

the other issues that carry importance. It is shocking that we allow Russia to occupy this much mental space in U.S. political culture. The Soviet economy was 1/3<sup>rd</sup> of the U.S. economy at its peak and it was pretty impressive in terms of its military industrial complex. 40,000 nuclear weapons, 40,000 chemical weapons, incredible delivery systems of great accuracy, and a biological weapons program, 650,000 troops in East Europe, including 400,00 in East Germany. The Soviet Union was pretty significant, but Russia is 1/15<sup>th</sup> the size of the U.S. economy with no forces in Eastern Europe. In fact, Russia is farther for Europe than at any time since Peter the Great, territorial wise. And to think, somehow, that they are this colossal power or this colossal challenge, is pretty remarkable how things are in U.S. political culture.

*WO: This past spring, I was fortunate enough to talk to former Ambassador Dan Fried, and we talked about the U.S.-Russia relationship, especially in light of allegations about interference in our elections. He mentioned that he had a conversation with some of his Russian friends discussing why the relationship was so cold, they jokingly remarked that it's easier to hate America than it is to deal with China which is a lot more complicated now that they're a rising power. So I was wondering from the Russian perspective, what are some of the challenges that dominate the Russian political consciousness, such as China, and how do you think that it'll implicate our relationship with China as well?*

**Kotkin:** So, Russia is a great civilization. It has remarkable achievements. Can we imagine world culture today without, and I could not list how many names, Tolstoy, Dostoyevsky, Tchaikovsky, and on and on it goes. In so many fields of endeavor, science, engineering, mathematics, chess, Russia has done and earned a place in the world of significance. Russia's challenge is that it wants to be in the first rank of world powers. It calls itself or envisions itself as a providential power, a power under God with a special mission in the world. But, it doesn't have the capabilities that match its aspirations. It's powerful, but it's not in the first rank. The West has always been more powerful than Russia and has the technology, superior technology, that Russia needs and often purchase or obtains some other way. So, in this, as it were, divergence between aspirations to be in the absolute top rank and capabilities that are not in the absolute top rank, although are impressive, Russia looks for ways to make up. This is usually recourse to the state, building a strong state. Russia uses the state instrument to manage or, most ambitiously, overcome the gap with the West. This leads to spurts, economic spurts for example, followed by periods of stagnation. It leads to a certain degree of coercion as they try to force their way into a higher form of competition, a higher place in the competition with the West. And then the quest for the strong state also leads to personal rule. Every single time they end up not with a strong state, but with a single ruler. And so, this providential power, special mission in the world, capabilities that don't quite match that, although they are impressive, recourse to the strong state which is coercive and leads to spurts followed by prolonged stagnation and then personal power, or personal rule. This

picture varies, it's not the same exactly throughout the sweep of modern Russian history, but it's there in variants. There is a Czarian variant, a Soviet variant, and now a post-Soviet variant. So, it is a geopolitical conundrum that Russia faces. Either it wants to relinquish its aspirations, which it doesn't want to do, or it has to find these mechanisms, these tools, these asymmetric ways to make up for the gap. If we end up with conflation with state interest and personal rule, everybody assumes for example that the survival of Putin's regime is equal to Russian state interests. I would argue that it's not true, but the argument of the Russians is that Putin equals Russian state interests. So, you have this conflation of personal rule and state interests.

So, this Russia problem or this Russia conundrum, which is not of the United States' making, the United States doesn't create this, doesn't cause this. This is something that is internal to Russia's own geography, history, political culture and dynamic. This is a problem that can be managed from a U.S. point of view. From a Russian point of view, the goal is to diminish the power of the West. Because if Russian power is relational to Western power, and if it's difficult to raise Russian power, you can lower or diminish Western power. You can divide, confuse, undermine the West. People say NATO doesn't matter anymore. Then why does Russia spend so much time trying to divide NATO if it's so insignificant. Russia's actions vis-à-vis NATO and the EU testify to their significance. Alliances are valuable, Russia doesn't have any alliances, we do. So, this behavior on their part, this strategy of diminishing the outside that is stronger than them is perfectly understandable given their premises that we just talked about. But if the West is unified, if the West understands its strength, if the West is not intimidated, if the West knows that it is more powerful and uses its instruments, then Russia has a more difficult time. China, to some people in Russia, is seen as an alternative, a form of de facto partnership because China also measures itself against Western or American power and wants to diminish Western or American power to raise itself. So, Russia seems superficially aligned in this regard. However, China's strategy of a grand Eurasia, revival of the Silk Road, one belt, one road, and various other slogans that can be used to help define China's own strategy, are at the expense of Russia. So, Russian elites fully understand while China seems to be a de facto power in standing up to the west, Russia doesn't have a strategy for standing up to China. So, Russia refuses to be the junior partner to the United States, but it then risks becoming the junior partner to China. So that's their dilemma.

Now you would say, "OK, if I were in that situation, I would make more alliances, try to get more friends, hedge not only against the West but hedge against China, maybe even choose the West over China for the long term, potentially. I'd invest in human capital, infrastructure, and all the things that underline, that underpin great power status. But Russia doesn't do that.

Anywhere between five and ten million Russians since 1991 have left the country and lived beyond the confines of the old Soviet Union. So that's London, Berlin, Vienna, Tel Aviv, New York, Princeton, Hanover. Moreover, those Russians, that five to ten million – there's no census of these Russians, so this is an estimate, we don't know for sure – but that very substantial number of people are earning twenty per cent above the median in all the countries they're living in. So that tells you they're talented people. They're some of the best educated, most entrepreneurial people that that country has produced. And they've lost them now. And they've lost them without necessarily crying over that loss. In some ways they're happy they're gone because they don't vote any more inside Russia, they don't contribute to opinion polls about whether the régime is popular, they don't protest in the streets. They are no longer a political factor inside Russia. But that's a huge loss of human capital. The entire middle class inside Russia now is only ten million-strong.

Can you imagine if the U.S. were willing to give up a group of people the size of its middle class, to keep the political regime in place? If we were willing to just kick them out and let them go, and let them contribute to other people's economies, people would think we had gone nuts, that we were insane. Who would make a sacrifice that big? So that what Russia looks like.

When it looks like Russia is winning, when it looks like Russia's got the upper hand, when it looks like Russia's more daring, whether that be Syria or Crimea or whatever people point to, you have to remember the facts. No long-term strategy, no investment domestically on a significant scale in human capital and infrastructure. Willingness to give up or force out some of their best people in large scale. And playing a strategic game in which China is eating their lunch.

So to me, if I were a Russian patriot – and in fact, I have very positive feelings about Russia – I would consider the current regime not a defense of Russian interests. The posture of standing up the West is a costly cul-de-sac for Russia. They need a better strategy, and most of their elites understand this, even if there's some psychological satisfaction in poking the U.S. in the eye.

*WO: People have a tendency to talk about Putin as a master strategist and someone who is single-handedly responsible for causing the perceived frostiness in relations between the U.S. and Russia. But as you just kind of pointed out he's also costing Russia tremendous amounts of money, and infrastructural development through losses in human capital, refusal to modernise, stuff like that. Do you think then that, in an almost counter-intuitive way, a Russia that is led by someone who was willing to encourage that but still had those same sort of Russian ambitions of expansion in Eurasia, would actually lead to worse relations, or higher tensions at least, between the U.S. and Russia?*

**Kotkin:** You know, this is bigger than Putin. Putin is a significant figure. People can come to power by all sorts of accidental ways, but staying in power for long periods of time requires a level of skill, aptitude, intelligence, diligence...

**WO:** *Seventeen years and counting...*

**Kotkin:** Right. So, whatever we think of how he got to power, he's been in power for quite some time. So that's an achievement. It's a perverse achievement, because it's an authoritarian regime, but it's still an achievement and we must give him his due. Is he the singular cause of the difficult relations? Obviously not. It is, as I said, the fundamental clash of geopolitical interests and fundamental clash of values. Moreover, in some ways, the culture produced Putin and supports Putin's posture. If we believe in democracy, we have to acknowledge that even under authoritarian regimes you can have popular support for, for example, confrontational policies with the US. Anti-Americanism is the single most widespread ideology in the world. Pro-Americanism is a close second. America organizes a lot of people's politics. The Russians are too obsessed with the United States, just as we are too obsessed with Russia.

Having said that, Russia's long-term game must involve additional technology transfer. They cannot be in confrontation with the West forever. So the pattern that we see is pulling back from confrontation at some point to try to get to a *détente*, or a less confrontational posture, in order to improve economic ties to permit technology transfer and acquisition. You can do that sometimes on a limited basis – have bad relations but try to get Exxon Mobil's Arctic drilling technology. In other words, that's a one-off, it's extremely important to the Russians, very valuable to them. Do they really need overall good relations or can they have poor relations with us and pick off that technology, for example?

But nonetheless, for Russia it's important to have better relations with the countries that are rich. Trading with them is valuable, and acquiring their technology is valuable. So I predict that the Russians will at some point make gestures to diminish the tensions, even though it looks very advantageous for them politically.

The problem in Russia is the one that we see time and time again. The regime needs to liberalise, but liberalisation is the end of the regime. To open up, to introduce better governance, to stop the confrontational posture, threatens the regime itself. And so regime survival is now trumping regime modernisation. But long term requires modernisation. And so that's the tension that they always get involved in. And sometimes it has led to collapse, and sometimes it's led to spurts of reform, and sometimes it's led to crack-down and confrontation, but that's a familiar dynamic. The confrontation for Russia's purposes can't last forever, however good it seems in the moment.

*WO: Do you think that a post-Putin Russia, if and when we end up seeing that, do you think that's going to mean better, worse or unclear in terms of the relationship with the United States?*

**Kotkin:** Yeah, so, I'm not sure I will see a post-Putin Russia. It could be that you'll see one. He's healthy, he's relatively young. Brezhnev did 18 years. He was quite sick, for much of it – not for the beginning part: he was extremely vigorous – but towards the end he was quite ill, but he nonetheless did 18 years. Putin is just about there with Brezhnev's longevity, and much younger and healthier. Stalin did about 30 years. Putin has quite a way to go, but could well beat Stalin's record. He could also stay in power the Chinese way, which is to relinquish his formal posts and just become, quote, paramount leader, behind the scenes. That option certainly seems plausible in the Russian case. So a post-Putin Russia could be quite different. History is full of surprises.

But the issue would be whether or not the U.S. would walk away from its strategy of preventing domination in any particular region, or the Russians would walk away from their strategy of seeking to achieve that. If one of those two things happened, or both potentially, then there's great room for improvement in relations.

Another thing that would potentially affect not only U.S.-Russia relations but Russia's future would be economically advantageous scalable alternative energies. Alternative energy right now is not as competitive as hydrocarbons in the market place. It's not only about the price of each, or whether they're priced properly, subsidies et cetera, it's also about the performance of the companies. Because alternative energy companies need to win in the marketplace, they need to be as good at the marketplace as Exxon Mobil is in the marketplace. We could see that in your lifetime, we don't see it now. If we did see the end of the hydrocarbon energy regime, that would potentially be decisive in the Russian case, in terms of pressure on the political system to undertake changes that they're otherwise reluctant to change, because the cash stops. The hydrocarbon revenues— which is the way in which you don't have to make hard choices, you continually have this fantastic hydrocarbon revenue stream, and you can put off any hard choices, and you can keep on doing what you're doing and getting away with it. Not if the tap were to be turned off.

But I don't know how close we are. I mean, it's up to your generation to reinvent the global energy regime. But in the marketplace, Silicon Valley used to be known for economic entrepreneurs. Now it's a lot of political entrepreneurs. They go to Washington and they grab subsidies for so-called alternative energy. And that's one way to do it. But that's not a long-term winnable strategy in the marketplace. Companies have to get better at delivering that energy – and remember, it's a competition. Oil is

an incredible technology, incredible resource. It's plentiful, it's extractable, it's transportable, it's refinable, it's convertible. There's a reason we have a hydrocarbon energy régime. But if that that changed, that would be really different for Russia, and for Russia's calculus. Not only Russia, the Middle East as well. The U.S. is a major global energy power in hydrocarbons, absolutely major. Better now than when I was your age. But if the global energy regime changed, the U.S. would change easily. It would adapt. Its economy would adapt. Investment would adapt. It wouldn't fall of a cliff. Russia, however, is a system that is politically dependent on those revenues, on that energy regime. So we'll see. You guys get to work.

*WO: Sounds good. In that vein, do you have any advice for any undergrads that are interested in government or history, as far as how best to kind of pursue a position to get to, a place where you are? I know you mentioned that your path was very unusual, and I think that's actually common when you speak with a lot of professors. They mention that the path that they happened to take was very unusual. How best do you plan for that unusual, unexpected plan, if that makes sense?*

**Kotkin:** So there are three kinds of capital that are important. There's human capital, there's social capital, and there's financial capital. Financial capital looks decisive. After all, who wants to be poor? Financial capital is the least important of those three. Human capital and the social capital are by far more important than the financial capital. Because the financial capital follows, first of all. So human capital means investing in yourself- meaning as much education as you can get, as many languages as you can master, as much experiences outside your comfort zone as you can risk. Learning. Stretching. Challenging. Doing. That's the human capital piece. If each year of your life, you're making massive deposits into your human capital, you're going to be fine. Then there's the social capital piece, also really critically important. That has to do with the people you know. You want different walks of life. You want different kinds of people. You want a network, or you want social capital, that's as deep and varied as you can make it. That's reciprocal! You do things for people, they do things back. You volunteer your time, you participate in stuff, you join things, you give of yourself – that's where you acquire the social capital.

So you continually acquire human and social capital, and your life is going to be a great life and the financial capital will likely follow. Financial capital is a matter of sufficiency. Once you have sufficient financial capital, you're good. To be able to pursue your passions, that's all you need. Now, if you're going to plan a family, have kids, put kids through college and all of that, you need a sufficient amount of financial capital. Do you need a 17-bedroom house or a 7-bedroom house – that's up to you to decide. How much financial capital do you acquire? But there's a minimum that's necessary and that minimum has to do with, usually, family issues but not exclusively family issues, and that varies depending on where you live. Because some

places are less expensive, the standard of living can be higher with less financial capital because the cost of living is low. But that's the thing that students your age worry too much about. Some of it is pressure your parents put on, some of it is pressure your peers put on, and the attention that's paid to the human and the social capital is less. I'm guessing that you guys have been investing heavily in the human and the social capital up til now – even without necessarily talking about it like that.

*WO: Yeah, I'd agree with that.*

**Kotkin:** Okay, so continue that. The other piece is the ethics piece. We tend no longer to teach ethics, or no longer to make moral character a major part of a liberal arts education. This is a significant mistake. It's very important to have some ethical understanding. Understand what the basis of character is and to behave with that understanding upmost in your mind. To always do the right thing, to never cut corners, to never do anything at someone else's expense. Even if nobody is looking, even if you're not going to be caught. You have to always do the right thing you have to live ethically, you have to have an ethical practice, and you have to understand this. You have to be self-conscious about your ethics. What's a good life? What's proper behavior? What's the right thing to do? This ought to be part of our conversation, a normal part of our conversation. It should be part of our curriculum, it should be how we talk to peers, it should be how we think ourselves.

So, if you do the human and the social capital piece, and you have an ethical approach, and an ethical understanding in your life, I think you got a great future. You'll be resilient. Life is about resiliency in crisis. Everyone has a crisis. Everyone makes mistakes. We've created a campus culture in the United States which is risk adverse. People are afraid to take risks – resume building, protecting the GPA – it's a mistake. We've done this. The students haven't done it, we've done it, the grown-ups have. The result is that people don't know how to take intelligent risks, and they don't know how to fail. People don't fail enough. I didn't learn anything from my successes. I thought I was brilliant when I had a success rather than lucky, but when I failed it forced a little bit of rethinking, especially if it happened more than once. Failure is amazing. It's the best teacher – provided it's not failure which comes from poorly calculated risk taking. Where the risk is too high and the reward is too small even if it works. Risk-reward calculation where you should take calculated risks where the reward is really high and the risks are manageable. So being able to fail, to take some calculated risks, to learn from your mistakes, to be a little bit humble, this is also an important quality for success in life. Then, like I said, you got to be ready to be lucky.

You know there was this golfer named Gary Player. He was excellent, and he won a tournament. A lot of the puts he took went around the cup, kinda lipped the cup and instead of lipping out, they lipped in. The announcer said, "Gary congratulations," you know the TV announcer with the microphone, again said, "Gary,

congratulations for winning the tournament. You were pretty lucky out there today.” And Gary said, “yes, you know, I was, and the more I practice the luckier I get.” Because in order for the cup to lip in, it’s got to be on the lip. You got to be ready to be lucky, and you get ready to be lucky by working really hard.

You can’t have people outwork you. If people are out working you, it’s gotta drive you crazy. You gotta say, how come that person can outwork me? When you’re gifted, you have good genes from your parents, you have excellent upbringing from your parents, you have admission to something like Dartmouth College, you can begin to think that you’re so good, you don’t have to actually work for it, and in fact, you show up – well, you don’t even show up to class. You just do a little cramming, you take the test, you fool the professor, you get the A-, you may even get an A! I don’t know that’s the way we succeed in life. It’s certainly the way one can succeed in college. I see it with smart kids all the time at Princeton University, which is one of the reasons why I demand more from the students. The reason I demand more from the students is that the more you demand, the more you get. The harder you are, the more they deliver. But these are all banal points. These are more obvious to people like you. Nothing that I’ve said here is something you didn’t know before you asked the question.

There are things that we really want to believe, deeply, deeply want to believe. We so want to believe them, they’re so close to our heart, that all we do is go out and look for information that confirms it. If something contradicts what we want to believe, we look away, explain it away, dismiss it, and then we grab on to those things. “Ah hah! Here’s the evidence.” This is what I want to believe. The problem with that is, what we want to believe and what we should believe don’t always align. So what’s the answer?

Let’s imagine that you are in the hedge fund industry, and you heard from somebody, then you heard it from somebody else, and then you read some reports that in the aluminum business, inventories were low. And you also heard that there was going to be a big order, a massive order for stuff that required aluminum. One Middle Eastern country was going to buy a whole bunch of stuff from Boeing or wherever it might be, Airbus, and you said to yourself, “my God, if inventories are low and demand is going up, the price of aluminum is going to skyrocket. I’m going to bet \$250 million in the futures market, the commodities future market on the rising price of aluminum.” You go out and do that but you’re wrong. That’s going to be a very expensive mistake. You’re going to pay big money to make that mistake, so what are you going to do? You have this hunch. You’ve got something that you want to believe that could potentially make you a bigger fortune than you already got. What are you going to do if you’re the hedge fund guy?

You’re going to go out and work like a dog looking for evidence that contradicts what you want to believe. You’re going to work day and night, 24/7, to disprove



your hunch that the price of aluminum is going up. You're going to find every piece of evidence against your view that's out there. No matter what stone you have to turn over – every stone gets turned over. Now if it turns out you don't find any evidence that contradicts your point of view, you're going to make that bet. You're going to bet big on the price of aluminum going up, and you're going to be a happy guy, because you're going to be right. But if you find the evidence that contradicts, you find inventories are not that low in certain places, wherever that might be. You go to Russia. You go to South Africa, right? You do the investigation. You find out the right story. You don't bet on the price going up on aluminum. You're a happy guy too, because you didn't lose that bet. So, what do we do in the social science and humanities? What do we do in the government department, for example, or history? Do we actively go out and search for information that contradicts what we want to believe?

*WO: I think so. I think in a lot of political science, you set a null, and you go out to disprove it or prove it based on what you find.*

**Kotkin:** That's what we hope happens. That's exactly what we want to see happen. Will we want to see that with our political beliefs also?

*WO: No*

**Kotkin:** Okay, so that's the problem, isn't it? People stick to their interpretations even when the contrary evidence comes through. So that's the challenge. It's a real challenge. We're going to hold our beliefs. We are who are. Our beliefs can evolve. There's nothing wrong with having beliefs, but the issue is being willing to put them to the test. The more you're willing to put your beliefs to the test, the more you can engage in dialog with people who have other kinds of beliefs, and that's really a big challenge in universities. I'm not familiar with the campus culture here at Dartmouth. This is only my second visit here.

*WO: I would imagine it's not too different.*

**Kotkin:** But I'm familiar with what it is back home where I've been working. This is my 29<sup>th</sup> year at Princeton University, and I got to say that we're not always as good as we need to be about actively, proactively looking for evidence that contradicts what we want to believe. If we did that more, life would be better. We'd be better people, and dialogue would be easier. It's not just a willingness to hear people out, though that's good too. It's a willingness to subject yourself to the scientific method. That's much harder, and I have a hard time with that myself I have to confess. There are things I so want to believe that when I see contradictory evidence, I want it to go away. I deeply want it to go away. At the same time, I've trained myself that when evidence contradicts what I've written or said or told people in the classroom, I'll pick it up. I'll want to look at it further.

I'll go against my instincts to preserve my view to try to test it. That's really import-

ant, and that's a lesson that took me a while to learn. Nobody taught me that lesson. It's something that I learned from my mistakes. But I think it's potentially valuable for young people.