



The Asset Episode 5: New Cold War

Producer:

Previously on The Asset:

Max Bergmann:

As Russian money was flying out of Russia, it poured in to this new Trump building. *Bloomberg* described Trump World Tower as being full of oligarchs.

Jonathan Winer:

And I saw this phenomenon of people buying massive numbers of unoccupied units in a bunch of major cities of the world, certainly including London and New York and Miami.

Max Bergmann:

Trump properties were exactly the sort of place that Russians were looking to park their cash. These 63 individuals with Russian passports or addresses had bought at least \$100 million worth of property in seven Trump-branded luxury towers in south Florida.

Sergei Millian:

They asked me to come meet Mr. Donald Trump in Miami. Trump team, they realize that we have lots of connections with Russian investors and they noticed that we bring a lot of investors from Russia. I became the official broker for Trump Hollywood.

Max Bergmann:

It's been Russian money that has kept Trump afloat and has kept him going. Russia, in effect, replaced his dad. But this relationship also meant that Trump was dealing with compromising figure after compromising figure and unlike in the US, those figures aren't independent businessmen, they are appendages of the Russian state, of the Kremlin, and therefore of Vladimir Putin.

Max Bergmann:

Episode Five: New Cold War. In 2004, Ukrainians went to the polls to pick a new president. They faced a clear choice between two guys named Viktor: the pro-Russian prime minister, Viktor Yanukovich; and an attractive opposition leader,



Viktor Yushchenko. One evening in the midst of the campaign, Viktor Yushchenko was invited to have dinner with the head of Ukrainian intelligence. He was apprehensive. Yushchenko was running for president to be an agent of change, to move Ukraine closer to the European Union, and the Ukrainian security services weren't exactly supportive. But he went. The men had a feast. They drank vodka and shared platters of fish, meat, and salads. But the rice—well, that was served in individual portions. And when Yushchenko went home that night and kissed his wife, she said his lips tasted metallic. And the next day, Yushchenko began to feel sick—real sick. His face became swollen, pockmarked, full of lesions, and gained a blue-pink coloring. His appearance changed dramatically. He was rushed to a hospital in Austria, where the doctors discovered he had been poisoned with a toxic substance called dioxin. Investigators said it was probably in the rice. But who was responsible, and why? According to Yushchenko, those involved in preparing the food all fled to Moscow and never talked to investigators. Russia refused to cooperate with the investigation, and in 2015, Yushchenko spoke in New York and said, “My poisoning took place because I had started taking steps toward the European Union. We have a neighbor who does not want this to happen.” But despite the poisoning and his disfigured face, Yushchenko didn't stop campaigning. He bravely forged on. By election day, it looked like he would win. But when the votes were tallied and a winner was called, it was a different Viktor who had won. It was Viktor Yanukovich. The pro-Russian, hardline prime minister had prevailed. But the fraud was blatant. The official vote differed greatly from the exit polls. And so, 500,000 orange-clad protestors took to Maidan Square in central Kiev.

[Newscast:](#)

Hundreds of thousands of pro-democracy Ukrainians in the streets today protested against the results of the presidential election, pitting their candidate, West-leaning challenger Viktor Yushchenko, against the pro-Moscow Prime Minister Viktor Yanukovich. They claim Yanukovich's victory was rigged, with reports of ballot stuffing and voter intimidation.

Max Bergmann:

The Orange Revolution had begun, and the phrase “color revolution” was born. The public outcry in Kiev was so loud that the Ukrainian Supreme Court annulled the results. They called for new elections, which were held under the watchful eye of international election observers. And this time, it was Viktor Yushchenko



that was declared president. And in Moscow, Putin seethed. I'm Max Bergmann, director of the Moscow Project and this is The Asset.

Max Bergmann:

Key to this story, the Trump-Russia story, is the fight over Ukraine's future. It is central to understanding why, in 2016, Russia would undertake such a brazen and risky assault on American democracy. For Russia, Ukraine is not just any other country. For Russian nationalists like Vladimir Putin, Ukraine is Russia. It used to be part of the Soviet Union and czarist Russia. Putin and his nationalist supporters even refer to certain regions of Ukraine as “Novorossiya,” or “New Russia.” I talked with Angela Stent, professor at Georgetown University and author of the new book *Putin's World: Russia Against the West and with the Rest:*

Angela Stent:

Most Russians, I think, have never really accepted that Ukrainians are a separate nation, really, or Ukraine's a separate country. You know, they've all been raised in the idea that, you know, the Russian state began in Kiev and that Ukrainians and Russians are sort of brothers, but the Ukrainians are the younger brothers, if we're going to use that analogy.

Max Bergmann:

So as the new Yushchenko government turned away from Russia and toward western Europe, the Kremlin felt it needed to do something about it. Here's Franklin Foer from *The Atlantic*:

Franklin Foer:

Viktor Yanukovych is their guy and Yanukovych was a, was a thug. He was jailed for beating up people. He was a very colorless politician. And, when he ran for president of Ukraine in 2004, part of the problem was that he had, he was a colorless Ukrainian politician whose consultants were Russians who had no experience running campaigns, and they ran these very heavy-handed campaigns. And so, it didn't work out well for him.

Max Bergmann:

So Moscow sought to give Viktor Yanukovych a makeover. And to help him, the Kremlin turned to an American political operative who had a record of cleaning up the image of autocrats around the world. America would later become well



acquainted with this man in 2016, when he became Trump's campaign manager. This is Paul Manafort. Manafort was an experienced political fixer and lobbyist who had worked for the presidential campaigns of Gerald Ford, Ronald Reagan, George H. W. Bush, and Bob Dole. But he found a new market for his talents: tyrants looking for an image makeover. And so, he started working for dictators like Ferdinand Marcos in the Philippines, or Mobutu Sese Seko in what was then Zaire. But Manafort had made some powerful Russian associates, in particular Oleg Deripaska, an aluminum magnate and one of Putin's closest oligarchs, and someone we talked about in Episode Three. And in 2005, the Associated Press reported that Manafort secretly worked for Oleg Deripaska on a plan to “greatly benefit the Putin government.” Manafort proposed a PR plan to improve the Kremlin's image inside the United States and Europe. And according to AP sources, Manafort received \$10s of millions that continued through at least 2009. Manafort also worked on the Kremlin's behalf in Ukraine. Here's Franklin Foer talking about what Manafort did for Viktor Yanukovich:

Franklin Foer:

People were kind of, they didn't really think it was possible for him to make a comeback. And so they bring in Manafort to, to work magic. And, he does.

Max Bergmann:

And what does he do exactly? What, what sort of magic? What does he have that, that could help Yanukovich?

Franklin Foer:

So like, think of a bunch of scruffy guys, in tracksuits and with bad haircuts and sweaty armpits, and they're hanging out in Viktor Yanukovich's headquarters, which was a former movie palace. And Paul Manafort walks into the room and he says, “Gentlemen, politics is not just what people hear with their ears. It's what they see with their eyes.” And he brings in a rack of Hugo Boss suits and brings in, make-over artists, hairstylists, and he takes these scruffy guys and he dresses them up so that they look nice. Yanukovich was a guy who was like this and suddenly he started to dress like Paul Manafort. He wore the same suits. He had the same haircut. Manafort is a guy who is a master of reading opinion polls, and so he was able to figure out what the right message and what the right issues were for Yanukovich and his party to bang-on on. And so, he brought a lot of techniques that wouldn't have seemed so, out there or sophisticated in an American context.



But Ukraine was still in the political dark ages, and so everything he did seemed revolutionary.

Max Bergmann:

With Manafort's help, Yanukovich ran for the presidency again in 2010. But this time he won, and Manafort got paid, bigly.

Franklin Foer:

Manafort was pulling in big bank, and it was done in a way where he was submitting the occasional bill, but it was, he'd slap a big number down and then one oligarch would go to the other oligarchs with a hat and say throw in \$1 million. And so, they'd all throw in \$1 million and the oligarch who has a hat would take \$1 million for himself as a tax. And then they would shove it into a bank account in a place like Kyrgyzstan or Cyprus, some sort of tax haven where presumably they had their own accounts and it was easy for them to dump money into Manafort's.

Max Bergmann:

Manafort also became a key player in the Yanukovich government.

Franklin Foer:

It's a political miracle that Manafort pulls off by rehabilitating the career of this, scruffy, colorless, post-Soviet politician. And when he gets elected, Manafort and his guys have hard passes that give them access to the, it's called walk-in rights, to the Chief of Staff's office and they're on conference calls constantly with Yanukovich's top people. And so, they're, they're helping set the agenda for the country.

Max Bergmann:

But Manafort didn't speak Russian or Ukrainian. He needed someone, he needed a right-hand man, and he had a guy named Konstantin Kilimnik. Some would call him his Russian brain. Others, including the Mueller team and the FBI, believed Kilimnik was a Russian agent. They called Kilimnik "a former Russian intelligence officer" and said he had ties to a Russian intelligence service and had these ties in 2016, something that Kilimnik has since denied. But under Yanukovich, corruption within Ukraine spiraled out of control. While Manafort and people close to the regime were living large, discontent was building, and in 2013, Ukraine suddenly faced a stark choice about its future.



[Newscast:](#)

Before the vote, European Union representatives in Ukraine's parliament refused to predict the outcome, perhaps with good reason. As the ballots were cast and counted, Europe's expectations were dashed. [Crowd chanting]

Max Bergmann:

Ukraine was being offered an Economic Association Agreement with the European Union, and Moscow scrambled to stop it. They feared that if Ukraine became closer to Brussels, it would go the way of the rest of Eastern Europe, into the EU, into NATO and turn them into close allies of the United States. So, the Kremlin countered with an offer of their own: an economic union with Moscow. Ukraine had to choose: Brussels or Moscow. It was one or the other.

[Newscast:](#)

With a key trade deal put on ice, Ukrainian supporters of integration with the European Union have been furious since Thursday. The last time Kiev crowds of this size was in the 2004 Orange Revolution, which brought pro-Europeans to power. Ukraine looks both West and East, geographically and culturally towards Europe and towards Russia.

Max Bergmann:

Yanukovych, after a period of indecision, ultimately caved to intense pressure from Moscow and rejected the EU in November 2013. And just like nearly a decade earlier, there was an uproar in Kiev. Many Ukrainians wanted a future associated with Europe and the liberal democratic values and economic prosperity it represented, not the corrupt strong-man rule that was associated with Russia.

[Newscast:](#)

[Crowd chanting]

Max Bergmann:

And so, once again, Kiev erupted and people took to Maidan Square to protest. But they didn't just protest once or twice. They stayed. They occupied the square for months, in the winter, in Ukraine. They stayed despite the cold, despite the snow, and they created a tent city in the heart of the Ukrainian capital. The



protesters were praised by the West. Senior Obama administration officials and US politicians went to visit the protesters that winter.

[Sen. John McCain:](#)

Privyet Ukraine! People of Ukraine, this is your moment. This is about you, no one else.

Max Bergmann:

After trying to ignore the protestors, by February, Moscow was breathing down Yanukovych's neck. Putin was just a few hundred miles away in Sochi for the Winter Olympics. The Olympics were supposed to be a shining example of Russia's re-emergence, and the protests in Kiev of were spoiling his party.

[Newscast:](#)

The slopes of Sochi are far from the violence of Ukraine, but for Olympic skier Bogdana Matsotska, the turmoil in her homeland is just a phone call away. Now she's withdrawing from Friday's slalom competition.

Bogdana Matsotska: [translated] My friends are there at the Maidan, people I know, close friends of mine. To go on the start line when people are dying and when the authorities broke the main rule of the Olympic competition, which is peace, I simply cannot do it.

Max Bergmann:

Protests had spread around the country and clashes with riot police were increasing. Barricades had been erected throughout the city. And so, on February 18, Yanukovych sent in government forces to retake the square. Clashes took place for days. And then, live ammunition was authorized, and government snipers started picking off protestors. Nearly a hundred people were killed. The protestors didn't flee. They stayed, and Yanukovych and his regime lost its nerve. They ran for the exits. Yanukovych fled to Russia, and just like that, the regime was gone.

[Newscast:](#)

And then yesterday, Yanukovych himself, whose whereabouts we're not sure of, popped up on television and said that he is still the president. I think the reality is that with Ukraine security forces now apparently in support of the protestors,



Yanukovych will sooner or later have to acknowledge defeat.

Max Bergmann:

The revolution had succeeded. Crowds descended on Yanukovych's now-vacant, palatial, 300-acre dacha outside of Kiev, which had a gold toilet, its very own pirate ship with a restaurant, and a zoo. That's right, Yanukovych had a zoo. The estate is now a tourist attraction. When Yanukovych fled, all of this chaos seemed to confirm Putin's worst fears. He may have stood by in 2004 when Ukraine went toward the West, but not now. Russia was resurgent. It had just hosted the Olympics, and over the past 10 years, grievance after grievance toward the West had built up, as had Putin's paranoia, and he was going to act.

Max Bergmann:

Protect the Investigation is a nonpartisan initiative to educate the American people about the importance of the Special Council investigation and its findings. You too can join Protect the Investigation in demanding that the Justice Department release the full report of Special Counsel Robert Mueller's investigation. Go to www.protecttheinvestigation.org to sign up now.

Max Bergmann:

Since the collapse of the Soviet Union, when Boris Yeltsin had stood on that tank, the United States, both Republican and Democratic administrations had sought to integrate Russia into the West, into Europe, to help make it a liberal democracy, to make it a normal country. Now, this was going to be a process. It wasn't going to be easy, but it seemed like, at least initially, Russia shared this goal and would over time become a part of the West. This was the hope when, in 2001, President George W. Bush, in one of his first trips abroad, met the new Russian leader:

[George W. Bush:](#)

I looked the man in the eye. I found him to be very straight forward and trustworthy and we had a very good dialogue. I was able to get a sense of his soul.

Max Bergmann:

There was concern about Vladimir Putin, about his KGB past. But Bush said he looked into Putin's soul and trusted him. Here's Angela Stent.

Angela Stent:



So then he meets President Putin and President Putin, you know, was a KGB agent. He'd obviously done his work. And unlike these west European leaders, Putin was very respectful. He also was wearing a cross at the time and he then, a crucifix, and, you know, all right, he's a former KGB agent, but that's a long time ago. And he then tells President Bush a story about how this crucifix was in a house that burnt down and the only thing that didn't burn down was a crucifix. Now he obviously understood, President Bush is a religious man, and so apparently, they had a conversation about that. So, a cynical person would say that Mr. Putin had done his homework and he knew what to do and say. And that is, I think, what produced President Bush's remark about his soul. Although to give President Bush his due, he does in his memoirs say that he later came to regret the remark.

Max Bergmann:

After 9/11, Putin was the first leader to call President Bush to offer condolences and there was a sense that joint US-Russian and efforts to combat the shared threat of terrorism could be the cornerstone of a new partnership. But after 9/11, America's focus on cultivating a new relationship with Russia took a backseat to the global War on Terror and wars in Afghanistan and Iraq. Putin came into office wanting to restore the standing of Russia on the global stage, but from the beginning of his tenure as Russian president, he had been dealing with one blow to Russia's prestige and influence after another. The US unilaterally withdrew from an arms-control treaty, and then, the Bush administration invaded Iraq, ignoring the views of Moscow. And there were also these color revolutions that kept popping up. Here's Angela Stent:

Angela Stent:

The other aspect of the Iraq war was, was the principle of regime change, that the United States believed it could go in to another country if it didn't like the government and put someone else in power. And then there were the color revolutions. So, both in Georgia in 2003, in Ukraine in 2004, the Russians saw this phenomenon of people going out in the streets and toppling their own government which they believed was corrupt and authoritarian. They saw the hand of the United States behind that and they thought, you know, if Ukraine today, what about Russia next?

Max Bergmann:

This feeling of insecurity triggered paranoia in Putin. He blamed the United



States for what he saw as an intentional effort to destabilize his neighborhood, deploying its “color technologies.” In other words, to Putin the CIA and the US government had these tools, this technology, that they could use to create color revolutions. To Putin, these revolutions weren't organic, they weren't because the people were upset with corrupt autocrats. No, they were artificial, created by the US government with their quote-unquote “color technologies.” Putin believed that all the US development and democracy assistance going to NGOs and Russia was meant to undermine him. When the Cold War ended, the US undertook significant funding to try to help these former communist states become normal functioning democracies. The funding would help these countries hold elections and provided support for civil-society groups. So the US provided funding and technical support to groups concerned about the environment, to church groups, and to groups with political goals. The Peace Corps, for instance, had a big presence in Russia. But for an old KGB hand like Putin, these US-funded groups were seen with increasing suspicion, especially as people started protesting and instigating these color revolutions in former Soviet states. Putin saw a throughline between their work and these revolutions. The great irony, though, is that few in Washington saw the same connection. These same aid groups that Putin says were causing revolutions were also having difficulty justifying themselves as lawmakers and Congress struggled to see the impact of the funding. Here's Angela Stent.

Angela Stent:

As he consolidated power more and more he saw, you know, Western-sponsored NGOs as more and more threatening to Russia, so that Russia several years ago passed a Foreign Agents Law. You know, the International Republican Institute and National Democratic Institute, they've all been thrown out of Russia. The USAID was thrown out of Russia. And so, Putin sees this, you know, as a threat to his own authority.

Max Bergmann:

So seeing a threat, these groups were monitored pretty heavily within Russia. And one person who may have been used by the Kremlin to do just that is that guy Konstantin Kilimnik, the man who would later become Paul Manafort's Russian brain. Kilimnik had allegedly worked for Russian military intelligence, the GRU, as a translator. And in the 1990s, he started working for the International Republican Institute, a pro-democracy foundation associated with



the Republican party. Here again is Franklin Foer:

Franklin Foer:

I heard stories like, he was always very insistent to go meet with Russian dissidents and, if he didn't go, he would pitch a fit and that really set off some alarm bells. And a lot of the Russians in the IRI office thought he was a spy. And so, he ultimately got fired from the IRI.

Max Bergmann:

The New York Times reported earlier this year that two former colleagues of Kilimnik said that he was fired in 2005 because it was suspected that he had leaked information about the Institute to Russian intelligence. Toward the end of Putin's second term, he felt neglected and disrespected by the United States. Iraq was a disaster. The US had pulled out of arms-control treaties, invited Russia's neighbors to join NATO, and you know, the US seemed to be really up to something with these color technologies. Russia was now also stronger. Fueled by a massive upswing in oil and gas prices, the Russian economy was booming. And so Putin took the stage in 2007 at the Munich security conference, one of the big global national security events of the year, and slammed the United States. Angela Stent points to this key moment when Putin started to push back.

Angela Stent:

It was quite a moment. I mean, he stood up on the podium, it's the only time he's ever been to this conference, and then he suddenly, he sort of said at the beginning, "I'm not going to be very polite," and then he launched into this where he lambasted the United States for trying to just set the unilateral rules globally, for not listening to what any other country says and for causing chaos.

Max Bergmann:

But Putin was also approaching the end in 2008. He had hit his term limit. There were rumors whether he would change the constitution and stay, whether he would retire. But Putin decided not to do either. He didn't change the constitution like a dictator. He announced, for the next election, he would swap places with his prime minister and protege, Dmitry Medvedev. And in the 2008 election, Medvedev became the next president of Russia. Here's Angela Stent:



Angela Stent:

He was a younger man. He did not come from a KGB background, and he was the one who negotiated with President Obama and they seemed to get on quite well, you know, famously eating hamburgers together at a great hamburger joint in Arlington, Virginia.

Max Bergmann:

Washington breathed a sigh of relief and the new Obama administration saw an opening to hit the reset button with Russia and with Medvedev. And so, the reset with Russia was born. But despite the switch in position, Putin was still the main power center in the Russian government. Here's John Sipher, a former CIA official who focused on Russia:

John Sipher:

They continued to mess with us and screw with us, even prior to 2014. If you remember, they invaded Georgia. I think the Obama administration thought they could deal with Mr. Medvedev and they did the reset and all these other kinds of things but it didn't work because essentially Putin controlled things.

Max Bergmann:

I talked with Heather Conley, former Deputy Assistant Secretary for European Affairs during the Bush administration and co-author of the report *The Kremlin Playbook*:

Heather Conley:

In 2009, just as the Obama administration was settling in, a group of central and eastern European leaders, most of them, former prime ministers, presidents, foreign ministers, defense ministers, I would call them really great friends of the United States, wrote an open letter to the president, which is a very strange form. These are good friends that could communicate well with a variety of senior US government officials, but they wrote this open letter. The motivation for the letter, they were extremely distraught about the Obama administration's reset policy six months after the Georgia-Russian conflict in August of 2008. But in this longer letter, there was a sentence that really jumped out at me and it said, paraphrasing, that Russia was using overt and covert means of economic warfare. I mean, they put it in the terms of warfare. And this was being used to change the transatlantic orientation of these countries—in other words, to turn them away from Europe,



from the United States and towards Russia. And to be honest with you, it was like, well, could that even be possible? Could a pattern of economic influence so contort, capture if you will, capture the state and lead them into a direction that's actually against their national interests, but in support of the Kremlin's interest?

Max Bergmann:

But there were also positives during Medvedev's tenure and for the reset. The Obama administration was able to conclude the negotiations and ratify the New START arms-control treaty, and Medvedev did not veto the UN Security Council resolution that approved the intervention in Libya. This was the campaign that was intended to protect the civilians in Benghazi from annihilation from dictator Muammar Gaddafi. But it was in fact this decision from Medvedev that drew Putin's ire. 2011 was a year of revolution. The Arab Spring, which began in Tunisia in February when a vendor lit himself on fire, spread throughout the Arab world to Egypt, Syria, Bahrain, and Libya. These popular uprisings against old, stodgy, autocratic regimes were terrifying to the Kremlin and they saw the hand of the United States. Here again is Angela Stent:

Angela Stent:

We also know then, for Putin, that what came unstuck was during the civil war in Libya and was the fact that, Dmitry Medvedev agreed to have Russia abstain from a United Nations Security Council resolution, which enabled the, you know, the West to get involved and NATO to get involved, in a no-fly zone over Libya. And, of course, that led in the end to the demise of Muammar Gaddafi in a particularly brutal way, which Putin has spoken about.

Max Bergmann:

And when Gaddafi was pulled out of a culvert and beaten and shot to death on camera by rebel forces in October 2011, Putin reportedly watched the video again and again. Perhaps he could see himself in that video.

Angela Stent:

So in September of 2011, Putin just stood up in a party congress and announced that he and Medvedev were going to switch places again.

Max Bergmann:



Then in December 2011, Russia held parliamentary elections. Putin's United Russia performed well, but the elections were immediately seen as fraudulent. These elections were probably no more or less fraudulent than any previous Russian elections. However, Russians now had smart phones, and those smart phones had cameras and Russians took cell phone videos of blatant fraud in the polling stations and spread them all over social media. Russians then took to the streets in the largest demonstrations since the fall of the Soviet Union. One hundred thousand people turned out in Moscow with signs reading "Russia without Putin" and "Putin is a thief."

[PBS Frontline:](#)

By late 2011 protests were breaking out in Moscow just outside the Kremlin.

More than a hundred thousand people came out to say, "No, enough, we are fed up with this." This was the largest demonstration held in Russia, in Moscow, since the Democratic Revolution of August 1991.

So, the Russian people reacted to that by going out into the streets with signs that said, literally, "President Putin must go."

Max Bergmann:

Secretary of State Hillary Clinton gave a statement:

[Hillary Clinton:](#)

We do have serious concerns about the conduct of the elections. We think that the preliminary report just issued by the OSCE international mission raised a number of questions about the conduct of the elections.

Max Bergmann:

Putin was irate. To Putin, Hillary Clinton was trying to take him down, trying to interfere in Russia's election. He took to the microphone and said, "We need to look at ways to protect our sovereignty from interference from the outside. I looked first at the reaction of our American partners and the first thing the Secretary of State did was give her opinion about the election. She said they were dishonest and unfair. She set the tone for some of the activists inside our country. She gave them a signal. They heard that signal and started actively working with the US State Department."



Angela Stent:

And that apparently really shocked Putin. And then how do you explain that? So of course, Hillary Clinton at that point did criticize the reaction to these demonstrations and things like that. And so, it's much easier to blame the United States. So then it's, you know, they said that Hillary Clinton had paid every demonstrator, you know, on the Bolotnaya, which is where they were demonstrating, however many dollars, I can't remember, per day to demonstrate. So it was easier to attribute this to the United States. So I think that's when the relationship really began to deteriorate seriously.

Max Bergmann:

Now, while the US has certainly meddled in country's internal politics in the past, let's be clear: There is no special CIA color revolution button. In fact, almost all of these sudden revolutions have caught the United States completely off guard. The United States and the CIA were not the reason people took to the streets and risked their lives. They did it because they wanted a different future for their country. Putin's embrace of this conspiracy was also in keeping with KGB tradition to inflate the capabilities of the US and stoke resentment against the West rather than taking a good hard look in the mirror. Here's John Sipher:

John Sipher:

If you look at the Soviet and the Russian intelligence services over the years, they've always had, you know, amazing intelligence and amazing collection and amazing spy services and espionage services. But the one thing they were always terrible at is translating that amazing intelligence into analysis that their leadership understood. And so the piece of the analysis of that information was always bad because the leaders were so insular and they grew up through this, you know, conspiracy thinking, you know, killing off their rivals system that they just couldn't really understand this information if it didn't fit into their, sort of, worldview.

Max Bergmann:

And in the spring of 2014, with Ukraine slipping from his grasp, believing the US was once again coming for him, Putin was going to do something.

Max Bergmann:

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Max Bergmann:

In late February 2014, in Ukraine, the Yanukovich regime had simply vanished in the night. There was jubilation in the streets of Kiev. A new democratic future with Europe now seemed possible. Yet in the Ukrainian region of Crimea, something really troubling was afoot. “Little green men,” soldiers with no insignia, started to appear on the streets.

[Newscast:](#)

This morning, more unidentified pro-Russia armed militias patrolling the streets of Crimea's capitol.

These troops are standing guard just a few hundred feet away from a Ukrainian naval base. They have twice asked the base command to surrender. So far, they have refused.

This column of armored personnel carriers roaming the roads here in Ukraine's Crimea [...] while these shadowy, pro-Russian forces here violently took over government facilities. It has fueled civilian unrest across eastern Ukraine.

[Newscast:](#)

Yeah, they don't want to say anything. They're not wearing any insignia, but it's pretty clear that they're Russian.

Max Bergmann:

Here's Angela Stent:

Angela Stent:

I think if you put, you know, the best interpretation on that, from the Kremlin's point of view there was really a concern then that Ukraine might join NATO, and that, for instance, Crimea, which was part of Ukraine, might then have NATO ships in it, and that was seen as a real threat. And that's when of course you have the



Russian, you know, irregular troops, the “little green men” moving in and taking over Crimea. There were Russian troops in Crimea because the Navy, the Black Sea Fleet, was divided between Ukraine and Russia. So they had Russian service people there. But what they, but instead of sending in people in uniform to take over Crimea, suddenly these men would show up somewhere in green fatigues, but with no insignia on them and take over buildings, and take over ships and things like that. And then, you know, people woke up the next morning to realize that, you know, there were all these people occupying different buildings. And so, it was a kind of a stealth way of taking over Crimea.

Max Bergmann:

The operation was basically bloodless. Yet the world was in shock. This was the most blatant land grab in Europe since World War II. The West was stunned. But Putin didn't stop with Crimea, he went further. Next, he set his sights on eastern Ukraine. Armed separatists started seizing buildings, controlling towns. Here again is Angela Stent:

Angela Stent:

You get the launch of a war in southeastern Ukraine, which continues today. It's not a frozen conflict. People are still dying. And there again, there are no Russian uniformed troops there that one can see, but there are obviously Russian mercenaries fighting there. There are irregular Russian troops or whatever you want to call them, mixed in with, separatists that live there. You have plausible deniability. The Russians at one point said, “Oh, these people were soldiers on vacation and they wanted to fight their while they were on vacation.”

Max Bergmann:

Franklin Foer described how Russian forces then moved into eastern Ukraine:

Franklin Foer:

It would just, it was an illegal invasion of the country that was never really announced as an invasion. It was done in this very postmodern sort of way through proxies and disinformation. And still, the Russians don't really acknowledge their control over eastern Ukraine, although they've talked about issuing Russian passports to residents of eastern Ukraine.



Max Bergmann:

Domestically, this was a huge win for Putin within Russia. His approval rating spiked. But after initially being rattled, the new Ukrainian government, as they were trying to figure out who had what job, rallied, and they fought back, and they fought back hard. By late summer 2014, the Ukrainians were on the verge of retaking eastern Ukraine. They were actually winning. So Putin escalated. While still denying he had any involvement, Russian forces, tanks, anti-aircraft weapons, poured over the border. Regular Russian forces started beating back the Ukrainians, and advanced Russian weaponry went to the separatist groups.

[Newscast:](#)

The situation in eastern Ukraine is getting closer and closer to open warfare. NATO says pictures like these show Russia is to blame. Tanks and military hardware crossing the border along with Russian combat troops.

We have seen the same thing that OSCE is reporting. We have seen columns of Russian equipment, primarily Russian tanks, Russian artillery, Russian air-defense systems, and Russian combat troops, entering into Ukraine.

Max Bergmann:

And when you give really advanced anti-aircraft missiles to poorly-trained forces, well, bad things can happen. Really bad. On July 17, 2014, a Malaysian Airlines plane was shot down over eastern Ukraine by Russian-backed forces using Russian weaponry. Everyone onboard the plane was killed—all 298 people from 11 different countries, including 193 Dutch citizens. Putin's reckless military aggression had just cost innocent European lives.

[Newscast:](#)

More details have emerged over the Malaysia Airlines plane that crashed in eastern Ukraine after being shot down, killing 298 passengers onboard. The Boeing 777 with the call name MH17 was heading from Amsterdam to Kuala Lumpur at an altitude of 33,000 feet when it lost contact on Thursday afternoon. Ukraine says the plane was shot down by pro-Russian separatists in the rebel-controlled area of the country near the Russian border.

[Newscast:](#)



The joint investigation team concludes the Buk-TELAR that shot down flight MH17 originates from the 53rd brigade from Kursk in the Russian Federation.

The latest video presentation by Dutch-led international investigators goes further than ever in suggesting Russian culpability for the death of the 298 people who were killed.

[Newscast:](#)

Dutch crash investigators today confirmed what many Western countries have long alleged: that a Russian-made Buk missile brought down the Boeing 777 with 298 people on board.

Max Bergmann:

But in a pattern that would become familiar, Putin lied. The Kremlin threw out theory after theory. First it was Ukrainians did it, then the CIA. They even initiated a disinformation campaign targeting the Netherlands, deflecting blame from Russia. But everyone knew it was Russia. But still, this had an impact. It sowed doubt and muddied the waters. You just have to look at the comments from one prominent US politician:

[Donald Trump:](#)

You know, they say it wasn't them. It may have been their weapon, but they didn't use it, they didn't fire it. They even said the other side fired it to blame them. I mean, to be honest with you, you'll probably never know for sure. They're saying it wasn't them, the other side says it is them, and we're gonna go through that argument for probably for 50 years and nobody's ever going to know.

Max Bergmann:

This was a huge strategic error. It was an own goal for Putin. Europe had been internally divided toward Russia, with many EU states like Italy, Germany, and France often adopting a softer line toward the Kremlin. But the downing of the airliner and the invasion of Ukraine had succeeded in uniting the US and Europe on the need for a strong bout of economic sanctions. And these sanctions were going to hurt.

Max Bergmann:



Back in 2008 a Russian lawyer by the name of Sergei Magnitsky uncovered a \$230 million tax-fraud scheme that benefited Kremlin officials. Magnitsky was arrested and thrown in jail, where he was beaten and tortured, and he ultimately died in jail in 2009. In 2012, the US enacted the Magnitsky Act, which sanctioned Russian human-rights violators. The legislation specifically targeted Russian officials linked to his death, including members of the security establishment. The sanctions froze assets abroad and prevented them from traveling to the United States. And these sanctions got to Putin by targeting those around him. But Putin didn't have very many ways to respond to Western sanctions. Russia, after all, was no economic juggernaut. Under Putin, the country was flush with oil and gas money, but that was largely squandered on the oligarchs. Russia didn't make many things the West needed or buy many things. The country was poor, and it was a small market. But Putin responds. That's what he does. And in retaliation he opted for a response that was as strange as it was cruel. He banned a program that allowed Americans to adopt Russian orphans, most of whom were sick or disabled. Adoptions would later become code for sanctions. So when Donald Trump Jr. had to explain what he was doing meeting with a Russian government official in Trump Tower in June 2016, he said adoptions. After Crimea and the shutdown of the Malaysian airliner, a new bout of sanctions was going to hit even harder. I talked with Eddie Fishman, a former State Department official who helped develop the sanctions against Russia:

Eddie Fishman:

In March of 2014 was when Russia invaded and annexed Crimea. Pretty quickly, a military response was ruled out. As you might imagine, there's not so much of an appetite to saber-rattle against Russia and the US government and for good reason. And so sanctions were almost a default option. You know, it's sort of another tool of coercion that the US has. The Russian economy is actually quite, or at the time at least was quite intertwined with that of the US and particularly Europe. So, from a sanctions perspective, it was, it was a target rich environment and there were sort of a lot of ways for both the United States and our European allies to apply economic pressure on Russia.

Max Bergmann:

Included on the list of targets were Russian oligarchs close to the Kremlin. These sanctions were much tougher and much more widespread than the



sanctions levied in 2012. This was a significant step. With the new sanctions in place, a flaw in Putin's deal with the oligarchs was exposed. How can you run a protection racket if you can't provide protection?

Eddie Fishman:

There's sort of a second vector of the Russia sanctions that the United States and Europe actually imposed before it got, we escalated to the sectoral sanctions. And the idea behind going after, it wasn't technically oligarchs, it was actually more specifically defined as cronies. So, it was oligarchs who were, especially close to President Putin, and, you know, many of whom had played roles in shaping President Putin's Ukraine strategy. So, those, those sanctions were deployed much sooner, so, you know, in the April and May time frame. Some of the people who came under those sanctions were Igor Sechin, who was the CEO of Rosneft, the Rotenberg brothers, Arkady and Boris, and Gennady Timchenko, all of whom, you know, the US government deemed part of Putin's inner circle. And I think the theory of the case behind the sanctions against the Putin cronies was that there had to be a cost to those who were benefiting from Putin's corrupt rule. And in fact we saw that cost develop fairly quickly, especially, you know, when the European Union, got on board, you know, many of these individuals had held properties and significant assets in Europe. So for example, the Italian government, in September of 2014 I believe, seized a hotel and several villas, in Italy.

Max Bergmann:

Economically, the sanctions took effect at the same time as a massive drop in global energy prices. And remember, energy is the main driver of Russia's economy. The double hit had a devastating impact on Russia's economy, and it caused a steep decline in GDP, a record-low ruble, and a drop in capital investment. But just as surprising was the limited blowback on the global economy. Here again is Eddie Fishman:

Eddie Fishman:

When the United States first imposed the sanctions in 2014, Russia was by far the largest economy that the US had ever sanctioned. And in fact, it was larger than all other economies that the US had sanctions on combined. So, this was a wholly sort of new project for US foreign policy. We'd never attempted to deploy this tool against such a large economy. And what we saw, especially in terms of the sectoral sanctions, was pretty significant macro-economic effects. So right away, in 2014,



the Russian economy sort of immediately started to fall. The GDP of the country contracted that year, and the ruble lost over 50% of its value within six months of sanctions being put in place. The IMF has estimated that the Russian economy has lost 9% of its GDP because of sanctions. So I mean, the effects were quite substantial.

Max Bergmann:

But that wasn't all. Putin was also going to be put in the diplomatic penalty box. Russia was going to be made a pariah state. It became diplomatically isolated, kicked out of the G8, the exclusive club of major economic powers, and had a major summit in Sochi canceled. There were a series of awkward meetings, such as the G20 in Australia, where Putin was placed at the end of the photo spray. Humiliated, Putin left a day earlier. Russia also soon suffered a major international embarrassment when a massive doping scandal was revealed in those Sochi Olympics, erasing much of the PR gains from hosting the Olympics the previous winter. Russia had actually used the FSB, its intelligence agency, to break into the Olympic drug-testing lab to replace the urine of doping Russian athletes. Prior to the Olympics in Brazil in 2016 and Korea in 2018, Russian athletes were banned. And of course, Putin decried this as a plot against him and Russia. Now, why would Russia have a state sponsored doping program? Because international competition was seen as a way to build prestige, and now, Russia's was in the toilet. It was a pariah and its economy was in trouble. But Putin hits back. He's a counter-puncher. He needed to act. The problem, however, again, is that Russia's economy was relatively weak. It had a gross domestic product roughly equal to that of New York state. And Putin tried retaliatory economic sanctions, implementing a broad ban of food products from the US and Europe and barring a handful of American officials from traveling to Russia. But the ban had a minimal effect, and actually caused food prices to rise in Russia. And the American officials were not particularly troubled or bothered by not being able to travel to Russia. Russia simply didn't have the economic or political might to compete with the West on an even playing field.

[Newscast:](#)

A "cheesed-off" Russia has bulldozed tons of western food products, including cheese and bacon. Moscow has tried to keep "gouda" on its promise to ban various western agricultural products in response to US and EU sanctions.



[Newscast:](#)

The decision by senior Russian officials to destroy seven tons of illegally imported cheese is part of Moscow's ban on many western foods. The anti-western food campaign began last year as retaliation against sanctions imposed on Moscow by the EU, the US, and its allies over the conflict in Eastern Ukraine.

Max Bergmann:

The view in Washington in 2015 and 2016 was that Russia was on the ropes, that the sanctions and diplomatic slights would get Putin to back down. The united US and European response and the sudden and abrupt strengthening of the US military presence in Europe would settle things down. Diplomatic negotiations over Ukraine were underway. Russia was boxed in and things would largely go back to the way they were. For the West, the sanctions weren't the start of some new Cold War, but it was an effort to teach Russia a lesson and to get it [to] stop being such a jerk. But to Putin, there was no going back. The gloves were off. This was the start of a new Cold War. And after seeing how he couldn't hit back symmetrically with economic sanctions, he would need to get more creative and hit back asymmetrically, where the West was vulnerable and where they least expected it. And this is where Putin's judo and KGB training would come into play. Here again is Angela Stent:

Angela Stent:

In judo, even if you're physically weaker than your opponent, if you understand their weaknesses and you can take advantage of their own distraction, you can in fact prevail over them. And I think we can see in many situations, at least in terms of Russian foreign policy more recently, where Russia has been able to take advantage of western inaction, mistakes made by the West.

Max Bergmann:

And what Putin saw is that the West's biggest strength was also a potential weakness. While Putin conspiratorially saw the hand of the United States in all these liberal color revolutions, he was not wrong to be paranoid, and in some ways he was not completely wrong to blame the United States. The United States did in fact have something to do with all of these liberal revolutions emerging around him. While there was no CIA protest button the US could push, as Putin feverishly seemed to imagine, there was the image of the United States, the image



of the world's superpower, the strongest and wealthiest nation on earth, existing as a free and open democratic society. And to make matters worse for Putin, that model, that image, of a free and open democratic society wasn't just of the United States anymore, it was of Europe too, and that model was now on Russia's doorstep. The EU and its 20-plus democratic states were incredibly prosperous, even the former Warsaw Pact countries. Citizens in Ukraine and Georgia, and in Russia, could look at their western neighbors—the Baltic states, Slovakia, Poland, Romania—and see them becoming wealthier, becoming freer, and they wanted that. If Poland could be in the EU, why not us? If Latvia could be in the EU, why not us? If they can have freedom and democracy, why not us? Why can't we have what they have? So Putin was right to be paranoid, because the United States and Europe didn't need some special intelligence tool to create color revolutions and undermine Putin's control. They could simply do that through the power of their example. Just by existing and by thriving as democratic societies, they could inspire the oppressed to want something better, to demand something better, and to take to the streets and to occupy a square to get something better. So for Putin to protect himself, invading Ukraine, murdering dissidents, wasn't going to be enough. He needed to undermine the source of this inspiration. He needed to tarnish the image of the West, to tarnish the image of democracy. And to do this, Putin brushed off the old KGB playbook, which had for decades sought to exploit the openness of the West to turn the West against itself. An old KGB General even commented that, "If the West didn't have press freedom, we would have to invent it for them." Putin was about to unleash a modernized, 21st-century version of a Soviet-style active-measures campaign. This was political warfare against the West, and especially the United States, and we didn't know what was about to hit us.

Max Bergmann:

Episode Six of *The Asset* will be back in two weeks. Tune in as we break down how Russia, and previously the Soviet Union, cultivated western politicians, diplomats, and businessmen to use as assets in their efforts to undermine the West. In the meantime, next week you'll get to hear my full, unfiltered interview with Bloomberg's Tim O'Brien, author of *Trump Nation*.

Tim O'Brien:

Well, I have a long, strange history with Trump.



Max Bergmann:

We go deep into Trump's troubled business past and his life before he became president.

Tim O'Brien:

In early 2006, he sued me for libel, for \$5 billion, which was approximately the difference between what he was saying his net worth was at the time, which was around \$6 billion, and what my sources were telling me.

The only thing you need to know about Donald Trump is that he's a seven-year-old grown old. I don't think there's a lot of things that occupy his mind. I think he thinks a lot about money, food, sex, sports, and revenge.

But for Fred Trump and Donald Trump's siblings, agreeing to extend him a \$30 million loan, that would have been the end of Donald Trump. That was in the early 1990s.

Producer:

The Asset is a production of the Center for American Progress Action Fund, Protect the Investigation, and District Productive. Paul "Woody" Woodhull, Max Bergmann and Andrea Purse, executive producers, and Peter Ogburn, senior producer. The Asset is written by Max Bergmann and the good people at the Moscow Project: Jeremy Venook, Talia Dessel, and Siena Cicarelli, and the team at Protect the Investigation, and Paul "Woody" Woodhull and his cohort at District Productive. To learn more about Russian interference in the 2016 presidential election, go to themoscowproject.org and protecttheinvestigation.org. Please subscribe to the podcast on Apple podcasts or your favorite podcast app and please leave a rating and a review. Thank you.

David Corn:

He literally lights up when he sees the man. He wanted to be best friends, his words, with Vladimir Putin.

Donald Trump:

So, I was in Russia, I was in Moscow recently, and I spoke indirectly and directly with President Putin, who could not have been nicer.