will solve the problem between Israel and the Palestinians. I am more than keen to see this and the sooner the better. In order to put the problems aside, I think that we and the Palestinians have to live in two countries side by side. We must live together and see what we can do to guarantee security is going on in the area. For example, the question of Iran. It is impossible right now to ignore it. I mean, the fact is, that Iran will be nuclear. This on its own will endanger the whole stability of the Middle East. It is not only going to put a threat on Israel. It will put a threat on Saudi Arabia, on Egypt, on Jordan and all the moderate Arab countries. And that is what will happen. Now, I'm not talking about what will happen with the superpower that's had to build an umbrella in this part of the world. I mean, now, when we are talking about the Middle East, we are not talking about peace and war. We're talking about fuel; about oil. You have to look at that. Now, if the other side, what we call the extreme side of Islam, gets stronger, this will definitely affect the world economy 100 percent. I can foresee that things will jump again. I mean oil prices, if not worse than that. Because, you see, logically, you can find a resolution for everything. But when it comes to fanatic religious issues, the problems must be watched, mainly by the superpower. You have to understand that once something happens to the Middle East, this will not be good, not for the United States and not for Russia, both will suffer from that. Besides, I think that today, because of the crisis, we have to do everything possible to try and cool down all the conflicts there. As my colleagues here have mentioned, as happened in Pakistan and Afghanistan and other places. It is important to leave the Middle East at least the resource of oil and as much as possible of all the other things. I'm a great believer that right now, President Obama along with President Medvedev can do this together in order to bring the world to a better situation. Thank you very much.

K. Kosachyov:

I address my next question to Ivan Safranchuk. The global crisis has overturned many fundamental ideas about everlasting economic power of some states, and about other countries which are fated to drag behind forever. The bright example here is the People's Republic of China which even amid the global economic crisis keeps to display quite forceful indicators of economic growth, in any way this year they are going to go, note – forward, by 8%. So my question is the following: how do

you think, in case if this tendency of growth becomes permanent and a number of countries, such as China, and others, show economic growth later on, will these countries obtain new additional opportunities to participate in creating the global security agenda? How much will the USA monopoly in this field fade away in the light of changes of economic priority of this or that state?

I. Safranchuk:

Thank you, Konstantin Iosifovich, for an interesting question, which will let me express my opinion to the full extent. I would divide everything that is now happening in the world into three levels. At the global policy level we have approached the stage where the rules of the game should be changed. As for financial-economic sphere and security as well. The world faced new big players. They even created a group – BRIC. These players have already been included into the group of leading countries either in terms of their total economic indices or according to the total consumption of main energy sources, that is why they intend to play a significant role in the determining the global rules of the game – both in the economic sphere that results in new groups of decision makers, such as G20, and in security sphere that results in a greater support for reform of the United Nations especially Security Council of the UN. As you noticed some countries came out as new big economies and are suffering less than traditional leaders. And the financial-economic crisis inspires people to change the rules of the games on a global scale.

At the same time at the second, regional level, we observe the strengthening of regional centres of power. These are not only the same BRIC states which step out of the regional level, but also such countries as Iran, for instance, which amid the crisis also do not suffer and are strengthening their regional positions. The second regional tendency is aggravation of competition for access towards energy resources and routes for their transportation. This is the factor of aggravation of competition for access to the energy resources that leads to the more or less traditional geopolitics. In the last fifteen-twenty years it seemed that geopolitical concepts of control over certain locations have become irrelevant – indeed, geopolitics did not played a huge role in the post-industrial world. And that period appeared to be accidental in many ways: some countries even haven't achieved such level of consumption when they could struggle for access to the energy resources in the last fifteen-twenty years. While Russia – the traditional player competing with the United States was weakened and could not take an active part in that competition. But China and India have just approached this level. And in the last five-six years the competition for the access to the energy resources has become more acute. It leads to a revival of geopolitics and in increasing role of political-military factors in regional politics.

The third level is local. The local level demonstrates a total destabilization as I see it. Riots and out-of-control actions are happening more often in different parts of the world. Some of them, such as

piracy in the Gulf of Aden, appear in the news headlines, others are not publically known. I spent two weeks in the Central Asia prior to my visit to the St. Petersburg Forum. In just two weeks I saw two minor mutinies. One of them took place on 19-20 May in Tajikistan, it was not made known to the public, the other one happened in 20 May in Uzbekistan –the border between Uzbekistan and Kyrgyzstan was blocked, and this event was discussed more actively. Upon more detailed examination of such situations at the local level, one can see that there are numerous centres of instability. I assume that it can be caused by the following: at the global and regional levels, amid the economic crisis, the role of government is increasing, and some players address the governments again to ask them to play the role of the decision maker, to use the national resources, control mechanisms; at the local level in many countries of the world, the role of the government amid the economic crisis, conversely, fades away, because the government fails to control the local processes, and loses its importance. While the importance of government increases in the developed countries, it is decreasing in the collapsing countries. Here is the destabilization.

Thus, there are three levels: at the global level – the rules of the game change, at the regional level – centres of power and aggravation compete for access to energy resources, at the local level – there is destabilisation. How the economic crisis influences these three levels? I'll say it very briefly – the global level loses its significance and the centre of global policy will move to the regional level. Such countries, which could create good integration mechanisms, becoming financial, economic, political and political-military leaders for their own group of countries, will win. Maximum competitive advantages in terms of economy and in terms of security will be attributed to that country, which not only strives to be a global leader, but also becomes the integrator for the larger regions. But it will no longer reflect a traditional block system. Because the leading global players will be presented in several regional systems. China will be presented in Eurasian and Pacific region systems. Russia will be presented in European and, again, in Pacific region systems. The United States may be presented as a leader or a co-leader in two or three regional systems.

I see advantages and disadvantages for Russia here. Russia cannot choose – whether to enter the global level or to be an integrator at the regional level. At yesterday's session devoted to the Russia-EU dialogue Anatoly Borisovich Chubais made such statement: Customs Union between Russia, Kazakhstan and Byelorussia is a milestone of regional policy and it can impede Russia's accession to the WTO that is it can impede its accession to the global policy level. And I believe the competition between global and regional levels will continue.

That is all I wanted to say. I think the main influence of the economic crisis is the revival of traditional political-military factors and increase in significance of regional policy. The role of the global level may decrease for some time – at least up to the time when new technologies appear to reduce our dependency on primary energy sources. Thank you very much.

K. Kosachyov:

Thank you, that was another curious viewpoint. I would like to address my next question to the other participant. Mr. Kuchins, we have already pointed out a range of traditional security concerns which either remain or are becoming more acute. They are well-known and were enumerated by all our speakers in one form or another. New problems either arising directly from the crisis or arise without any reasons – problems of failed states, piracy, irregular emigration and some others. What new opportunities the global crisis gives us in order to overcome traditional and new problems? Will the United States of America and Russia speed up their negotiations to reduce strategic arms as a consequence of the downturn? Will Israel and Arab states, which experience economic recession, speed up the settlement of Middle East issues? Can we believe in, let's say, the situation when North Korea which experiences permanent economic growth, but now loses some additional economic sources of income from the world community – becomes more constructive and flexible? Will the economic crisis afford us such new opportunities?

A. Kuchins:

Thank you very much for an interesting question. I hope, yes. Let's wait and see.

A. Cuchin:

Thanks very much for the invitation from the organiser to be here in St. Petersburg. It's the first time I've participated in this event and it's terrifically organized – the only thing I would recommend is that you might want to use some of the technologies allegedly employed on Victory Day to improve the weather!

This is a very interesting question that you have chosen for the theme of the panel. I think that it is not only fairly unique for the St. Petersburg Economic Forum, but I think it's fairly unique in general: it is not often enough that we discuss the relationship between economic change and international security. When thinking about new opportunities that have emerged out of this economic crisis, the first thing I would say is that one of the most significant impacts of the economic crises has been its impact on the US Presidential Election. We can go back to early September after Labour Day, when the polls between Mr. McCain and Mr. Obama were very close; some polls even had Mr. McCain in the lead. It was only later in September, after Lehman Brothers went bankrupt and the subprime mortgage crisis metastasised into global financial crises that the impact was felt much more deeply so that it became a much bigger political issue in the presidential campaign. That was the momentum. That was the issue that gave Mr. Obama the momentum that won the election. So, if one believes that the election of Mr. Obama is highly likely to have a

positive impact on the resolution of international security issues, then perhaps the most significant role of the economic crisis has been the role it played in President Obama's election. As regards new opportunities, I want to say something about the new opportunities in the US-Russian relationship. Let's remember that, not only do we have an economic crisis that began last year, but we also had a crisis in the US-Russian relationship in the wake of the Georgian War. Following this war, US-Russian relations were at a lower point than they had been, certainly since the collapse of the Soviet Union, and I would even argue maybe back to the 1980s. I was recently at a conference where Sergei Karaganov said he thought that they'd reached a lower point than anytime in his life. Okay, well that's quite striking. Now, if we look at what Bob Legvold was saying about the different approach that the Obama administration talked about on the campaign trail and has also had been implementing in current policies toward Russia, then certainly there's a new opportunity there which I think is very, very important. We've talked about the new approach to nuclear security. We've mentioned the issue of Afghanistan. I think that deserves more attention, given that the Obama administration has now placed this as a higher priority than the war in Iraq. This is an important issue because of the problems of supply, goods and materials through Pakistan, through which we've been sending most of our materials. Now, we've opened up the Northern Transit Quarter for what the US Military refers to as the "Northern Distribution Network." This has been done with the full cooperation of the Russian Federation. Trains are running as fast as possible from Riga, Latvia through Russia down to Kazakhstan, down through Pakistan to the Uzbek-Afghan border at Hairaton. This is a remarkable development. I imagine this will be something that will be highlighted further next month, when Mr. Obama and Mr. Medvedev meet because this really is a dramatic example of the importance of US-Russian cooperation to resolve international security issues. I think this will give us more to build on, exactly as did the cooperation that we developed in Afghanistan after 9/11, when Sergei Ivanov was Minister of Defence. That was a moment which I had hoped would create the opportunity for a much deeper, cooperative relationship between the United States and Russia. Unfortunately that didn't happen for a number of reasons, but we have another opportunity today.

The Obama administration has certainly inherited one of the most challenging security situations of any US administration, perhaps, since World War II. We look at North Korea and what's going on there. We look at Iran which has now virtually developed the ability to enrich uranium. We look at the situation in Afghanistan which over the past year has certainly become worse. You could say, well there's a correlation between the time of economic crisis in the past year and the exacerbation of the international security situation. However I don't think you could say there's a causation there, as Mr. Eliezer suggested. I think it's easier to point to the potential for causation of international security problems exploding, and the impact that would have on the international economy. Now

the fact that we are in a very, very vulnerable economic situation today means that it is likely that if something very bad was to happen, let's say in Iran or in the Middle East, then of course the weakness of the economy is only going to make the impact that much more dramatic. But again it's hard to draw the causation the other way. I think it is true that in an economic crisis, weak states have less capacity and the international community has less capacity to provide assistance, factors which likely increase the conditions that can contribute to insecurity, migration problems, conflict, poverty, unemployment, et cetera. However it's a little bit harder to document in a straight line the cause and effect of relationship.

The last thing I would say is just looking a little bit into the future. What I see as one of the most significant challenges for us in the first half of the century is the problem of dealing with climate change. Here it's kind of a paradox. Before the economic crisis, a year ago, when oil prices were rising dramatically, it was much easier to make the political argument, and this was a very powerful argument in the Obama campaign, about the problem of climate change; about the need to take measures, domestically, to reduce energy consumption, in particular energy consumption contributing to greater greenhouse gases being emitted. Now, the crisis hits and oil prices drop tremendously. It's a much harder argument to make domestically in the United States and it is something that the Obama administration put a very, very high priority on. That, at least in the near term, makes this issue a little bit more complicated. I suppose, having come from the oil price discussion, where there was a consensus vote that, well they weren't predicting the oil price, they were voting for the most just price and this was voted by the participants as well as the CEOs in the companies represented, it was between USD 70 and 90 a barrel. That will likely provide greater incentives to get back to more energy efficiency.

K. Kosachoyv:

As a moderator I will take the liberty of posing some questions, and I do not address them to anyone in particular but encourage everyone to reply. My first question is the following: eight states which are recognised as problematic in various terms were just mentioned: Pakistan, Iran, Somalia, Tajikistan, Uzbekistan, Afghanistan, Iraq, North Korea. At the same time it was suggested that one of the main challenges for the modern safety is posed by so-called failed states. Let us recall that in speeches of the former US administration the term “rogue also known as “axis of evil” was often used. My question to all of you is the following: to what extent are these notions – “rogue states” using American terminology and “failed states” identical? And to what extent can the states I have just named be called rogue or failed states? Are there some states which shall be certainly named in this context, but for one reason or another have not been mentioned in our discussion? Who wants to try to reply to this question? You are welcome.

S. Ivanov:

The Russian Federation has never used the term “axis of evil”; we have never mentioned any countries as “rogue states”. We thought that when such terms were used, double standards inevitably arose. I remember Bush’s words concerning the beacon of democracy – those countries which, in our opinion, have never been considered such were referred to as democratic ones.

However, the problem you mentioned does exist. Let us take Somalia as an example. Yes, unfortunately, it is a failed state; but then no one has developed Somalia. De jure Somalia exists; there is a national emblem; it appears to me, it even has a place in the United Nations. However, it is not a state that exercises authority, controls its territory, enacts laws – such a country does not exist. And we all experience consequences of it. There are many other unstable states; they were also mentioned today. It is not their fault; it is their grief. I do not want to open a discussion on Russian-Georgian war as it was mentioned here. I think everybody is well aware of the facts; I do not want to settle accounts with anyone here. Over a period of last five-six years we repeatedly approached the US administration voicing concerns that the regime of Saakashvili would undertake a venture sooner or later. We were assured not to worry; he will not dare. Everyone saw the results. Hundreds, if not thousands of Russian citizens were murdered. Saddam Hussein was hung without trial because he committed a barbarous crime – killed several dozens of Kurds. The presence of weapons of mass destruction in Iraq has not been proven. They showed us test tubes, satellite observations in secret mode within the framework of cooperation of secret services – where is all of this? Only this crime against the Kurds remained. And he was hung for it. And who will be responsible for murder of hundreds of Russian citizens?

Replying to your question, Konstantin, I do not want to draw up black and white lists, nor to declare someone to be the world champion in democracy, especially, if a few days before it was a dictatorship and not a democracy as it was thought.

Furthermore, if you allow me, I still would like to get back to the issue of the economic crisis and its impact on security. There is a threat which certainly increased due to the crisis – it is drug traffic. The volume of trade in drugs, especially in Afghan heroin in the world is increasing at a great speed. We arrest couriers – and what do we hear from them? “I had to engage in drug trafficking because my husband lost the job; I am poor; I have many children; I have nothing to feed them.” These are consequences of the crisis.

Extremism, religious intolerance, ordinary hatred which is characteristic of relations in certain societies, especially among people with low income – this is another consequence for countries including Russia.

One more issue is energy security which falls within a broad interpretation of security issue. Let us

say, Ukraine is in a tough economic situation. It influences energy security of almost the entire European continent, and it is a direct influence. You are aware of the current situation with payment for Russian gas which is supplied to Europe in transit through Ukraine. Ukrainian gas holders which already in autumn will be required to supply Europe with gas are currently empty. They tell us – Russia shall pay for it. Why should Russia pay for its own gas? We are currently trying to find a compromise solution with our European partners so that gas supply won't be disrupted once again and so that Russia won't hear the accusation that it does not want to subsidize Ukraine's economy again. Ukraine is an independent state for eighteen years now!

The crisis directly causes a rise in organised criminal activity and human trafficking. One more issue is militarization of the economy. In crisis conditions there is a temptation to allocate a great deal of money for procurement of new arms. This allows to support industry, to fight unemployment. However, in the longer term, surely, it is a vicious way. Allocation of great deal of money of taxpayers to military budgets is a very dangerous and erroneous strategy. By the way, over more than ten years now Russia goes along the road of non-building up of military expenses. Today as ten years ago they equal to about 2.6-2.8% of GDP. And we are not among top ten countries of the world in terms of military budget spending. Herewith, we are a large country; we own strategic nuclear forces, with full nuclear potential, and we are not going to give it up. Our Nuclear potential is an issue for a separate session; I will not touch upon it now.

Another example of how the crisis impacts security issues is absolutely Russian, totally action-oriented. Just yesterday the Chairman of the Government was in the small town of Pikalevo, Leningrad Oblast, where three backbone plants suspended their operations as a result of crisis; the town appeared to be abandoned, most people lost their jobs. It resulted in blocking of the federal highway, in an evident, open violation of public order. Damage was caused to businesses which transport goods on this federal highway, to people who could not get to a hospital, for example, etc. As usual the question is – what should we do? I agree with the idea expressed here according to which as international financial and economical institutes and international monetary system became outdated, international agencies in the field of security also became irrelevant. It has already been mentioned that the UN Security Council needs reforming. As for the OSCE – Europe seems to be the most stable continent, but why did raw mechanism of European security not work to prevent Georgia's attack on South Ossetia? Neither the OSCE, nor the NATO-Russia Council, nor Russia-EU – nothing worked. That is why our President advanced the initiative to create a new comprehensive European security agreement, certainly, on equal terms for participants while in no case casting doubts on existence of either NATO, or other already operating mechanisms, though they proved their inefficiency in this military conflict. Russia, on the other hand, also exerts efforts within the framework of integration processes within the CIS – I mean the CSTO, and in Asian

direction – here I speak about the SCO: unlike the CSTO it is not a military organization, but an organization which ensures security against new challenges and threats. I am sceptical of traditional military alliances in terms of their historical perspective. Most countries will enter temporary organizations and coalitions depending on a particular threat and will not assume serious obligations which concern ensuring security of others because in such a way a country risks being involved in one or another conflict against its will and the desire of its citizens. And the last one – BRIC. It is also an interesting new form of association of states. I am certain that the mechanisms of G20 and G8 are the most important for creating new security architecture.

Russian suggestions concerning anti-missile defence are also an attempt to settle actual issue of missile proliferation via creation of a common security cover for everybody and not for the few as it was offered to us before. And I hope that the initiative in the field of anti-missile defence using Russian and American possibilities together – I am speaking about our stations in Gable and Armavir – will allow us to develop a mechanism of real protection against this real threat.

And the last comment. I cannot leave words of my colleague, Brigadier General Eliezer, without a comment. As a General in reserve I would like to comment on the Middle East – yesterday President Obama spoke about the same thing in Cairo: the problem of the Middle East will not be solved until the issue of the creation of two independent states is not settled. I am very hopeful that it is this key direction for which the Moscow Middle East Peace Conference this year will give certain results. Only after this problem is solved, is it worth settling all remaining Middle East issues – of which a great many exist. I agree with the General, modern arms – these are not only intercontinental ballistic missiles, tanks, etc. To manufacture a Qassam rocket, neither military, nor technical education, nor base are needed. Unfortunately, Israel often accuses us of selling Katyusha multiple rocket launcher technology – but we have Katyusha launchers only in museums; we do not sell them and have not manufactured them for sixty or seventy years. The thing is that terrorists use an asbestos-cement board which resembles Katyusha system by its design features; this is all. Thank you.

K. Kosachoyv:

Thank you. I guess Minister Eliezer will also wish to comment on what was said by Sergei. I will certainly give him the floor, and I will add one more question, so he could think about it for a while. Mr. Ivanov was absolutely right saying that the issue of a nuclear-free world is a subject for a separate discussion; nevertheless, I will ask the representative of Israel: is Israel ready to support the idea of nuclear-free world? Please, think about your reply to this question too. But, first, Mr. Kuchins asked for the floor.

A. C. Kuchins:

Something that the Sergey Borisovich said initially about energy security. I very much agree that if you look at the energy crisis with Ukraine that took place this year versus three years ago, I think most people were surprised that in this case, it was more difficult to resolve. It took longer to resolve, nearly two weeks, and there was a longer break in energy supplies. I think it was the economic crisis that was probably the key factor which explains that and making it more difficult for Ukraine to pay. Taking off in energy security a little bit and particularly in the last session thinking about the oil price. You know, one of the problems we face right now is that, at a certain oil price, a low oil price, investment in Greenfields especially an acute question for Russia's production in the future with oil and gas is not economic unless the oil price is around at least USD70 a barrel as I understand it for some of the far north and eastern Siberian fields, but it's a global problem and that, you know, companies in a low oil price environment are not making adequate investments to maintain production, and we're likely setting ourselves up for a dramatic increase in the oil price at some point between now and whenever global demand recovers. The economic crisis is over, because right now we have this, you know, about 5 million plus a barrel a day, surplus between supply and demand. Whereas, you know, a year ago, it was less than 1 million barrels a day. So, I do wonder whether we've gone into a period in which, you know, 2008 was the year which showed the most dramatic volatility in oil price in history, you know, going from USD50 a barrel to nearly tripling by July and then nearly falling by four or five times by the end of the year and into January. If that volatility is to continue, that's going to put a lot of pressure on a lot of countries, and it makes it very difficult for states and energy companies to make plans about future investments because of the uncertainty of the price.

From the audience:

Mr. Minister, you're welcome.

B. B. Eliezer:

I'll be very short. First of all energy crisis will take place whether we like or we don't like it within 30 to 40 years. It is very simple, the disappearance of the oil and, again, natural gas. That's going to be the end. And I think that this urge, the need to transfer to renewals. I think that the United States is doing something good on that. We are trying our best on that, and I would advise everyone who'd like to guarantee and secure the problems in the future to move as quickly as possible to this position. Now, according to your question before, the division of the world from weak to strong, from bad to good, I would like to remain in my area and to tell you that in my opinion, still, the division is going through the what we call the fanatic regime, religious regime on one side and on

the other side, the moderates if you want to see in the micro cosmos, have a look at what's going on in Iraq, for example, lorries of explosives going from one side to another side, same mosque. But, you know what? Let me just go and try to explain it physically. Billions of billions of dollars running toward the Hamas in Gaza and running to Hezbollah in Lebanon and quite happy about what Secretary Ivanov has just stated about the drugs and to where the money from the drugs is going. This is a typical example. Instead of putting all these billions towards the benefit of the population, they make use out of it for only one thing, terror, terror, terror, and terror, now, more than that, explosives. You can see now, you know, I remember the day, Mr. Chairman that we evacuated Gaza. The following day, the day after, I personally phoned Mr. Abu Mazen, the Palestinian President. I told him, "Listen. From now on there are no more problems between you and us because there are no more settlers and no more soldier and no more settlement there. From now on, the problem is between you and you, between you and the Hamas. I, in those days, used to be Minister of Infrastructure. I told him, I advise you and I can work to help you to change the face of Gaza. Gaza is something similar to the size and everything of Singapore by the way, okay. I offered him, "Let me just help you..."

From the Audience:

Is that where the comparison ends?

B. B. Eliezer:

Yes. Now, look what's happening in Singapore and what's going on there. You know, I feel pity. Believe it or not but I feel sorry for the population, for the innocent people who are living there.

K. Kosyachov:

Professor Legvold?

R. Legvold

The character of our conversation this afternoon and the degree to which it demonstrates the difficulty we have addressing this question of the impact of the economic crisis on global security in any fundamental sense. There is not in this panel but in the outside world a lot of sloppy talk about the impact of the economic crisis on security. You hear commentator after commentator assume that the economic crisis at some point is going to exacerbate destructive nationalism or increase the risk from terrorism or generate social and political unrest or lead to tensions between states because of beg- off- thy- neighbour policies.

Niall Ferguson who is one of the most distinguished historians, a Harvard historian, wrote an

article a few months ago saying that we've now entered an era of upheaval, more dangerous than anything we've seen for a long time because of the combination of three things. The first is the economic volatility around the current economic crisis. The second is ethnic degeneration or deterioration which has been going in several quarters for some time, and the third he says is the decline of empire. He's referring to the United States and the growing incapacity of the US to control advances it would like in areas like the Middle East and so on. Then he says that there is in these circumstances an access of upheaval, he uses the word access in this case, that has nine or more states, and he lists among them Afghanistan, Iran, Pakistan, Somalia, Sudan, Turkey, Zimbabwe, Indonesia, Thailand, Mexico and Russia in. That, from my point of view is sloppy analysis. It doesn't help us understand the impact of the economic crisis on security.

I agree with Sergei Ivanov in his last intervention when he said that the economic crisis is exacerbating or increasing in number of problems that we've had along the way. Everything from drug trafficking to extremism particularly religious extremism, energy security, criminality, all of these things. I would add to that, that it is also going to make it more difficult because of political opposition to negotiate positive trade agreements that open the trading system. It is as Andy Kuchins earlier said, going to slow down progress we make on climate change and people now begin to recognise that 20 years down the road, if we don't deal with climate change, it is going to produce security challenges. But again, I think we need to refine the analysis. If we're really going to talk about the way in which the economic crisis may have an impact on security in the serious sense of war and peace, not of welfare which is what many of these other things involve, then I would suggest that we focus on two categories. I think the first category are those countries where the risk of serious conflict is already present and where the economic crisis can produce a tipping point, can turn it into something that is absolutely out of control. Those are states like Pakistan, Afghanistan and North Korea. The second category of states are those that could become unstable. And if they do so, they are in international environments that are potentially explosive and my candidates in this case would be Ukraine, Georgia and much of Central Asia.

Now, if you think about that set of states, Russia is absolutely at the centre of that universe. And it's very important for Russia with the outside, with China, with the United States to be able to cooperate in ways to ensure that neither of those two categories we lose control over in the context of the economic crises. The only other link between the two and back to your question, Konstantin, about the relationship between the notion of rogue states including axis of evil versus failed or failing states, is one kind of a problem which again is specific. It's not universal, and that is where you get state breakdown that again permits safe havens for terrorists or extremist groups. Again, that brings us back to the first of my two categories of states, and I think the international community has to play particular attention to addressing these questions because this is not long-

term degeneration of welfare for nations in the international community. This is war and peace.

K. Kosachoyv:

I would like to give the floor to Ivan Safranchuk, and after that I invite the audience to participate in the discussion. If you want to comment on something or to ask a question, please, show your intention. Thank you.

I. Safranchuk:

Thank you. I have heard different points of view, and I have an impression that there is a certain absolutism in approaches – one speaks either about cooperation, or about confrontation. But in the modern world cooperation and confrontation co-exist. The Minister of Defence can instruct some of his subordinates to cooperate, while other subordinates, another department will get directives for competition and confrontation. It is necessary to learn to live in an atmosphere when cooperation and confrontation co-exist and to find balance between them. Let us say, the economic crisis itself stimulates both confrontation, and cooperation at the same time. No doubts, cooperation is required for issues relating to Afghanistan and to non-proliferation of nuclear arms, for example. On the other hand, such cooperation is not simply the promotion of one's position.

It seems to me that no one has managed to find a balance between cooperation and confrontation yet. I would like to make the following comparison. There is a difference between salvage of surface vessels and salvage of submarines. In case of emergency it is possible to salvage a surface vessel only if the whole crew works together. And in a submarine each compartment is closed down, and it struggles for life on its own. The question is whether we are on board a surface vessel or in a submarine. Say, some of these days I talked with a top-ranking Russian representative to NATO who said that the one who carries on war shall make more concessions. And it appears to me that it is a fair approach: the one who needs help shall cede more. Meanwhile, we see that the Obama administration expects change in its speeches will result in cooperation between our countries, that Russia will start to render assistance to the USA in everything. But not only change in speeches but also revision of some fundamental positions including position on drug control in Afghanistan is required – and this argument, from my point of view, has not yet been properly understood.

K. Kosachoyv:

Thank you. I address the audience once again. Please, use a microphone and introduce yourself.

O. Antonenko:

Thank you. Oksana Antonenko, International Institute for Strategic Studies in London.

First, thank you very much for a very interesting discussion. I like it very much that participants of the discussion tried to analyse the connection between the economic crisis and issues of international security and to simultaneously separate these issues. At least, what we heard today apparently shows that the structure of all principal issues of international security, especially, issues of war and peace, has remained fundamentally unchanged under the influence of the economic crisis. And those problems which we face today, whether they arise in North Korea, or in Iran – this problem will be on the agenda very soon, – or in Iraq where situation is also getting worse, or in Afghanistan, these problems have nothing in common with the economic crisis. However, in world politics there are currently very many changes which significantly affect fundamental issues of international security. For example, changes in relations between Beijing and Taiwan currently affect China's possible potential in Southern Asia much more than, say, the increase in military expenses of China or changes in China's economic power. Obama's new policy with respect to Israel affects perspectives for the termination of the Middle East conflict much more than economic factors. It is not the economic crisis but current actions of the government of Pakistan on the boundary with Afghanistan which can strongly affect nature of events in Pakistan as well as its ability to control nuclear arms. If we disaggregate these trends, it appears to me, it will be easier to evaluate whether the economic crisis affected one or another situation or not.

And in this context I have a question. The changes in Obama's policy, certainly, allow us to hope that approaches to many issues of international security which are currently topical will be actually modified. We see, at least, changes at the level of speeches – I just returned from South-East Asia where Minister Gates delivered a speech, and he made a speech addressed to China which was absolutely different from what was said last year. A serious conversation is currently being carried out on the arrangement of a military dialogue between the USA and China including discussion of the Afghanistan issue – it was inconceivable even a couple of months ago. But how much time does Obama have to solve problems of Afghanistan, Middle East, North Korea, Iran? The USA have three years left till next mid-term elections after which balance of political forces within the USA may well change, and this change may strongly affect Obama's ability to implement many political projects. But I am afraid Obama does not have even three years; we virtually speak about eighteen, maybe, fifteen months. What do you think – does the American government currently have a real plan of short-term measures? And what part may the economic crisis play here? Maybe, Sergei will give a reply? Thank you.

R. Legvold:

I think the answer to that question is actually a very complicated one, it often gets simplified in the US and in the media because people are saying that he has only so much time and he does have to demonstrate some kind of success along the way, given the enormous challenges he faces and the expectations that were created around the election.

I suspect that in fact, it's going to unfold in a different way, I don't know whether Andrew would agree with me, but I think first of all the question of Obama's political success is going to start with what happens domestically, and if he is able to pass the health reform, which is going to be the first priority, and looks as though he can do that and if there are few other things that look successful both in the temperament, the approach to these issues domestically, he is going to be given more leash or more time on foreign policy issues.

On the foreign policy front, I think there is a fundamental distinction between time and success in some areas and the risk in other areas that time is not going to save him at all. The second category where time is not going to save him at all is Afghanistan and a growing concern that this is a new quagmire for the United States and that over whatever the length of time is to find out, we've dug ourselves into a very deep hole. And it is a sentiment that is growing first within his own party, as oppose to within the country, from my point of view that is not a time issue. On the contrary, the longer he can have some kind of effort underway that has some promise of success, the better he will be, on the other hand, the issue that we talked about at the beginning, both the Iran and Russia, if we take those two cases I think are quite important on the foreign policy front. In the case of Iran, this is obviously part of a larger issue of whether we can find some kind of compromise or some kind of solution where Iran in the end is denied under safeguards access to nuclear weapons and I think the extent to which in terms of time, it looks as though there is some prospect of progress on this issue because the Obama administration has engaged Iran. Even something as small as the release of the Iranian journalist, Saberi helped to demonstrate in the US that engagement works or can work in the case of Iran and if it appears that there is some progress even without a resolution on the Iran issue, so that the policy of engagement appears to be working, then time would be on his side, even if he does not break through on it.

I think one of the great underestimated issues and it is particularly important at this time and in this country is the July summit with Russia. I think it is absolutely critical that that summit is successful. The administration has a very ambitious agenda for that summit, and if that agenda is not reciprocated, if we are not successful, then this period from April through July will have been a wasted opportunity. This will really impose a very severe constraint on how substantially and significantly we can make progress on the US-Russia relationship through this year and then for the four years. So this four month period up to the July summit, in my view is very critical and here, time is very important, that's not in terms of popular support within the US, although if that is a

good summit, it looks as though were making progress that will work to his advantage, that will be reinforcing, but it is absolutely central in terms of what happens in the US-Russia relations.

K. Kosachyov:

Yes Andrew please...

A. Kuchins:

Just very quickly, I agree with what Bob has just laid out. Obama has the opportunity to be one of the greatest Presidents in American history or be a one-term failure and a lot of that unfortunately is probably not going to be within his power to control. I think a lot of is going to depend upon when and to what extent the economy begins to recover. I think the US President as most national leaders have quite limited control over that. It is just too big. He can only say for a certain amount of time, that “I inherited these problems, this debt, etc” before in effect you own them and it is a big risk obviously. If we are here 15 months from now and looking at 1.5, 2 trillion dollar deficits into the indefinite future where there is no sign of significant recovery, I would be very concerned inside the White House.

K. Kosachoyv:

Thank you, we only need to understand whether the representative of the Russian government would like to reply to the question, how much time does Mr. Obama have?

S. Ivanov:

Well, sure, I will not reply to this question; it would be absolutely incorrect of me. But here is what I would like to say with regard to Obama’s policy. We immediately sensed changes in this policy – moreover, I met Mr. Biden, US Vice-President, in Munich, and Biden clearly formulated a certain message with regard to the way in which the Obama administration considers issues which may be settled on bilateral Russian-American basis. I do not want anyone to indulge in vain hopes: it is impossible to settle many issues on a bilateral basis – the world has become a different place. While issues of nuclear disarmament, non-proliferation, surely, maybe and shall be settled jointly, and active work is currently carried on for it.

For example, it is absolutely clear to me why Afghanistan is among top priorities of the foreign policy for the Obama administration. We are interested in settling the Afghanistan issue not less but, maybe, even more than NATO or the United States of America because Afghanistan is actually our neighbour. Everything which comes from there including heroin freely reaches us. The transit issue can be solved, and, in my opinion, it is rather easy. After all several years ago we already

solved the issue of military transit for many states of “old Europe” as Donald Rumsfeld called it: France, Germany and Spain. We proposed variants taking into account Russian legislation. We are not a banana republic, and if arms are transported through our country, we shall know what arms these are; risks shall be insured; liability shall be specified. A precedent with other states was created long ago; we can easily re-establish it in relations with the United States.

Why else is Afghanistan important? Well, because soon presence of the US military force in Afghanistan will beat the record of the Soviet Union – we stayed there for nine years; NATO has been present there already for eight years. Something needs to be done, but it shall be a complex solution – both Pakistan and drug issues shall be settled, and some government – not a centralised one, of course, but a government which will have at least some authority in provinces – shall be created.

The second thing I would like to mention: we constantly narrow Russian-American relations down to the only issue of security which is totally incorrect! Trade, high technologies, education, climate – there are very many other issues which can actually make us closer. And, in my opinion, one of reasons for some distrust which is still maintained with regard to the other party both in the USA, and in Russia lies in the fact that little unites us. Trade with the European Union equals to more than 50% of Russian foreign trade. The stage for relations has already been set. And we have almost zero volume of bilateral trade with the United States in comparison with the European Union – consequently, we have a few common interests.

And the last comment is on possible Sino-American dialogue in military field which was inconceivable a couple of years ago. It is not quite so. I know well that Sino-American military dialogue was conducted and rather efficiently in the eighties when Soviet troops were in Afghanistan; so there is nothing inconceivable here.

B. B. Eliezer:

Well, all I can say about Obama is that we have a lot of expectations and we pray for his success. I agree that one of the major issues is the issue of Iran, and here I must tell you my impression from following what has happened in Iran and the level of the enrichment of the uranium so far. My friends, when it comes to Ahmadinejad, he is a very clever person. He is very clever. And he is reading the double-talk of the Western world, and he is smelling the double-attitude of the world. During daytime resolutions, some resolutions against Ahmadinejad and Iran, and during the night 1260 companies, European ones, are working with him.

Now, this has to be very, very clear. I mean, he knows what the name of the game is. Therefore, if there is anyone to come against this, to come against us, I mean to say why? how have we allowed him to reach that level and you know exactly what I am talking about – that’s what I explained to

Secretary Condoleezza when she came last time to Israel. I said: "Have a look what's happened here. He is just making joke out of the whole world."

Now, this is not the issue that's going to endanger only Israel. No! This is an issue, this is a threat that's going to endanger the whole of the Middle East. And at the end of the day, it's going to endanger one of the major strategic interests of the United States. It means that if the Middle East is going to lose its' stability and it will lose it because, again, and going back to how the division is working there in that part of the world, once it will have it, once it has a nuclear capacity, I can assure you one thing: not only the moderate part of the world will be under threat; I'm talking about Saudi, the whole of the Gulf area, North African countries, Egypt, and Jordan, and us. Alright? Not only us, but Turkey. But more than anyone the most important strategic interest is for the United States to make sure that the oil will continue from that part of the world directly to the United States. So, this is one of the main issues that I hope from what we have seen so far that President Obama, in my opinion, will just have to work together with President Medvedev to overcome this issue and, once and for all, to stop it because this is going to hit the majority of those people who are living in that part of the world.

K. Kosachev:

To give our discussion the interactive character, Mr. Kuchins wants to ask a question.

A. Kuchins:

As promised to directly approach the Iranians, do you have any optimism that that could be successful? What is your expectation of the result of the direct American approach if and when it takes place to Tehran?

B. B. Eliezer:

I don't know. No, no, no. Listen. No, no, no. I have expectations. I mean, expectation means that Obama is trying now in a different way to try and convince the Iranians to come to the table peacefully. Alright, if this is a successful one, then I will salute. But at the end of the day, Obama should take into consideration that America is one of the most effective superpowers in that part of the world. And when we are talking about an umbrella, we are talking about the United States, mainly the United States of America in that part of the world. So, it is not that easy to answer. That's why I say I'm praying. Okay? Praying as a Jew, it works sometimes.