

Congress Should Follow the Money Like the British Parliament

Josh Rudolph

After the United Kingdom's parliament released its recent report on Russian interference in British democracy, front-page headlines howled that it damns the government over the rise of Russia in U.K. politics and that the country must “tame the Russian bear.” The report's recommendations point to ways Britain can learn from the United States, from rapid public assessments to a foreign-agent registration scheme. However, the bold manner in which its parliament is elevating the financial component of foreign interference should also serve as inspiration for similar work by the U.S. Congress, which should investigate covert foreign money, explain the threat to the public, and close legal loopholes.

The United States should learn from other democracies confronting foreign interference, particularly lessons from allies on the frontlines of malign finance. The strongest government-wide response—from public education to legislation to enforcement—has been the way Australia handled operatives of the Chinese Communist Party making big political donations with strings attached. And, while the United Kingdom should now proceed to its own version of Australia's response, the way its parliament has framed the dangerous influence of Russian oligarchs in London is also instructive for the United States.

Investigate Financial Channels

A leading criticism of the investigation by Special Counsel Robert Mueller into Russian interference in the 2016 elections is that it did not follow the money, apparently defining its remit narrowly and making no mention of having scrutinized Russia's possible money laundering through real estate, political contributions by billionaire Russian expatriates, influence channels developed by money launderers operating through the National Rifle Association, or support potentially funneled through Deutsche Bank. Similarly, when the Justice Department indicted straw donors for funneling \$3.5 million to the 2016 campaign of Hillary Clinton, short of charging a violation of the foreign-source ban, the indictment only vaguely referred to “potential financial support from” the United Arab Emirates while also revealing the operatives' coded WhatsApp messages describing money (“baklava”) flowing from a source (“bakery”) located in “[a foreign city].”

The risk of covert authoritarian money may not get as much attention as online foreign interference in the United States in part because Mueller concluded that “Russia interfered in the 2016 presidential election principally through two operations ... a social media campaign [and] hacking and dumping.” While Volume I of the Mueller report also had a section on contacts between the Trump campaign and the Russian government, this was more about human links than financial trails, and it did not uncover any malign influence operations or demonstrate that it had looked exhaustively for financial support.

31 July 2020

By contrast, the U.K. parliament's report much more prominently highlights financial influence. It similarly starts with chapters on cyberattacks and influence campaigns. The latter includes not only disinformation but also "illicit funding," and mentions the £8 million donation from Arron Banks to his Leave.EU campaign (for which there is no evidence of criminality, but also no answers as to its ultimate source of the money). More importantly, the report also has a chapter on "Russian expatriates," warning that "the UK now faces a threat from Russia within its own borders" in the form of "Russian oligarchs and their money." It explains how these elites exploit the investor visa scheme to buy the right to donate to political parties, and reviews how the security agencies, the elections regulator, and law enforcement agencies pass responsibilities off to each other like a "hot potato." The report recommends granting additional resources and powers to the authorities so they can disrupt Russian illicit financial activity in the country.

The report also characterizes the threat in strong terms without relying on overly broad language that could be picked up by xenophobic voices. The broad term "Russians" is most prominently used in the context of critics of Vladimir Putin who have sought sanctuary in Britain and need better protection. Threat actors are described as "members of the Russian elite who are closely linked to Putin" as well as Western enablers who manage and lobby for the Russian elite and government. Rather than casting aspersions about "Russian business people," this is a lesson in how to describe the range of possible relationships with the Kremlin while only using short-hand references to "elite Russian expatriates" who remain connected to Putin. This is important in the United States, not only in the context of threats from the Russian government but also from other actors such as the Chinese Communist Party, particularly at a time when people of Chinese ethnicity are endangered by racism related to the coronavirus pandemic.

Close U.S. Loopholes

Congress should follow the lead of the U.K. Parliament and review financial loopholes and enforcement gaps exploited by authoritarian regimes to funnel money into U.S. politics. To lay the groundwork for a major policy overhaul, the German Marshall Fund's Alliance for Securing Democracy has spent the past year reviewing open-source reporting to catalogue over 100 such instances of authoritarians surreptitiously spending money to interfere in democracies. The threat is pervasive in the United Kingdom, where we identify more than 20 cases of malign finance. But the top target is the United States, with more than 25 examples of foreign powers and their proxies secretly either offering in-kind help such as dirt on an opponent, concealing financial contributions through Delaware shell companies, using non-profits as conduits to lobby against Russia sanctions or to oppose hydraulic fracking, buying online political ads, funding fringe media outlets, or running illegal straw donor schemes. This research will be released in an upcoming report, which also includes targeted policy solutions we developed over the past year in consultation with over 90 current and former executive-branch officials, Congressional staffers from both parties, constitutional law scholars, and civil society experts.

The ultimate lesson of the U.K. report on Russian interference is that, even when political pressure at the top of government inhibits effective investigations and reforms to stop foreign interference, democracies can make progress when civil society gets the work started and then lawmakers take it up through interviews, documentation, hearings, reports, and legislative initiatives.

The views expressed in GMF publications and commentary are the views of the author(s) alone.

About GMF

The German Marshall Fund of the United States (GMF) strengthens transatlantic cooperation on regional, national, and global challenges and opportunities in the spirit of the Marshall Plan. GMF does this by supporting individuals and institutions working in the transatlantic sphere, by convening leaders and members of the policy and business communities, by contributing research and analysis on transatlantic topics, and by providing exchange opportunities to foster renewed commitment to the transatlantic relationship. In addition, GMF supports a number of initiatives to strengthen democracies. Founded in 1972 as a non-partisan, non-profit organization through a gift from Germany as a permanent memorial to Marshall Plan assistance, GMF maintains a strong presence on both sides of the Atlantic. In addition to its headquarters in Washington, DC, GMF has offices in Berlin, Paris, Brussels, Belgrade, Ankara, Bucharest, and Warsaw. GMF also has smaller representations in Bratislava, Turin, and Stockholm.



Ankara • Belgrade • Berlin • Brussels • Bucharest
Paris • Warsaw • Washington, DC

www.gmfus.org