

Sergei Kolesnikov Written Testimony
EE&ET Subcommittee Hearing
December 7, 2016

Ladies and Gentlemen:

I am speaking here not in a capacity of an academic or a politician, but as a person who was directly impacted by a system of the Russian corruption. Furthermore, I had a unique chance to observe this system from within and made a conscious choice not to become a part of it. I am not going to delve into details of my case, since it was well described in the article by Mr. David Ignatius of 2010, which is included in your package. I should add, that once I realized that the whole scheme was illegal and sent all the paperwork to then President Medvedev, my life was put under threat, and if not for a timely warning, I would probably, have ended up just like Sergei Magnitsky, except you would have never heard my name. I love Russia, it is my homeland, but because of my story, I was forced to leave it and live abroad.

What I would like to speak about is my first hand experience of working closely with senior Russian officials, and explain why Russian corruption is much more dangerous for the world and the U.S. interests, than corruption in Eastern and Central Europe and other nations of the world.

Indeed, corruption is all-pervasive, because it is a part of the human nature. It exists in France, Great Britain, Germany, and even the United States. However, as Aristotle and Hegel pointed out, it is the category of measure, which makes the key difference between good and evil. The scale of corruption, which permeated all levels of government top down to the lowest ones, creates a perilous precedent of the major nuclear power, where the whole chain of command over the weapons of mass destruction is a part of a vertically organized criminal system. Corruption in Russia is the cement, which keeps the vertical of power together.

Investigation by Alexey Navalny's Fund Against Corruption, many other journalist investigations in Russia and abroad, for example the Panama Papers clearly demonstrated the corruptness of the Russian government officials on all levels of power. Billions of dollars were discovered in the accounts, belonging to the friends of the president, relatives of the members of the government, governors and many other officials.

Russia's ruling regime's main goal is to preserve its power at any cost, in order to continue robbing Russia and her people. Credit Swiss' research demonstrated that 110 Russian oligarchs own 35% of all Russian national riches. At that same time, none of them built their business from the ground up. They have gotten their riches by capturing natural resources or enterprises, that were created by all the Russians.

The decline in the oil prices, sanctions, that were caused by the annexation of Crimea and war in Ukraine, contraction of the national economy, have caused a significant reduction in the national budget, and as a result, intensification of the internal fighting among the various forces for the access to these resources.

Recent broadly publicized arrests of Russian governors, police and military generals and even that of minister of economy is not an indication of an anticorruption campaign, but of an internecine fight of clans for access to the budget.

Corruption causes bad management and inapt economic policies, which in turn creates social and economic instability in the superpower with nuclear weapons. Steep decline of level of life in Russia needs to be justified. The Russian authorities resorted to a time-tested method of distracting its population by creating an image of an external enemy. And the enemy is the United States and its Western allies. Two days ago an official spokesman for the Russian Defense Ministry General Konoshenkov stated, to paraphrase, that the blood of the Russian servicemen is on the hands of the United States and it's allies, who have created and are supporting the terrorists.

Ladies and Gentlemen, I am not a politician. I have built a successful business in Europe. The reason for me accepting your invitation and speaking here is a desire to see my children's, all children's future in a safe and secure world, not imperiled by the actions of corrupt authorities.