



TRUMP'S CODE

MAKING MONEY ON POPULIST DISORDER

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LIST OF ACRONYMS

Australian Broadcasting Corporation – ABC
Cambridge Analytica – CA
Chief Executive Officer – CEO
Committee for State Security – KGB
Comprehensive Iran Sanctions, Accountability, and Divestment Act – CISADA
Congressional Research Service - CRS
Consumer News and Business Channel – CNBC
Democratic National Committee - DNC
Distributed Denial-of-Service attack - DDoS attack
European Union - EU
European Union Energy Security Strategy - EU ESS
Federal Bureau of Investigation – FBI
Federal Security Service – FSB
Global Science Research - GSR
Gross Domestic Product – GDP
International Atomic Energy Agency – IAEA
International Business Machines – IBM
Joint Comprehensive Plan of Action – JCPOA
Massachusetts Institute of Technology – MIT
New York Times – NYT
North Atlantic Treaty Organization – NATO
Official Development Assistance - ODA
Organization of the Petroleum Exporting Countries – OPEC
Public Broadcasting Service – PBS
United Kingdom - UK
United Nations – UN
United States of America – US/USA

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Trump's decision to pull out of the Joint Comprehensive Plan of Action (JCPOA), more commonly known as the 'Iran deal' left European leaders shocked and confused, struggling to comprehend the behavior of their most important ally. François Delattre, France's ambassador to the United Nations, invented a new term for such an act of unilateral isolationism - "unisolationism"¹, with France's foreign Secretary Jean-Yves Le Drian later declaring that "the American logic is an isolationist, protectionist and unilateral logic."^{2 3}

The rationale for the US President's decision was no clearer to US security and foreign policy actors. Former CIA director John Brennan told MSNBC News that he "*does not understand the logic (behind the decision)*", and that in deciding to pull out from the Iran nuclear deal, President Trump "*foolishly and blindly pursued a campaign promise about trashing a nuclear deal*", further reinstating that the decision was made on a "*very flawed understanding of that (JCPOA) arrangement*."⁴

It is hardly the only radical shift in US foreign policy that has occurred under Trump, a president whose decisions – whether strategic or impetuous – are re-shaping the world order. In this article, we unpick the winners of this particular decision and demonstrate mechanisms through which some key winners may have been instrumental in provoking it.

¹ Dreazen, Y. (2018). *Europe's fury over Trump's Iran decision, explained in one word*. Vox, [online]. Available at: <https://www.vox.com/world/2018/5/9/17335308/trump-decertify-iran-nuclear-deal-europe-sanction> [Accessed 10 Jul. 2018].

² Martichoux, E. (2018) *L'accord sur le nucléaire iranien "n'est pas mort", insiste Le Drian sur RTL*. RTL, [online]. Available at: <http://www.rtl.fr/actu/politique/l-accord-sur-le-nucleaire-iranien-n-est-pas-mort-insiste-le-drian-sur-rtl-7793317230> [Accessed 10 Jul. 2018].

³ Bell, M. (2018) *Macron and other European leaders pledge to salvage Iran deal*. CNN, [online]. Available at: <https://edition.cnn.com/2018/05/09/europe/iran-deal-macron-rohani-intl/index.html> [Accessed 10 Jul. 2018].

⁴ MSNBC (2018) *Fmr CIA Director Brennan: Trump's decision on Iran Deal "not just foolish, but dangerous"*. [online]. Available at: <https://www.msnbc.com/deadline-white-house/watch/fmr-cia-director-brennan-trump-s-decision-on-iran-deal-not-just-foolish-but-dangerous-1228610627528> [Accessed 10 Jul. 2018].

THE IRAN NUCLEAR DEAL: BRAINCHILD OF US DIPLOMATS

The JCPOA deal was reached in Vienna on 14 July 2015, the culmination of long negotiations between Iran, the so-called P5+1 (the five permanent members of the UN Security Council: China, France, Russia, the United Kingdom, and the United States, plus non-member Germany) and the European Union. US-Iran relations had become tense in 2005, when the UN International Atomic Energy Agency (IAEA) found that Tehran was not complying with its international obligations.⁵⁶ The IAEA report triggered a US diplomatic effort to convene a group of international actors with the aim of financially isolating Tehran and blocking its oil exports, increasing the cost of Iran's efforts to develop a potential nuclear-weapons capability and bringing Tehran to the negotiating table. US diplomats took the lead. They managed to secure a first round of UN sanctions in 2006⁷, and these were tightened over the coming years until a fourth binding UN resolution was approved in June 2010.⁸ These sanctions, according to the Council for Foreign Relations, *"adopted the U.S. approach, linking Iran's oil profits and its banking/financial sector, including its central bank, to proliferation efforts, therefore subjecting them to international sanction"*. This "US approach" came in to full force with the 2011 Comprehensive Iran Sanctions, Accountability, and Divestment Act (CISADA)⁹, which then Treasury Under Secretary David Cohen called "a death penalty for any international bank" that engages in breaking sanctions.¹⁰

Sanctions against Iran may have been spearheaded by the United States, but they were given weight by the cooperation and collaboration of the world's largest economy at the time, the European Union. In 2007, following the US diplomatic offensive, the EU froze the assets of the individuals and entities related to Iran's military programs. They further extended sanctions in 2010 by *"blocking*

⁵ Laub, Z. (2015) *International Sanctions on Iran*. Council on foreign relations, [online]. Available at: <https://www.cfr.org/backgrounder/international-sanctions-iran> [Accessed 10 Jul. 2018].

⁶ International Atomic Energy Agency (2005) *Implementation of the NPT Safeguards Agreement in the Islamic Republic of Iran*. [pdf]. Available at: <https://www.iaea.org/sites/default/files/gov2005-77.pdf> [Accessed 10 Jul. 2018].

⁷ Gootman, E. (2006) *Security Council Approves Sanctions Against Iran Over Nuclear Program*. The New York Times, [online]. Available at: <https://www.nytimes.com/2006/12/24/world/24nations.html> [Accessed 10 Jul. 2018].

⁸ United Nations (2010) *Security Council Imposes Additional Sanctions on Iran, Voting 12 in Favor to 2 Against, with 1 Abstention*. [online]. Available at: <https://www.un.org/press/en/2010/sc9948.doc.htm> [Accessed 10 Jul. 2018].

⁹ Comprehensive Iran Sanctions, Accountability, and Divestment Act. Available at: <https://www.treasury.gov/resource-center/sanctions/Documents/hr2194.pdf> [Accessed 10 Jul. 2018].

¹⁰ United States Senate Committee on Foreign Relations (2015) *Written Testimony of David S. Cohen Under Secretary for Terrorism and Financial Intelligence United States Department of the Treasury*. [pdf]. Available at: https://www.foreign.senate.gov/imo/media/doc/Cohen_Testimony1.pdf [Accessed 10 Jul. 2018].

*European institutions from transacting with Iranian banks, including its central bank, and restricting trade and investment with the country's energy and transport sector".*¹¹ This culminated in 2012 with a measure to ban the import of oil and petrochemical products as well as insurance on shipping, and to freeze assets related to Iran's central bank.¹²

The cooperation of the EU was critical to the impact of the sanctions. As the CRS report noted, *"A year prior to its 2012 oil embargo, the EU was the largest importer of Iranian oil, averaging 600,000 barrels per day"*. Overall, the full package of sanctions (US, EU and UN) crippled the Iranian economy. In the year after the sanctions were imposed, Iran's oil production halved, resulting in USD160 billion losses in oil revenue in 2012 alone, according to then US Treasury Secretary Jacob J. Lew.¹³

¹¹ COUNCIL REGULATION (EU) No 961/2010 of 25 October 2010 on restrictive measures against Iran and repealing Regulation (EC) No 423/2007. [pdf]. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:281:0001:0077:EN:PDF> [Accessed 10 Jul. 2018].

¹² COUNCIL REGULATION (EU) No 267/2012 of 23 March 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No 961/2010. [pdf]. Available at: <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2012:088:0001:0112:en:PDF> [Accessed 10 Jul. 2018].

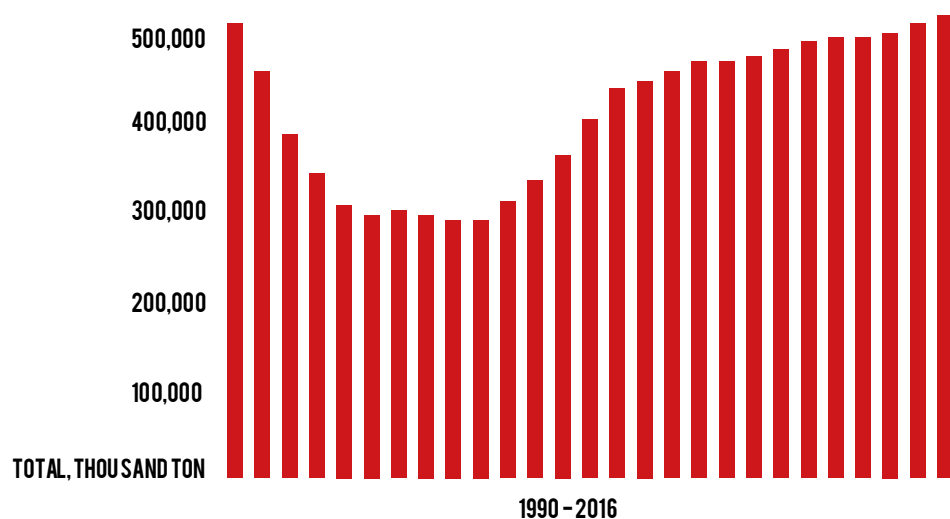
¹³ Lew, J. J. (2015) *Remarks of Treasury Secretary Jacob J. Lew to The Washington Institute*. The Washington Institute, [online]. Available at: <http://www.washingtoninstitute.org/policy-analysis/view/remarks-of-treasury-secretary-jacob-j.-lew> [Accessed 10 Jul. 2018].

RUSSIA REAPS THE BENEFIT...

After the fall of the Berlin Wall, Russia was initially highly dependent on international aid (receiving over USD100 bn in total¹⁴). But by the late 2000's, its financial reserves boosted by increased prices for global commodities, it was no longer dependent on western aid and had itself embraced the strategy of 'cheque book diplomacy' as a way of increasing its influence on the world stage, spending almost USD1 bn a year on financial assistance to political allies.¹⁵

The key to Russia's economic growth was oil. In the mid-2000's, Russia managed to maximize outputs from its oil production and to expand its oil industry, to become one of the fastest-growing economies in the world (see Figure 1).

FIGURE 1 TOTAL CRUDE OIL PRODUCTION IN RUSSIAN FEDERATION (THOUSAND TONS), 1990-2016



Source: OECD¹⁶

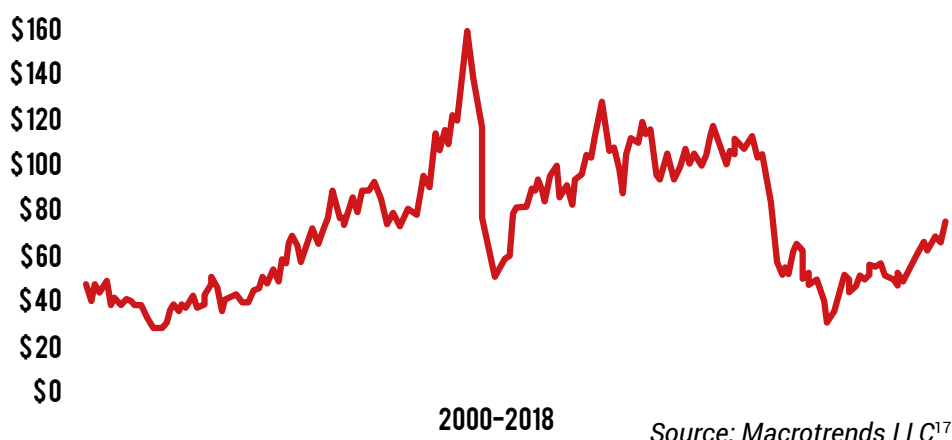
¹⁴ Aslund, A. (2000) *Russia and the International Financial Institutions*. Carnegie Endowment for International Peace, [online]. Available at: <https://carnegieendowment.org/2000/01/18/russia-and-international-financial-institutions-pub-406> [Accessed 10 Jul. 2018].

¹⁵ For example, from 2011 to 2015, the Republic of Nicaragua received nearly US\$150 million in Official Development Assistance (ODA) from Russia—not to mention millions more in military aid. Nicaragua is one of the few countries in the world that recognizes Abkhazia and South Ossetia. Asmus, G., Fuchs, A., Müller, A. (2018) *Russia's foreign aid re-emerges*. AIDDATA [online]. Available at: <https://www.aiddata.org/blog/russias-for-aign-aid-re-emerges> [Accessed 10 Jul. 2018].

¹⁶ OECD (2017) *Crude oil production*. [online]. Available at: <https://data.oecd.org/energy/>

However, the Russian economy's dependence on oil – as well as other commodities – made it highly vulnerable to the wide fluctuations in the global oil price seen since 2000. The 9/11 attacks and subsequent war on terror affected the oil trade and exposed global markets to unpredictable stresses. But the growing energy demands of newly emerging economies, such as China, India and Brazil, boosted demand for oil, while the supply infrastructure remained much the same as it had been in the 1990's. The sanctions on Iran effectively removed one of the largest participants in the oil market, causing a massive shock to the global oil supply chain, and the price of oil recorded steep growth (see Figure 2).

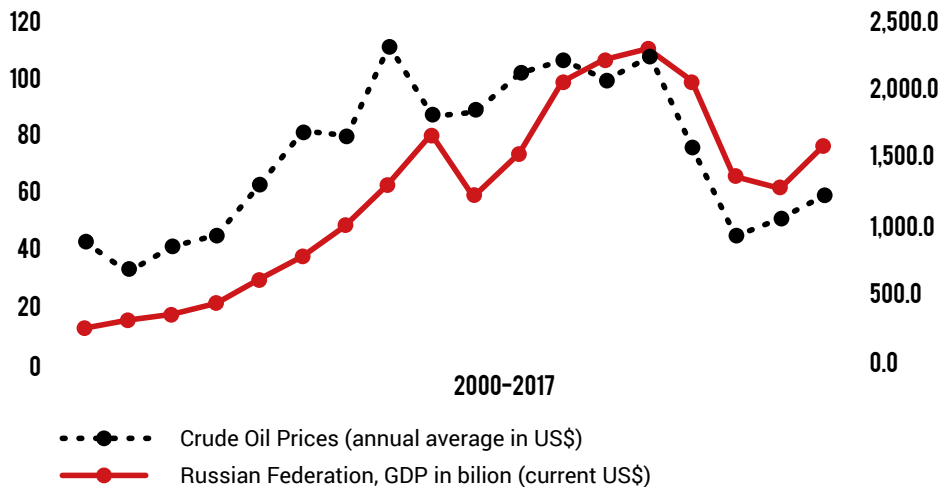
FIGURE 2 CRUDE OIL PRICES, WEST TEXAS INTERMEDIATE, 2000-18



The Russian economy was one of the key beneficiaries, its GDP growing in line with the fluctuation in world oil prices (see Figure 3), and by 2013 Russia had become one of the top ten world economies.

¹⁷ [crude-oil-production.htm](https://www.macrotrends.net/1369/crude-oil-price-history-chart) [Accessed 10 Jul. 2018].
 Macrotrends (2018) *Crude Oil Prices - 70 Year Historical Chart*. [online]. Available at:
<https://www.macrotrends.net/1369/crude-oil-price-history-chart> [Accessed 10 Jul. 2018].

FIGURE 3 CRUDE OIL PRICES (ANNUAL AVERAGE IN US\$) COMPARED TO GDP OF THE RUSSIAN FEDERATION (CURRENT US\$), 2000–2017



Source: Macrotrends LLC¹⁸ and The World Bank¹⁹

...AND INVESTS IN MILITARY MIGHT

Russian financial reserves ballooned from USD12.3 billion in 2000 to USD598 billion in August 2008, opening up new opportunities for Russian President Vladimir Putin.²⁰ Putin invested much of this in military budgets, which increased from approximately USD20 billion in 2000 to USD40 billion in 2008²¹ and reached almost USD70 billion in 2016 (see Figure 4).

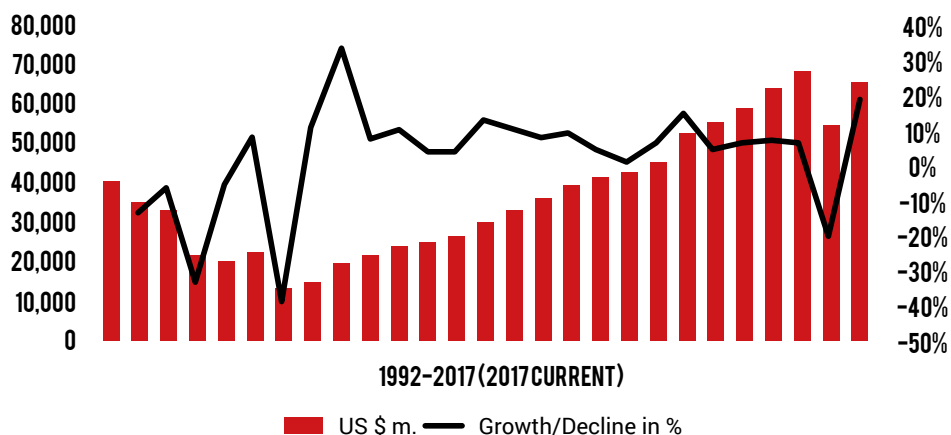
¹⁸ Macrotrends (2018) *Crude Oil Prices - 70 Year Historical Chart*. [online]. Available at: <https://www.macrotrends.net/1369/crude-oil-price-history-chart> [Accessed 10 Jul. 2018].

¹⁹ The World Bank (2018) *Data: Russian Federation*. [online]. Available at: <https://data.worldbank.org/country/russian-federation> [Accessed 10 Jul. 2018].

²⁰ The Central Bank of the Russian Federation Source Central Bank of Russian Federation (2018) *International Reserves of the Russian Federation*. [online]. Available at: http://www.cbr.ru/eng/hd_base/mrrf/mrrf_7d/ [Accessed 10 Jul. 2018].

²¹ SIPRI (2018) *Military expenditure by country, in constant (2016) US\$ m., 1988-2017*. [pdf]. Available at: https://www.sipri.org/sites/default/files/1_Data%20for%20all%20countries%20from%201988%E2%80%932017%20in%20constant%20%282016%29%20USD.pdf [Accessed 10 Jul. 2018].

FIGURE 4 MILITARY EXPENDITURE OF THE RUSSIAN FEDERATION, IN CONSTANT (2016) US\$ MILLION, 1992-2017



Source: Authors' own computation based on SIPRI data²²

This laid the foundations for Putin's first challenge to the western world in the form of a direct political and military showdown. At the beginning of August 2008, after months of intentionally escalating a crisis in diplomatic relations with Georgia, involving the EU, US and NATO, Russia launched a full military attack on Georgian territory (in the South Ossetia and Abkhazia region). Overwhelmed by the global financial crisis, and with relationships between the US and the EU somewhat shaky, the response from the West was meagre. Putin was permitted to advance his ultimate objectives – to undermine US global dominance, stop the expansion of NATO to the former Soviet republics, and frustrate EU efforts to diversify its energy supply.

The Georgian war was also the first time in history that a military attack was accompanied by a full cyber-attack on the IT infrastructure of that country²³, allowing Putin to test out another emergent weapon. The cyber-attack especially affected the government sites, news and information distribution networks. According to Ambassador David J. Smith, "DDoS attacks on Georgian government websites, particularly the president's website, began more than two weeks before the kinetic Russian invasion. On the day the kinetic war started, sites such as 'stopgeorgia.ru' sprang up with a list of sites to attack, instructions on how to do it and even an after-action report page. It is instructive that all this was ready to go—surveys, probing, registrations, and instructions—on

²² Stockholm International Peace Research Institute - SIPRI (2018) *SIPRI Military Expenditure Database*. [online]. Available at: <https://www.sipri.org/databases/milex> [Accessed 10 Jul. 2018].

²³ Markoff, J. (2008) *Before the Gunfire, Cyberattacks*. The New York Times, [online]. Available at: <https://www.nytimes.com/2008/08/13/technology/13cyber.html> [Accessed 10 Jul. 2018].

day one! An Internet blockade was traced to five autonomous systems—four in Russia and one in Turkey—all controlled by the criminal syndicate RBN [Russian Business Network].²⁴ Multi-layered attacks were conducted on Georgian media for example 'apsny.ge' and 'news.ge'.²⁵

After a brief setback in 2008 as a result of the global economic crisis, the Russian economy recovered again, with total GDP reaching a record of USD 2.23 trillion in 2013. Despite their disagreements on foreign policy, the growth in Russia's economic and military power and the escalation of conflict during the Georgian episode motivated the US, NATO, the EU and some key EU member states to engage in building a joint response to Putin's new game.

Then in 2013, while western allies were engaged in multi-level diplomacy on many emerging issues - the Arab spring, disagreements within Europe and between Europe and the US over the Middle East, etc. - Putin decided to parade Russia's economic and military prowess in another showdown with the West. This time, the primary target of his military operations was Ukraine, a country critical to US and NATO strategic interests, as well as for the EU's neighborhood policy and its energy supply.

Putin's move was almost a tactical replica of the Georgian case in 2008, differing only in his use of informal rather than formal military action. After an intense period of heated diplomacy and escalating threats, Russia decided to make a move through the pro-Russian president of Ukraine, Viktor Yanukovych. In November 2013, Yanukovych withdrew from negotiating an agreement with the EU within its Eastern Partnership framework, triggering the outbreak of protests across the country which threatened to descend into civil war.²⁶ Three months after the violent protests had begun, Viktor Yanukovych fled to Russia, and Russian unmarked military personnel marched in to occupy Ukraine's Crimea region. Within two weeks, Russia had completed its annexation of Crimea in a referendum that was slammed by Ukraine and most of the world as illegitimate.²⁷ This time, Russia's actions triggered a much stronger response from the western allies, forcing them to overcome their own disputes and initiate a more productive collaborative effort.

²⁴ Smith, J. D. (2014). *Russian Cyber Strategy and the War Against Georgia*. Atlantic Council, [online]. available at: <http://www.atlanticcouncil.org/blogs/natosource/russian-cyber-policy-and-the-war-against-georgia> [Accessed 10 Jul. 2018].

²⁵ Markoff, J. (2008) *Georgia Takes a Beating in the Cyberwar With Russia*. Bits (Business, Innovation, Technology Society) - The New York Times. [online]. Available at: <https://bits.blogs.nytimes.com/2008/08/11/georgia-takes-a-beating-in-the-cyberwar-with-russia/> [Accessed 10 Jul. 2018].

²⁶ Milanova, B. (2013) *Clashes continue for 2nd day in Ukraine after it pulls out of talks with EU*. CNN, [online]. Available at: <https://edition.cnn.com/2013/11/25/world/europe/ukraine-eu-clashes/index.html> [Accessed 10 Jul. 2018].

²⁷ Thompson, N. (2017) *Ukraine: Everything you need to know about how we got here*. CNN, [online]. Available at: <https://edition.cnn.com/2015/02/10/europe/ukraine-war-how-we-got-here/index.html> [Accessed 10 Jul. 2018].

A UNITED WESTERN RESPONSE

In the aftermath of some of the worst security crises since the end of the Cold War, the US, the EU and key western powers (UK, France and Germany) joined forces to design a response that would curb Russia's aggressive and destabilizing behavior. One of the key aims of this endeavor was to limit Russian economic power, in order to restrict Russia's capacity to engage in military showdowns with the West. Yet as long as oil prices were high, Russia's economic power would be great, and it was no easy task to change the equilibrium of oil production and demand or to reduce the energy dependency of the world's biggest market (the EU) on Russian oil and gas.

These complex economic and security diplomacy games had three main elements. First, the EU and key EU economies wanted to diversify their energy sources. A new NATO energy security policy had been framed in 2008 (following the Georgian crisis) and was reconfirmed and strengthened in 2014 in the aftermath of the Ukrainian crisis, finally being adopted as the EU Energy Security Strategy (EU ESS) in 2014.²⁸ Most member states were heavily reliant on a single supplier, including some of the strongest EU economies, which relied entirely on Russia for their natural gas. In 2009, the gas dispute between Russia and transit country Ukraine had left many EU countries with severe shortages. Then NATO Secretary General Rasmussen drew a direct link between energy and security, stating "*We must make energy diversification a strategic transatlantic priority and reduce Europe's dependency on Russian energy*".²⁹

However, for Europe, weaning itself from dependence on Russian energy would be a slow process, involving long and expensive investment in alternatives. Hence the second part of the strategy: US diplomats, accompanied by their EU allies, pushed for JCPOA as a parallel measure within the energy security strategic framework. Russia had been one of the key actors in Iran's nuclear program since the early 1990's as well as one of Iran's key military equipment suppliers and trade partners. According to Russian press reports, quoting statements by officials, in 2014, Iran and Russia had allegedly sought to negotiate a USD 20 billion 'Oil for goods agreement'. Although this agreement was never concluded, it served as additional leverage for Iran in negotiating the JCPOA.³⁰

²⁸ Communication from the Commission to the European Parliament and the Council (2014) *European Energy Security Strategy*. [online]. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52014DC0330&from=EN> [Accessed 10 Jul. 2018].

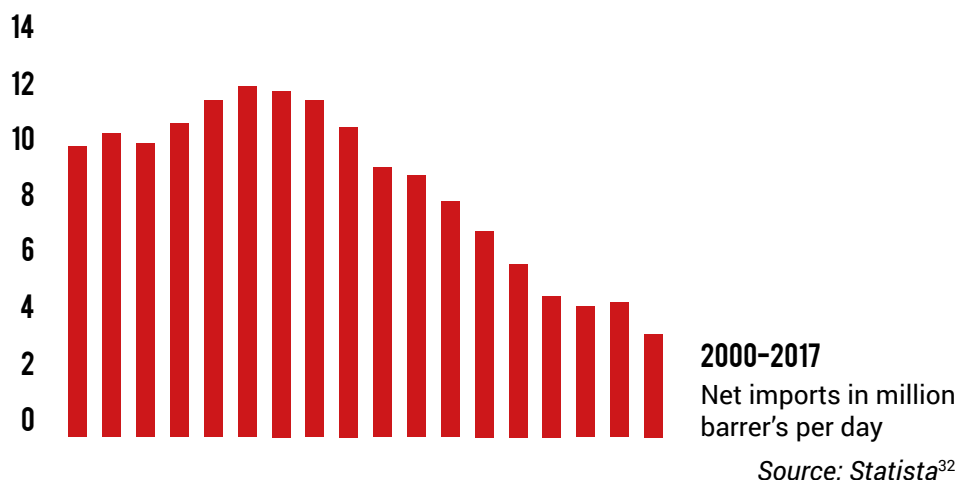
²⁹ NATO's energy security agenda. [online]. Available at: <https://www.nato.int/docu/review/2014/NATO-Energy-security-running-on-empty/NATO-energy-security-agenda/EN/index.htm> [Accessed 10 Jul. 2018].

³⁰ Gazeta, R. (2014) *Russia-Iran oil-for-goods deal may turn out to be a mirage*. Russia Beyond, [online]. Available at: https://www.rbth.com/business/2014/05/28/russia-iran_oil-for-goods_deal_may_turn_out_to_be_a_mirage_36999.html [Accessed 10 Jul. 2018].

The western allies sought to integrate JCPOA with their wider strategy on energy and oil production and consumption so as to ultimately reduce oil prices and limit the economic power of Russia, in the hope that this would lead to less aggressive behavior by Russia in international spheres. As Iran was one of Russia's key allies, Russia could not block such an agreement as any such 'cooling off' of Russia-Iran relations would undermine their strategic position in the Middle East. This created an opportunity for the West, which was seized upon by the US, France, UK and Germany and the EU in designing JCPOA. In the case of a breach, the committee could restore UN sanctions within 65 days by a majority vote; this guarded against the possibility that Russia or China would invoke the veto.³¹

With the above in place, the third and most important component of the western response was introduced – changing global demand and supply for oil. If a major supplier was being removed, someone had to replace them. The United States would increase its own oil production so as to reduce its rate of oil imports and dependency on the OPEC countries. As shown in Figure 6 since the beginning of the deterioration in the relationship between Russia and the West in 2008, US net imports (US trade deficit in oil markets) have decreased significantly every year, reaching a record low of 3.73 million barrels per day in 2017, almost one-third their level before the crisis begun. In the same period, the US also halved its imports from OPEC countries, a significant blow to world markets on the demand side, depressing the price of oil globally (both the US and Europe's Brent oil price) (see Figure 6).

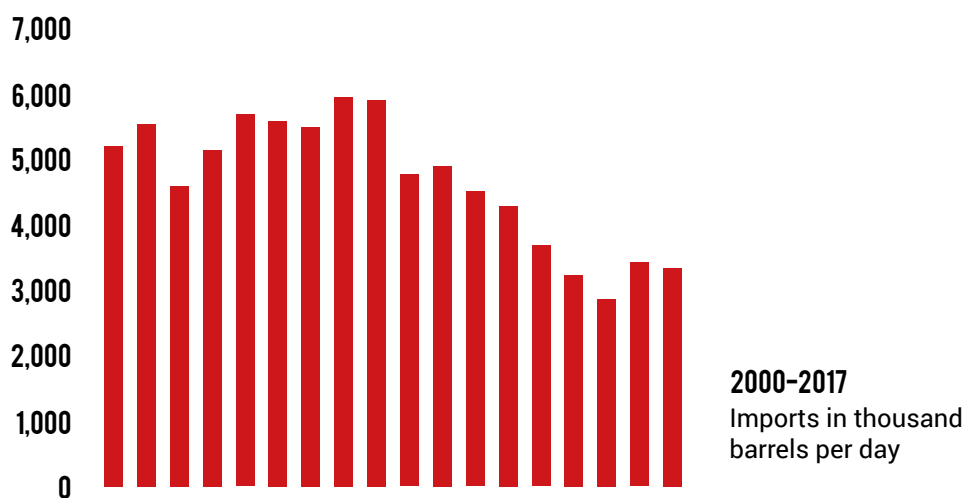
FIGURE 5 TOTAL US PETROLEUM NET IMPORTS 2000-17 (MILLION BARRELS PER DAY)



³¹ Laub, Z. (2015) *International Sanctions on Iran*. Council on foreign relations, [online]. Available at: <https://www.cfr.org/backgrounder/international-sanctions-iran> [Accessed 10 Jul. 2018].

³² Statista (2018) *Total U.S. petroleum net imports from 2000 to 2017 (in million barrels per day)*. [online]. Available at: <https://www.statista.com/statistics/191381/total-us-petroleum-net-imports-since-2000/> [Accessed 10 Jul. 2018].

FIGURE 6 U.S. PETROLEUM IMPORTS FROM OPEC COUNTRIES BETWEEN 2000 AND 2017 (IN 1,000 BARRELS PER DAY)



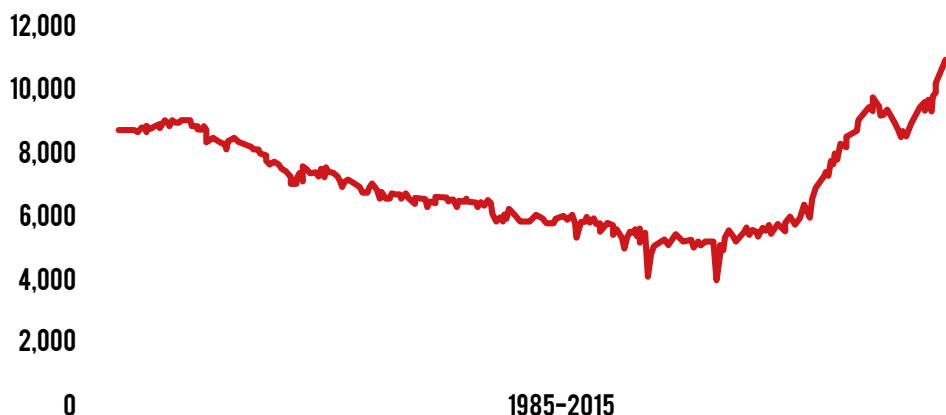
From 2008 to 2017, US oil production doubled from approx. 4.5 million barrels per day to over 10 million barrels per day in 2017 (see Figure 7), as recorded by the US Energy Information Administration. The new technology of hydraulic fracturing or ‘fracking’ contributed to this increase, despite controversies over its climate and health impact.³⁴ However, the global importance of increasing US production (and thus changing the global balance of power) may have convinced the Obama administration to drop some of its pledges in the area of environmental protection³⁵.

³³ Statista (2018) *U.S. petroleum imports from OPEC countries between 2000 and 2017 (in 1,000 barrels per day)*. [online]. Available at: <https://www.statista.com/statistics/190966/petroleum-imports-into-the-us-from-opec-countries-since-2000/> [Accessed 10 Jul. 2018].

³⁴ Hurdle, J. (2016) *New fracking reports clash over effects on health, environment, climate change*. State Impact Pennsylvania. [online]. Available at: <https://stateimpact.npr.org/pennsylvania/2016/11/18/new-fracking-reports-clash-over-effects-on-health-environment-climate-change/> [Accessed 10 Jul. 2018].

³⁵ Plumer, B. (2015) Obama’s controversial new fracking rules, explained. Vox. [online]. Available at: <https://www.vox.com/2015/3/20/8265507/federal-fracking-standards>

FIGURE 7 4-WEEK AVERAGE US FIELD PRODUCTION OF CRUDE OIL (THOUSAND BARRELS PER DAY)



Source: U.S. Energy Information Administration³⁶

This increase in US oil production was followed by another measure that affected the markets: in December 2015, Congress lifted its 40-year ban on oil exports for US-based producers, making the US oil production industry one of the most influential global suppliers. *The Economist* reported that, “Republicans championed the proposal, which is backed by the oil industry. Reluctant Democrats supported it because in exchange they were able to negotiate an additional five years of tax credits for wind and solar power... The deal showed a spirit of compromise often absent on Capitol Hill”.³⁷ One important factor that motivated this rare bi-partisan consensus in US Congress was the years-long push for energy security policy, backed by all western allies, NATO and US Security policy actors. During the run-up to lifting the ban, Reuters’ Emma Ashford commented, “Lifting the ban would also produce real benefits for U.S. foreign policy. [...] Exporting U.S. oil and natural gas increases diversification within world energy production. [...] That would reduce the income and influence of various authoritarian states, which have long been among the world’s biggest producers of oil, such as Venezuela or Russia.”³⁸

In these years of crisis, while rocketing US oil production was transforming world markets, the EU remained heavily dependent on Russia’s energy supply (see Figures 8 and 9), even in some of the EU’s largest economies such as Germany and the Netherlands, where Russian oil imports account for more th

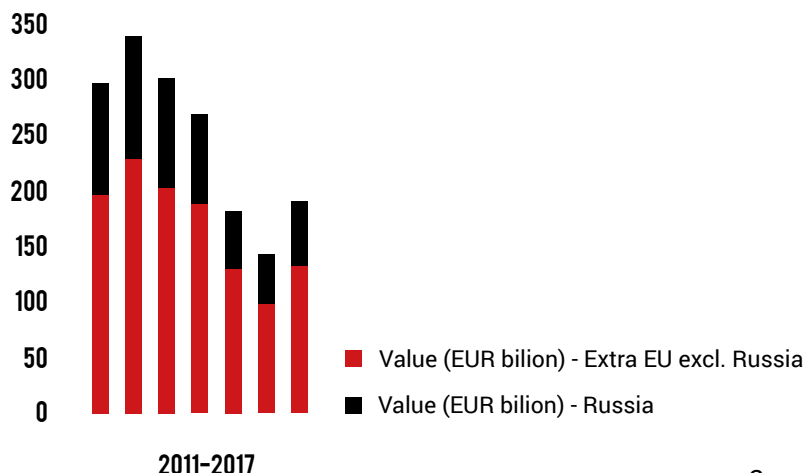
³⁶ U.S. Energy Information Administration (2018) *Independent Statistics and Analysis, Petroleum and Other Liquids Data*. [online]. Available at: <https://www.eia.gov/dnav/pet/hist/LeafHandler.ashx?n=pet&s=wcrfpus2&f=4> [Accessed 10 Jul. 2018].

³⁷ The Economist (2015) *America lifts its ban on oil exports*. [online]. Available at: <https://www.economist.com/news/finance-economics/21684531-light-sweet-compromise-puts-end-crude-market-distortions-america-lifts> [Accessed 10 Jul. 2018].

³⁸ Ashford, E. (2015) *Why lifting oil export ban can help U.S. foreign policy*. Reuters, [online]. Available at: <http://blogs.reuters.com/great-debate/2015/10/06/why-lifting-oil-export-ban-can-help-u-s-foreign-policy/> [Accessed 10 Jul. 2018].

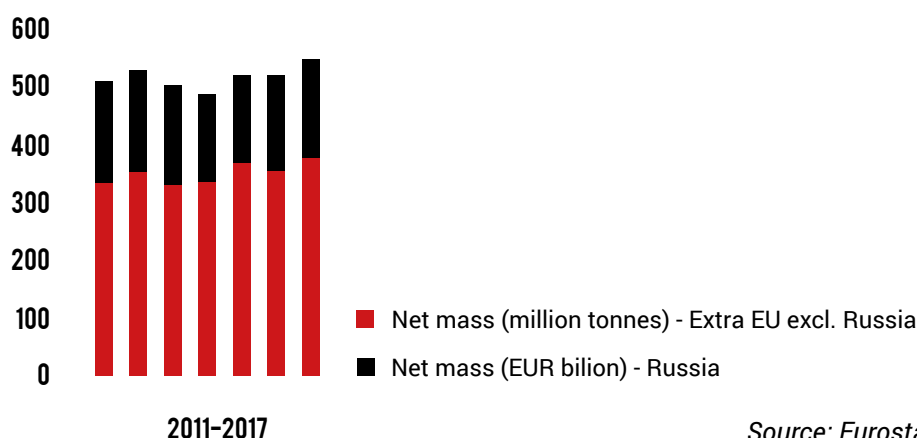
20%.³⁹ Yet while the volume of EU imports of energy products from Russia declined only by a few percentage points, the value of Russian energy imports to the EU declined by 52%.⁴⁰

FIGURE 8 EXTRA-EU28 IMPORTS OF PETROLEUM OILS IN VALUE, 2011-17



Source: Eurostat⁴¹

FIGURE 9 EXTRA-EU28 IMPORTS OF PETROLEUM OILS IN NET MASS (MILLION TONNES), 2011-17



Source: Eurostat⁴²

³⁹ Eurostat (2018) *EU imports of energy products – recent developments*. [pdf]. Available at: <http://ec.europa.eu/eurostat/statistics-explained/pdfscache/46126.pdf> [Accessed 10 Jul. 2018].

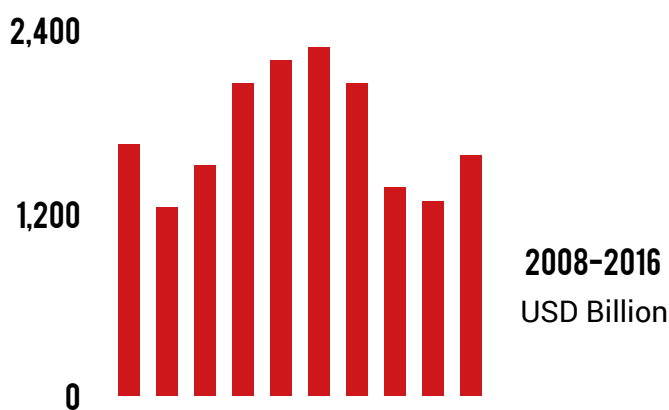
⁴⁰ Authors' own computation based on the Eurostat database.

⁴¹ Eurostat (2018) *Extra-EU imports total and from Russia, 2017 updated*. [online]. Available at: http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Extra-EU_imports_total_and_from_Russia,_2017_updated.xlsx&oldid=380702 [Accessed 10 Jul. 2018].

⁴² Eurostat (2018) *Extra-EU imports total and from Russia, 2017 updated*. [online]. Available

For Russia, the fall in the market value of oil exports combined with a slight decrease in demand for oil products from its largest energy trade partner (the EU), dealt a heavy blow to the economy in the 2013-16 period. In 2016, in comparison to its peak in 2013, Russian GDP contracted by nearly 58% (see Figure 10).

FIGURE 10 GDP OF THE RUSSIAN FEDERATION (IN US\$ BILLION)



Source: *Trading Economies*⁴³

US diplomacy was core to achieving this transformation in the balance of power. The design and implementation of the western response had begun after the Georgian crisis in 2007-08, and had suffered setbacks in certain periods, but by 2016, it had effectively weakened the Russian economy and changed the dynamics of world energy markets. The Iran deal or JCPOA played a significant part in this effort, and the cooperation of Germany, France and the UK was crucial for its success. When the US pulled out of JCPOA this year, it was an almighty slap in the face to its European allies.

at: http://ec.europa.eu/eurostat/statistics-explained/index.php?title=File:Extra-EU_imports_total_and_from_Russia,_2017_updated.xlsx&oldid=380702
[Accessed 10 Jul. 2018].

⁴³ Trading Economies (2018) *Russia GDP*. [online]. Available at: <https://tradingeconomics.com/russia/gdp> [Accessed 10 Jul. 2018].

PUTIN CONVERTS HIS KGB CAPITAL INTO POLITICAL POWER

Donald Trump's business links with Russia go back to the 1980's, but the relationship has flourished and intensified in line with Putin's rise. Before entering politics, Putin had served most of his career as a KGB agent, mastering an approach to managing business and political relationships that relied on intelligence gathering. A key turning point in Putin's career came in 1998, when he was appointed chief of the KGB successor agency, the FSB, during Boris Yeltsin's presidency (see chronology from Business Insider, below).

FIGURE 11 PUTIN'S PATH



LATE 1970S: Starts working for the KGB

1991: Resignation from KGB's active reserve

1998: Becomes the head of the FSB, the KGB's successor

1999: Appointed prime minister under President Boris Yeltsin. Then, at the end of that year, Yeltsin steps down and names Putin acting president

2004: Re-elected for a second term

2008: Dmitry Medvedev is elected president and makes Putin prime minister

2012: Wins a 6-year term as president and critics raise concerns about election fraud

2014: Annexes Crimea

Source: Business Insider⁴⁴

As intelligence chief to Yeltsin, Putin demonstrated his capability as an intelligence operative, and showcased an emerging modus operandi of transforming knowledge gained through his intelligence infrastructure into political power. By March 1999, Yeltsin's administration was under threat from allegations of systemic corruption⁴⁵ and of having captured the international financial aid and

⁴⁴ Engel, P. (2017) *How Vladimir Putin became one of the most feared leaders in the world*. Business Insider, [online]. Available at: <http://www.businessinsider.com/how-vladimir-putin-rose-to-power-2017-2> [Accessed 10 Jul. 2018].

⁴⁵ Bohlen, C. (1999) *Yeltsin's Inner Circle Under Investigation for Corruption*. The New York Times, [online]. Available at: <https://www.nytimes.com/1999/03/24/world/yeltsin-s-inner-circle-under-investigation-for-corruption.html> [Accessed 10 Jul. 2018].

assistance (coming from US, World Bank, IMF)⁴⁶. Russia's Prosecutor General, Yuri Skuratov, was closing an investigation into Yeltsin's closest inner circle of trusted allies. This had been triggered by another investigation, initiated in Switzerland, by Carla del Ponte, then the Swiss chief federal prosecutor. Yeltsin had begun to fear that he might end up in jail once his mandate was over.

Putin offered his boss an exchange of favors. He recognized that information was a powerful asset, particularly information about Yeltsin's role in a vast portfolio of corrupt deals involving international companies (such as Lugano-based Mabetex⁴⁷), the privatization⁴⁸ of key Russian assets to cronies, and the embezzlement of international aid. Soon after the investigators raided the offices of Yeltsin's people, Putin made his move, releasing 'kompromat' video material on chief Russian prosecutor Yuri Skuratov that would effectively kill the investigation.⁴⁹

Kompromat, a form of blackmail based on the threat of releasing incriminating or discrediting information, was an old KGB tactic invented under Stalin in order to control political opponents, or those that could pose any kind of challenge to the leader.⁵⁰ In the Soviet Union, kompromat had been commonly used as a weapon in inner political battles, or for the purposes of recruiting intelligence assets in other countries. In our times, it has evolved as a method for manipulating public opinion so as to destroy reputations and legitimacy, and ultimately to change the balance of political power.⁵¹ In the case of Yuri Skuratov (prosecutor general from 1995 to 1999), the kompromat video that was released on television claimed to show him in a sexual encounter with two prostitutes, allegedly paid for by the company that Skuratov was investigating.⁵² While the identity of the persons in the video could not be confirmed, Skuratov was nonetheless suspended.

⁴⁶ Wedel, J. (1998) *Aid to Russia*. Foreign Policy in Focus, [online]. Available at: https://fpif.org/aid_to_russia/ [Accessed 10 Jul. 2018].

⁴⁷ Bohlen, C. (1999) *Yeltsin's Inner Circle Under Investigation for Corruption*. The New York Times, [online]. Available at: <https://www.nytimes.com/1999/03/24/world/yeltsin-s-inner-circle-under-investigation-for-corruption.html> [Accessed 10 Jul. 2018].

⁴⁸ Man, M. (2009) *Political Corruption in Russia: An Evaluation of Russia's Anti-Corruption Strategies, 1991-2009*. POLIS Journal Vol. 2, [pdf]. Available at: <http://www.polis.leeds.ac.uk/assets/files/students/student-journal/ma-winter-09/michelle-man-winter-09.pdf>

⁴⁹ Bohlen, C. (1999) *Yeltsin's Inner Circle Under Investigation for Corruption*. The New York Times, [online]. Available at: <https://www.nytimes.com/1999/03/24/world/yeltsin-s-inner-circle-under-investigation-for-corruption.html> [Accessed 10 Jul. 2018].

⁵⁰ Hollander, P. (2008) *Political violence: belief, behavior, and legitimation*. New York: Palgrave Macmillan.

⁵¹ Oates, S. (2016) *Kompromat Goes Global?: Assessing a Russian Media Tool in the United States*. Cambridge Core, [online]. Available at: <https://www.cambridge.org/core/journals/slavic-review/article/kompromat-goes-global-assessing-a-russian-media-tool-in-the-united-states/59AD1A16194913BF8A06299B885DE380/core-reader> [Accessed 10 Jul. 2018].

⁵² Cohen, A. (2000) *Boris Yelstin: Corrupt or Courageous*. The Heritage Foundation, [online]. Available at: <https://www.heritage.org/europe/commentary/boris-yelstin-corrupt-or-courageous> [Accessed 10 Jul. 2018].

However, Yeltsin's order to dismiss Skuratov had to be confirmed by the Russian Duma, or parliament. Throughout 1999, the Duma stalled, meaning that Skuratov continued to pose a threat to Yeltsin and several powerful oligarchs at the time.⁵³ In these circumstances, Putin may have seen a chance to fulfil his political ambitions. If Yeltsin would agree to confer on him a formal political appointment and transfer political power into his hands, he could use his power to secure Yeltsin's immunity from prosecution.

Yeltsin appointed Vladimir Putin prime minister of Russia in August 1999. Later the same year, Yeltsin stepped down, naming Putin acting president on New Year's Eve 1999. Putin subsequently won his first presidential election in March 2000.⁵⁴ His presidential campaign was highly controversial. He did not appear in any of the political debates, avoiding the risk that any of his statements might be publicly challenged. Rather, he tapped his former intelligence contacts to secure the full support of the state television channel (PBS) and of those private media companies which had national coverage. As soon as he won the elections, Putin pardoned Yeltsin for any possible misdeeds and granted him total immunity from prosecution – and even from being searched and questioned – for any and all actions committed while in office.⁵⁵

TRUMP'S BUSINESS RELATIONSHIP WITH RUSSIA

With the collapse of the Russian economy in 1998, Russian oligarchs who had made their fortunes buying up formerly state-owned assets sought to stash their money in international real estate. From 1998 onwards, several Trump-branded projects received significant financing from sources with ties to Russia.⁵⁶ The timeline below of Trump's known business and private relations with Russia is collated from a range of media sources⁵⁷:

- ⁵³ Hoffman, D. (1999) *Russian Parliament Keeps Prosecutor; Nemesis Questions Yeltsin's Motives*. Washington post, [online]. Available at: <http://www.washingtonpost.com/wp-srv/WPcap/1999-10/14/069r-101499-idx.html> [Accessed 10 Jul. 2018].
- ⁵⁴ Engel, P. (2017) *How Vladimir Putin became one of the most feared leaders in the world*. Business Insider, [online]. Available at: <http://www.businessinsider.com/how-vladimir-putin-rose-to-power-2017-2> [Accessed 10 Jul. 2018].
- ⁵⁵ Cohen, A. (2000) *Boris Yelstin: Corrupt or Courageous*. The Heritage Foundation, [online]. Available at: <https://www.heritage.org/europe/commentary/boris-yelstin-corrupt-or-courageous> [Accessed 10 Jul. 2018].
- ⁵⁶ Norris, J., Kenney, C. (2017) *Trump's conflicts of interest in Russia*. The Moscow Project, [online]. Available at: <https://themoscowproject.org/reports/trumps-conflicts-interest-russia/> [Accessed 10 Jul. 2018].
- ⁵⁷ Dorell, O. (2017) *Donald Trump's ties to Russia go back 30 years*. USA Today, [online]. Available at: <https://www.usatoday.com/story/news/world/2017/02/15/>

TABLE 1 TRUMP'S BUSINESS AND PRIVATE RELATIONS WITH RUSSIA

1987	Trump was invited to Moscow by the Soviet ambassador to the United States to discuss luxury hotel developments. Russian emigrés purchased a number of apartments from Trump's NY real-estate business.
1996	A number of Trump's businesses went bankrupt. Continuing talks with Russian business representatives led to a new business model: Trump would give licensing agreements and sell ownership stakes in properties that bore his name but would not need to put up any of his own money.
2000S	The Trump Organization developed several projects internationally, many of them involving financing with Russian origins.
2007	Trump debuted his Trump Super Premium Vodka at the Millionaire's Fair in Moscow. In 2009, the project ended (according to the NYT) ⁵⁸ .
2008	Trump's son, Donald Trump Jr., told investors in Moscow that " <i>Russians make up a pretty disproportionate cross-section of a lot of our assets</i> ". " <i>We see a lot of money pouring in from Russia</i> ." The very same year Dmitry Rybolovlev, a Russian oligarch close to Putin bought the Palm Beach Florida mansion owned by Donald Trump, paying double the market price at the time and \$13 million more than the most expensive Palm Beach mansion sale prior to that date. ⁵⁹
2010	Trump SoHo in New York was built with partner Bayrock Group. Bayrock was founded by Tefvik Arif, a former Soviet official, and Soviet emigres Felix Sater (a convicted mob associate) and Tamir Sapir, who maintains close ties to Chabad and 'Putin's Rabbi' Berel Lazar, and are indirectly linked with some of Putin's most trusted oligarchs Lev Leviev and Roman Abramovich, according to Politico. ⁶⁰ According to Politico, Trump's daughter has a close relationship Dasha Zhukova (who was then the wife of Roman Abramovich; they divorced in 2017 ⁶¹).

⁵⁸ [donald-trumps-ties-russia-go-back-30-years/97949746/](https://www.nytimes.com/2017/01/16/us/politics/donald-trump-russia-business.html) [Accessed 10 Jul. 2018].
Twohey, M., Eder, S. (2017) *For Trump, Three Decades of Chasing Deals in Russia*. The New York Times, [online]. Available at: <https://www.nytimes.com/2017/01/16/us/politics/donald-trump-russia-business.html> [Accessed 10 Jul. 2018].

⁵⁹ Clough, A., Pacenti, J. (2017) *Why did a Russian pay \$95M to buy Trump's Palm Beach mansion?* The Seattle Times, [online]. Available at: <https://www.seattletimes.com/nation-world/why-did-a-russian-pay-95m-to-buy-trumps-palm-beach-mansion/> [Accessed 10 Jul. 2018].

⁶⁰ Schreckinger, B. (2017) *The Happy-Go-Lucky Jewish Group That Connects Trump and Putin*. Politico, [online]. Available at: <https://www.politico.com/magazine/story/2017/04/the-happy-go-lucky-jewish-group-that-connects-trump-and-putin-215007> [Accessed 10 Jul. 2018].

⁶¹ Ward, V. (2017) *Roman Abramovich splits from third wife Dasha Zhukova*. The Telegraph, [online]. Available at: <https://www.telegraph.co.uk/news/2017/08/07/roman-abramovich-splits-third-wife-dasha-zhukova/> [Accessed 10 Jul. 2018].

Trump brought the Miss Universe Pageant to Moscow, funded by \$20 million from Russian billionaire Aras Agalarov (one of the key contractors for the 2018 FIFA World Cup) and a trusted Putin-linked oligarch whose work to build a university campus in the Russian Far East had earned him an Order of Honor bestowed by Putin himself at a Kremlin ceremony in 2012. Agalarov has more recently come to light as having brokered meetings between the Trump organization and Russian lobbyists and members of intelligence service, according to the Washington Post.⁶² The Post also reports that Agalarov engaged in a “strategic cooperation agreement” announced in 2013 with the state-run Sberbank to finance a \$3 billion Crocus Group development, with a possibility that this project would also include a Trump Tower in Moscow.

There are several important issues here. In US Special Counsel Robert Mueller’s investigation into whether the Trump campaign colluded with Russia to influence the 2016 US presidential election, many close friends of President Trump, professional associates of the Trump organization and members of the presidential campaign are being investigated, as well as his close family – particularly his son Donald Jr, daughter Ivanka, and son-in-law Jared Kushner. The Washington Post reports that Jared Kushner is suspected by the FBI of meeting with the 48-year-old chief executive of Vnesheconombank, Sergey Gorkov, during the presidential transition phase in late 2016. Gorkov is a graduate of the academy of the Federal Security Service (FSB) and had been appointed by Putin to the post at Vnesheconombank less than a year before his encounter with Kushner.⁶³ According to numerous reports on the meeting, Kushner and Gorkov discussed ways of distributing ‘dirt’ on Hillary Clinton, prior to the US election. At the same time, the WP reports, Kushner was soliciting a loan to cover a troublesome investment of his in Manhattan. Kushner and Gorkov also spoke of establishing a “secret communication channel” between the White House and Kremlin to facilitate discussion after Donald Trump had settled in the White House.

Trump’s presidential campaign chairman, Paul Manafort, has been indicted *on tax fraud and money laundering charges stemming from his work for former Ukrainian president Viktor Yanukovich*. According to Time magazine, Manafort accepted the job of election consultant for Viktor Yanukovich in 2006, despite the candidate having low chances of winning at the beginning of the race. Manafort described

⁶² Helderman, S. R., Leonnig, D. C., Hamburger, T. (2017) *The Trump Organization executive asked Putin aide for help on business deal*. The Washington Post. [online]. Available at: https://www.washingtonpost.com/politics/top-trump-organization-executive-reached-out-to-putin-aide-for-help-on-business-deal/2017/08/28/095aebac-8c16-11e7-84c0-02cc069f2c37_story.html?noredirect=on&utm_term=.162a56e6b894 [Accessed 10 Jul. 2018].

⁶³ Filipov, D., Brittain, A., Helderman, R. S., Hamburger, T. (2017) *Explanations for Kushner’s meeting with head of Kremlin-linked bank don’t match up*. The Washington Post, [online]. Available at: https://www.washingtonpost.com/politics/explanations-for-kushners-meeting-with-head-of-kremlin-linked-bank-dont-match-up/2017/06/01/dd1bdbb0-460a-11e7-bcde-624ad94170ab_story.html?utm_term=.2b1196c89c28 [Accessed 10 Jul. 2018].

his role as “seeking to further democracy and to help the Ukrainians come closer to the United States and to the EU”, as presented by his lawyer at the time.⁶⁴ This was far from the truth. Candidate Victor Yanukovich did not speak proper Ukrainian, had a criminal past and known connections to Russia; it was widely understood in Ukraine that Yanukovich was the preferred candidate of Vladimir Putin.

During Ukraine’s presidential election campaign in 2006, Manafort met another individual important to understanding the links between Trump’s team and Vladimir Putin: Ukrainian natural gas magnate Dmitry Firtash, who made his fortunes by partnering with Russian state company Gazprom. The FBI had accused Firtash of benefiting personally and professionally from an association with one of the world’s most powerful organized crime figures, Semion Mogilevich, who has appeared on the FBI’s Ten Most Wanted Fugitives list.⁶⁵ This relationship put Manafort in turn under suspicion of being connected with *Semion Mogilevich*.⁶⁶

⁶⁴ Shuster, S. (2017) *How Paul Manafort Helped Elect Russia’s Man in Ukraine*. Time, [online]. Available at: <http://time.com/5003623/paul-manafort-mueller-indictment-ukraine-russia/> [Accessed 10 Jul. 2018].

⁶⁵ Kolker, R. (2017) *Will Trump Rescue the Oligarch in the Gilded Cage?* Bloomberg Businessweek, [online]. Available at: <https://www.bloomberg.com/news/features/2017-02-16/will-trump-rescue-the-oligarch-in-the-gilded-cage> [Accessed 10 Jul. 2018].

⁶⁶ “[H]e used a company called Lucicle Consultants Limited to wire millions of dollars into the United States. The Cyprus-based Lucicle Consultants Limited, in turn, reportedly received millions of dollars from a businessman and Ukrainian parliamentarian named Ivan Fursin, who is closely linked to one of Russia’s most notorious criminals: Semion Mogilevich.”

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In February 2018, 13 Russians were criminally charged for interfering in the 2016 US elections with the aim of helping Donald Trump. A 37-page indictment alleged that the Russians' operations *"included supporting the presidential campaign of then-candidate Donald J Trump ... and disparaging Hillary Clinton,"* his Democratic opponent.⁶⁷ In reference to the charges, US Deputy Attorney General Rod Rosenstein stated that *"there is no allegation in this indictment that any American had any knowledge"* of it, and added that there was no evidence that such interference had had any impact on the outcome of the elections. On the other hand, US Senate Intelligence Committee vice-chair Richard Burr (Republican - North Carolina) on 16 May 2018 concluded that the committee *"See no reason to dispute the conclusions (of the Intelligence community assessment). There is no doubt that Russia undertook an unprecedented effort to interfere with our 2016 elections. [...] The Russian effort was extensive, sophisticated, and ordered by President [Vladimir] Putin himself for the purpose of helping Donald Trump and hurting Hillary Clinton."*⁶⁸

This conclusion came as something of a surprise since the House intelligence committee had earlier found "no evidence" of collusion between President Donald Trump *and Russian officials*, in its final investigative report about whether Moscow interfered with the 2016 US election.⁶⁹ Their report stated that both campaigns (Clinton's and Trump's) used *"poor judgement" at times, referring particularly to Paul Manafort, Donald Trump Jr, and Jared Kushner.*

The FBI indictments as well as the intelligence community assessment agree that Russian nationals, beginning in 2014, engaged in activities to influence the US elections through an operation coded as the *'Translator Project'*, the goal being to *"spread distrust toward the candidates and the political system in general."*⁷⁰

⁶⁷ Swaine, J., Bennetts, M. (2018) *Mueller charges 13 Russians with interfering in US election to help Trump*. The Guardian, [online]. Available at: <https://www.theguardian.com/us-news/2018/feb/16/robert-mueller-russians-charged-election> [Accessed 10 Jul. 2018].

⁶⁸ Breuninger, K. (2018) *Russian election meddling meant to help Trump, hurt Clinton, Senate Intelligence Committee finds*. CNBC, [online]. Available at: <https://www.cnbc.com/2018/05/16/russian-meddling-intended-to-help-trump-hurt-clinton-senate-says.html> [Accessed 10 Jul. 2018].

⁶⁹ Sampathkumar, M. (2018) *Trump-Russia investigation: House intelligence committee finds 'no evidence' of collusion in final report*. Independent, [online]. Available at: <https://www.independent.co.uk/news/world/americas/us-politics/trump-russia-investigation-latest-house-intelligence-committee-report-election-collusion-no-evidence-a8325761.html> [Accessed 10 Jul. 2018].

⁷⁰ Shame, S., Mazzetti, M. (2018) *Inside a 3-Year Russian Campaign to Influence U.S. Voters*. The New York Times, [online]. Available at: <https://www.nytimes.com/2018/02/16/us/politics/russia-mueller-election.html> [Accessed 10 Jul. 2018].

Russian operatives used a cluster of companies, all linked to a larger company called the Internet Research Agency, for their 'information warfare.' This was further confirmed by the Congress investigation as well as the conclusions of the US Senate Intelligence Committee. There were disagreements, however, over whether Russian actions had any *impact* on election results, whether Donald Trump or his associates were *aware* of becoming the assets of the Russian intelligence warfare, and whether this part of the operation was controlled by *Putin* himself?

The 'Translator Project' was conducted by and large through a systematic and sophisticated social media campaign. The Russian protagonists splashed catchy memes and hash tags that reached 126 million Americans on Facebook alone.⁷¹ As the operation was conducted by people not known to the US intelligence community before the attack was launched, detecting any evidence of involvement from Putin in a criminal investigation case may be a challenge. However, a second part of the investigation has revealed connections to the Russian government and President Vladimir Putin. The intelligence report, FBI investigation as well as independent investigations have all confirmed that hackers known as "Fancy Bears", closely aligned with the interests of the Russian Government, were behind the "Clinton Leaks" – an operation that resulted in thousands of e-mails and messages being published on WikiLeaks prior to the 2016 election. The information was first leaked by one hacker known as "Guccifer 2.0", according to ABC.⁷² The Fancy Bears were also behind Russia's cyber warfare attack in Georgia in 2008.⁷³ In this case, publishing the Clinton Leaks on their own domains was just the initial step in an operation designed to reach much larger audiences.

Trained in managing human assets (with knowing and unknowing subjects), Russian intelligence engaged with Julian Assange using an old intelligence technique known as 'programming the subject.' This consists in profiling the subject's response to certain outside actions that are planned by the intelligence community and ensuring that it is predictable and serves the objectives of the intelligence operation. Both Assange and Putin shared a hatred of Hillary Clinton. Assange was an easy target for the Russian operation, since WikiLeaks had a long known weak spot: it published all the information it received, without the capability or aim of seeing the bigger picture behind certain information campaigns. On 22 July 2016, it released the first round of Clinton Leaks, while

⁷¹ Shame, S., Mazzetti, M. (2018) *Inside a 3-Year Russian Campaign to Influence U.S. Voters*. The New York Times, [online]. Available at: <https://www.nytimes.com/2018/02/16/us/politics/russia-mueller-election.html> [Accessed 10 Jul. 2018].

⁷² ABC (2017) *How Russia-linked hackers stole the Democrats' emails and destabilised Hillary Clinton's campaign*. [online]. Available at: <http://www.abc.net.au/news/2017-11-04/how-russians-hacked-democrats-and-clinton-campaign-emails/9118834> [Accessed 10 Jul. 2018].

⁷³ Bartlett, E. (2018) *Fancy Bears: Who are the shady hacking group exposing doping, cover-ups and corruption in sport?* Independent, [online]. Available at: <https://www.independent.co.uk/sport/football/news-and-comment/fancy-bears-who-are-hacking-group-doping-sport-football-russia-georgia-reddie-bach-a7906376.html> [Accessed 10 Jul. 2018].

on 7 October 2016, it followed up by publishing John Podesta's e-mails,⁷⁴ just a month before the November elections.

Our investigation and analysis suggests that the WikiLeaks operation was carefully crafted by high-level analysts on many sides – Putin's operatives (including Fancy Bears and Guccifer 2.0), WikiLeaks management (including Julian Assange himself) and Trump's campaign strategists. However, the key question - whether the actors knowingly and willfully participated and coordinated this operation - still remains to be answered.

If Putin saw Trump as an asset in the traditional intelligence sense, we can surmise that he would have sought not just to help Trump get elected but also to make his value known to the campaign, so as to be able to consolidate commitments to return the favor in future. This would require a concerted effort to cultivate relationships and embed reciprocal obligations, which is difficult to do without leaving a trail of evidence. We know that several Russian nationals, including intelligence officers, engaged with members of the Trump campaign team throughout the lead-up to the elections:⁷⁵

⁷⁴ ABC (2017) *How Russia-linked hackers stole the Democrats' emails and destabilised Hillary Clinton's campaign*. [online]. Available at: <http://www.abc.net.au/news/2017-11-04/how-russians-hacked-democrats-and-clinton-campaign-emails/9118834> [Accessed 10 Jul. 2018].

⁷⁵ This is based on a CNN report and extended with our own analysis of other sources. Cohen, Z. (2017) *Who's who in Trump-Russia saga*. CNN, [online]. Available at: <https://edition.cnn.com/2017/03/29/politics/russia-investigation-cast-of-characters/index.html> [Accessed 10 Jul. 2018].

TABLE 2 RUSSIAN NATIONALS ENGAGED WITH MEMBERS OF THE TRUMP CAMPAIGN

PAUL MANAFORT

Trump's campaign chairman

Regularly communicated with Russians that are persons of interest for US intelligence in pre-election and transition period. In August 2016, he resigned from Trump's campaign when it emerged that he had worked on the political campaign of former Ukrainian President Viktor Yanukovich (who fled Ukraine to Russia). Manafort has been indicted in connection with Special Counsel Robert Mueller's investigation on 12 counts including conspiracy against the United States, conspiracy to launder money and acting as an unregistered agent of a foreign principal. In June 2018, the FBI accused Manafort of attempting to tamper with witnesses in a previous case.⁷⁶ According to Yulia Tymoshenko, former Ukrainian leader, Manafort and Firtash had planned a joint real estate project —a hotel and luxury shopping mall on the site of the Drake Hotel in Midtown Manhattan for the purpose of money laundering.⁷⁷

RICK GATES

Deputy campaign chairman

Long-lasting relationship with Manafort. He joined Manafort's lobbying firm in the mid-2000s and was involved in Manafort's projects in Eastern Europe, including in Ukraine and with Yanukovich. Gates remained on the campaign after Manafort was ousted, despite questions about his work in Ukraine. However, he was ousted from a pro-Trump advocacy group.

GEORGE PAPADOPOULOS

Trump campaign foreign policy adviser

Refers to himself as an oil, gas and policy consultant. According to the FBI, Papadopoulos lied to FBI agents "about the timing, extent and nature of his relationships and interactions with certain foreign nationals whom he understood to have close connections with senior Russian government officials."⁷⁸

MICHAEL FLYNN

Trump's National security adviser

Received financial compensation from Russian national TV. Discussed sanctions against Russia (that were imposed by Obama administration) with the Russian ambassador in Washington Sergey Kislyak. Forced to resign after it was revealed that he lied to US Vice President Mike Pence about the nature of his discussions with the Russian ambassador.

⁷⁶ Apuzzo, M. (2018) *Mueller Accuses Paul Manafort of Attempted Witness Tampering*. The New York Times, [online]. Available at: <https://www.nytimes.com/2018/06/04/us/politics/paul-manafort-mueller-witness-tampering.html> [Accessed 10 Jul. 2018].

⁷⁷ Kolker, R. (2017) *Will Trump Rescue the Oligarch in the Gilded Cage?* Bloomberg Businessweek, [online]. Available at: <https://www.bloomberg.com/news/features/2017-02-16/will-trump-rescue-the-oligarch-in-the-gilded-cage> [Accessed 10 Jul. 2018].

⁷⁸ Chappell, B. (2017) *Former Trump Adviser Admits To Seeking 'Dirt' On Clinton From Russians, Lying To FBI*. NPR, [online]. Available at: <https://www.npr.org/sections/thetwo-way/2017/10/30/560816481/trumps-former-foreign-policy-advisor-pleads-guilty-to-lying-to-the-fbi> or <https://www.nbc26.com/news/national/trump-campaign-aide-george-papadopoulos-pleads-guilty-to-false-fbi-statements> [Accessed 10 Jul. 2018].

JARED KUSHNER

Trump's son-in-law; head of digital campaign and „secretary of everything“ Trump's National security adviser

Kushner was in charge of the Trump campaign's on-line activities and is took credited with bringing Cambridge Analytica data in to the election campaign. Kushner also attended an infamous meeting in Trump tower (June 2016) where Donald Trump Jr., Paul Manafort and Jared Kushner met with Russian lawyer Natalia Veselnitskaya, who offered them “damaging information on Hillary Clinton”. Kushner also met with a Putin ally, banker Sergey Gorkov, with whom he discussed sanctions on the Russian bank and a loan that he needed for his troubled business.

ROGER STONE

Self-proclaimed ‘master of political dark arts’

Claimed that in the 2016 campaign he had backchannel communications with WikiLeaks founder Julian Assange and that he knew of the group's forthcoming document dumps. Had contacts with hacker Guccifer 2.0 . New developments suggest that Stone was proactively seeking incriminating information on Hillary Clinton during the pre-election campaign and that he personally invested resources in this operation.

WILBUR ROSS

US Commerce secretary

Ross bought a stake in Bank of Cyprus in 2014. According to the New York Times, Ross is the “owner of a big but failing bank with a vice chairman who used to work with Vladimir Putin in the Leningrad KGB and five other Russians on its board.”⁷⁹ Dmitry Rybolovlev – who paid Trump \$95 million for a house in Florida was also a Bank of Cyprus investor.⁸⁰ Ross's firm Diamond S Shipping, and one of its biggest clients, Glencore, owns a 19.5% stake in Rosneft, Russia's state-owned oil giant.⁸¹

MICHAEL COHEN

Trump's lawyer

Involved in now infamous settlement with Stormy Daniels prior to 2016 elections. Managed cash transfers from companies tied to Putin's close associates for as yet unknown purposes. In early 2017, allegedly discussed Ukrainian peace proposal with Ukrainian lawmaker that proposed to lease Crimea – annexed by Russia from Ukraine in 2014 – to Moscow for 50 to 100 years. Cohen was reportedly paid \$400,000 (£300,000) to arrange talks between Trump and Ukrainian President Petro Poroshenko (and ensuring that the meeting with Trump did not get cut short). A week later (after the meeting), the Ukrainian Anti-Corruption Bureau dropped its investigation into former Trump campaign manager Paul Manafort.⁸²

⁷⁹ Nicolaci da Costa, P. (2017) *Wilbur Ross has links to Russia that he won't answer questions about*. Business Insider, [online]. Available at: <http://www.businessinsider.com/trump-russia-connection-and-wilbur-ross-2017-5> [Accessed 10 Jul. 2018].

⁸⁰ Nicolaci da Costa, P. (2017) *Wilbur Ross has links to Russia that he won't answer questions about*. Business Insider, [online]. Available at: <http://www.businessinsider.com/trump-russia-connection-and-wilbur-ross-2017-5> [Accessed 10 Jul. 2018].

⁸¹ Nicolaci da Costa, P. (2017) *Wilbur Ross has links to Russia that he won't answer questions about*. Business Insider, [online]. Available at: <http://www.businessinsider.com/trump-russia-connection-and-wilbur-ross-2017-5> [Accessed 10 Jul. 2018].

⁸² Shugerman, E. (2018) *Michael Cohen reportedly paid \$400,000 by Ukraine to arrange a meeting with Trump*. Independent, [online]. Available at: <https://www.independent.co.uk/>

In addition to the information above, the Trump campaign paid UK company Cambridge Analytica a total of \$5.9 million for accessing personal data (mostly Facebook data on the individual behavior of users) for the purpose of conducting a targeted election campaign, according to Federal Election Commission data processed by the nonprofit Center for Responsive Politics.⁸³ Stephen (Steve) Bannon, formerly Trump's White House strategist and one of the founders of CA, earlier this year spent two days testifying before Mueller's team about his role, and the role of Cambridge Analytica in assisting Russians in achieving the objectives of the "Translator Project."⁸⁴ As observed earlier, Jared Kushner himself also confirmed that Cambridge Analytica was the key to success of the Donald Trump presidential campaign.⁸⁵

The timeline of Cambridge Analytica's involvement suggests that this company played a key role in 'fixing' the US elections. In June 2016, between 25% and 31% of Americans favored Donald Trump over Hillary Clinton, while 66% of voters saw Trump as an unfavorable candidate according to an overview of public polls provided by Politico.⁸⁶ Many analysts at the time believed that such ratings so late in the campaign were strong predictors of the final election result with little chance of a turnaround.⁸⁷

In June 2016, Russian intelligence operative and lawyer Natalia Veselnitskaya engaged in a meeting with key Trump campaign personnel in Trump tower⁸⁸ in which she offered more "dirt on Hillary Clinton" following on from the "Fancy Bears" hack of the DNC e-mails. In parallel, the Russian WikiLeaks operation was preparing for the 22 July launch of Clinton leaks.⁸⁹ This was the moment when Robert and Rebekah Mercer decided to take Donald Trump's campaign under their wing. These events changed the political luck of Donald Trump and of the citizens of the United States of America.

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- news/world/americas/us-politics/michael-cohen-ukraine-paid-arrange-meeting-with-donald-trump-a8366491.html [Accessed 10 Jul. 2018].
- ⁸³ Overby, P. (2018) *Cambridge Analytica's Role In Trump's 2016 Campaign Raises Potential Legal Flags*. NPR, [online]. Available at: <https://www.npr.org/2018/03/21/595535935/cambridge-analyticas-role-in-trump-s-2016-campaign-raises-potential-legal-flags> [Accessed 10 Jul. 2018].
- ⁸⁴ House, B., Taley, M. (2018) *Bannon Met With Mueller's Team, Source Says*. Bloomberg Businessweek, [online]. Available at: <https://www.bloomberg.com/news/articles/2018-02-15/schiff-wants-bannon-held-in-contempt-if-he-skips-panel-inter-view> [Accessed 10 Jul. 2018].
- ⁸⁵ Murray, S., Reston, M., Bash, D., Perez, E. (2018) *Inside the Trump campaign's ties with Cambridge Analytica*. CNN, [online]. Available at: <https://edition.cnn.com/2018/03/21/politics/trump-campaign-cambridge-analytica/index.html> [Accessed 10 Jul. 2018].
- ⁸⁶ Shepard, S. (2016) *Trump's poll ratings in a historic hole*. Politico, [online]. Available at: <https://www.politico.com/story/2016/06/donald-trump-unfavorable-polls-224454> [Accessed 10 Jul. 2018].
- ⁸⁷ Shepard, S. (2016) *Trump's poll ratings in a historic hole*. Politico, [online]. Available at: <https://www.politico.com/story/2016/06/donald-trump-unfavorable-polls-224454> [Accessed 10 Jul. 2018].
- ⁸⁸ CNN (2017) *Trump Tower Russia meeting: At least eight people in the room*. [online]. Available at: <https://edition.cnn.com/2017/07/14/politics/donald-trump-jr-meeting/index.html> [Accessed 10 Jul. 2018].
- ⁸⁹ WikiLeaks, *DNC email database*. [online]. Available at: <https://wikileaks.org/dnc-emails/> [Accessed 10 Jul. 2018].

DEMOCRACIES UNDER THE SHADOW OF ROBERT MERCER

Robert Mercer was key to the success of this multi-layered and multi-party approach that has undermined democracy and changed the balance of power. Mercer's complex socioeconomic operation can be traced back to 2006, when he began investing his profits in partisan causes and mostly supporting conservative initiatives through the Mercer Family Foundation, according to the data in a report from Centre for Responsive Politics.⁹⁰ His interest in elections in particular began in 2008 with a first investment in Media Research Center, a conservative media non-profit with a mission to “*expose and neutralize the propaganda arm of the Left*.”⁹¹ His repeated investments totaled around USD 7.5 million in the period 2008-12, according to Conservative Transparency⁹², and an additional approx. 6 million in the period 2012-14, according to USA Today.⁹³ In 2011, the Mercer family invested USD10 million in Breitbart News, a right-wing media group founded by Andrew Breitbart, often accused of misleading and conspiracy stories, where Steve Bannon (founder of Cambridge Analytica) was a chief executive prior to joining the Trump campaign.⁹⁴ The Mercer family (Robert Mercer and his daughter Rebekah) also rewarded the far right Citizens United group with USD 3.6 million donations in 2012-14 for the group's effort in the Supreme Court's *Citizens United decision in 2010*, which opened the door to unlimited corporate and union donations in elections.⁹⁵

The Citizens United US Supreme Court decision was crucial for the Mercers' plans and for their engagement in UK and US political processes, since it enabled them to become one of the most influential single donors in US politics

⁹⁰ Browsers, J. (2016) *A hedge fund house divided: Renaissance Technologies*. OpenSecrets.org, [online]. Available at: <https://www.opensecrets.org/news/2016/06/a-hedge-fund-house-divided-renaissance-technologies/> [Accessed 10 Jul. 2018].

⁹¹ Media Research Center, *About the MRC*. [online]. Available at: <https://www.mrc.org/about> [Accessed 10 Jul. 2018].

⁹² Mercer Family Foundation, *Financial Record*. [online]. Available at: http://conservative.transparency.org/donor/mercer-family-foundation/?og_tot=67&order_by=year+DESC [Accessed 10 Jul. 2018].

⁹³ Schouten, F. (2017) *Who are mega-donors Bob and Rebekah Mercer, and why are they influential?* USA Today, [online]. Available at: <https://eu.usatoday.com/story/news/politics/2017/03/07/who-are-trump-donors-bob-and-rebekah-mercer/98812284/> [Accessed 10 Jul. 2018].

⁹⁴ Tracy, A. (2016) *The brewing billionaire feud at the heart of the G.O.P.* Vanity Fair, [online]. Available at: <https://www.vanityfair.com/news/2016/09/robert-rebekah-mercer-charles-david-koch-republican-party> [Accessed 10 Jul. 2018].

⁹⁵ Schouten, F. (2017) *Who are mega-donors Bob and Rebekah Mercer, and why are they influential?* USA Today, [online]. Available at: <https://eu.usatoday.com/story/news/politics/2017/03/07/who-are-trump-donors-bob-and-rebekah-mercer/98812284/> [Accessed 10 Jul. 2018].

today.⁹⁶⁹⁷⁹⁸ While most of the publicly available articles and information attempt to understand the Mercers' politics, describing Mercer as a "white supremacist"⁹⁹ or conspiracy theory supporter "not believing in global warming"¹⁰⁰, we suggest that Robert Mercer's behavior can be understood simply as an investment strategy.

Robert Mercer is a brilliant computer scientist who helped transform the financial industry through the innovative use of trading algorithms.¹⁰¹ He received a bachelor's degree in Physics and Mathematics from the University of New Mexico at Albuquerque in 1968 and embarked on graduate study, but soon took a side job writing programs at the Kirtland Air Force Base's weapons lab.¹⁰² In 1972, after his PhD, he took a job at IBM where he worked for 20 years on speech recognition (speech to text translation and translation between languages) in the company's Watson Research Center in New York suburb Yorktown Heights, according to CNBC¹⁰³.

In 1993, Mercer and his IBM colleague Peter Brown were recruited by Renaissance Technologies, a hedge fund established by another brilliant mathematician and computer scientist James Simons who had started his career working for the US government Department of Defense as a code breaker.¹⁰⁴ While Renaissance Technologies was a highly successful hedge fund from the very beginning, it was Mercer's work and algorithms that brought large profits

⁹⁶ Zarroli, J. (2017) *Robert Mercer Is A Force To Be Reckoned With In Finance And Conservative Politics*. NPR, [online]. Available at: <https://www.npr.org/2017/05/26/530181660/robert-mercer-is-a-force-to-be-reckoned-with-in-finance-and-conservative-politic> [Accessed 10 Jul. 2018].

⁹⁷ Delevingne, L. (2014) *Have Mercer! The money man who helped the GOP win*. CNBC, [online]. Available at: <https://www.cnbc.com/2014/11/07/robert-mercer-the-most-important-political-money-man-youve-never-heard-of.html> [Accessed 10 Jul. 2018].

⁹⁸ Delevingne, L. (2014) *Have Mercer! The money man who helped the GOP win*. CNBC, [online]. Available at: <https://www.cnbc.com/2014/11/07/robert-mercer-the-most-important-political-money-man-youve-never-heard-of.html> [Accessed 10 Jul. 2018].

⁹⁹ Crilly, R. (2017) *Trump donor Robert Mercer denies he is a white supremacist as he sells stake in Breitbart News*. The Telegraph, [online]. Available at: <https://www.telegraph.co.uk/news/2017/11/02/trump-donor-robert-mercer-denies-white-supremacist-sells-stake/> [Accessed 10 Jul. 2018].

¹⁰⁰ Zarroli, J. (2017) *Robert Mercer Is A Force To Be Reckoned With In Finance And Conservative Politics*. NPR, [online]. Available at: <https://www.npr.org/2017/05/26/530181660/robert-mercer-is-a-force-to-be-reckoned-with-in-finance-and-conservative-politic> [Accessed 10 Jul. 2018].

¹⁰¹ Mayer, J. (2017) *The Reclusive Hedge-Fund Tycoon Behind the Trump Presidency*. The New Yorker, [online]. Available at: <https://www.newyorker.com/magazine/2017/03/27/the-reclusive-hedge-fund-tycoon-behind-the-trump-presidency> [Accessed 10 Jul. 2018].

¹⁰² Delevingne, L. (2014) *Have Mercer! The money man who helped the GOP win*. CNBC, [online]. Available at: <https://www.cnbc.com/2014/11/07/robert-mercer-the-most-important-political-money-man-youve-never-heard-of.html> [Accessed 10 Jul. 2018].

¹⁰³ Delevingne, L. (2014) *Have Mercer! The money man who helped the GOP win*. CNBC, [online]. Available at: <https://www.cnbc.com/2014/11/07/robert-mercer-the-most-important-political-money-man-youve-never-heard-of.html> [Accessed 10 Jul. 2018].

¹⁰⁴ Delevingne, L. (2014) *Have Mercer! The money man who helped the GOP win*. CNBC, [online]. Available at: <https://www.cnbc.com/2014/11/07/robert-mercer-the-most-important-political-money-man-youve-never-heard-of.html> [Accessed 10 Jul. 2018].

through automated trading, leading to Robert Mercer becoming a CEO of the company. Renaissance is a hedge fund, where most of the employees are scientists from different fields (usually not from the financial world) who tap decades of diverse data in Renaissance's vast data banks to assess statistical probabilities for trends in securities prices in any given market.¹⁰⁵ The work of Renaissance is, in short, focused on predicting market instabilities that could occur, before anyone else can anticipate them, partly by using big data. However, market instabilities are hard to predict and usually beyond the control of financial market players. Or are they?

The cooperation between Mercer and Renaissance founder James Simons is intriguing given their differing world views. While Mercer is deeply conservative, Simons, a former professor at MIT and Harvard University, is one of the biggest donors to the Democrats.¹⁰⁶ Yet they shared an interest in influencing politics. Between them, in 2016 alone, Robert Mercer and James Simons collectively donated almost US\$50 million to Super PACs.¹⁰⁷

We suggest that Mercer and Simons played with politics in order to trigger political events and, knowing more than anyone else in the market what was likely to happen, were able to financially benefit from playing the markets. After the Citizens United decision, Robert Mercer started to interfere in elections by supporting a range of different candidates in a variety of contests.¹⁰⁸ These now appear as a set of experiments and tests to ready him for the bigger game ahead, where Mercer would be in a position to influence, create - and therefore be the first to predict - certain key events of market instability and to reap the financial rewards.

One important step in this strategy was the acquisition of Cambridge Analytica, another big data company that instead of markets themselves plays with market influencers – by manipulating the outcomes of political processes. Chris Wylie, a former Cambridge Analytica employee, has revealed details of a key meeting, attended by himself, Stephen Bannon, Alexander Nix (CA), Rebekah Mercer and Robert Mercer in the fall of 2013. Meeting in Rebekah Mercer's Manhattan apartment, a deal was struck in which Robert Mercer would fund the creation of Cambridge Analytica with USD10 million, in the hope of shaping the congressional elections a year later.¹⁰⁹

¹⁰⁵ Hamilton, D. (2007) *Renaissance hedge fund: Only scientists need apply*. Reuters, [online]. Available at: <https://www.reuters.com/article/simons-hedge/renaissance-hedge-fund-only-scientists-need-apply-idUSN2135575220070522> [Accessed 10 Jul. 2018].

¹⁰⁶ OpenSecrets.org, *Top Individual Contributors to Super PACs*. [online]. Available at: <https://www.opensecrets.org/overview/topindivs.php?view=sp&cycle=2018&type=src>

¹⁰⁷ Solnik, C. (2017) *Robert Mercer, James Simons among top donors to politicians*. Libn.com, [online]. Available at: <https://libn.com/2017/08/10/robert-mercero-jim-simons-among-top-donors-to-politicians/> [Accessed 10 Jul. 2018].

¹⁰⁸ The source of the information is the following link: <https://projects.newsday.com/data-bases/long-island/mercero-contributes/>. However, the exact reference was not feasible to extract due to the fact that in the meantime GDPR entered into force and the abovementioned site is no longer available in the European Union.

¹⁰⁹ Timberg, C., Adam, K., Kranish, M. (2018) *Bannon oversaw Cambridge Analytica's*

The Cambridge Analytica deal with the Mercers was a fundamental asset for several Mercer operations, including his masterpieces: the Brexit referendum and Donald Trump presidential campaign. Although all actors deny that Cambridge Analytica sought to influence the Brexit referendum, the evidence suggests otherwise. An investigation conducted by British law makers found that although, in the case of Cambridge Analytica “there was no contract and no money”, the company did undertake work to demonstrate their capabilities.¹¹⁰ Moreover, four different campaign teams - Vote Leave, BeLeave, Veterans for Britain and Northern Ireland’s Democratic Unionist party – purchased services worth a total of £3.5m from a company called AggregateIQ, a company affiliated with Mercer that relied heavily on contracts to provide services to Cambridge Analytica or in collaboration with Cambridge Analytica.¹¹¹ (According to the Guardian “during the US primary elections, AggregateIQ signed away its intellectual property (IP) to Robert Mercer”.¹¹² The Guardian investigation also presents evidence suggesting that AggregateIQ built and ran Cambridge Analytica’s database platforms.¹¹³ AggregateIQ also worked for John Bolton, the newly appointed national security adviser to Donald Trump, and for US senators Thom Tillis and Ted Cruz (who was supported by Robert Mercer before he switched his support to Trump).

Both the Brexit referendum and the Trump operation used an infamous Facebook app created by Professor Aleksandr Kogan and his company Global Science Research (GSR). Kogan is a Cambridge University academic who orchestrated the harvesting of Facebook data for Cambridge Analytica, resulting in the theft of the FB data of over 87 million users.¹¹⁴ Kogan also has ties to a Russian university (University of St Petersburg), including a teaching position, and receives grants from the Russian government for his research into the social media networks, as discovered by the *Observer*.¹¹⁵

collection of Facebook data, according to former employee. The Washington Post,[online]. Available at: https://www.washingtonpost.com/politics/bannon-oversaw-cambridge-analyticas-collection-of-facebook-data-according-to-former-employee/2018/03/20/8fb369a6-2c55-11e8-b0b0-f706877db618_story.html?utm_term=.5af6a6a271eeb [Accessed 10 Jul. 2018].

¹¹⁰ Reuters (2018) *Lawmakers publish evidence that Cambridge Analytica work helped Brexit group*. [online]. Available at: <https://www.reuters.com/article/us-facebook-cambridge-analytica-britain/lawmakers-publish-evidence-that-cambridge-analytica-work-helped-brexite-group-idUSKBN1HN2H5> [Accessed 10 Jul. 2018].

¹¹¹ Cadwalladr, C. (2018) *Facebook suspends data firm hired by Vote Leave over alleged Cambridge Analytica ties*. The Guardian, [online]. Available at: <https://www.theguardian.com/us-news/2018/apr/06/facebook-suspends-aggregate-iq-cambridge-analytica-vote-leave-brexite> [Accessed 10 Jul. 2018].

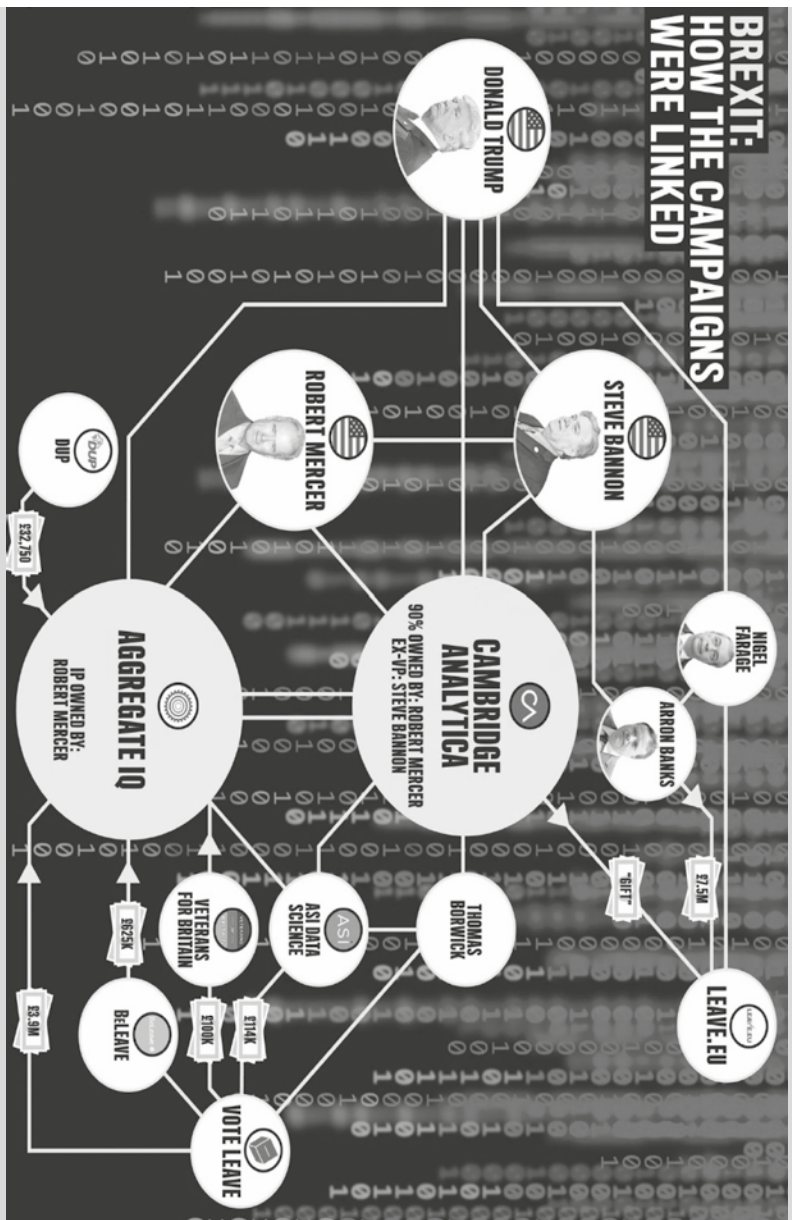
¹¹² Cadwalladr, C. (2018) *The great British Brexit robbery: how our democracy was hijacked*. The Guardian, [online]. Available at: <https://www.theguardian.com/technology/2017/may/07/the-great-british-brexite-robbery-hijacked-democracy> [Accessed 10 Jul. 2018].

¹¹³ Cadwalladr, C. (2018) *The great British Brexit robbery: how our democracy was hijacked*. The Guardian, [online]. Available at: <https://www.theguardian.com/technology/2017/may/07/the-great-british-brexite-robbery-hijacked-democracy> [Accessed 10 Jul. 2018].

¹¹⁴ Badshah, N. (2018) *Facebook to contact 87 million users affected by data breach*. The Guardian, [online]. Available at: <https://www.theguardian.com/technology/2018/apr/08/facebook-to-contact-the-87-million-users-affected-by-data-breach> [Accessed 10 Jul. 2018].

¹¹⁵ Cadwalladr, C., Graham-Harrison, E. (2018) *Cambridge Analytica: links to Moscow oil*

FIGURE 12 GUARDIAN SCHEME OF CAMBRIDGE ANALYTICA AND AGGREGATE IQ CONNECTIONS



Source: The Guardian¹¹⁶

firm and St Petersburg university. The Guardian, [online]. Available at: <https://www.theguardian.com/news/2018/mar/17/cambridge-academic-trawling-facebook-had-links-to-russian-university> [Accessed 10 Jul. 2018].

Cadwalladr, C. (2018) *The great British Brexit robbery: how our democracy was hijacked*. The Guardian, [online]. Available at: <https://www.theguardian.com/technology/2017/>

Mercer marshalled all of his resources for the Brexit campaign, including his investment in Breitbart, one of the key instruments used to spread panic and false stories to British voters. On 23 June 2016, Mercer's efforts paid off: the UK voted to leave the EU, which hit investors across the globe but, as will be discussed, Mercer's business started to see unusually high returns.

At the same time, in the US, Mercer learned that his candidate Ted Cruz was not performing well, and the Russians' strategy began to take shape. Mercer switched allegiances to Donald Trump, the underdog at the time, who looked unlikely to win. Even right before the elections, Trump's ratings were very low, with around 34% of voters seeing Trump as a favorable candidate according to the Gallup.¹¹⁷ So how did the candidate with such a bad rating win the US elections?

Mercer once again provided the extra help that Trump needed to win a majority of electoral college votes. Once more all of the Mercers' resources were engaged in assuring Trump's victory, including Breitbart, Cambridge Analytica, AggregatIQ and the millions of dollars invested in Super PAC's. The Brexit strategy served as a tactical framework for the Trump campaign, targeting key swing voters with tailored messages.

On 8 November 2016, Donald J. Trump won the Electoral College *with 304 votes compared to Hillary Clinton's 227 votes*.¹¹⁸ While Clinton won the popular vote – 65.84 million against 62.98 million for Donald Trump¹¹⁹ - it was Trump who became the 45th president of the United States.¹²⁰ Robert Mercer had once again achieved a mega market distortion as a result of his influence on political behavior. This time, he had won an even bigger prize: with Trump in power, he had the chance to influence many more political events and to play many games at the same time.

¹¹⁷ [may/07/the-great-british-brexit-robbery-hijacked-democracy](http://news.gallup.com/poll/197576/trump-favorability-trails-presidents-elect.aspx) [Accessed 10 Jul. 2018]. Jones, J., M. (2016) *Trump Favorability Up, but Trails Other Presidents-Elect*. Gallup, [online]. Available at: <http://news.gallup.com/poll/197576/trump-favorability-trails-presidents-elect.aspx> [Accessed 10 Jul. 2018].

¹¹⁸ The New York Times (2017) *Presidential Election Results: Donald J. Trump Wins*. [online]. Available at: <https://www.nytimes.com/elections/results/president> [Accessed 10 Jul. 2018].

¹¹⁹ Sharman, J. (2016) *Hillary Clinton wins 2,864,974 more votes than Donald Trump, final US election count shows*. Independent, [online]. Available at: <https://www.independent.co.uk/news/world/americas/hillary-clinton-3-million-popular-vote-donald-trump-us-election-a7487901.html> [Accessed 10 Jul. 2018].

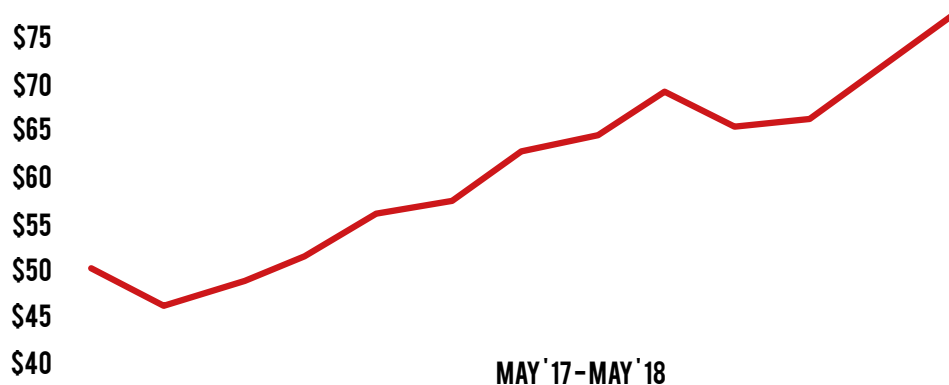
¹²⁰ Smith, D. (2017) *Donald Trump sworn in as 45th president of the United States*. The Guardian, [online]. Available at: <https://www.theguardian.com/us-news/2017/jan/20/president-donald-trump-inauguration-sworn-in> [Accessed 10 Jul. 2018].

THE QUID PRO QUO

Diplomatic and business relationships are not one dimensional or linear. But they do reflect the motivations of the actors involved. And the actors in this story include some great strategic thinkers. This story brings together three sets of actors. We suggest that they largely acted independently and for their own benefit, but at certain times cooperatively. Vladimir Putin and a group of Russian oligarchs around him were one set of protagonists. Ever since he consolidated Russia's finances, Putin has sought to destabilize the western world, especially targeting the EU and the United States. In response to the US/EU Russia-related sanctions following Russia's assault on Ukraine and the joint western effort to limit the price of oil on world markets, Putin launched an information warfare campaign against the West that, with the help of domestic players in the UK and US, yielded great success for his doctrine. As Putin's economic and consequently military power is highly dependent on the price of the world's oil, the Brexit referendum and Trump success were big victories for him. With Britain outside the EU, any global response to Russia's military showdowns will be weak, and future economic and political sanctions will have a limited impact. This is why Putin allowed and backed - financially, politically and technologically - his operatives (intelligence, business, and science) in cooperating with some of the Western players.

In the case of the US, Putin's objective was more far reaching. With the frequent multi-layered connections between Trump's team and Vladimir Putin, as evidenced and observed earlier in the text, Putin set his sights on the jackpot – an increase in global oil prices which would immediately translate into Russian economic and military power. As the US withdraws from global agreements, Putin engages with the rising economic powers of China, India and Brazil and moves closer to his ultimate goal of matching the political influence of the US globally. Almost every step made by Trump since the election furthers Putin's objectives – destabilization of the Middle East, including the Israel-Palestinian relationships, his clumsy response to the feud between Saudi Arabia and Qatar, and finally the US withdrawal from the Iran deal (JCPOA), one of Putin's ultimate objectives. Since Donald Trump took office, the price of crude oil has almost doubled (see Figure 13):

FIGURE 13 AVERAGE MONTHLY BRENT CRUDE OIL PRICE MAY 2017–MAY 2018 (IN USD PER BARREL)



Source: Statista¹²¹

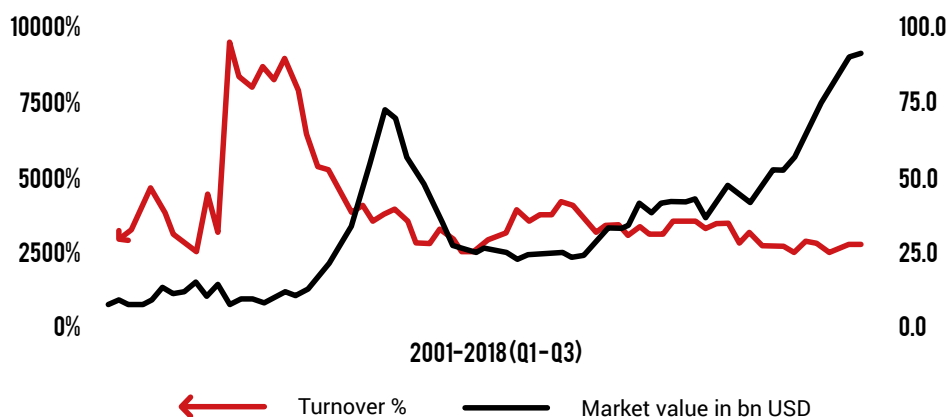
This has also played well for Putin's closest oligarch allies.

Putin is a master manipulator, cultivating intermediaries instrumentally and providing them with opportunities which exploit weaknesses or serve mutual interests. WikiLeaks played a key role in supporting the Russian operation in the US (Translator project), but most likely it was just an asset run by Russian intelligence, most likely military intelligence. They needed only to prod Julian Assange's hostility towards the US administration and Hillary Clinton in particular. Robert Mercer and his allies were also a crucial set of players. While direct connections between Mercer and Putin's close circle have yet to be thoroughly explored, there appears to be a link through Robert Mercer's involvement with Deutsche Bank in tax evasion and money laundering, and through the Cambridge Analytica. Robert Mercer has undoubtedly benefited. His Fund has made billions since the Brexit referendum and his first "controlled" market distortion (see Figure 14):

¹²¹

Statista (2018) *Average monthly Brent crude oil price from May 2017 to May 2018 (in U.S. dollars per barrel)*. [online]. Available at: <https://www.statista.com/statistics/262861/uk-brent-crude-oil-monthly-price-development/> [Accessed 10 Jul. 2018].

FIGURE 14 METRICS RENAISSANCE TECHNOLOGIES



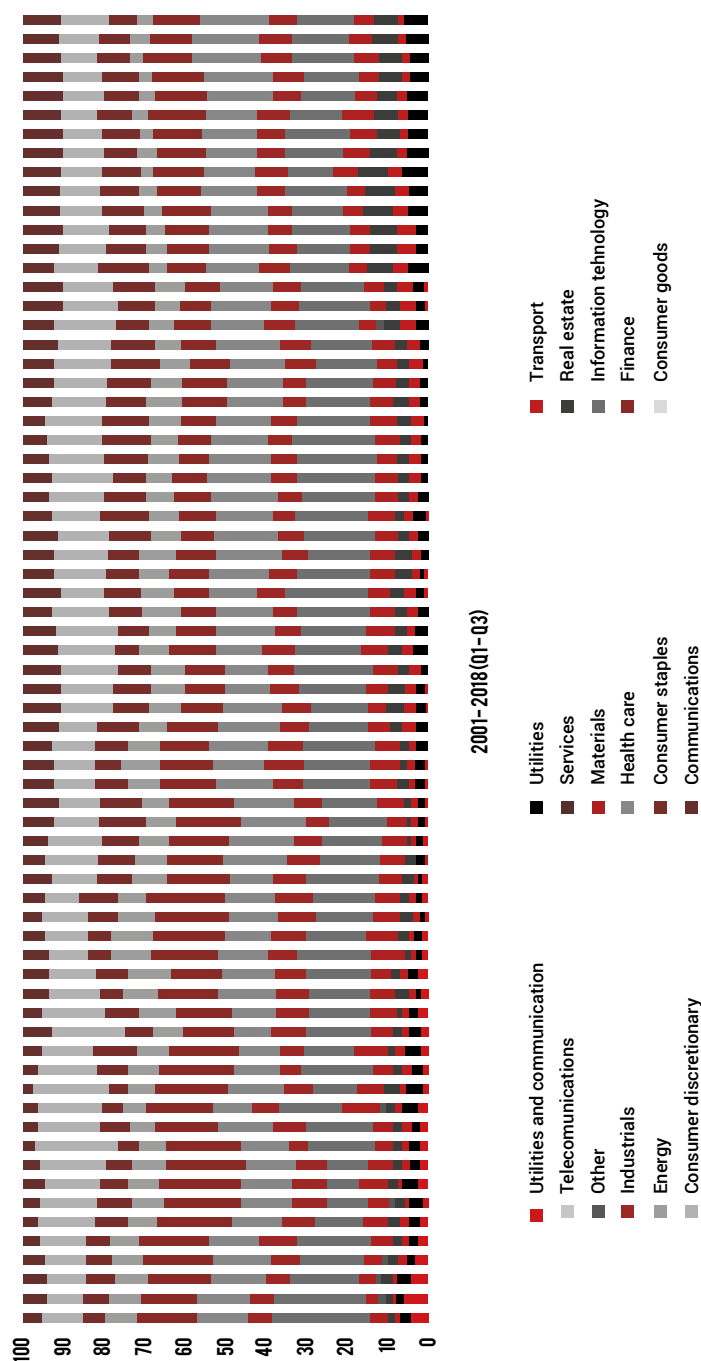
Source: WhaleWisdom LLC¹²²

In the period from the Brexit referendum (second quarter of 2016) until the JCPOA withdrawal (first quarter of 2018), the value of Renaissance Technologies has increased by USD45 billion (from USD billion 52.5 to USD 91.4 billion) while its turnover has remained the same, around USD 27 billion. Mercer's ability to predict events seems to have improved significantly, and warrants explanation.

Renaissance Technologies invests in a wide range of financial products, as shown in Figure 15:

¹²² WhaleWisdom LLC (2018) *13 F Metrics Renaissance Technologies*. [online]. Available at: https://whalewisdom.com/filer/renaissance-technologies-llc#tabsummary_tab_link [Accessed 10 Jul. 2018].

FIGURE 15 SECTOR ALLOCATION RENAISSANCE TECHNOLOGIES



Source: WhaleWisdom LLC¹²³

¹²³

WhaleWisdom LLC (2018) *13 F Metrics Renaissance Technologies*. [online]. Available at:

However, for a fund that is so dispersed, it shows a surprisingly high correlation with global oil prices.

TABLE 3 RENAISSANCE TECHNOLOGIES – CORRELATION BETWEEN MARKET VALUE AND SPOT CRUDE OIL PRICE

ANOVA

	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	2,17491E+21	2,17491E+21	4,85205575	0,03105736
Residual	67	3,00325E+22	4,48246E+20		
Total	68	3,22074E+22			

Source: Authors' own computation based on data from WhaleWisdom LLC¹²⁴ and Federal Reserve Bank of St. Louis¹²⁵

The Pearson coefficient on the correlation between global oil prices and the value of the Renaissance Technologies fund is 0.031, a highly statistically significant correlation. While this correlation does not prove causality between the two, it is suggestive of the possible incentives for cooperation between Vladimir Putin, Robert Mercer and Trump's team. Observed in this context, Trump's strange exit from JCPOA has provided rich benefits to many key actors.

Cambridge Analytica (through its parent company SCL) has also been working in Latvia, Lithuania, Ukraine, Romania, Italy, Moldova, Albania; there may be some more predictable instabilities in these countries and in Europe in the time ahead.¹²⁶ However, Mercer is closing his businesses and seeking to distance himself legally from these operations. Cambridge Analytica has gone out of business, Mercer has sold his stock in Breitbart, and he has stepped down as Renaissance Technologies CEO (remaining as the chief analyst).¹²⁷ This may complicate efforts to bring these key players to justice.

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- https://whalewisdom.com/filer/renaissance-technologies-llc#tabsummary_tab_link [Accessed 10 Jul. 2018].
- ¹²⁴ WhaleWisdom LLC (2018) *13 F Metrics Renaissance Technologies*. [online]. Available at: https://whalewisdom.com/filer/renaissance-technologies-llc#tabsummary_tab_link [Accessed 10 Jul. 2018].
- ¹²⁵ Federal Reserve Bank of St. Louis (2018) *FRED Economic Data, Excel; Spot Crude Oil Price: West Texas Intermediate (WTI), Dollars per Barrel, Quarterly, Not Seasonally Adjusted*. [online]. Available at: <https://fred.stlouisfed.org/series/WTISPLC#0> [Accessed 10 Jul. 2018].
- ¹²⁶ Ghoshal, D. (2018) *Mapped: The breathtaking global reach of Cambridge Analytica's parent company*. Quartz, [online]. Available at: <https://qz.com/1239762/cambridge-analytica-scandal-all-the-countries-where-scl-elections-claims-to-have-worked/> [Accessed 10 Jul. 2018].
- ¹²⁷ Goldstein, M. (2017) *Robert Mercer to step down as head of Renaissance Technologies*. Quartz, [online]. Available at: <https://www.cnn.com/2017/11/02/robert-mercer-to-step-down-as-head-of-renaissance-technologies.html> [Accessed 10 Jul. 2018].

WHO'S PLAYING WHOM?

Many of Trump's decisions constitute radical departures from US foreign policy, but perhaps none more so than his withdrawal from JCPOA, which reversed long-standing US and EU efforts to change the dynamics of world oil markets and improve energy security for the Western powers. Such decisions are often dismissed as reflecting Trump's impetuous personality and supposedly anti-establishment ideology. This article has sought to demonstrate that there is another plausible explanation. It does so by pointing out that one of the key winners of Trump's withdrawal from JCPOA is Russia, a weak economy that is highly dependent on oil prices for growth. The recent increase in oil prices is bolstering Russia's financial position, fattening the pockets of Putin's inner circle of oligarchs, and boosting not only his domestic power but also his ability to engage in military ventures abroad. Yet showing how Putin benefits does not prove causality.

We have therefore sought also to provide evidence on some of the key mechanisms which might have enabled Putin to exercise influence over Trump. Broadly speaking, in our account of how Putin came to power, we have argued that he is expert in exploiting the fears of others to increase his own power. He trained as a KGB officer in a world where information was used to discredit reputations and immobilize critics. Since coming to office, Russia's political culture has embraced the KGB governance style – providing power and economic incentives for those that cooperate, while blackmailing, threatening, and if necessary, assassinating those that oppose, criticize or confront the regime with the truth. In one of his first speeches as elected president, Putin stated that the media should not become a *"means of mass disinformation and tools of struggle against the state"*¹²⁸, a media doctrine that would be seized upon by leaders elsewhere to discredit critics, and which laid the foundations for today's 'fake news' narrative.

His KGB career may have taught Putin that not all relationships require heavy-handed manipulation. Sometimes, interests coincide, and unwitting collaborations can be engineered. Arguably, in the case of Wikileaks' involvement, all that was needed was to place information at the fingertips of Julian Assange. Robert Mercer, meanwhile, provided skills and data that could be used to buy the support of another key player: voters. Mercer was on the lookout for a candidate with ideas radical enough to move markets. Helping to get such a candidate into power was a way of achieving greater certainty about which way the markets would shift; his company has performed unusually well in recent months. Mercer's interests appear to have coincided with Putin's, while his skills and techniques offered part of the means for achieving them.

¹²⁸

Freeze, G. L. (2009) *Russia: A History*. 3rd ed. Oxford: Oxford University Press. p. 505.

TRUMP has certainly benefited in business terms from a closeness to Russians, stretching back to the oligarchs' late 1990s 'investments' in his properties and his growing reliance on Russian financing as his series of bankruptcies disrupted his ability to borrow from US banks. But others have suggested that the power dynamic between Putin and Trump may be more one of handler and asset.¹²⁹ If that is the case, how much more will Putin seek to gain from this relationship?

¹²⁹

Chait, J. (2018) *Will Trump Be Meeting With His Counterpart – Or His Handler?* New York, [online]. Available at: <http://nymag.com/daily/intelligencer/2018/07/trump-putin-russia-collusion.html> [Accessed 18 Jul. 2018].

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