

## U.S.-Russian Relations under Bush and Putin

**Interviewee: Donald Evans**

Secretary of Commerce, 2001-2005

**Interviewers:**

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**Date of Interview:**

June 15, 2022

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**Citation**

Donald Evans, interview by Paul Behringer, 15 June 2022. "U.S.-Russian Relations under Bush and Putin" Collective Memory Project, Center for Presidential History, Southern Methodist University.

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**[Transcription Begins]**

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

EVANS: Hey Paul. Nice to see you. I'm Don Evans, former secretary of commerce, United States of America.

BEHRINGER: Nice to meet you. And could you begin by describing your role in the administration of George W. Bush?

EVANS: The president appointed me to be secretary of commerce. I was the 34th secretary of commerce of the United States. And the commerce secretary has a very large portfolio, but it's primarily focused on international trade and the domestic economy [and the National Oceanic and Atmospheric Administration (NOAA)]. Those are the [three] broad areas I would say [on which] the secretary is focused. Most people wouldn't know that the secretary of commerce is also responsible for NOAA, which is the National Oceanic and Atmospheric Administration. That's a whole separate agency within the Commerce Department, and it's a very active agency in the global climate discussion and leads a lot of that discussion. And that's, at a very high level, what the secretary of commerce is doing. I'm there to support the president and his economic policies and help advance his economic policies [and watch the weather] [00:02:00]. Some individuals would call the secretary of commerce an ambassador for the United States when it comes to international trade.

BEHRINGER: And just to follow up on that real quick because I didn't have any questions related to the [NOAA]—did you have any interactions with Russians about environmental issues in that capacity as commerce secretary?

EVANS: No. Not anything serious—a few sidebar conversations, I'm sure, along the way, but not anything formal. Well, I guess I would say this—one of the things that I was focused on as it related to climate change was making sure that we were working with and making decisions based on good data and good global data. So we led an effort to bring countries of the world together to share data. Principally, a lot of it was just simple temperature data, so that you did have a real good source of temperature data from around the world. That included in the waters, in the oceans, which is a big, very important part of understanding what's going on in the economy—just the temperatures of the water. That's where you get your signals from El Niño and La Niña. So we asked Russia to be a part of that, and my recollection is that they were a part of that. [00:04:00]

BEHRINGER: And as the administration came into office, can you describe the different schools of thought or the debates regarding Russia policy as the administration came in, and how did economics, trade, and fiscal policy figure into the Bush administration's approach to Russia?

EVANS: It was driven by the president. The president was very, very interested in seeing if we could strengthen the economic, diplomatic relationships with Russia. He had the view and the vision of what happened coming out of World War II, when America and Japan were obviously enemies in that war, and look what had happened some 25 or 30 years later—they became allies. And so the

president, thinking about that [outcome], said, “Wouldn’t it be great if we could do the same thing with Russia coming out of the Cold War?” Obviously, the Cold War basically came to an end in the late 1980s—’87, ’88—even clearer picture of it in 1992. So he was very interested in seeing if we couldn’t really strengthen the economic and trade and diplomatic relations with Russia.

I took his lead and was really focused on it for my four years in office. I spent a lot of time in Russia. A number of my friends in Russia spent time in the United States. We had various [00:06:00] conferences that we scheduled and we structured with them. For me, it was always related to energy. That was my background. That is my background. That’s my career. My first conversation with Vladimir Putin, which was November of 2001, we talked a lot about energy. He was aware that I had an energy background. So again, though, it was taking the lead of the president—he asked me to do what I could to really strengthen the economic relationship between the two countries, and Russia, at the time being one of the largest producers of oil and gas in the world, and the United States being one of the largest producers of oil and gas in the world—it made sense that we focused on oil and gas and energy.

BEHRINGER: And you mentioned that first conversation with Vladimir Putin—was that in Crawford when Putin came to the United States?

EVANS: Right. It was.

BEHRINGER: Can you tell us a little bit about what you remember about that meeting between the presidents and your interaction—?

EVANS: Looking back on it, it was fascinating. Condoleezza Rice was there. She was [on the] National Security Council then. And I don't know the number—I think there were about 30 of us there. My wife and I were there. Tom Perini from Buffalo Gap, Texas was providing the meal that night. It was a November night. It was a cool night. It was a misty night. We had dinner inside the house, and I wasn't sitting at the table with President Putin, but I was sitting at the table next to President Putin—just the way the tables were positioned there, basically, I could [00:08:00] reach over and touch him. And so we shared a little bit of conversation around dinner.

Putin stood up and made a powerful toast about the president. And this is November of 2001. We're two months out of 9/11. The whole world's concerned about this issue called terrorism because we've seen it acted out now in such a serious, serious, serious way, and [we were] not sure where it was going. There was a lot of global chatter all throughout the fall of 2001 and [the year of] 2002. We were expecting the possibility of another attack at some level. And President Putin stood up and made a powerful toast to the president and how important it was that this man—this man being President George W. Bush—is sitting in the Oval Office at this defining time in our history, and that this is a defining moment that we're going to really finally decide how we're going to take on terrorists because it's real, and unless we take it on, then it's going to continue to grow and cause more whatever horrific kind of events that we had just experienced two months earlier. But how important it was to have this president with his backbone, with his strength and his courage in the

White House at this defining moment. He wanted the president to know that he was ready. Russia was ready to do everything they could do to help.

[00:10:00] We've got resources. We got intelligence, we got—this is an area that we are very focused on, and, Mr. President, we are here to help. And just know that.

The president made a complimentary toast back to President Putin. Dinner was over. We walked outside next to President Putin and his interpreter. We walked to a little campfire that was outside, and the three of us—President Putin and [me] and the interpreter—were standing around the campfire. And it was a misty night, and I told the president [Putin] that this is the time of year when we hunt in Texas. We hunt birds and quail in South Texas or West Texas, and in the evening we'll come in and we'll stand around a fire like this and talk about whatever, the day or world issues or whatever it might be. And President Putin looked at me, and he said, "It's pretty easy to relax around here, isn't it?" And I said, "Yes, sir, it is. We live in a comfortable country, and it is easy to relax around here." And I looked at him and knew from reading about him and knowing something about him, he comes out of the KGB world, and he's focused, he's serious. And so I just thought that was an interesting comment that he made.

And we talked about oil and gas. He wanted to visit about that a little bit, and so we did. And then he asked me an interesting question. [00:12:00] He said, "How has America accomplished so much in only 200 years?" And I thought for a moment. At the time, whatever I was—I think I was 50-something

years old or something, 56 or 57 years old—and, you know, 200 years sounded like a long time—your immediate thought. And then you think, well no, not really. France had already had 16 king Louis by the time we were born in America, and China—thousands of years. But anyway, I said, “Look, Mr. President, I think it’s our freedoms that are grounded in our constitution. I think it’s our democratic, capitalistic system and free enterprise economy that creates this incredible environment for people taking risk, competition. Competition, taking risk leads to innovation. That leads to economic growth, higher productivity. That leads to a greater quality of life for all the people of America.” And finally, I said, “The people of America are good people. They wake up every morning trying to do the right thing. They’re people of faith. And if people are not basically decent, honest, trustworthy people, it won’t work. I don’t care what kind of system you have. And so I think that, really, the key to America is—it’s those three things. It is our freedoms. It is our free enterprise, competitive system that we have, democratic system we have, but the people have to be good people, and they’re trying to do the right thing, and people of high values and morals, and that’s why [00:14:00] we’ve had the success we’ve had over the last several hundred years.” And he didn’t have any kind of real response to that. He just quietly listened to it, took it in, absorbed it. I can’t tell you where the conversation went from there. We’d been talking for a while, and that was at the end of our conversation.

BEHRINGER: That’s really interesting. We haven’t gotten a lot of those personal, informal conversations with President Putin. So far, a lot of them have been

more the official—when he receives people in Moscow, how he treats them. But moving to more substantive issues, one of the most high-profile disagreements on trade policy occurred over American exports to Russia, chicken exports in particular, which became known as the “Bush legs.” Why did this become such an issue, and how did it get resolved?

EVANS: It turned out it was more of a [Department of] State issue than it was a [Department of] Commerce issue. I got involved in it on the periphery. I remember [Secretary of State] Colin Powell joking about it—you know, all of his responsibilities he had around the world, and now he’s got to worry about chickens. And it never did make a whole lot of sense to me, quite frankly. I think it was them just trying to find an issue to argue about and to complain about, and so they did.

And I really can't tell you, I can't recall now exactly how it all [00:16:00] got resolved. It basically went away, I know that. But I was just amused by it myself. But Colin was really the one that was having to deal with it. I think the policies around it or whatever were more related to what was going on and he had more control over it in the State Department than I did in the Commerce Department. But I do remember a time when Colin and I were both over there together in a press conference and being questioned about it, and a question was fired at him about chickens—“What are you going to do about this chicken matter?” I'm sorry, I don't remember a lot of the details of it, but it was comical to say the least.



BEHRINGER: And you mentioned that one thing that you were directly focused on was energy and oil, and that played a big part in Russia's quick economic recovery during Putin's first term. Did anybody in the Bush administration foresee Russia's economic bounce-back happening, and—this is a little bit of a counterfactual—but had you known that Russia was going to get on its feet so quickly economically, would you, or would the administration have handled things a little bit differently on the U.S. side in their economic, fiscal, commercial policy?

EVANS: I'm not sure we would have. I will say this. We had their attention early on, we knew, because they just were coming out of an international economic crisis. [00:18:00] Putin had come into office in the fall of 2000, and the Russian economy was totally in the tank. We were there wanting to be helpful. We wanted to see what we could do to get them back on the right track.

Let me say that Russia has amazing resources—and I don't mean just natural resources, but human capital. They've got some of the smartest and brightest engineers on the planet. They have amazing artists. I've got some dear friends that are over there still to this day. I tell people all the time [about] the great talent that they have. And so, look, we felt like maybe if we could guide them toward some of the principles that had made us so successful over the years, maybe it would help their economy, private property rights, [an effective] justice system, a free market system.

And so we were trying to just introduce some of those principles, knowing that the economy was really driven by their oil and gas production.

That was the lion's share of the currency coming into the country. Back then, oil prices had collapsed—they hadn't collapsed, but they had declined. And so that was part of the struggle that they had. And I was of the opinion—again, this was my field, this was my industry—that oil prices were close to [00:20:00], when you looked at the macro supply and demand of oil in the world, that oil prices were going to begin to move to higher levels sometime soon. You can't ever predict it exactly. Not that my crystal ball is any clearer than maybe some, but I pay a lot attention to it. And I can remember going over there one time, and this was 2002, and I was working with some energy analysts over showing forecasting data that showed prices moving to a much higher level. [PHONE RINGS]

So I've had this forecast in my mind that—and in fact, I shared it with one of my good friends, Herman Gref. Herman [is CEO of] Sberbank, which is the largest bank in Russia—a great friend of mine. A great guy. I trust him to this day. But he was Putin's man on this at the time. He was economic minister.<sup>1</sup> And I said, “Look, I really think oil prices are going to be”—they were in the 18, 19 [range]—“look, I think I see them moving up to \$30 a barrel. I think you're going to get—.” And so, anyway, [Gref responded,] “That's interesting if so that means it'll help our economy, for sure.” And so, had that kind of conversation with Putin also. And it wasn't too much longer that that happened.

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<sup>1</sup> Gref was the Russian Minister of Economics and Trade from 2000 to 2007, when he became the president of Sberbank. In English, Gref spells his name Herman, although in Russian it is pronounced “German,” with a hard G.

And when that happened, and they started to get stronger economically, it definitely changed the dynamics between the United States and Russia. I think that they were feeling economically stronger [00:22:00], being a little more secure in their own economy, and they had different ideas about the direction they wanted to take the country and the role they wanted to play in the world. They wanted to be on the global stage. When prices went up, that really gave them a stronger posture on the global stage. And that changed the dialogue. They didn't seem quite as interested in working together on certain global issues. The most obvious would be Iraq.

BEHRINGER: And I want to get into the run-up to Iraq in a minute, but you mentioned trying to bring Russia into a market economy. And one of the major things that your tenure produced, I believe, was that the U.S. granted Russia market economy status. Do you feel like the full potential of that change was realized, and how do you think it affected U.S.-Russian relations more broadly?

EVANS: No. One of the problems is that they never, in my mind—there was a lot of interference in a true market economy, mainly corruption-type interference at many different levels. And so [00:24:00] that interference really never allowed the true market economy to flourish. A true market economy gives people the opportunity to—they can take risks, be innovative, and be compensated for it if they're right. And when you're interfering with it—not honoring basic, fundamental rule of law, property rights, corruption—it's not going to achieve its full potential. And that's something we talked about a lot. We preached it:

“We're not telling you how to run your country. Let me tell you what's worked in America. Here's how we do it.” And they just never quite got there.

As I say, I think they've got some wonderful people over there. The resources are fabulous, in terms of natural resources. It's a beautiful country, and it's just a shame that they couldn't put a governing structure, policies in place, justice system in place, rule of law in place, property rights in place where they're protected that would give that country [00:26:00] the full opportunity and potential that it had. I wish we could have done more. I wish we could have convinced him, but it was just too big a hurdle. The lack of rule of law, the corruption side—it's just too tough to overcome. It's just people hungry for power, and, “How do I get more power?”

BEHRINGER: And you mentioned your meetings with Herman Gref—so at his level, would you say he was negotiating and meeting with you in good faith, that political will at his level was there, but not throughout the rest of Russian government?

EVANS: A hundred percent. I still believe to this day that he very much believed in the American model—America's structure, democracy, free markets, rule of law. I think he very much believed in that, but he was—. And there were others inside government but they were definitely in the minority. Just too many were focused on just their personal wealth.

BEHRINGER: And perhaps the most obvious violation of rule of law that everybody was surprised [00:28:00] by was, 2003, Mikhail Khodorkovsky's arrest, which many framed as Russian overreach into the private sector. Did Khodorkovsky's

arrest come as a surprise to you? And how did Moscow's legal pressure on the oligarchs in general affect your negotiations on issues like trade and economic reform?

EVANS: I got to know of some of them [the oligarchs]. Not all of them, but a few of them. Khodorkovsky was an interesting one. Here's a kid that—I can't remember—he's in his thirties, and all of a sudden, he's given this tremendous wealth just overnight. I met with him several times, and I think the rules were that he's going to get this wealth, but you don't interfere in politics. You talk about, you thought it was overreach of the government getting involved in the private sector, I think is how you were framing it. I would say it was the other way. He overreached the private sector by getting into politics. All of a sudden, he decided that maybe he should be more involved in the political side, in the political power of the country—not just the financial power of the country, but “I'm going to get myself more involved in the political power of the country. I think I know how this country should be, the direction it should go. I want to bring those ideas into government.” I think it was some of that where he ran into trouble. [00:30:00]

BEHRINGER: And now I think I want to talk a little bit about Iraq, and then I think we've got time for maybe one more question in this first half of the interview. So, as is well known, Russia, together with Germany and France, opposed the U.S. invasion of Iraq. And we talked to the Russian chief of administration, Alexander Voloshin, who recounted a meeting with you in Washington where you supposedly offered the Russians compensation for business losses in

exchange for their support. Could you comment on that, but then also, were you involved in the effort to convince Russians in general to support the invasion? I know that there was a lot of back-and-forth between Russia and the United States about getting them on board in the run-up to the invasion.

EVANS: Yeah, I don't remember the meeting exactly, I have to tell you the truth. I think I kind of can piece it back together based on what you said. Russia had a lot of economic interest in Iraq, and they were marketing, controlling a lot of the oil that was moving out of Iraq. They had a couple of fields that they felt like they had rightful ownership to. I think that there was some question about that. We didn't think we owned them, but maybe there were some others, maybe there was some conflict with the government itself. I think I would've been trying to assure them that, "Look, we're not trying to interfere with any of the business relationships you have in Russia. [00:32:00] That's not our issue. Our issue is that this is a country that has weapons of mass destruction, and we're going to move in to make sure that those weapons of mass destruction are not used against the free people of the world. I don't remember that exact meeting, but I can remember that those issues—which the issues were, yes, Russia has got a lot of financial interest in Iraq that they want to protect. And I told him, "We wouldn't want to be coming in and dictating to, whatever the government was, how they treated Russia. That was between Russia and whoever that new government was." I couldn't see us having a role in that.

BEHRINGER: Do you think the Russians expected the United States to be in control over that process—have a more heavy hand over who the Iraqis were allowed to deal with and things like that?

EVANS: Well, you know, they may have been concerned about it. I don't think that was it. I just think they were comfortable in the position they had, they didn't want anything to interfere with it. We move in, start to interfere with it. And particularly, if they're on [00:34:00] the side of the U.S.—we're going in after the government that's in place, obviously—our thought is the people of Iraq ought to elect the officials of the country and bring democracy to the country. It may happen. That can take a long time, decades. Maybe we planted the seeds. I hope we did. Feels like we did. We'll see how it plays out over the next, whatever, 50 years or more.

But I think that they liked the preferred position they thought they had with Iraq, and it was—I don't know what the scale of it was economically, but it was important to them. And then I, according to what you said he [Voloshin] said, I made the point, look, we're not trying to take any of that away from him. What we're trying to do is make sure that this country doesn't use these weapons of mass destruction against us. It was misreported that we were going to [take] the oil. We didn't have an interest in the oil. That's their oil. We weren't going to take their oil from them.

We did like—quite frankly, part of the energy policy of United States of America for 50 years was stability in the Middle East, keeping that area relatively calm, so that oil would flow to the global market. And we weren't

going in there to try and control [00:36:00] the oil. We did feel like—and we're proved out to be right, it's taken longer than I thought it would—but Iraq had great potential to move their oil production up considerably to where it was at that time. I think it was about one and half million barrels a day at the time. And I would say they certainly had the potential to get their production up to four to six million barrels a day, which they did have the potential, which they have done—took a lot longer than I thought it might happen, but knowing what's going to happen if you got stability in the country and stable regimes and get the right environment for companies to come in there and develop it, and that took a while to get all of that sorted out. But it's happening now.

BEHRINGER: And in your conversations with the Russians after the invasion, was it something that they kept bringing up as a problem between the United States and Russia, or was it something that they got over, and you could get down to business with them once the initial disagreement erupted in public?

EVANS: Look, we were continuing to talk to them. That was a setback when they didn't want to join. But I went over there in '03 and '04. I met with President Putin in those years, and we continued to talk about energy. It was clear that—that's what put him on the world stage, was oil and gas production. And [00:38:00] they were going to protect that at all costs, and he would use it however he felt like he needed to use it to give himself leverage against others.

He wanted to sell oil directly to America. We were declining in oil production. We were declining from 1972 to 2012 or '13. We were [energy scarce] for 50 years. After coming out of World War II, we were energy abundant. We



were the big energy producer of the world. All of a sudden, the Middle East, Russia, other countries started bringing supply into the world, and our production's declining, and so we, all of a sudden, found ourselves in a place of energy scarcity. He [Putin] wanted to export oil to us. I would always tell him that, "No, just put your oil out on the global market and get the highest price you can for it. That's what you ought to do." I would tell him, "If I'm you with all these gas reserves that you have, I would put petrochemical complexes on top of these gas fields or right next to them or close to them and sell the products. Don't just move the natural gas out here"—just trying to give him some big ideas of how he ought to use that incredibly valuable resource he had. But it's a different conversation—when you're an importer of energy [00:40:00], when you're energy scarce, you don't have the same diplomatic leverage you have if you're energy abundant. So one of the amazing things that has happened in our country in the last 10 years is we've gone from being energy scarce to energy abundant. And so, if I sat down with President Putin today, it's a different conversation because [we are now energy abundant]. I don't need your oil. I don't need your gas.

Now, Europe can't say that, but Americans can say it because of the remarkable things that have happened here in America in terms of development of this new technology that you have heard all about. He didn't threaten anything—ever—but he said, "Let me just sell you oil. You need oil. Buy our oil." After you sign up to buy somebody's oil and, all of a sudden, they don't give you that oil, that's a problem.

And so anyway, we continued to have conversations, I did, in '03 and '04. He called me in '05 and asked me to come see him. I did. And he asked if I would be interested in being the chairman of Rosneft, which is the largest oil and gas company [in Russia], if not the world, when it comes to production, which I thought was interesting. So we were still having good conversations [00:42:00], but we weren't making the progress that we had hoped to make in terms of getting them to reform in the way of rule of law and private property rights and creating an environment for really, really free markets, free and open markets. They were making headway, and my friend Gref was certainly trying to drive it that direction. I know he would share that with President Putin. They did a little bit, but not enough to really turn it around.

BEHRINGER: I think we're almost out of time here, but just to follow up on that last anecdote real quick, were you tempted at all by the offer to [chair] Rosneft?

EVANS: It was interesting. I—what to say about it, exactly? So I went in, I had the meeting with him. It's just the two of us and the interpreter—he asked me not to say anything about it, it was private. He wanted to take the company public and put on the London Exchange, and he had China lined up to buy a healthy piece of it. But he needed somebody that was a chairman that had been involved in the West, and I was the CEO of a company that was a publicly owned company, so I was familiar with security laws and what it was like to work in an environment as a company of a country that has security laws [and public markets]. You've got to comply with them. I guess I was flattered that he thought I could bring some credibility [00:44:00] to what they were doing. Even

though he didn't want me to say anything about it, it was in the paper in Moscow the next morning.

But it didn't make any sense for me—fly over there four times a year and do whatever. I think it was driven by my friend Gref, who had a lot of confidence in me and trusted me and thought I was—I know it was him that made the suggestion to Putin. It was interesting in the role that it did play in the global energy market, and it was interesting because America at the time was energy scarce. So I could only think about it from the standpoint of, “What can I do from a global perspective to help the global energy markets so we could continue to grow the global economy to its full potential so that we could lift more people out of poverty around the world,” is how I thought about it.

So obviously, the relationship between the two countries has not improved since much at all, in fact has gone south, which is too bad. I'm sad about it. We gave it a good shot. It didn't work. Wasn't from lack of trying. Like I said, I've got [00:46:00] a great respect for a lot of the people over there, and unfortunately the situation of today is the situation that it is—I'm sad about it because I gave a lot of my own time and energy and efforts to try and convince them that, “Here's what works in America. Why don't you try something similar in Russia?”

[END OF AUDIO/VIDEO FILE]