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Chairman Engel, Ranking Member McCaul, Members of the Committee, I appreciate the opportunity to appear before you today. The topic is relevant and timely.

THE PUTINISM PROBLEM

The problem with a "resurgent Russia," as this hearing is entitled, is that Russia's current resurgence has taken the form of aggression: against its neighbors Ukraine and Georgia; against the United States and Europe through interference in elections and disinformation; and against opponents at home and abroad, including through murder and attempted murder.

President Trump has noted that it would be nice if the United States got along with Russia. He's right. But Presidents Bush and Obama tried and failed to sustain constructive relations with Putin's Russia, and the reasons for those failures are instructive. Russia's conditions for good relations with the US are those that no US administration can or should accept: namely, US deference to Russian domination of its neighbors, including through intimidation and war, and US indifference to Russia's repression at home.

There are some in this country and in Europe who might accept these Russian conditions. But hard experience in the 20th century – through two World Wars and the Cold War – show that a country's repression inside its borders suggests that it will be aggressive abroad, and that spheres of influence established through force and repression, Russia's usual methods, are neither stable nor self-limiting.

Putin's system of rule combines political authoritarianism and economic kleptocracy; it is a regime dedicated to enriching its members, not the nation it supposedly serves. Economically, it depends on control of raw materials which it can export. It is a value-extracted, not value-added, economy. Putinism thus keeps Russia relatively backward. Policies to develop Russia would require respect for the rule of law, property rights, independent institutions both in and out of government, and freedom of speech and assembly; in short, free market, democratic reforms. But such reforms would mean an end to Putinism.

As a corrupt system by design, lacking democratic legitimacy and, increasingly, economic results, the Putin regime is insecure. It thus relies on repression mixed with chauvinistic campaigns

directed against various made up outside enemies. That is not all. The regime seeks to prevent its democratic rivals — what we used to call the Free World — from challenging Putin's regime by the power of their example. Putin, like Soviet leaders before him, seeks to weaken the European Union and NATO, and to discredit the very idea of democracy as a potentially appealing alternative for Russia.

It is also imperative, from a Kremlin perspective, that Ukraine not succeed in its attempt to transform itself from a Putin-dependent kleptocracy as it was before 2014 into a free market democracy drawing closer to Europe. A successful, democratic Ukraine, part of a wider Europe, could be fatal to Putinism because such a Ukraine would show Russians that if the Ukrainians can succeed in such a transformation, so can they; that Putinism is not the only way for Russia.

To challenge the Free World's democratic, rule-of-law system, Putin seeks to assemble a counter-alliance of autocrats, to support extremists and nationalists to weaken the West, and to counter the United States on an opportunistic basis, wherever possible. This resembles Soviet political practice, though this time the Kremlin is happily supporting the right as much or more than the left.

The Trump administration's national security strategy argues that the world has returned to a period of great power rivalry, with Russia and China challenging the United States and its allies. The administration has a point, and I hope that it will seek, in a consistent way, to strengthen ties with our friends and resist the aggression of our adversaries.

Given this background, some believe that Russia will always be the United States' strategic rival, that its history condemns it to perpetual hostility to the United States and to the values which our country has championed for at least one hundred years.

I do not share this view. While relations with Russia are currently bad and may get worse, Russia's history suggests that if the West resists and Russian aggression abroad fails, Russia may turn to reform at home, accompanied by efforts to improve relations with the West to support its economic reforms and integration with the world.

A wise US policy toward Russia, therefore, would combine:

- resistance to Russia's current aggression, including by working with our allies;
- efforts to reduce the risks of destabilizing clashes, including military deconfliction and arms control where possible, but without unwarranted concessions or apologies;
- cooperation with Russia where our interests overlap (e.g., on the DPRK and the spread of weapons of mass destruction), without expecting too much, too soon; and
- the anticipation of, and planning for, potentially better relations with a better Russia.

That policy should not be unilateral, but undertaken with our allies in Europe and Asia, capitalizing on our great strength: if we work together, as we have since the end of World War II, the United States and its democratic allies around the world have the economic, technological, and military power to maintain a rules-based system that favors freedom and advances our and other nations' interests.

We must be determined, principled, and realistic. A strong, democratic, and peaceful Russia would be an asset to the world and a country with which we should seek and could sustain better relations. But to get to that better relationship with a better Russia, we must deal with the Russia we face today.

ELEMENTS OF RESISTANCE

Mr. Chairman, the invitation to this hearing requested recommendations "for US responses to strengthen deterrence and combat Russian coercion." Resisting Russian aggression is only one part of a full Russia strategy, but it is a critical part now.

I offer the following, not a complete list, as elements of a resistance strategy:

Strengthen NATO's Eastern defenses.

For twenty years after the end of the Cold War the United States drew down its forces in Europe, and many European countries allowed their militaries to decline. This was understandable: the Soviet Union was gone, we all wanted a "peace dividend," and Russia appeared to be an emerging partner. NATO grew to take in 100 million newly-free Europeans, enlarging the space of freedom, prosperity, and security, and in parallel opened new relations with Russia. For many years, the United States and its key allies believed we did not have to plan, or deploy, for the military defense of our new allies or ourselves against a potential Russian threat.

After the September 11, 2001, terrorist attacks against the United States, NATO and the United States focused on terrorism originating from outside Europe and launched two major missions in Afghanistan and Iraq. The Bush administration, with some basis, regarded Putin's Russia as a viable partner in the broader counter-terrorist effort and a benign presence generally.

As it turned out, hopeful US assumptions about Russia were mistaken. Russia's invasion of its neighbor, Georgia, in August 2008 was a warning, one the United States did not fully heed. It was not until Russia's invasion of Ukraine in 2014, including its attempted annexation of Ukraine's Crimea territory, that the United States and NATO reexamined their security assumptions.

Happily, at its three summits following the Russian invasion of Ukraine (Wales in September 2014, Warsaw in July 2016, and Brussels in July 2018), NATO finally pivoted, increasing the

strength of its deployable forces and deploying forces, as a form of deterrence, to the NATO members most vulnerable to potential Russian aggression. NATO's European allies have stepped up, with the British leading NATO's enhanced Forward Presence (eFP) forces stationed in Estonia, the Canadians leading in Latvia, and the Germans leading in Lithuania; the United States leads NATO's eFP battalion in Poland, stationed near the "Suwalki Gap" in Poland's northeast. In addition, the United States has stationed an armored brigade in Poland on a rotational basis.

The purpose of these deployments is deterrence: to demonstrate to Russia that it cannot hope to mount a sudden assault on NATO countries — either with conventional forces or hybrid, disguised forces, as when it attacked Ukraine using so-called little green men — without triggering a much wider conflict. These modest NATO deployments would be supported by national troops and rapid reinforcement of additional NATO forces.

The Obama administration deserves credit for leading NATO to make this shift and the Trump administration deserves credit for continuing, and even strengthening, this approach.

The direction is right. But more needs to be done to make good on this deterrence strategy. That means strengthening NATO and US capacity for rapid reinforcement, including through the right mix of stationing additional military forces and building more military infrastructure in Europe close enough to the scene of possible Russian aggression to be useful. It also means strengthening NATO and US cyber defense and deterrent capability, a process happily underway.

The US government and Poland have launched discussions about increasing the US military presence in Poland. This is a worthy initiative, and the Poles appear willing to carry their share of the burden (Poland's defense spending has crossed the NATO benchmark line of 2 percent of GDP). I support the Atlantic Council's recent recommendations[1] for putting in Poland a mix of rotational units, standing deployments, and permanent infrastructure, structured to keep the US presence in Poland integrated with NATO's overall defense plans for North Central Europe, including plans to reinforce the Baltic States, while strengthening the Alliance's overall defense and deterrence posture.

We need to keep our eye on the goal: an increase in NATO's ability to deter Russian aggression through in-place presence plus capacity for rapid reinforcement, focused on the most vulnerable NATO countries.

Defend against disinformation using democratic means

[1] "Permanent Deterrence: Enhancements to the US Military Presence in North Central Europe," February 2019, The Atlantic Council, Ambassador Alexander Vershbow (ret.), General Phillip Breedlove (ret.), and Lauren Speranza.

Russia's use of disinformation to interfere in the US presidential elections in 2016, documented in the Mueller Report, is only one piece of a broad Russian effort to use disinformation to destabilize Western societies generally. While many Americans became aware of such Russian tactics only in 2016, many Europeans, particularly Ukrainians, Estonians, Latvians, and Lithuanians, have faced such Russian methods for years. Spain, Greece, France, and the UK have faced intense Russian disinformation campaigns more recently. As many countries in the West have learned, Russian disinformation campaigns can work.

Moscow's employment of disinformation tactics — bots, state-sponsored trolls, inauthentic online accounts and false personas, and potential use of emerging techniques such as "deep fakes" and more — is cutting edge. Their disinformation army works with their intelligence service's computer hackers, overt propaganda such as *RT* and *Sputnik*, and their enablers in the West (in my day we called them "useful idiots"). Of course, Russian use of hostile propaganda and what used to be called "active measures" against the West date back to the Soviet period; we've dealt with this before. The Russians may be leaders in state-sponsored disinformation, but they will not be the last. China, Iran, and other state and non-state actors are following.

The democratic community — aka the Free World — needs to face the challenge of Russian and other forms of contemporary disinformation while remaining true to our democratic values and norms of freedom of expression. As we learned during the Cold War, we must not and need not become them to fight them.[2]

The bad news is that the United States, for a variety of reasons, has dithered in its response. The good news is that we and our democratic allies can manage the disinformation challenge. We have the means to fight disinformation using democratic methods, if we mobilize governments, social media companies, and civil society, and work with our democratic allies who face the same challenge.

Here's an action plan:

- *The US government* should focus on supporting and, as needed, enforcing the principles of *transparency and authenticity* on social media, not heavy content control. That means, for example, requiring full disclosure of the funders of political and issue ads (as suggested in the Honest Ads Act introduced in the last Congress), pressing social media companies to remove inauthentic accounts, mandating standard definitions of impersonator and inauthentic accounts across social media companies, and exploring ways to deal with the algorithmic bias toward sensational content, which leads social media users to extremism. The DETOUR Act just introduced in the Senate by Senators Warner (D-Virginia) and Fischer (R-Nebraska) seeks to address the problem of manipulation of users on social media. Its focus is on issues other

[2] See "Democratic Defense Against Disinformation," February 2018, The Atlantic Council, Ambassador Daniel Fried (Ret.) and Alina Polyakova.

than disinformation, but its effort to apply standards to social media suggest a useful direction for legislation.

The USG needs to *get organized* to contend with Russian and other disinformation. DHS, FBI, and the State Department (especially the Global Engagement Center) have expertise and mandates of different kinds. The USG now needs to designate a lead agency or official, perhaps standing up an interagency body such as a national counter-disinformation center.

The USG needs to work with its friends. The European Union is way ahead of the USG in addressing Russian disinformation. A best-case initiative could include standing up a *"counter-disinformation coalition"* of like-minded governments and including social media companies and civil society groups to pool knowledge, including in real time; and set common approaches, including regulatory standards as needed. While some of the information will be classified, civil society groups (like the Atlantic Council's Digital Forensic Research Lab or the Baltic Elves, Ukraine's Stop Fake, or EU DisinfoLab) are often the first to spot and best placed to expose Russian disinformation campaigns.

- *Social media companies* have moved beyond their initial denial of the problem, but need to keep cleaning up their platforms, including by establishing common transparency standards to deal with suspicious accounts or deceptive sites, and reassessing online anonymity. We have learned that "Angry Bob from Boise" may in fact be Ivan from the St. Petersburg troll farm (the Internet Research Agency) and we may not want to permit deception of this sort. Social media companies need to address the problem of algorithmic bias toward extremism. But because this may challenge their established business model, it may require regulation applied fairly to all social media companies to get them to move. We ought not have our social media companies acting as unwitting research arms or enablers for Russian intelligence.

- *Civil society groups* in Europe and the United States could be the heroes of counter-disinformation. They have proven themselves adept at exposing Russian disinformation campaigns, e.g., Russian hacking into the 2017 French elections and Russian lies about its 2014 shootdown of a Malaysian airline over Ukraine. Civil society activists — bot hunters, troll spotters, and digital Sherlocks — may be far more capable than most governments, and their work can be made public fast. They are natural partners and should be supported and brought into discussions of solutions.

Fighting disinformation can work, but long-term social resilience will work best. Action by governments, social media companies, and civil society can mitigate the disinformation challenge. But disinformation has been around since the invention of the printing press and will remain a part of the media landscape. The best long-term defense against disinformation is social

resilience. Teaching everyone — from civil servants to children — how to spot disinformation ought to be standard practice as much as public health classes.

Employ the sanctions tool wisely

In the face of Russian aggression in so many areas, the administration — and Congress — have turned to sanctions as a principal tool of the US response. Launched during the Obama administration and continued in the Trump administration, it's now a long list, including: extensive Ukraine-related sanctions, coordinated with the EU and key other allied governments; human rights sanctions through the original Magnitsky Act and now also Global Magnitsky (or GloMag), some Syria- and DPRK-related sanctions; and cyber/election interference-related sanctions. As mandated under the Chemical and Biological Weapons Act, the administration is reportedly preparing additional sanctions in response to Russia's attempted murder of two Russians in Salisbury, UK, on March 4, 2018.

In 2017, Congress passed a major piece of Russia-related sanctions legislation, CAATSA (Countering America's Adversaries Through Sanctions Act), and is considering additional sanctions legislation, including the Defending Elections from Threats by Establishing Redlines Act (DETER) and the Defending American Security from Kremlin Aggression Act (DASKAA), both reintroduced in updated (and improved) forms in this Congress.

Sanctions are intended to advance diplomacy by giving weight to our proposals, credibility to our threats, and leverage from which to negotiate. US sanctions programs against Russia are extensive, but this reflects the breadth of problematic Russian behavior, not US profligacy in the use of sanctions. Still, the scope of the United States' Russia sanctions programs across the legislative and executive branches is a challenge.

The objectives embedded in our Russia sanctions programs are worthy, but we need to decide what are trying to achieve, and with what priority. Do we want to use the threat of sanctions to push for a settlement in Ukraine that gets the Russians out? To deter Russia from interfering in next year's US presidential elections? To focus on Russian actions in support of Maduro in Venezuela? All of the above? Equally?

Sanctions escalatory options are finite. One sanctions option would be to target issuance of new Russian sovereign debt. This would be a strong step and doable. But we can only introduce this sanction once. And if we use it for one purpose, e.g., to push the Russians not to support Maduro, or as a response to Russia's use of a nerve agent last year in the UK, we cannot use it to support a Ukraine settlement or to deter the Russians from new election interference.

I am not suggesting that the United States use sanctions to pursue only one objective with Russia. But we need to think through how to use our escalatory options to respond to the many challenges that Russia's aggressive behavior poses.

This background suggests the following guide to Russia sanctions, including pending legislation:

Some sanctions options are ripe now, if handled with care. This category includes targeting corrupt Russian oligarchs close to Vladimir Putin (e.g., DASKAA Section 602/235). Perhaps inspired by CAATSA Section 241, (the "Kremlin Report" which identified Putin's power circles), DETER and DASKAA alike mandate a study of Putin's wealth, which could generate additional sanctions targets. These are good ideas. Studies identifying Putin cronies ought to be prepared now. Sanctions against them need not be rolled out all at once, but in response to particular Russian actions, with election interference and aggression in Ukraine high on the list.

However, even bad oligarchs may not be simple targets. Oleg Deripaska was a worthy target in many ways, but his vast holdings in the global aluminum industry also made him a complex target, as the administration discovered when it designated him in April 2018. The administration's leadership needed to think through the implications before, not after, making the decision to designate. Due diligence is not an optional virtue in sanctions policy.

Some options should be pursued now regardless of additional Russian bad actions, including restrictions on use of disguised funds, e.g., through non-transparent LLCs, for high-end real estate deals. This has been a channel for Russian (and others') money laundering. Because such Russian funds flow to New York, Miami, London, and various other European countries, it would be a powerful step (and even out the relative burdens) if the United States, the UK, and the European Union acted in concert. (DASKAA of 2018 Section 702 included such a provision, but it appears to have been dropped from DASKAA 2019.) We should not wait to pursue measures to reduce channels of potentially corrupt Russian (and others') financial flows.

Proceed with care on energy sanctions. Energy sanctions were originally designed to pressure the Russian economy by curtailing future Russian oil production, without causing a spike in near-term oil prices, which could give the Kremlin an unintended windfall. They avoided the gas sector, in part because of European and Japanese dependence on Russian gas, although technology restrictions on cutting-edge oil exploration also hit similarly high-tech gas field exploration.

The United States should maintain that general approach. Viable escalatory options thus include targeting future oil projects inside Russia (DASKAA Section 239B). DASKAA Section 237, which targets Russian LNG projects outside Russia, appears intended to counter Russian efforts to maintain gas leverage over Europe, and thus has strategic logic to it. Other provisions are less wise: DASKAA Section 239A targets energy projects outside Russia if supported by a Russian state-owned or parastatal company. But this measure could give Russia the ability to inject

"poison pills" into foreign energy projects by channeling funds, even disguised funds, from Russian state-owned or parastatal companies for the sole purpose of killing a project.

The Nord Stream II gas pipeline project is a bad idea. But the use of sanctions to attempt to kill it may cause too much collateral damage with Germany. Happily, efforts to mitigate Nord Stream's potential strategic damage are on track. These include secondary European gas pipelines allowing for "reverse flow" of gas into Ukraine from the West, which have reduced Ukraine's gas dependence on Russia; the introduction of the EU's Third Energy Package as binding on Nord Stream II, thus limiting Russian monopoly power over the project; Polish and Baltic LNG projects and pipelines from non-Russian sources; and discussions to guarantee a level of Russian gas shipments through Ukraine's gas pipelines, thus giving Ukraine steady gas transit revenues. Contingency sanctions may have a place in the enforcement of a prospective EU-Ukraine-Russia gas transit arrangement. In the meantime, Congress has been wise to hold back for now from explicitly targeting Nord Stream. For its part, Germany should increase its efforts to mitigate the potential strategic risks of the Nord Stream project. The so-called Three Seas Initiative, a Central European initiative supported by the United States, and now the EU and Germany, seeks among other things to thicken the web of energy interconnections in Central Europe; its progress would also mean the mitigation of Nord Stream's potential damage to European energy security.

Use our best sanctions options to achieve key goals. The DETER Act is aimed at preventing Russian interference in US elections. Its focus is laudable, but we should not give up our other objectives. I recommend sorting our biggest sanctions escalatory options into Ukraine-related and election-related.

- The United States should develop sanctions options to support renewed negotiations for a Ukraine settlement. When Ukraine's new president is ready, possibly after upcoming parliamentary elections, the United States should work with France and Germany (who, with Ukraine, have the lead in direct negotiations with Russia to end Russia's aggression against Ukraine) on a major diplomatic push. We should, coordinating with our allies, develop and hold additional sanctions in reserve, to use if the Kremlin refuses to engage seriously or escalates in Ukraine (as it did last fall in the Kerch Strait).
- We should develop separate election-related sanctions options as deterrence against another round of Russian election interference, including disinformation.
- Ukraine-related sanctions could include energy sanctions. Election/disinformation-related sanctions could include cyber and technology-related sanctions (including expanded and multilateral export control restrictions), and sanctions against banks and other entities associated with funding election interference. Other financial sanctions could be split, with restrictions on new sovereign debt in one basket and other financial sanctions, e.g., against designated Russian state-banks, in another.
- We should prepare viable sanctions escalatory options to be used promptly if the Russians intensify their aggression, either against Ukraine, the United States, or our NATO allies

using cyber or other means. The West's response to Russia's aggression in the Kerch Strait last fall was well coordinated but slow, and thus lost much of its punch.

- Human rights sanctions (Magnitsky and Global Magnitsky) should continue. These should be timed to discovery of actual abuses; volume is less important than choosing the right targets.

We should not, of course, give Russia a pass on sanctions violations in other areas (e.g., DPRK, Venezuela, and Iran), but should focus our escalatory steps where they can make the greatest difference.

Work with Allies. The United States imposed Russia sanctions, especially related to Russia's actions in Ukraine, in solidarity with its European and other allies, and our allies generally did their part. Putin may not have expected that European governments, given their varying views about Russia, would agree to impose meaningful sanctions or to sustain them. But they did. When they did, this international unity of purpose extended the sanctions' power and may have frustrated Putin's expectations.

Moving forward, the United States should choose Russian sanctions targets aware of their relative impact on the United States and European countries, as well as Japan, Canada, and other allied nations. Those impacts are not likely to be equal, but the United States should strive for some rough equity. US and European companies have taken hits from sanctions and should expect more in the future; companies should know by now that doing business with Russia carries extra risks due to the Kremlin's aggressive course. Nevertheless, both the executive and Congress should be aware of sanctions' costs before making decisions. We should make clear that we will enforce sanctions, including, if warranted, through action against European companies or our own for sanctions evasion. We must play it straight, however: we cannot let a narrative develop that US companies get off the hook while European companies get hit.

DASKAA includes language in support of cooperation with allies. This could be strengthened by giving the administration flexibility to apply even mandatory sanctions with respect to countries that are cooperating with the United States in maintaining a common sanctions policy on Russia. Some European countries, e.g., the Baltics, Finland, and Poland, have taken major economic hits from the multilateral sanctions against Russian aggression and the Kremlin's counter sanctions, but have remained strong on sanctions. The United States should have the flexibility to recognize this, case by case.

Maintain operational flexibility. The USG needs to retain the flexibility to remove sanctions should Russian behavior improve or should a sanction generate unintended (and unwanted) consequences. The United States, for example, needs to be able to fulfill its commitment to remove most Ukraine-related sanctions should there be an agreement that restores effective sovereignty of the Donbas and Ukraine's eastern international border to Ukraine. (Crimea-

related sanctions should remain in place while Russia occupies Crimea). Given the limitations imposed by CAATSA, this could be a challenge. While the reasons for CAATSA giving Congress a voice in decisions to remove Russia-related sanctions are understandable, the precedent CAATSA sets could weaken the effectiveness of the sanctions tool altogether, because for sanctions to be effective the executive needs the flexibility to remove them.

The USG's sanctions licensing authority (administered by Treasury's Office of Foreign Assets Control) is not a sanctions loophole. It is, rather, a safety net that allows the administration to proceed with sanctions actions faster than it would without the ability to correct for surprises or unintended consequences. It needs to be protected.

LEAD AND HELP FIX THE FREE WORLD

I want to end with two larger thoughts: the power of sanctions depends on whether they are embedded in an overall policy that works, is credible, and is consistently expressed. Russia policy has been a challenge for this administration, especially given some of the president's remarks, including during his Helsinki press event with Putin last summer. Nevertheless, the administration has at hand significant tools, and through wise legislation the prospect of more, to advance a strong policy of resisting Russian aggression, defending US interests and values, setting the stage for better days to come. It needs to articulate such a Russia policy and mean it.

But there is more. A strong Russia policy should be linked to an American Grand Strategy, which recognizes that a rules-based world that favors freedom is in the United States' national interest. At our best, we have recognized that our interests and our values advance together or not at all. The United States was different from previous great powers, exceptional, if you will, because we understood that our nation would do well when, and only when, other nations also did well. We were not interested in merely guarding a sphere of influence, like other great powers of the past. Instead, in a breathtaking display of confidence and vision, we understood that we could make the world a better place and do well for ourselves in the process.

Putin, and likeminded nationalists and despots, stand instead for nothing more than power. We saw the results of such thinking in the first half of the 20th century. The United States can do better. In fact, when the United States' time to lead came in 1945 and again after 1989, we did do better. And so did the world. Despite our mistakes, inconsistencies, and downright blunders, the United States' leadership has generated the longest period of general great power peace in human history, alongside unprecedented global prosperity.

Past success gives us no basis for complacency. Our current problems are severe, some of our own making.

But at the end of our current national debate about the United States' purposes in the world, I hope and believe that we will recall the values and purposes which have propelled US world leadership and produced so much good for so many.

Mr. Chairman, Ranking Member McCaul, I appreciate the opportunity to appear before you to discuss these issues and look forward to your questions.