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At George Mason University's Antonin Scalia Law School



AN OLIGARCHY IF YOU CAN KEEP IT:

The Russian Oligarchs Report and What Comes Next

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In response to the release of the “Russian Oligarchs Report” on January 29, 2018, the National Security Institute hosted a panel to discuss the implications of the report for relations between the United States and Russia. NSI Director of Policy John Lipsey explored whether the report will serve as a roadmap for coming sanctions and what the U.S. may expect to achieve by targeting Russia’s financial elite with panelists Daniel Vajdich, Megan Reiss, and Lester Munson.

How Did We Get Here? Mr. Vajdich provided an overview of the Countering America’s Adversaries Through Sanctions Act (CAATSA), which required the Department of Treasury to file a report regarding senior political figures and oligarchs in the Russian Federation and Russian parastatal entities. This Russian Oligarchs Report was intended to unveil the corrupt flow of money through the Russian government, and was filed in both a classified and unclassified version. CAATSA essentially codified a sanctions program created by an Obama Administration Executive Order targeting Russia’s financial services, energy, metals and mining, engineering, and “defense and related materiel” sectors. CAATSA, Mr. Vajdich noted, represented a critical tug-of-war between Congress and the Executive Branch on the proper response to Russian interference and the sovereignty of other nations. Mr. Vajdich argued that CAATSA forced the Trump Administration to confront allegations of Russian interference in the 2016 election and other state-sponsored cyber attacks.

SPEAKERS

LESTER MUNSON
Former Staff Director,
Senate Foreign Relations
Committee

MEGAN REISS
Senior National Security
Fellow, The R Street
Institute

Daniel Vajdich
Non-Resident Senior
Fellow, Atlantic Council

Moderator:
John Lipsey
Director of Programs, National
Security Institute

What Does the Report Show? Ms. Reiss explained that the architects of CAATSA wanted a clearer picture of how money flows through the Russian government. Understanding exactly how state-sponsored hacking groups are funded is crucial to formulating an effective response and highlighting corruption in the government more generally. And because the Russian media displays such a strong pro-government bias, external sources like the report, which illustrate the high degree of corruption, may motivate the Russian people to seek greater accountability on the issue.

Mr. Vajdich emphasized that while Vladimir Putin is obviously an autocratic leader with full control of the government, he still relies heavily on a small group of Russian clans and oligarchs. These individuals, Mr. Vajdich said, are fully aware of the danger that sanctions could pose to their personal economic interests. Thus, the report has the potential to sow discord between Putin and the oligarchs on whom he depends for stability.

Will it Work? Whether the report will result in actual sanctions against any of these entities or individuals remains to be seen. Ms. Reiss commented that the Administration seems to assume that the mere threat of sanctions embodied by the report could be enough to change behavior. While it's possible that this "naming and shaming" alone will lead to some positive behavior modification, she continued, we won't have enough information to answer this question for years to come. Even if the report does lead to sanctions, Mr. Munson expressed doubt that economic sanctions are ever truly effective in changing the actions of another country. Ms. Reiss adopted a slightly more optimistic view on the impact of sanctions. She opined that sanctions are intended not simply to show the Russian government that the U.S. will continue to counter aggressive Russian actions, but to demonstrate to our allies that we believe that Russia's transgressions are serious threats to global stability.