

Reality vs. Rhetoric: Assessing the Trump Administration's Russia Policy



JUNE 15, 2018

**Briefing of the
Commission on Security and Cooperation in Europe**

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ABOUT THE ORGANIZATION FOR SECURITY AND COOPERATION IN EUROPE

The Helsinki process, formally titled the Conference on Security and Cooperation in Europe, traces its origin to the signing of the Helsinki Final Act in Finland on August 1, 1975, by the leaders of 33 European countries, the United States and Canada. As of January 1, 1995, the Helsinki process was renamed the Organization for Security and Cooperation in Europe [OSCE]. The membership of the OSCE has expanded to 56 participating States, reflecting the breakup of the Soviet Union, Czechoslovakia, and Yugoslavia.

The OSCE Secretariat is in Vienna, Austria, where weekly meetings of the participating States' permanent representatives are held. In addition, specialized seminars and meetings are convened in various locations. Periodic consultations are held among Senior Officials, Ministers and Heads of State or Government.

Although the OSCE continues to engage in standard setting in the fields of military security, economic and environmental cooperation, and human rights and humanitarian concerns, the Organization is primarily focused on initiatives designed to prevent, manage and resolve conflict within and among the participating States. The Organization deploys numerous missions and field activities located in Southeastern and Eastern Europe, the Caucasus, and Central Asia. The website of the OSCE is: <www.osce.org>.

ABOUT THE COMMISSION ON SECURITY AND COOPERATION IN EUROPE

The Commission on Security and Cooperation in Europe, also known as the Helsinki Commission, is a U.S. Government agency created in 1976 to monitor and encourage compliance by the participating States with their OSCE commitments, with a particular emphasis on human rights.

The Commission consists of nine members from the United States Senate, nine members from the House of Representatives, and one member each from the Departments of State, Defense and Commerce. The positions of Chair and Co-Chair rotate between the Senate and House every two years, when a new Congress convenes. A professional staff assists the Commissioners in their work.

In fulfilling its mandate, the Commission gathers and disseminates relevant information to the U.S. Congress and the public by convening hearings, issuing reports that reflect the views of Members of the Commission and/or its staff, and providing details about the activities of the Helsinki process and developments in OSCE participating States.

The Commission also contributes to the formulation and execution of U.S. policy regarding the OSCE, including through Member and staff participation on U.S. Delegations to OSCE meetings. Members of the Commission have regular contact with parliamentarians, government officials, representatives of non-governmental organizations, and private individuals from participating States. The website of the Commission is: <www.csce.gov>.

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June 15, 2018

Commission on Security and Cooperation in Europe Washington, DC

The briefing was held at 10:00 a.m. in Room 562, Dirksen Senate Office Building, Washington, DC, Rachel Bauman, Policy Advisor, Commission on Security and Cooperation in Europe, presiding.

Panelists present: Rachel Bauman, Policy Advisor, Commission on Security and Cooperation in Europe; Herman Pirchner, Jr., President, American Foreign Policy Council; Dr. Alina Polyakova, David M. Rubenstein Fellow, Foreign Policy, Brookings Institution; and Yulia Latynina, Journalist, Echo Moskvyy and Novaya Gazeta.

Ms. BAUMAN. Good morning, everyone. Call to attention. Thanks, everyone, for coming out this morning and hi to everyone joining us on Facebook. My name is Rachel Bauman. I will be moderating the discussion today. I serve as a policy advisor for Russia, Ukraine, Belarus, Moldova, and the Baltics on the Commission on Security and Cooperation in Europe, which is also known as the Helsinki Commission. We're an independent agency of the Federal Government charged with monitoring compliance with the Helsinki Accords and advancing comprehensive security through promotion of human rights, democracy, and economic, environmental, and military cooperation in 57 countries.

Today we're going to be focused on what the U.S. Government, and namely the Trump administration, has been saying and doing to address these issues in the context of Russia on a bilateral basis, as well as to see where the rhetoric meets the road. As we know, Trump has repeatedly expressed a desire to improve U.S.-Russia relations. Nevertheless, policies thus far during the Trump administration have been less than friendly to Putin's regime, including quietly approving the first sale of lethal arms to Ukraine, which is a departure from the Obama administration's de facto lethal arms embargo. And as we know, the recent escalation of sanctions has further shaken the Kremlin elite.

Despite all of this, it's natural to contrast the president's rhetoric with concrete policy achievements. Where does Trump the man diverge from the Trump administration? How does that affect the way Moscow reacts to American policies? Does the United States even have a coherent Russia policy outside of sanctions? And is our relationship to Russia today really any different than it would be under a President Clinton?

To speak to some of these questions, as well as placing them in historical context, we have here today three distinguished panelists. Their full biographies can be found in your folders, but I will introduce them briefly. To my left I have Herman Pirchner. He's the founding president of the American Foreign Policy Council. Next is Dr. Alina Polyakova, the David M. Rubenstein fellow in the foreign policy program at the Brookings Institution. And finally, Yulia Latynina, a journalist with Echo Moskvyy and Novaya Gazeta, some of the few remaining Russian independent news outlets.

So to start out, each of us are going to make a statement, and we'll get into some discussion, and then a question and answer session from the audience. And a note to those of you on your phones, our Twitter handle is at @HelsinkiComm, C-O-M-M, if you would like to tweet about it. And you can also like us on Facebook at Facebook.com/HelsinkiCommission. So without further ado, I'll turn it over to Mr. Pirchner.

Mr. PIRCHNER. As a student, when I first started thinking about politics, Richard Nixon was president. And I remember reading an article in *The Economist* where Nixon was telling his supporters: Don't pay any attention to what I say, watch what I do. And I think, as Rachel indicated, we're in a time when many people are starting to pay more attention to what Trump says than what he does. Actually, I think both formulations are incorrect. What is done is very important, but what is said also carries weight and has to be considered as part of overall policy.

Briefly, what has he done? From the time that he came into office, there have been a long series of moves that can be regarded only as very unfriendly to the Putin regime. In April 2017, he bombed Syria after Assad's use of chemical weapons, against Russian objections. In August, he signed a bill that placed sanctions on a variety of Russian industries. September 2017, training exercise in the Baltic States. December 2017, sanctions on the great Putin ally and Chechen warlord Kadyrov. 2017 December, the sale of sniper systems—which, by the way, is more important than you think because at the time the range of sniper systems that Russia had and were using against Ukraine had a much longer range. And therefore, Ukrainians could not adequately defend against these sniper attacks.

More recently, in March 2018, you had—following the Skripal poisonings, five Russian entities and 19 individuals were sanctioned. Later 60 Russian diplomats were kicked out of Russia. In March, the Javelin missiles went to Ukraine. These are anti-tank missiles and reduce the chance of a Russian advance—certainly would raise the costs of any further military action.

In April, sanctions against seven members of the Putin elite, including Putin's son-in-law and Oleg Deripaska, who is known to be very close to the Kremlin. In April, when the Wagner Group, which is really under Putin's control, moved against American positions in Syria, we launched an attack killing perhaps a few hundred ethnic Russians, Russian citizens. So the response has been tough to actual Putin actions.

Now, some people have made the counter argument that this is only because Trump has been pushed into these positions. But who is pushing him? The people that had long documented pro-Russian positions—Bannon, the first national security advisor—they have been pushed out. Who has been picked by Trump since? You have Pompeo at State, you have Bolton at the National Security Council, and before that you had Mattis, all with demonstrably tough lines against the Putin administration. So you have—if you think that he's being pushed by these people, remember that he's the person that pushed—that

promoted them, that appointed them. And he did so with the knowledge of their long-standing positions against the Russian regime.

Now, having said that, confusing signals have been sent. We have the recent statement that Russia should be readmitted to the G7 to make it G8 again. You have a constant reluctance to criticize Russian actions, and especially Putin directly. How does that play into the hard line that's been taken in practice? In kindest interpretation, it perhaps encourages Europe to rearm, to begin to take care of its own defense, to look at the danger that comes from Russia. In non-kindest interpretation it's a signal that maybe when an actual big summit happens between Putin and Trump, that Trump won't hold the hard line. And this insecurity, which would be caused among American allies and American friends in the world, could well leave those countries to hedge their bets, to make an accommodation with Russia. It all depends on how Trump's words are read.

And in the words of Don Rumsfeld, I think what Trump is really thinking is a known unknown. I don't believe it's possible to get inside of Trump's head to know what he's doing. I'm reminded of a scene from the movie "Patton," where the famous American World War II general addresses his senior commanders before a battle. And he goes into a rage and says: Don't anybody—nobody should come back alive if we can't secure victory. And when all the generals and colonels leave the room, Patton's top aide turns to him and says: Sir, you have to understand that our officers don't know when you're kidding and not kidding. And Patton: it's not necessary for them to know. I have to know.

So my bottom line on this is we have to hope that when Trump is making all these statements on Russia, that he does know what he's doing. Because if he doesn't, then it could lead to things that are not too attractive.

Maybe a couple words on where I think policy should go before turning it over to my colleagues. Solzhenitsyn talking about the Soviet Union said that such a system can only exist on the big lie. And while Putin's Russia is certainly not the Soviet Union, the lie is important to keeping him in power. That's why all the internal and external propaganda. And the West has done a very bad job about conquering that propaganda, both inside in Russia and externally. I think we can't overstate really how effective this propaganda is, even among those in the Russian elite that understand that propaganda is being made.

In the early 1990s, after the breakup of the Soviet Union, I hosted a prominent Russian economist who was clearly part of the elite—his first time in the U.S. And I took him to an upend grocery store. And this was at a time where you couldn't with a thousand bucks buy a banana in Moscow. And even if you went to the [Communist] Party stores, which only party members could go into, it was not a very impressive array of food. And he looked at it for a while and said, well, that's just how you rich people live. Then I took him to a Safeway in one of the poorest neighborhoods of Washington. And he looked at all the food there, and he was very silent.

And finally he said to me—he said, you know, I had access to a lot of things from the West, and I thought I knew, but until now I didn't understand how much I'd been lied to. And I think this is true very much of the Russian people, and even the Russian elites. And this lack of understanding reality, in my mind, leads very much to some of the predatory Russian policies today. It has to be counteracted.

We also have to step up the pressure on the elites around Putin. Public opinion counts in Russia, but what really counts is opinion of a couple hundred KGB/oligarchs

that surround Putin. They're the people who keep him in power. Now, many of these people not just did legitimate business, but worked very hard to steal their money. And if you want to know what they think about the future of Russia, or what any elite thinks about the future of the country, look what they do with their money and look what they do with their children.

All these people in Russia have two, maybe three or four passports. They all have foreign bank accounts. They often have children abroad. And why? Because they don't know when things could go bad for them in Russia. There's no protection of law. Why? Because they don't know when Russia itself could go bad. And they want a place to go where they can begin to live large.

But the current Russian policies and the increasing isolation of Russia from the West has begun to cramp their lifestyle. And it becomes hard for them to enjoy their hard-stolen money in Europe. It becomes hard for them to do business. And while nobody, I think, is willing to stick—in this crowd—is willing to raise their head to challenge Putin, Putin certainly understands that there is unease. And at some point, that unease will become a big problem for him. So to the extent that we can use the people around him to put pressure on Putin, we stand a better chance of improving relations, because Putin is the type of guy whose appetite is increased by the eating. And if he doesn't find very hard reasons to stop things that cause him a problem, he's not going to stop. And we've—the pressure, to my mind, has to be increased.

Additionally, things like Javelins to Ukraine, things like putting NATO troops in Poland and the Baltics, are real reminders of American commitment. And to the extent that the Russian elite understands that there is a firm commitment, there's less chance that we will have fighting with Russia, and there's a greater chance that some reasonable accommodation can be made, and there can become a sound basis for improving the relationship.

Dr. POLYAKOVA. So Herman took a lot of my talking points already, but I'll try to add to those a little bit. [Laughs.] But I think it also says something that we actually agree on the basic premise that you outlined. And I think that is also a significant thing to note. Right now, we have in the United States the toughest Russia policy since the end of the Cold War. But if you just read the president's tweets, you would never know it. And that's the reality of the phenomena of decoupling between the president's statements on Russia, which have been—as Herman also pointed out—more favorable, positive toward Mr. Putin, toward the Russian Government, and then the actual policy actions of this administration.

So Herman and Rachel started to highlight some of those policy actions, but I think it's actually much larger than we even can understand if we just look at very discrete things that happen month to month. Since January 2017, there have actually been 26 distinct policy actions that this administration has launched in relation to Russia. And some, there are 205 new sanctions against Russian entities and individuals, the largest expulsion of Russian so-called diplomats in the history of the United States, including Cold War history. This is significant.

In addition to that, the National Defense Strategy, National Security Strategy, clearly points to Russia as an adversary and a competitor to the United States, alongside with China. We can quibble about whether Russia and China should actually be on the same level as competitors to the United States, but the reality is that this is a profound shift in how the U.S. sees its place in the world, and how the U.S. sees its relationship

vis-à-vis Russia specifically. And this is a shift from what we've seen under Obama, Bush, Clinton, and going all the way back.

And I think the other issue that I would highlight that's significant is the National Defense Authorization Act [NDAA], which just went through markup in the Senate. And if we look at funding to shore up Europe's east, the European Deterrence Initiative [EDI]—that used to be called the European Reassurance Initiative—that was started under President Obama. In 2017, 3.4 billion [dollars] was allocated to EDI. In the 2019 NDAA, the amount that has been approved by the Senate is 6.3 billion [dollars], which is almost a 3 billion [dollar] increase in just a period of 2 years.

These funds look a lot like—they reflect a strategy of very traditional deterrence against Russia. They reflect an investment in NATO's eastern flank, an investment in protecting and expanding U.S. presence—forward presence in the Baltic States, also in Ukraine. There's an additional 200 million [dollars] allocated and authorized for U.S. military training and support of Ukraine. This is separate from the weapons sales, the Javelin sales that Herman also talked about.

So if we take the whole broad spectrum of what this administration has done on Russia, it is a significant and important set of actions and activities that, as I said, looks a lot like a very traditional deterrent strategy that I would argue we probably would have had—though I don't like hypotheticals or counterfactuals—a pretty similar strategy or set of actions under a Hillary Clinton, if she had won the presidency. Now, we don't know for sure. And I think the one profound difference is that, of course, it does matter what the president says. And what the president has been saying, though his administration has not been doing, has started to draw and ignite certain rifts and tensions in the transatlantic relationship.

And that is a serious issue that I don't think we would have had, had we had a different president. The biggest example that we just saw that I think encapsulates on the one hand the decoupling that I've talked about between rhetoric and action, but also the kinds of problems and tensions that this administration will continue to have—particularly Western European allies—is, of course, what just happened at the G7, where basically in one day you have the president suggesting that Russia should be readmitted, G7 allies saying no.

And then within, I think, hours of that you have the Director of National Intelligence Dan Coats giving a speech—I was actually at the speech where he gave it in France—outlining a very, very hawkish and very tough Russia policy. This is within hours of the president's tweets. And then you have an additional set of sanctions imposed on Russian entities and tech firms who the U.S. Government has charged as being enablers in Russian cyberattacks and intelligence-gathering operations. And this all happened within 24 hours.

And so I think we are in a situation where European allies—and I go to Europe quite often—don't understand who to listen to in this administration. Should they be paying attention to the president's tweets? Should they be listening to what Secretary Mattis or Director Dan Coats says? I think this is producing a certain set of confusion with our key allies in Europe. I think this is going to be kind of a continuing pattern that we'll see throughout this administration.

So that being said, just a few words on policy—and I completely agree with what Herman outlined in terms of where this should be heading. Where we are today is that

we have a very conventional deterrence, possibility the beginning of a containment strategy vis-à-vis Russia. This administration is not communicating that very clearly. They could do a better job of that. It's clear to me that the national security advisor and also the secretary of State and the secretary of defense are aligned on their views of Russia. And there also is continued bipartisan support in Congress on a much tougher approach to Russia.

This was, of course, culminated in the Countering America's Adversaries Through Sanctions Act [CAATSA] legislation the president signed which, you know, nothing—almost nothing ever passes Congress, it seems, with almost unanimous support. And this was the one bill that did. And I think this is really, really important. We shouldn't forget that this happened. But we're not really thinking about next steps, meaning right now the U.S. and also Europeans are using existing policy tools, primarily sanctions, expulsions, and various other elements of those two policy implements. But we're not thinking about how to get ahead of the emerging threat that Russia and China represent to the United States.

And those emerging threats are not going to be in the conventional military space. Yes, Russia is a nuclear superpower. So is the United States. I don't think we're going to be entering a nuclear war with Russia anytime soon. That's not in the Russian interest. That's not in the U.S. interest. But it's become very clear that Russia tries to balance out its own asymmetries against the West—meaning the fact that the Russian military cannot compete with the Western alliance, meaning that the Russian economy cannot compete with the West either—and then try to balance against these imbalances, and so the more conventional space, by investing in its capabilities in the asymmetrical space.

So things like hybrid war, right? These gray zone activities, disinformation, cyberattacks, using energy as a tool to try to continue European dependence on Russian gas, specifically the Nord Stream II project. These kinds of activities we have not developed a good set of deterrence strategies against, specifically when it comes to things like disinformation in the digital domain, and potential cyberattacks.

In March of this year, the FBI and DHS released a joint report that found the same malware that existed on Ukraine's electrical grids and caused a massive blackout in Ukraine two years ago on the critical infrastructure grids in this country, including nuclear, waterways, electrical, et cetera. What this looks like to me is that the Russian proxies, you could say the Russian government, has basically planted cyberbombs on our critical infrastructure systems. And so the question is, how will we respond to that kind of provocation, and do we think it's a provocation? Have we responded to that provocation? Those things remain relatively unclear to me.

So aside from developing our strategies in the asymmetric space, we also need to be thinking about how do we target the Russian elite, who have been stealing massive amounts of money from the Russian people, in a way that doesn't actually hurt the living standards or the views of the Russian people toward the West, or toward the United States. And going after the oligarchs, as this administration has done with targeted sanctions, is a good first step, but it's not enough. Because it's very easy to get around those sanctions. Most people that are billionaires can easily transfer their wealth over to if not their grandmothers, their girlfriends, cousins, whoever else. And we have to work much harder to be able to maintain that sanctions regime.

This administration has dissolved the Office of the Sanctions Coordinator in the State Department. And it's not clear they've replaced that office with another unit that would

be involved in doing this. And this is something that I think I would encourage the administration to consider doing as sanctions become a bigger part of U.S. policy vis-à-vis Russia and other countries. But exposing the kinds of corruption that not just Putin but those individuals close to him that compose the Kremlin elite, is absolutely critical to trying to draw some cracks among the Kremlin elite and among the oligarchic system that this government in Russia has set up, to the detriment of its own people.

And I think we shouldn't forget that, that whenever we're talking about Russia we're not talking about—at least, I'm not talking about the Russian people. I'm talking about the regime, which is a kleptocratic, patrimonial, oligarchic system that functions basically as a parasite off the Russian people and the assets of the Russian economy. So I will stop there.

Ms. LATYNINA. Well, it takes gumption to speak about American policy toward Russia to an American audience, being a Russian. [Laughter.] So I better stick to the Russian side of the equation. And first, I would like to underline the fact that Russia belongs to an ever-widening circle of countries, most of them failed or rogue states, that lead by hating America. And this sort of takes place of setting in their picture of the world. And that setting is responsible for everything, including the shortage of toilet paper in Venezuelan shops. And basically the worse the situation gets inside the country, the more desperately it needs this setting to explain away its problems.

For instance, the Kremlin really believes the United States stands behind the Islamic extremists in Russian Caucasus. They really believe that the United States are behind Russian opposition. And their symbol of faith is that the United States created ISIS. It's a very warped picture of the world. And it's very hard to have a productive policy toward the country with psychic issues, because, well, how do we behave toward an abusive neighbor who, say, likes to crap on your lawn or who tortures your cat? If you try to accommodate him, he will think you're a weakling and he will use the ground gained as a forward base for the next attacks. And if you retaliate, he will say to his family, see, we are surrounded by enemies.

So basically there is no good diplomatic strategy in dealing with Mr. Putin, like there are no good diplomatic strategies in dealing with violent Islamists, because both are the worst type of aggressors—an aggressor who claims to be a victim. And this is bad news. The good news is that hybrid war, we are talking so much about against the West, is not actually Putin's invention. It is a Soviet invention. And I think there is simply no comparison between Soviet hybrid war and the current Russian one, because the old Soviet subversion machine, especially in the 30s, was really powerful. These were the days of Harry Dexter White, of Alger Hiss, or Laurence Duggan. These were the days when half of American China hands were Soviet spies and, worse, they were not just spying, they were directing policies.

These were the days when people like Ernest Hemingway were used as useful idiots by USSR. And people like my favorite detective writer, Dashiell Hammett, were simple and pure communists. So we have nothing comparable nowadays, because when Stalin stood up and said that Moscow trials of 1937 is the real thing, he was believed by half of European intellectuals. It was unfashionable not to believe Stalin then, as it is not to believe in global warming today. When right now, Russia stands up and says, for instance, that Skripals were injected with chemical agent after they came to hospital, as a Soviet representative—or, a Russian representative in the United Nations claimed—well, it's just

hilarious. So basically my premise is if the open society survived the Soviet hybrid war, it will certainly survive Putin.

The second important thing about the hybrid war is that you cannot really win it. It can wreak havoc on somebody you consider your enemy, but you get no gains, economic, territorial, for yourself. And we can also see that Russian hybrid war is not directed to support this or that person. What actually numerous investigations found is that Russia didn't support Trump, per se. It supported those whom it considered to be the most disruptive and divisive. This is why it supported Trump, why it supported Bernie Sanders over Hillary. It supported every divisive view. It supported Black Lives Matter and white supremacists, militant Islamists and violent Islamophobia. Moreover, the minute Trump won, Russia switched its support to try and bash us. And actually, you should know that the most successful public event ever organized by Russian trolls was a public anti-Trump rally, organized on November 12th, 2016, just 4 days after his victory. Thousands attended, including filmmaker Michael Moore, who played the role of unwitting useful idiot.

Actually, this makes us wonder, because when Kremlin so publicly and demonstratively supported Trump's victory, was this just a visceral reaction to Hillary's defeat, because by this time she was undoubtedly personally hated by Kremlin? Or this more strategic play, with Kremlin perfectly aware of its reputation, was expertly using its alleged support in order to weaken the institution of American presidency? Otherwise speaking, I think that the current job he's doing—I'm completely in agreement he's doing a very good job of containing something that's really hard to contain. And its most important achievement actually I think is not sanctions; it's the military containment. And that's precisely what lacked during the previous administration.

I would remind you that Putin embarked on a bloody career of hybrid aggression in year 2008 in the cause of Russia-Georgian war. It was an open act of aggression against a sovereign nation. It was carried out exactly in the same manner as all things Putin later did in Ukraine. For Putin operated through cutouts and volunteers, through the runaway republic of South Ossetia. He was an aggressor posing to be a victim. And he was claiming that the real aggressors are the United States. In Kremlin's point of view, they stood behind Saakashvili.

And Russian media were telling that, yes, fighter pilots attacked Tskhinvali. This is the capital of this runaway republic. And actually, I do remember a press conference in which none other than a deputy commander of Russian general staff produced a passport of an American citizen, the citizen in this case was Michael Lee White, as a proof that it was the U.S. military who were fighting Russian in Georgia. This was classic, vintage, fake news, for it was later proved that this Michael Lee White, he lived in China for 10 years, his passport was stolen from him in year 2005, when he transited from Beijing to United States via Moscow.

And after all this, President Obama announced the reset policy. And by doing so, in Kremlin's eyes, he was a weakling. Moreover, in Kremlin's eyes, that meant he acknowledged the basic Kremlin narrative about the war, that is the narrative that the United States was somehow responsible. In Kremlin's eyes, he said, oh yes, we did all these things you claim we did, and we are sorry. He acknowledged that Michael Lee White was fighting in Georgia. And I think if there was no reset, there would have been no Crimea annexation.

We can see this story repeating itself in August 2013, when Assad used chemical weapons against thousands of civilians and crossed the red line. Instead of bombing the hell out of Assad, President Obama said that he will explore other options. And these other options involved President Putin's offer to act as intermediary. Putin volunteered to supervise the destruction of Assad's chemical weapons. Well, we all know that Assad kept his chemical weapons.

And I'm not criticizing American administration. I'm just saying that this was basically one way to deal with a wild neighbor who pisses on your lawn and tortures your cat. You try to engage him. And you get more aggression in return. And by year 2014, Putin was thinking he can get away with anything. So after year 2014, after Crimea annexation, and especially after Putin tried to meddle in U.S. elections, we're in phase two. The police has been called for the wild neighbor. The wild neighbor got his due and Russia is under sanctions.

Actually, does this change the situation? Well, no, because Putin is using sanctions to build up hysteria inside Russia. Kremlin is saying we are surrounded by enemies. They love us not. Actually, an even worse thing is happening because prior to 2014, main Putin support base was Russian elite who, as you put it, stole in Russia and kept money in the West. Now, and that's unfortunate and that's part of the sanctions, this support base is shifting more and more toward underclass, toward the poor people who have never been in the West, never seen it, never had any money, and who want a reason for all their suffering. And they get this reason. Yes, we are suffering, but this is because in the West—they in the West, they hate us. And why do they hate us? Oh, because we are so spiritual.

Does this mean that sanctions are counterproductive? Of course not. That's the same conundrum society has faced when dealing with criminals. Every social worker worth his mettle will tell you that it is counterproductive to put a criminal in jail. And jail is a bad place. It does no good. Yes, jail is a very, very bad way to deal with criminals, not counting all the others. And you can say the same about Kremlin. Sanctions are very bad with the Kremlin, not counting all the others. But the most important point I would like to point out is that the only effective strategy is not sanctions, it is the military containment. And we can point to very significant developments. They have been talked already about by Herman and by Alina.

The first was Deir Ez-Zor, when on April 8th around 200 Russians were wiped out by U.S. air strikes because they attacked United States positions and the positions of the allies. And actually these—by this time, Kremlin was stating for years on end that the United States are attacking Russia. And we would have supposed all hell to break loose on Russian TV. Instead, there was not a peep. Why? Precisely because it was a humiliating defeat, and because United States acted and not talked. If United States were to show notice, address the issue, convene the United Nations, I guess there would have been very strong Russian reaction. Where 200 Russians were just killed, there was zero reaction.

And then, of course, we had the red line story once again this April, when President Trump ordered the air strikes against Assad, and Russia made a great show and issued a lot of warnings, but in the end were very careful not to shoot down a single U.S. missile, let alone to sink a U.S. ship. So President Trump basically stared Mr. Putin down. And actually, that's the last point I want to make. And that's a question I wanted to address

specifically—what is more valuable to Mr. Putin? Statements of false moral equivalence or sanctions relief, which is not forthcoming?

And then finish with another striking example. And this is the example of Israeli Prime Minister Bibi Netanyahu, Benjamin Netanyahu, who came to Russia on Russia's Victory Day. He marched with Putin in celebratory columns. And the very next day, the Israelis wiped out nearly all Iranian air defense systems in Syria. They had tried to call it Iranian names, like Pantsir, Buk, Dvina—the famous Buk that is superb, as we know, against civilian airliners. But it did not perform, it seems, as well against Israeli F16s. And again, Putin did not as much as beep.

So this shows that PR reality that is Israeli prime minister marching alongside with him was much more important to Putin than the real thing. And actually at Deir Ez-Zor, we could see that Putin does not want a real war. He doesn't want a short, victorious war, which he has ample grounds to believe will be neither short nor victorious. What he wants is a PR war, a war in which he has all the advantages and none of the setbacks. And it is to Russia to fear the conventional war, and not the West.

So there are two basic advantages of the current administration. President Trump is not afraid to use force, and he is unpredictable. This is his greatest asset and his greatest liability, because actually unpredictability in foreign policy is associated with authoritarian leaders. It is an authoritarian leader who can flip and flip back and forth, who can turn in 2 days 200 degrees. The democracy is a ponderous thing to turn. So it turns out that what is probably the last line, is that Mr. Trump is superbly equipped to deal with bullies because he is not a small bully himself. And it is a good thing in a world of bullies.

Ms. BAUMAN. Okay. Thank you guys for that. I just want to start off with a little bit of discussion before we go to question and answer. Herman and Alina both mentioned the problem of Trump's statements, alienating European allies over things such as trade as well as Russia recently, we see. I'm wondering if you think that these squabbles on other issues that maybe aren't directly related to Russia might cripple U.S. policy by making Russia appear more favorable in comparison? Do Europeans place more value on what Trump says than what's actually going on? I don't know if any of you want to speak to that.

Mr. PIRCHNER. Russian economic penetration, especially of Germany, plays a big factor into how our relationships with Europe as a whole play out. And to the extent that statements are made by the president that are subject to a variety of interpretations, I think it strengthens the hand of pro-Western forces within Germany. Having said that, eventually Europe will have to grips with the reality of Russian aggression. They'll have to come to grips with the need to defend themselves. They'll have to come to grips with the Russian propaganda, which will become less rather than more effective as greater portions of the European elite and European intelligentsia understands how they're being lied to and how their own individual internal political processes are being manipulated.

Dr. POLYAKOVA. So I think the bigger question you're asking, Rachel, is whether President Trump's statements and potential alienation of our European allies is kind of pushing them toward Russia, right?

Ms. BAUMAN. Yes, and undermining our—

Dr. POLYAKOVA. And our interest and the alliance—transatlantic alliance. I don't think those are related. There have been so-called Putinverstehers in German for a very

long time among the central left. Gerhard Schroder stands out as the Number 1, who is the former chancellor of the SPD, the Social Democratic Party of Germany, who now, within a month of losing his election in Germany, became chairman of the board of Gazprom and now also serves a similar position for the Russian State oil monopoly, Rosneft. And continually lobbies for Kremlin interests within Germany, including for Nord Stream II, the pipeline project that would make Europe deeply dependent on Russian gas for many years to come and would cut Ukraine out from transit fees.

Same thing in Italy. We now have a new government composed of right-wing populists, League and the Five Star Movement, who have for a very long time been pro-Russian, very clearly. And we have these similar kinds of political forces essentially across all European countries today. So that was happening before the U.S. elections in 2016. In Europe, it's been happening at least since the 1990s, frankly. And the Russian Government, as part of its asymmetric warfare against the West, has strategically cultivated alliances and relationships with fringe political parties, primarily on the right but also on the left.

As Yulia was saying, this is part of the chaos strategy. It's not about choosing a specific individual or associating yourself with specific ideology. It's about chaos, right? So you support challenger, insurgent political forces on both sides.

So my last comment is that Putin, though, is, I think, very good at seeing power vacuums and divisions, and then knowing how to insert himself into those divisions between allies or between member states within the EU itself. And we saw him doing this recently.

So just at the end of May, Russia hosted the St. Petersburg economic forum, to which President Macron attended directly after this very well-publicized bromance with President Trump that he had here. Angela Merkel also flew to meet with President Putin in Moscow. We don't actually know why. There was—I didn't see an official readout as to the visit. And what was interesting is that Putin greeted her with a bouquet of roses. And in the past, he's greeted her with his black Labrador retriever, because she has a fear of dogs. So this was a very marked change in how Putin himself, I think, was trying to court European allies.

He then, himself, went to Austria for a series of meetings. Austria's also a country like Germany, that has its share of Putinverstehers. And he's been doing this, cultivating these kinds of relationships to try to pull away some of the European allies from the United States. So, yes, the tensions that we currently have in the relationship, Putin is trying to step in to make those divisions wider. But is the Trump policy actually pushing Europeans toward Russia? I think these trends have been going on in Europe for a very long time.

Ms. LATYNINA. Probably I would add that there was this thing—this roses bouquet thing was quite controversial, because this meant he presented it to a woman and not a head of state. So there was a lot of discussion about this as well, whether it was intended as insult after the Labrador—nobody saw the Labrador around. Probably it probably died. [Laughs.] So actually, I would agree that Putin is very good at exploding cracks. And this is why it is important not to overestimate that—not to ascribe to him all the— all the divisions that are happening both in European and American society because the cracks are here for real. The cracks are about serious issues. And if you don't want the Kremlin to be inserted into these cracks, then the Western world should really address the issues.

For instance, immigration is a very serious issue in Europe. And if the current mainstream parties don't address the issue, then of course the marginal parties would. And it is not a good thing to explain all these things, oh, it's just Putin's influence and Putin's money. Otherwise, we will be behaving themselves. Just as sure as the Kremlin one says, well, all the Russian opposition is financed by United States and there's no real ground for discontent.

Ms. BAUMAN. And one more thing I would talk about, since we are here in Congress, is the role of Congress in policy toward Russia. I know we mentioned CAATSA, which Trump signed and eventually implemented. [Laughs.] But that, of course, did originate in Congress. And I was wondering if any of you saw that as a kind of insurance policy? Maybe in case Trump did something or said something—in the beginning of his presidency there were thoughts that he might actually get rid of the sanctions. So what do you think Congress' role is, in light of CAATSA as well as possible future endeavors?

Mr. PIRCHNER. I note that that bill, which passed with large bipartisan majorities, was signed by Trump. He could have let it go into law without signing it. So I think the charge that he wasn't going along with it is not completely accurate. If he really had strong objections, he would not have signed it. I think there remains skepticism in Congress regarding how hard a line the president will continue to take on Donbas and other situations in the world. And the large bipartisan majority I think certainly will be a factor in shaping policy, because it's a reality of power in D.C.

Dr. POLYAKOVA. I actually think right now is a really important moment for Congress, which typically is not as involved in foreign policy, which is the domain of the executive in the United States, to play a much more leading role when it comes to Russia. And Congress has done this with CAATSA very clearly, by stepping into fill what I think some members of Congress probably saw a potential threat that this administration moved quickly to remove sanctions. Certainly candidate Trump talked about that during the campaign. So I think that was a fear that many congressional members had at the time.

I don't think that was the main motivator for CAATSA, because it was so much more expansive than just codifying the Obama-era executive orders related to sanctions. It could have just done that, but it went much, much further and actually gave the administration a significant mandate and authority to impose new sanctions related to energy, related to illicit finance from Russia, and also related to the defense and intelligence sector. And they have used those authorities. Again, they didn't have to use them.

The Kremlin—so-called Kremlin list that the administration released as a part of CAATSA at the end of January, the public version was a bit of a joke because it was basically a culmination of a Forbes list and added there was some Russian officials from the Kremlin website. But the classified version—which I have not seen but I've talked to people who have, maybe some of you have—was a real report that was well done, well researched. And I have no doubt the sanctions that came afterwards that we talked about in early April, that were really tough, were based on that classified information and net assessments about specific individuals and companies that are involved in some of the dirty dealings of the Kremlin's hybrid war.

So I think there's a lot more that Congress can still do. But specifically, much more—and what we've all been talking about—in this hybrid war, asymmetric warfare space. We haven't done very much to really understand how American tech firms, like Facebook and Twitter and Google, have played a significant role in propagating Russian propaganda and

disinformation alongside so-called fake news. I was, frankly, a bit disappointed—a bit—[laughs]—with the Mark Zuckerberg hearings that happened in Congress, that didn't really get to the heart of the matter. And I think this industry and the role that it's served in being manipulated by the Kremlin will continue to be an issue. And at some point, regulatory measures will have to come, in the same way that regulatory measures came over television and radio and print.

And so this is, I think, a place where Congress can continue to have a very important role in understanding: How do we get the situation under control? Because it's not getting any better based on the voluntary actions of these companies.

Ms. BAUMAN. And, Herman, did you want to make a quick statement here?

Mr. PIRCHNER. There's been a long and very vigorous debate among constitutional scholars about the role in national security of Congress versus the executive branch. And the reason it's been so vigorous is there's a lot of ambiguity in the Constitution. In practice, when the executive branch or Congress has gone so far, the opposing branch has made a big effort to reassert its rights on things like war powers, but not only. And my personal view is in recent years Congress has abnegated a lot of power it could exert if it was willing to do so.

Ms. BAUMAN. And Yulia? No comments? That's fine. [Laughter.] All right.

So we're going to turn it over to the audience. For question and answers, please state your name and your affiliation. And keep it brief. I also want to hear actual questions rather than comments. If you keep going for too long, I will cut you off. So if anyone has any questions? Yes. We have a microphone here. Yes. It's coming.

QUESTIONER. Thank you. Hello. My name is Kristen Chang [sp]. I'm with the office of Senator Schumer. I'm an intern there.

Dr. Polyakova, you spoke briefly on Facebook's impact on what's happening, what we're looking at. I was wondering if I could get all of your thoughts on how we should move forward with the cybersecurity threat? I know you've spoken a little bit about that, but I'd love to hear more about it if you have anything else to say.

Thank you.

Dr. POLYAKOVA. Should we take them one at a time?

Ms. BAUMAN. Yes, if anyone wants to respond. Not required, but—

Dr. POLYAKOVA. Well, I do think when I mentioned about the role of social media companies is different than the cybersecurity element. They're intertwined, but different. So we're talking about the spread of disinformation, which is different from misinformation, is the intentional spread of inaccurate information to try to manipulate society and certain narratives, which is what the Kremlin has been doing, but also others have been doing. And that's different than just, you know, putting up false stories to make a little bit of money from advertising. So I think we have to separate those.

And the cyberthreats question, I think a lot of the actions on that end have to happen in the classified space, and have to be led by the intelligence community, for obvious reasons. And as a result, I don't know exactly—because I don't have clearance—what we have already done in that space. But I would hope that the Department of Defense, along with the Office of the Director of National Intelligence, are thinking through their own vulnerabilities. I was happy to see the early administration, they banned the use of Kaspersky Lab software on U.S. Government computers. That was a good first step, but that was a small first step.

I think the bigger threat in the cybersecurity domain is not as much Russia as China. And what we've seen Russia actually become is more of a hub for cyber criminals, which the Russian Government sometimes uses to do its own things, its own projects. But I also think that this is a really deeply complex issue. I know I'm not giving you a satisfying answer, but I think that's because a lot of the actions have to happen in the intelligence space. And if any of you are working for the intel communities, I would hope that you're thinking through this.

Mr. PIRCHNER. The American Foreign Policy Council has run a series of briefings on cybersecurity. I think 52 Senate offices attended those briefings over the past year. And we have them summarized in a primer on cybersecurity. And there's also a full book that's gotten rave reviews from Harvard Law. And if anybody in the audience wants to do a deep dive on it, talk to Amanda Eisenhower—if she raises her hand—from the American Foreign Policy Council, and we'll get them to you.

Ms. LATYNINA. Okay. I would just like to add up a couple of things. Maybe not many people remember, but the first attack that ever happened—that ever was devised by Kremlin was in Estonia. And it was called Bronze Soldier Riots, when the Estonian Government decided to move a monument to Russian—well, to Russian liberators who liberated Estonia from Nazis, and at the same time included it into Soviet Union, to another place. And besides the attacks—besides the riots, there were immediate cyberattacks on Estonian eGovernment. And as Estonia has one of the most advanced systems of eGovernment in the world, this was of course quite dangerous. And this led to the fact that right now the cybersecurity center of NATO is situated in Estonia.

I would like to point out about this Estonia thing two things. First, the attack—the Bronze Soldier Riots were actually organized in a very interesting way. I tried to pay more attention to the detail, and that's what I found out. That actually it was a perfect setup because what happened is that a lot of Russians who live in Estonia, they listen to Russian State TV. And the Russian State TV started announcing that people are rioting. And after it started announcing that people are rioting and publishing news about it, they came and rioted. It was as simple as that. And actually, I think it was perfect type of an organization of an event. And that's one thing to think about, that Russian cyberwar actually started with Estonia, and Estonia's a member of NATO.

And actually, I think that Russia can be dangerous when it comes to cyberattacks. And actually, there's one thing I never mentioned—I never heard any consequences and any news after it happened, because several weeks before the American presidential elections there was a huge DDOS attack, distributed denial of service attack, on various American commercial services, and they went down. And actually, somebody said, yes, it was probably due to Russia. And it was not followed up. And I think this is actually much more serious than Russian fake news. Because I think there's a lot of hype about Russian fake news and what's happening in Twitter and in Facebook.

And I'll tell you one thing, there's one case that's—there's one thing that is malicious intent. And there were obviously these troll farms who were trying to meddle. But there is another thing that is a real influence. And I don't think they exerted any real influence for one very specific thing. Here am I, sitting before you and talking in English. And my English is not a native language. And despite the fact that I'm a fairly good speaker and I read in English more than Russian, I certainly cannot pass as a native American in my Facebook messages. So don't you believe for a second that Russian people, Russian

Facebook trolls who are uneducated, who don't even have the level of English I have, can pass for an American. It's as simple as that.

As I said, there's a question of malicious intent. And the intent is something that also should be punished. But there's also a question of real influence, which is almost negligible. In Russian law there's a specific thing for this, it's an attempt with the means that are not sufficient for the attempt. I don't know whether such a thing exists in American law.

Ms. BAUMAN. Okay. Another question? Right there. Thank you.

QUESTIONER. Hi. I'm Brooke Hartsuff with the Tom Lantos Human Rights Commission.

Continuing the topic with hybrid warfare, with Wagner's private military company operating in southwestern Syria and ties to Putin's regime, and then obviously their attack on U.S. troops in February of this year that's making it the deadliest U.S.-Russian clash since the Cold War—as private military companies have shown ties to Putin's regime, what does this mean for the future of U.S.-Russian relations and military action?

Ms. LATYNINA. Well, first of all, I think we should understand that private military company in Russia actually do not very compatible things. Because, see, if you look at Russian regime carefully, well, Kremlin nationalized everything, beginning with oil and going down to TV. So it beggars belief that a leader who is as intent as Putin is on governing anything in his country leaves a private military company operating like in some medieval times. There are no private military companies that go to war in the present-day world, except, as I've said, for medieval times, because obviously the state monopoly on violence is one thing that makes the state tick.

So I think that instead of private military companies, we should talk of the policy of plausible deniability by Mr. Putin. He wants to create a common structure in which he will not be held responsible for what is happening under his broad guidance. And I think that this possible—what Putin wants is diminished liability. And actually, what he gets—this is also true—is diminished control because in things like shooting down Malaysia Boeing, or maybe even at this Deir Ez-Zor thing, we cannot be 100 percent sure that Putin controlled the whole of the operation, because he had definitely given an umbrella permission. But unfortunately, when people get arms into their hands and it's a private guy who has these arms, he starts going after his own goals.

I would like you to direct your attention to a piece you probably know. There's a very perfect piece in The Washington Post, on what actually happened at Deir Ez-Zor, because it had some leaked information. And this leaked information was as following: That, first, Mr. Prigozhin—this is the guy who is the head of—who is the nominal head of this Wagner brigade, who is responsible for it—for the upkeep of it—that first, Mr. Prigozhin was contacted by some Syrian official who promised him a reward for doing this. And then Mr. Prigozhin contracted a man whose name was Mr. Ostrovenko. And Mr. Ostrovenko was a deputy to the head—to the chief of staff of Mr. Putin's administration.

So what I'm trying to point out, that actually for an operation that is planned from the top, it's sort of a very roundabout way of carrying out an operation, because, you know, Mr. Prigozhin is no military man himself. And he's contacting a guy who is, God forbid, the civilian deputy of the chief of staff of Mr. Putin. So what I make out of it—of course, I can't just suppose it. But what do I make out of it, is that Mr. Prigozhin has got a sort of umbrella permission and go-ahead from Mr. Putin. Then he sorted out the

details with these Syrian guys, and he was promised some remuneration, which is okay by Kremlin. It is not something that is not permitted. It is okay. So then he contacted Ostrovenko in order to inform him of the details of the operations, because he had no direct access to Mr. Putin himself, right, at this time.

And he was doing this because Mr. Shoygu—that's the Russian minister of defense—hates his guts, which is just obvious because when you're a private military contract and the regular army, they hate each other's guts. And he wanted to sort of, you know, have an insurance policy in case things go south. So actually, things went south, and Mr. Prigozhin was probably able to say, well, Mr. Shoygu sanctioned this. So this is a very, very roundabout way. And what I'm trying to say, that this all goes under the heading of plausible deniability and the resultant diminished control. So this is just exactly intended. So we could not sort head or tail of it, and understand, was Kremlin really responsible for trying to attack U.S. troops, or was it just a freak [thing]?

Mr. PIRCHNER. And I think it's important that this plausible deniability is understood to exist in Ukraine as well. This whole fantasy of separatists. Make no mistake, the operation there is Russian planned, financed, equipped, directed. Officer corps is all Russian. But under the umbrella of deniability, even though there's full control out of Moscow. And if you have somebody local that gets out of line, as happened in Donbas, they get assassinated, and everybody else gets in line.

Dr. POLYAKOVA. Just very briefly, because you asked about what does this mean for the future, I think Yulia's detail of the Wagner conflict in Syria is absolutely correct. But what it points to is this plausible deniability leads inevitably to warfare by proxy. Whether that be in the conventional space, which is the situation with Ukraine and the Syrian example, and also in the nonconventional space, meaning the use of cyber criminals, activists, as Mr. Putin volunteers—patriotic volunteers, as Mr. Putin has called them, and the disinformation space as well.

So there's no—it's not maybe a coincidence, but it is interesting that Prigozhin was also in charge of the Internet Research Agency, the troll factory project, and the Wagner Group, right? So it seems that there is a system of control that is ambiguous—purposely ambiguous, where a certain guidance or directive is given from the Kremlin, from Mr. Putin, but then the details are figured out on the ground. And sometimes things go wrong and the Kremlin can deny. And sometimes when they go well they can take some credit for it, which is what happened with Crimea eventually—though Crimea might be a slightly different example.

And I think we're going to see more and more and more of this. And I think the role—what does that mean for policy? It means that European and American policy-makers have to be much more clear about pointing the finger, even if you don't have, you know, smoking gun attribution. So this administration did that with the NotPetya attacks, where they clearly said this was the responsibility of the GRU, the Russian military intelligence. And we need to do more of this instead of being fearful about saying, as the Obama administration was during Ukraine, where I remember in 2014 no one was willing to use the words war, Russian war, invasion. The favored term was crisis. I was like, we know it wasn't a crisis. This was a war. But nobody was willing to say those words. And now we have a very different situation. Those word are being used. And the reality is being spoken about. And we need more of this kind of communication.

Ms. BAUMAN. Paul, there.

QUESTIONER. Thank you. Hi, my name is Paul Massaro. I'm the policy advisor for anticorruption at the Helsinki Commission. And thank you all so much for being here today.

Dr. Polyakova, thank you for pointing out the parasitic, kleptocratic nature of the Putin regime. Something that we talk about quite a lot in the circles I run in is the way that those that steal all this money need to go then and hide it in the West and hide it in a rule-of-law country for a number of reasons. Three that come to mind are so the next bigger fish won't steal it, so your people don't see it necessarily, and so you can hedge, of course, against the collapse of the regime. And that's something that you pointed out.

So my question is, when it comes to those within the United States and perhaps in the United Kingdom that assist in the transfer of this wealth, in the hiding of this wealth, and then perhaps also the middlemen that clean this money in Cyprus and Latvia, what has the administration done and what can the administration do further, seeing as this is truly the Achilles heel of the Putin regime?

Dr. POLYAKOVA. Thanks for the question. Just a quick comment, but all of us have talked about this to a certain extent because this is the area of focus, to my mind, that will really get at the heart of the Kremlin under Putin. I think there's a few things that can be done. Clearly, the U.K. has a serious problem with dirty Russian money. It's, I would say, probably less of a problem in the United States, although certainly in New York, in Miami, and in Delaware—[laughs]—there—in New York and Miami there are these empty apartment buildings that we all know about now that have been bought up with—as a way to clean dirty money, basically.

And what this is doing to real estate price is very obvious, that normal citizens can't afford to live in these places because prices are going up. I think most citizens, whether it be in the U.K., in Europe, or in the U.S. are not making those connections, right? One reason why you can't afford an apartment in Miami is because of this dirty money that's just being parked there, and these apartments are empty. But the real estate doesn't exist.

One major thing that worries me about the U.K., because of Brexit, is that the U.K.'s financial system has become so deeply dependent on this foreign money—not just from Russia, from China as well, and elsewhere. But as they exit, supposedly, the European Union, they will inevitably have capital flight. And as a result, they will need to be much more dependent on attacking this kind of money to maintain the current financial prestige that London city has acquired. And so the U.K. is considering much more strict legislation. Those specifically point to identifying transparency and disclosures around the final beneficiary of accounts.

We still have that loophole here. And it's one of the few places we have that loophole. But I think to get really shell companies—which is really complicated—you have clear laws about disclosing the final beneficiary of accounts. And that, I think, would also go for funding for political ads as well online, where you can't set up a shell company or a shell group to put a local ad, like Young Muslims for America, by some, you know, Americans for Puppies kind of organization or something. So I think also somewhere Congress could act to enforce those kinds of disclosures.

Mr. PIRCHNER. Congress should take a look at the laws that were put into place during the last days of Cameron, before May came to power. And they require substantial

disclosure of where the money originated, the source of the money. As Alina pointed out, they haven't been implemented because of the penetration of Russian money into the coffers of the Tory Party and the Labour Party. And many legitimate businessmen make money out of the Russian oligarchs that are there. I went to England, I don't know, maybe 5, 6 weeks ago. And I understand that the debate is alive on how far they should go to implement these laws. But there are pretty good laws on the books. And it may be worth a look-see for those of you who are on staff here to see what may have applicability here.

Dr. POLYAKOVA. Just as a followup, law firms are also being used as money laundering organizations—they don't have to disclose because of client confidentiality privilege where their money is coming from. So what happens is Oligarch X, Company Y, you know, you transfer millions to a law firm, which is recorded as client fees. And the law firm, by law, does not have to reveal where that money comes from and what it was for. And that also sets up—it's not just real estate and it's not just bank account holdings that there be disclosures around. And this is why Delaware has become, oddly, a place where there's high concentrations of these firms that are being used to launder money.

Ms. LATYNINA. Just one thing I would like to add. What I think is, first of all, you need to know about Russian money is to differentiate. Because if you use the highest ethical standards, that all Russian money is dirty money because, you know, everything in Soviet Union was state property. And the minute it was privatized, I can assure you that no Russian oligarch worth his mettle was paying any taxes. And I know how they were going around about not paying it. And of course, even in Yeltsin's time they were all using administrative resources to get more money. And I would concede that this is normal, because business is not about politics. Business is about making profits. And if the guy could make more profits by using administrative resources, he was using it.

So if we don't differentiate between the people who say, well, oligarchs became oligarchs under Yeltsin, in a sort of competitive corruption. Yes, and people who became oligarchs simply because they were Putin's friends or because they were Putin's officials who were just taking money as bribes. Then we are doing a very bad thing, because actually if we judge by the highest ethical standards we should ask ourselves a question: What would Rockefeller or Vanderbilt do if he were brought in Russia and he were a businessman in Russia in 1990s? And probably, he would behave very much like, say, a guy whom I don't like, like Mr. Deripaska or other guys.

So first, I think that actually each case should be treated individually. And when it's individually, it means it's not treated by a law, but it's treated by a special service. And a special service looks into the guy, and maybe even he's a Putin official and all his money is stolen. And maybe it can make a deal with him, and he will rat on his comrades. Maybe it is better to make a deal.

Ms. BAUMAN. Okay. I'm going to see if I can go to this side of the room. Won't discriminate. In the front here.

QUESTIONER. *Zdravstvuyte i spasiba* [hello and thank you]. So, hello, my name is William Lee. I'm with Senator Murkowski's office in Alaska.

So several weeks ago the Ukrainian Government executed a sting operation involving anti-Kremlin journalist Arkady Babchenko. My question for you is, what do you think this tells us about Eastern European states' effort to resist Russian expansion, and perhaps what can we do to help them?

Dr. POLYAKOVA. The Babchenko case is really interesting. Thanks for that question. And highly controversial, obviously. Aside from that case, which had a lot of unique characteristics to it—there have been many, many assassinations or attempted assassinations of critics of the Putin regime who went to Ukraine to escape persecution or because they were fearing for their lives. I think Yulia can speak to that in more detail than I can. But there's been a long-standing pattern of Russian independent journalists being harassed, being killed, even if they leave Russia.

So the Babchenko case is different from that. Babchenko was a Russian journalist, who was controversial in Russia as well, who went to Ukraine because he said he had fears for his own safety. What happened in that operation, was, I think, basically a botched PR media operation by the Ukrainian intelligence services. So I don't know if all of you are familiar with it, but just very quickly Babchenko, the journalist, was living in Ukraine at the time from Russia. A big report comes out that he's been killed, shot. But then 24 hours later, after every single Western media source has reported that this was the Russian intelligence services, he appears, giving a press conference alive and well. And the Ukrainian intelligence services say, well, this was a sting operation to try to catch his actual assassins.

And a lot of questions have been raised about that. But in terms of was this really a good thing to do, was their reputational risk for the Ukrainian intelligence authorities, should they have taken on that risk—because it made it look like they were spreading fake news—my comment on that is there's a very big difference between a strategic intent to undermine and try to influence narratives and discourses and societies over time, which is what the Kremlin has been doing, versus a discrete intelligence operation which you could say has been botched, because it didn't really communicate well. So there's two very different cases that we can point to.

I think the bigger picture, though, is that the message that many of those who dissent to the Putin regime is that you're not safe anywhere anymore. And that goes true for former intelligence operatives, like Skripal. It goes true for many Russian journalists. And I think this is just the reality that we live in.

Mr. PIRCHNER. I agree completely. It's important to note that Putin feels vulnerability.

And that's why he has the need to make examples of anybody who sticks their head up to dissent. If he were truly secure, he could ignore them.

Ms. LATYNINA. I'd just address a little bit specifically the Babchenko case, because just as Alina has said, there were many people who were killed in Ukraine, including Pavel Sheremet, a very famous journalist. Another case was Denis Voronenkov. Not a very good guy and actually a fraudster, but a fraudster proclaimed to fight Putin's regime, and who was killed for it. There were two attempts on the life of a guy called [Okuyeva?], that's the Chechen field commander, actually an Islamist who was fighting on the Ukrainian side. There were two attempts on the life of Anton Gerashchenko. We can roughly say that this is the PR secretary for their ministry of internal affairs.

So the Babchenko case is perfectly believable. And I don't classify it as fake news. I classify it as a sting operation. And actually, I can claim that I believe the majority of things the Ukrainian intelligence says about the operation. But the biggest problem with me is precisely this word "belief." Because as a journalist, and especially in an age where there is video recording, audio recordings, I don't have to believe anything. I have to know

the facts. And now instead of the real proof, electronic proof, the Ukrainian intelligence services just asked to believe that this is the culprit, this is the organizer, and these are the guys who in Russia were standing behind this. And so I think the Ukrainian intelligence definitely underperformed. That they should have continued with the case. That it cannot be argued that this is just a sting operation and everything will be evident during the trial, because it was as much a PR operation as a sting one. So the minute we found out that Babchenko is alive, we had to see the proof. And if we are not seeing the proof, as I said, it's probably not a sign that it was, you know, fake. But it's probably a sign that Ukrainian services, as usual I would say, performed very, very much—underperformed.

Ms. BAUMAN. Okay. I think we have time for one more question. So are there any more questions? If there aren't—ah, there's one here.

QUESTIONER. Hi. I'm Viola Gienger. I'm a writer, reporter and editor for Just Security, the blog at NYU Law.

And I'm wondering about—there have been some comments in recent events where U.S. officials, to the extent of Russia continuing its operations in the United States—disinformation operations—in advance of the midterm elections. Do you have any sense of what entities are in charge and running those? And has there been any information about any replacement for the Internet Research Agency?

Ms. LATYNINA. Well, actually, right now there are just rumors. I haven't seen any clear facts. But I would like to point out two things. Just recently Mr. Putin has been asked by an Australian journalist about the activities of Mr. Prigozhin. Yes, and he replied that, well, the United States has George Soros. And I have my Mr. Prigozhin. That was basically his contention. This is a picture of the world in which Mr. Putin lives. As I said, he really believes that the United States is standing behind everything bad—everything problematic that's happening in Russia. And he's really thinking George Soros to be the agent of U.S. Government. I just forget whose president's personal cook George Soros was. [Laughter.] Maybe he earned his money by cooking for President Bush. I sort of forgot. [Laughs.]

So that's one thing. This is a very clear picture of Putin—what Mr. Putin is thinking about. That's how he believes the world to function. And the second thing, which we're not talking about and which is actually very important in Russia, is that we all think of these operations as pursuing some political gains. But for a lot of people who are carrying out these operations, it just an operation to earn some money. And actually, the reason these operations go horribly wrong when it comes to killing, or when it comes to infiltration, or when it comes to fake news, is precisely that there's a lot of money which comes from the top. And then it sort of trickles to a very, very shallow stream, because a lot of money gets appropriated at the top. And the guy who carries out the operation just gets peanuts. And for peanuts, you can hire only a guy who is not very good.

So if we think of this fake news propaganda machine as a machine that is earning money and producing money for the people who operate it, that means it will stay in operation precisely because they need something to show for their efforts and later claim, say, war contracts or other things because they'll say, okay, we spent so much money on this, we did such a great thing, please give us some money. So I think it is not the kind of operation that can be wound down. And the only thing that can be really done is that if the United States does not discern whether it is Putin or somebody beneath him and puts responsibility square on the guy who is responsible for the general thing.

Mr. PIRCHNER. I think it's important to remember that this isn't anything new. During the whole Cold War the Soviet Union, to a greater or lesser extent, interfered in U.S. elections. What's different now is you have social media and the computers and so much more can be done than could be done in the days of paper and carrying around bags of cash.

Dr. POLYAKOVA. Just a very quick comment. If you're interested in this question of what specifically can Congress do on this disinformation front, there's a paper I wrote recently with Ambassador Daniel Fried, who used to be the U.S. sanctions coordinator and served for 40 years in the U.S. Government, called "Democratic Defense Against Disinformation," that lays out just policy recommendations for the U.S. Congress. And the other compendium to it is "The Future of Political Warfare," which looks at the emerging threats that are coming in this space. But that's just a plug for that.

Ms. BAUMAN. No problem. All right. Thank you guys for coming. And hope it was equal parts entertaining and informational. [Applause.]

[Whereupon, at 11:26 a.m., the briefing ended.]



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