



## The Russian Enigma and the U.S. Election

By Richard W. Rahn

### WHY WOULD PUTIN FAVOR TRUMP AFTER INVESTING IN HILLARY?

Does Vladimir Putin want Hillary Clinton or Donald Trump to win the presidency? Those supporting Hillary claim that Mr. Putin wants Mr. Trump to win, and they claim that is why WikiLeaks is putting out the Hillary emails and speeches. Specifically, John Podesta, Hillary's campaign chairman, has been very explicit in charging that Mr. Putin wants Mr. Trump to win. The charge seems to be a bit odd, given that both the Clintons' and the Podestas' (John and his brother Tony's) organizations have been recipients of large sums of money coming from Russian interests, apparently with the blessing of the Kremlin. What is the problem? Did they not stay bought, or is it all a deception? If the American people were to believe Russians are for Mr. Trump, it would hurt him.

Having been an economic adviser to senior Russian government officials during the 1992 transition from communism and subsequently involved in business with Russians, I quickly learned that the conventional wisdom was correct in that things are often not what they seem. Winston Churchill perhaps said it best many decades ago: "Russia is a riddle wrapped in a mystery inside an enigma" — and that statement is equally true today.

Many foreign governments and their leaders, including the Russians, try to buy influence in Washington, by hiring lobbyists (including former Democratic and Republican members of Congress), law firms and public relations firms, to make their case for whatever issues concern them. Most of this is perfectly legitimate and proper, provided that, when being paid by a foreign government or government-controlled entity, the lobbyist registers as an agent of the foreign government. But, as with most forms of government regulation, those so determined find legal or illegal ways around the regulations.

Over the last three years, there have been well-documented reports from reputable organizations that a number of politically active environmental groups had been receiving tens of millions of dollars in contributions from Russia and apparently Kremlin-controlled sources. Much of the money was laundered through an offshore entity in Bermuda going to environmental bundlers in the United States, where, in turn, it was distributed to many environmental lobbies (i.e., Sierra Club, National Resources Defense Council, League of Conservation Voters and others). Multimillion-dollar Russian source contributions also went to the Clinton Foundation, the Podesta-directed Center for American Progress and the Podesta lobbying firm. The Russians supported these groups in their opposition to fracking, pipeline construction, and other oil and gas development, with the goal of depressing development to keep prices high. Russia depends heavily on oil and gas exports, and those revenues had accounted for more than 50 percent of the Russian government's budget.

The documents released by WikiLeaks and others contain a trove of information. Despite many well-documented articles (several by yours truly) about the Russian support for the anti-oil and gas development lobby, most of the organizations denied it or refused comment. But thanks to the leaks, we now know that Hillary knew about it all along. In one of her speeches to an industry group on June 18, 2014, she stated: "We were even up against phony environmental groups but these were funded by the Russians to stand against any effort, oh (sic) that pipeline, that fracking, that whatever will be a problem for you, and a lot of the money supporting that message was coming

from Russia." (I wonder how officials of the Sierra Club and the others like being referred to by Hillary as "phony environmental groups.")

It is no surprise that Hillary would tell industry-banking groups that she was for fracking, more oil and gas development, pipeline expansion, and gas exports, while at the same time telling her environmental supporters the opposite. (Now that many of her speeches are online, her specific contradictory statements are available for all to see.) What is more disturbing is that as a senior government official she (and obviously many others in the Obama administration) knew that the Russians were paying these environmental groups to influence policy while not reporting sources of the money as required by law or registering as foreign agents, and yet they took no action.

In June, the Supreme Court found in the case of former Virginia Gov. Bob McDonnell that under relevant law it was not illegal for public officials to receive something of benefit, provided they did not undertake an official action in exchange. The Russian source payments served to benefit officials of the Obama administration in their personal interests, and what the payers received in return was an apparent understanding they would not be investigated, let alone prosecuted, for violations of the law.

If Mr. Trump wins the election, all of the money Mr. Putin has directed toward Clinton interests, as well as her private emails and their blackmail possibilities (which his government almost certainly has) would be of little value. Why, then, would his minions make it appear that he favors Mr. Trump? Could he have more on Mr. Trump than Mrs. Clinton — it seems unlikely — or does he think that by appearing to support Mr. Trump, he actually helps Hillary?

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