

## The New “Useful Idiots”

*Putin's Russia backs anti-fracking groups to maintain Western dependence on Russian energy*

By Will Coggin

**Summary:** When it comes to stopping America's push for energy independence, two groups have a powerful shared interest: Radical U.S. “green” groups and Russian energy oligarchs. As Putin's Russia bullies its neighbors—and sometimes invades and conquers them—a key element of its strategy is to prevent the spread of fracking, a technology that is unlocking vast energy reserves in the U.S. and Europe but weakening the wealth and power of Russia. New research into one shady foreign funder of the U.S. environmental movement reveals extensive ties to Russian energy interests, with a sidetrip through, of all places, Bermuda.



Putin as a young KGB agent and depicted as a gangster; Ukrainian presidential candidate (later President) Viktor Yushchenko, scarred in an assassination attempt; whistleblower Alexander Litvinenko, killed with polonium-210; anti-fracking protesters; Putin signing a pipeline.

I have met allies who can report that Russia, as part of their sophisticated information and disinformation operations, engaged actively with so-called non-governmental organizations—environmental organizations working against shale gas—to maintain European dependence on imported Russian gas.” NATO Secretary General Anders Fogh Rasmussen, former Prime Minister of Denmark, made that extraordinary claim last June at the Royal Institute for International Affairs, known as Chatham House, the British counterpart to the prestigious Council on Foreign Relations in the United States. (NATO, the North Atlantic Treaty Organization, is the alliance of Western nations that was created in 1949 to resist the Soviet Empire. It currently includes the governments of 28 countries.)

During the Cold War, the Soviets had a term for people in the West who, blinded by ideology, served as half-witted or unwitting tools of the Communist Party: *полезные дураки* (*polezniye duraki*), which means “useful fools” or, as it’s often translated, “useful idiots.” The term is used today to describe people who serve a malignant cause, especially as agents of propaganda, because they naively believe that cause to be good. Such people are

held in contempt not only by people who are actually on the side of good but also by the evildoers who cynically make use of them.

Today, that role is played by people who wildly exaggerate or outright fabricate the dangers of fracking, which has the potential to free the U.S. and its allies from energy-dependence on dangerous dictatorships like Russia. Those who deny the science of fracking are assisting the Russians (and others) who seek to defeat constitutional democracy and oppress the world’s poor.

Everything the anti-fracking activists do takes money. And some of that money, it appears, is coming from Russia.

### Bermuda:

#### The Moscow-San Francisco nexus

Foreign energy interests already have a stake in the U.S. environmental movement.

For example, the royal family of the oil-rich United Arab Emirates funded the 2012 Matt Damon film *Promised Land*. Now a recent report which I co-authored for the Environmental Policy Alliance shows there may be even more smoke leading back to Russia through Bermuda.

As we found in the report, a surprising number of U.S. nonprofits have moved money offshore. Animal rights activist groups such

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as the Humane Society of the United States and ASPCA, as well as the Natural Resources Defense Council, have put tens of millions into the Caribbean and Bermuda in the past few years, according to their tax returns. The *Baltimore Sun* also uncovered charities such as the University of Maryland Foundation, the Baltimore Museum of Art, and the Chesapeake Bay Foundation, which have socked money away in the British Virgin Islands, Ireland, the Caymans, and other offshore locations. (“People would care if they knew,” said a senior counsel for tax policy at the left-wing Citizens for Tax Justice.)

In 2011, a mysterious company called Klein Ltd. was formed in Bermuda. According to its articles of incorporation, Klein was formed to give money to charitable causes. The two names signing the document are employees of Wakefield Quin, a Bermuda law firm—about which, more below.

Who received money from Klein? A search of U.S. nonprofit tax records turns up only one foundation that has received money from Klein: the Sea Change Foundation, based in San Francisco and run by hedge fund billionaire and environmental activist Nat Simons. The Sea Change Foundation received a total of \$23 million from Klein in 2011 and 2012.

In turn, Sea Change Foundation funds many anti-energy groups across the country: the Sierra Club Foundation, the Natural Resources Defense Council, the League of Conservation Voters Education Fund, and others. Sea Change is also financed by Simons and his trusts. (Simons, by the way, takes a gas-guzzling 54-foot yacht to work every day.)

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Two Simons family hedge funds, Medallion and Meritage Holdings, are run out of Wakefield Quin’s offices in Bermuda, just like Klein Ltd. Nat Simons, Sea Change’s largest benefactor, also serves as managing director of his family’s hedge fund operations, Meritage and Medallion. From 2010 to 2012, Sea Change invested over \$80 million in those hedge funds, which are operated out of the same Wakefield Quin office that housed Klein Limited. The circular nature of funds flowing from Klein Limited to Sea Change to be reinvested in Meritage and Medallion raises laundering questions, especially given Nat Simons close ties to each entity.

### Wakefield Quin

What is Wakefield Quin? It’s a law firm in Hamilton, Bermuda, that offers services to client companies that want a Bermuda office, services such as providing directors, acting as an agent, liaising with bankers, and managing day-to-day affairs. In other words, Wakefield Quin will run your Bermuda office and handle your financial transactions for you.

The articles of incorporation for Klein Ltd. list two persons who are Wakefield Quin employees: senior counsel Nicholas Hoskins and corporate secretary Marlies Smith. (Their signatures were witnessed by a third Wakefield Quin employee, Roslyn White.)

Apparently, Wakefield Quin’s business also includes someone who helps run foundations. Wakefield Quin senior counsel Rod Forrest is listed as one of two directors of the Puma Foundation. The president (who was the other director) was the wife of convicted fraudster Paul Bilzerian, the father of Instagram playboy Dan Bilzerian. According to a court ruling and the *Wall Street Journal*, Puma was apparently an instrument to help Bilzerian stay in his mega-mansion in Florida while he avoided paying \$62 million he still owed in connection with fraud he committed as a corporate raider in the 1980s. Puma was housed in Wakefield Quin’s office and Forrest was a director for 11 years, including a period when the foundation was held in contempt of a court order in 2009.

Wakefield Quin’s services also include housing hedge funds. Forrest serves as a director of the aforementioned Medallion and Meritage hedge funds, run by the Simon family. But he and other Wakefield Quin employees are also tied to Russian investments.

Forrest and fellow Wakefield Quin senior counsel Nicholas Hoskins—one of the two people to incorporate Klein Ltd.—held directorship positions in the “IPOC Group,” which was owned by Leonid Reiman, Russian minister of telecommunications and longtime Putin friend. The IPOC Group was the subject of a 2008 money laundering case and was ultimately convicted in a British Virgin Islands court. A former president of IPOC said it was “part of a sophisticated money laundering scheme that has been taking illegitimately obtained money out of Russia and cleaning that money for reinvestment into Russia.” The group had \$45 million in holdings confiscated.

The SEC and the Netherlands are currently conducting a criminal investigation into VimpelCom, a Russian telecoms company whose majority shareholder is Alfa Group owner Mikhail Fridman (another close advisor to Putin). The investigation is connected to a broader money laundering and corruption probe involving telecoms in Uzbekistan. U.S. investigators claim they have evidence that VimpelCom and other companies “paid bribes to Uzbek officials to obtain mobile telecommunications business in Uzbekistan” and that “funds involved in the scheme were laundered through shell companies around the world,” according to an April 1, 2015, Radio Free Europe report. VimpelCom Ltd. is based out of Wakefield Quin’s Bermuda office.

Other Wakefield Quin ties to Russia abound. Wakefield Quin seems to have a particular affinity for hedge funds tied to investments in the former Soviet Union. As privatization began following the fall of the USSR, investors preyed on the immense natural resource potential of Russia and the fledgling oil and gas companies seeking to harvest its riches. One of the early pioneers of this strategy was former Barclays chairman Hans-Joerg Rudloff. Rudloff became influential in Russia after spending much of the 1990s guiding acquisitions in energy and telecoms investments. So much so that Rosneft Oil Company, the largest state-owned energy company in Russia, appointed him to its board of directors.

By whatever measure of coincidence or intent, Wakefield Quin’s Nicholas Hoskins joined up with Rudloff to serve as director of Marcuard Services Limited, a financial holding company also housed in the WQ office.



One of Marcuard's hedge funds, Marcuard Spectrum, is the offspring of a partnership between Marcuard and Spectrum Capital Partners. Spectrum says that it, "seeks to provide its clients with a broad range of investment opportunities in various geographical regions of the Former Soviet Union." One of Spectrum's hedge funds, the Spectrum Russia Absolute Fund, has 53% of its assets invested in the Russian oil and gas industry.

One of the largest funds operated out of the Wakefield Quin office is known as the Firebird New Russia Fund. According to its articles of incorporation, "The investment objective of the Firebird New Russia Fund is to achieve substantial capital appreciation through investment primarily in publicly traded equity securities of companies operating in the former Soviet Union." One of Firebird's largest holdings is in the Kremlin-controlled oil company Gazprom.

Beyond investment interests in Russia, Wakefield Quin and Klein Limited's Nicholas Hoskins also served as director of Troika Dialog, a Moscow based investment banking company that is the largest shareholder in an oil company owned by Russian oligarch Alexander Lebedev.

### Foreign interest

The Russian government—along with the nominally "private sector" alliance of Putin-linked oligarchs who have become rich off the country's resources—has a strong interest in closing down American energy production, as do regimes in the Middle East and socialist Venezuela. The budgets of these nations are highly dependent on oil exports and high oil prices, both of which have been hit by rising U.S. domestic production of shale oil.

Over the past year, the price of the international benchmark for oil, "Brent crude," has fallen from over \$100 per barrel to less than \$60. This has put the budgets of not only Russia, but also OPEC countries (including Saudi Arabia, Iran, and Venezuela) under serious stress. Russia's government budget balances when the Brent Crude price is roughly \$100/barrel, according to a report by *The Economist*, and Venezuela's balances at a Brent price of \$160, which must leave its *el presidente* sweating profusely. With U.S. production increasing 11 percent between 2012 and 2013, the effects on the international oil price are undeniable.

And while American production has slid slightly in response to the price plunge, the drop in our production hasn't been sufficient to keep North American shale oil out of the market—at least not to the degree that Russia and OPEC need. So what's an oligarch to do? Cut off the U.S. (and by extension, Canada) at the knees.

### Ease of concealment

Has Klein Ltd. or another other foreign entity supported the Sierra Club directly? It's hard to tell, for several reasons.

We know that Klein Ltd. funded Sea Change Foundation because the latter files a public tax return as a 501(c)(3) private foundation, and such groups are required to disclose their donors. But 501(c)(3) groups that are public charities, such as the Natural Resources Defense Council, and 501(c)(4) groups like the Sierra Club, do not have to disclose their donors. Groups like the Sierra Club need only publicly report the amount of money given by individual donors—but not the donors' identities—and only if the amount exceeds a certain threshold.

Yet (c)(3) public charity groups do have to report foreign funding to a degree. The groups' public tax returns require an organization to answer yes or no to whether it had "aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside of the United States, or aggregate foreign investments valued at \$100,000 or more."

This disclosure question is weak and easily circumvented. The revenues have to be tied to actual organizational activity outside of the U.S. An unsolicited grant from a foreign company in Bermuda, the Caymans, or elsewhere wouldn't trigger the clause.

There are other ways to move foreign money. Take the case of Hansjoerg Wyss. Wyss is a Swiss billionaire who has poured billions into the environmental movement through the Wyss Foundation and the Hansjoerg Wyss Foundation. Wyss made his money in the healthcare industry as CEO of Switzerland-based medical device company Synthes.

The Wyss Foundation is dedicated to funding radical environmentalist groups that hope to lock off large sections of the American West

from energy development or cattle grazing. In its most recent tax year, the foundation gave six-figure grants to the liberal "sportsmen" group Backcountry Hunters and Anglers, the Center for American Progress, environmentalist law center EarthJustice, the Sierra Club, the Nature Conservancy, and the Big Labor-tied "sportsmen" group Theodore Roosevelt Conservation Partnership.

Wyss has chosen to do his business in the environmental movement openly. Could a foreigner use his blueprint but do it stealthily? Very likely.

Changes could be made in the reporting rules to make it easier to track the flow to "green" groups, but those changes will take time. Meanwhile, Congress could demand testimony under oath from the people at the Sea Change Foundation.

### Conclusion

Vladimir Putin recently stated that fracking "poses a huge environmental problem." Places that have allowed it, he claimed, "no longer have water coming out of their taps but a blackish slime." Saudi Arabian billionaire Prince Alwaleed Bin Talal said U.S. oil and gas production is a real competitive threat to "any oil-producing country in the world," and he said this business threat must be addressed as a "matter of survival." Meanwhile, Venezuelan president Nicolas Maduro recently claimed, "The oil they're taking from [shale deposits] and the gas. They've flooded the international market to batter the Russian economy . . . , Iran and to hurt us, Venezuela." He claimed that developing U.S. energy independence is a "geopolitical weapon" of the US—logic as reasonable as saying that ATMs are a means to attack bank tellers.

It's entirely understandable for Russians—and Venezuelans, Saudis, and others—to find ways to fund anti-energy groups in the U.S. and Europe and to hamstring attempts by Western countries to develop energy independence. And for the environmentalists, anybody's money may be green if it helps them divide and conquer the energy sector.

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**GW**

# The Fracking Revolution and Putin's Counter-Revolution

By Steven J. Allen

The term *fracking* refers to horizontal fracturing, in which a combination of water, sand, and certain chemicals, under high pressure, is used to create fractures in deep-rock formations so as to gain access to oil and natural gas. Fracking has been in use for some 65 years, but recent advances, including new technology for horizontal drilling, have made fracking the foundation for a revolution in the oil and gas field.

For example, the amount of recoverable oil in the Marcellus Shale—the marine sedimentary rock that runs from New York to Alabama—increased between 2002 and 2011 by a factor of 42. Energy expert Daniel Yergin noted in the *Wall Street Journal*: “Since 2008—when fear of ‘peak oil,’ after which global output would supposedly decline, was the dominant motif—U.S. oil production has risen 80%, to nine million barrels daily. The U.S. increase alone is greater than the output of every OPEC country except Saudi Arabia.”

Yet Europe, the biggest customer of Gazprom and other Russian energy companies, has not taken advantage of the revolutionary new technology. Instead, Europe today obtains nearly 40 percent of its natural gas from Russia. Finland, Lithuania, and Bulgaria are entirely dependent on Russia.

The then-Secretary General of NATO said last June: “I would put it to you, though, that the real question, or the real power and the real leverage Russia has, is its position as a key gas supplier to Europe. And [I would suggest] that a far better use of resources by Europe, and particularly the European Union, would be to invest heavily in shale gas production . . . [and] that it would be far easier to sell that notion [that] the shale revolution is a technology and a triumph of innovation. To spend money on that would produce a far higher return than defence expenditure.”

Instead of moving toward energy independence, socialist-bureaucratic Europe has spent heavily on scams like wind and solar, with grim results. Bloomberg News reported in 2009 on a study showing how “green” policies essentially bankrupted Spain:

Subsidizing renewable energy in the U.S. may destroy two jobs for every one created if Spain's experience with windmills and solar farms is any guide.

For every new position that depends on

energy price supports, at least 2.2 jobs in other industries will disappear, according to a study from King Juan Carlos University in Madrid.

U.S. President Barack Obama's 2010 budget proposal contains about \$20 billion in tax incentives for clean-energy programs. In Spain, where wind turbines provided 11 percent of power demand last year, generators earn rates as much as 11 times more for renewable energy compared with burning fossil fuels.

The premiums paid for solar, biomass, wave and wind power—which are charged to consumers in their bills—translated into a \$774,000 cost for each Spanish “green job” created since 2000, said Gabriel Calzada, an economics professor at the university and author of the report.

“The loss of jobs could be greater if you account for the amount of lost industry that moves out of the country due to higher energy prices,” he said in an interview.

Environmentalist Bjørn Lomborg wrote last June in *Forbes*:

. . . [S]ubsidizing ever more green energy is becoming unaffordable. Spain is already paying more in subsidies to wind and solar than they spend on their higher education, making a dramatic increase exceedingly unlikely. But perhaps the best illustration comes from Germany, the EU's largest economy with the biggest focus on renewables.

Last year alone, German consumers subsidized renewable energies to the tune of \$27 billion, contributing to an inflation-adjusted 80 percent rise in household electricity prices since 2000. Yet the intermittency of renewables has increased the country's reliance on fossil fuels since the nuclear phase-out of 2011. As [the newsmagazine *Der Spiegel*] pointed out: “Consumer advocates and aid organizations say the breaking point has already been reached. Today, more than 300,000 households a year are seeing their power shut off because of unpaid bills.” Economic models for Europe show that the current climate policies will cost an excruciating \$280 billion annually.

The accusations made by Rasmussen and many others are serious ones, suggesting that Putin's Russia is using its vast wealth and influence to manipulate the democratic process in the West. Of course, there's nothing especially unusual about this sort of manipulation. Jonathan H. Adler (author of the Capital Research Center book *Environmentalism at the Crossroads*) wrote recently in the *Washington Post*:

The idea that an industrial interest would fund environmental activism to further its own economic interests is not new. Natural gas interests funded the Sierra Club for years—to the tune of \$25 million or more between 2007 and 2010—to support the group's “Beyond Coal” campaign. (Now the Sierra Club also seeks to go “Beyond Natural Gas.”) Incinerator interests also funded some purportedly grass-roots activism against cement kilns, which could burn otherwise-incinerator-bound wastes as fuel. Such funding is just one manifestation of the “Baptist and Bootlegger” coalitions that are common in environmental policy. [The term “Baptists and Bootleggers” is used by economists to refer to political alliances that spring up between people who favor government restrictions on moral grounds and others who simply benefit financially from those restrictions.] So it's plausible that Russian interests would fund political activism in line with their economic interests.

Nor is this the only case in which money flows across national boundaries to affect the debate on environmental issues. For a report on how money was funneled from U.S. environmental organizations to Canada to oppose the Keystone XL pipeline, see the October 2012 *Green Watch*.

## Throughout Europe

The *New York Times* reported in November on the belief that Russian money is behind fracking protests in Europe. When Chevron came to the village of Pungesti, Romania, the mayor “thought he had struck it rich,” but—

The village became a magnet for activists from across the country opposed to hydraulic fracturing, or fracking. Violent clashes broke out between the police and protesters. The mayor, one of the few locals who sided openly with Chevron, was run out of town, reviled as a corrupt

sellout in what activists presented as a David versus Goliath struggle between impoverished farmers and corporate America.

"I was really shocked," recalled the mayor, who is now back at his office on Pungesti's main, in fact only, street. "We never had protesters here and suddenly they were everywhere."

Pointing to a mysteriously well-financed and well-organized campaign of protest, Romanian officials including the prime minister say that the struggle over fracking in Europe does feature a Goliath, but it is the Russian company Gazprom [the government-owned energy giant], not the American Chevron. . . .

"Everything that has gone wrong is from Gazprom," [the mayor] said.

This belief that Russia is fueling the protests, shared by officials in Lithuania, where Chevron also ran into a wave of unusually fervent protests and then decided to pull out, has not yet been backed up by any clear proof. And Gazprom has denied accusations that it has bankrolled anti-fracking protests. But circumstantial evidence, plus large dollops of Cold War-style suspicion, have added to mounting alarm over covert Russian meddling to block threats to its energy stranglehold on Europe. . . . "It is crucial for Russia to keep this energy dependence. It is playing a dirty game," said Iulian Iancu, chairman of the Romanian Parliament's industry committee. . . .

In Romania, leftist protesters with ties to Moldova's security apparatus, which is deeply tied to the Russians, joined with orthodox priests to protest fracking, with Russian TV providing blanket coverage suggesting that the villagers, their crops and livestock were all in danger from the practice.

"Last year, rural and otherwise very obscure parts of Romania became a destination for zealous anti-fracking activists after Chevron, an American company, began exploratory drilling," reported Eric Owens in the *Daily Caller*. "Clashes between police and protesters became violent. The same basic scene has also played out in Lithuania and Bulgaria." In the latter, groups organized showings of the anti-fracking propaganda film *Gasland*—a movie famous for its suggestion that fracking in one area is responsible for "flammable" water coming out of a water tap. (The "flammable" water in that area, which appears to

be a natural phenomenon, has been reported since at least the 1930s.)

Writing in *Foreign Policy*, energy reporter Keith Johnson noted:

. . . one thing has for years puzzled energy experts: Well-organized and well-funded environmental opposition to fracking in Europe sprang up suddenly in countries such as Bulgaria and Ukraine, which had shown little prior concern for the environment but which are heavily dependent on Russia for energy supplies. Similar movements have also targeted Europe's plans to build pipelines that would offer an alternative to reliance on Moscow.

"It's very concrete; it relates to both opposition to shale and also trying to block any alternative pipelines with environmental challenges," said Brenda Shaffer, an energy expert at Georgetown University. "There is a lot of evidence here; countries like Bulgaria, Romania, Ukraine being at the vanguard of the environmental movement is enough for it to be conspicuous," she said.

Bulgaria's anti-shale movement is particularly telling. The country initially embraced fracking as a way to develop its own energy resources and reduce reliance on Russia, even signing an exploration deal with Chevron in 2011. But then came an eruption of seemingly grassroots environmental protests and a televised blitz against fracking. In early 2012, the government reversed course and banned the practice.

. . . In Ukraine . . . anti-fracking movements became more organized and better funded just as the government worked to finalize shale gas deals with Western energy firms, officials there say. In Lithuania, "exactly the same thing is happening," said a government official, who described the mushrooming of anti-shale billboards and websites there as "an integrated, strategic communications campaign." . . .

"All of a sudden, in societies that never did grassroots organization very well, you saw all these NGOs [non-governmental organizations] well-funded, popping up, and causing well-organized protests," said Mihaela Carstei, an energy and environment analyst at the Atlantic Council.

As a result of pressure from environmentalists, there are fracking bans (or onerous regu-

lations that act as bans) in France, Germany, Italy, Australia, and the Czech Republic.

Keith C. Smith, who was President Clinton's ambassador to Lithuania, wrote in *American Diplomacy*:

Major environmental groups in Europe, particularly in France and Germany, have taken to heart Russian warnings, and also those of American self-described environmentalists, such as Josh Fox, the producer of *Gasland* and *Gasland II*. Both of these films are filled with unproven assertions that there is scientific evidence that fracking is a major danger to the environment. The *Gasland* films have been circulated widely in Europe, including twice in the European Parliament. Every anti-fracking claim made by an American group, no matter how tenuous the scientific evidence, is quickly repeated by European opponents of fracking, and then carried over European television networks through the RT (Russia Today) channel. RT receives its editorial guidance directly from political advisors in the Kremlin.

Russian television regularly highlights and promotes opposition to fracking, particularly when carried out by Western firms outside of Russia. Apparently, the use of fracking technology by Russian firms is safe and effective when approved by the Kremlin. A respected Russian economist, who must not understand the Kremlin's political line, was recently quoted as saying, "Do you know what is now helping Russian gas in Europe? It is the European environmental lobby, which insisted on freezing the development of shale gas resources, thus restraining the growth of domestic production in Europe. Why the Europeans agreed to this, I do not know the answer. It is difficult to understand." Such honesty by a Russian technocrat is in major contrast to the political line of the Kremlin and that of Russia's gas monopoly exporter, Gazprom.

The supporters of hydraulic fracturing (fracking) have been surprised by the amount of fear and hostility that exists in parts of Europe regarding this relatively safe method of extracting a source of energy that emits significantly less carbon and other pollutants than does coal or diesel fuel. There have been noisy demonstrations in every European country where fracking has



been attempted. Opponents are traveling from one country to another in order to protest, usually against the operations of Western companies. Bulgarians have journeyed to Romania, and now Russians are demonstrating in eastern Ukraine. Funding for protest rallies is flowing to Central Europe from groups in Western Europe where fracking is not even being considered.

In Britain, some commentators have suggested that the incumbent government will pay a price in May 7 national election for its support of fracking. An official of Greenpeace UK declared that, “Now that the government has auctioned off half the country to this controversial industry, there’s going to be a hefty political price to pay . . . this is likely to prove a highly toxic policy. . . .”

Putin’s power in the media makes it easy for him to spread his message. Rep. Ed Royce (R-Calif.) wrote in the *Wall Street Journal*:

[The television service] RT, formerly known as Russia Today, which is available in Russian, English, German and Spanish, is carried on cable systems and hotels world-wide, and streamed globally. The goal is to obscure the truth by spreading “alternative” (as in conspiracy) theories, distract audiences and discredit Western sources. . . .

[Putin] has a megaphone in Ukraine and Moldova, where hours of Russian programming are broadcast daily. In the NATO-member Baltic states, Kremlin-backed stations are inciting violence and stoking ethnic tensions by spreading false and misleading stories about discrimination against ethnic Russians.

Globally, RT claims an audience of some 600 million. The Kremlin’s latest propaganda effort—dubbed “Sputnik”—has opened at least 29 new media offices across Central and Western Europe, and is even setting up shop in Latin America.

One of the top lobbyists for Putin’s energy interests, by the way, is Gerhard Schroeder, the Far Left former chancellor of Germany whose policies included a phase-out of nuclear power and subsidies for so-called “renewable” energy—both to the great benefit of Vladimir Putin.

(The two men are close. Putin attended the party for Schroeder’s 70th birthday.)

## No foolish consistency

Meanwhile, Russia is using fracking in a massive effort to develop oil and gas in Siberia. As Bloomberg News reported in 2012:

Russian President Vladimir Putin is counting on Exxon Mobil Corp. to help drill oil fields in Siberia that may hold almost half the proved reserves of the U.S., extending the petroleum boom that underpins his power. Russia, having slipped behind Saudi Arabia last year as the biggest crude producer, is looking to use Exxon’s technology in a venture with the Kremlin-run oil company OAO Rosneft to wring “tight oil” from the Bazhenov shale formation in west Siberia.

To promote this fracking, the Russian government enacted tax incentives in 2013. The *Washington Times* last year quoted an analyst at Motley Fool: “The energy landscape is changing radically. With world-class operators like Exxon and Shell on board to provide the requisite skills, equipment, and know-how to exploit shale formations like the Bazhenov, Russia could very well have a shale revolution of its own within the next couple of decades.”

Vladimir Putin—hypocrite? Who would’ve expected it?

## The world’s most dangerous man?

Who is Putin and why is he considered a threat?

He wasn’t always been thought of that way—at least, not by everyone. President George W. Bush once exhibited an attitude toward Putin that some observers criticized sharply as

naïve. The BBC described their first meeting in June 2001: “Presidents George Bush and Vladimir Putin have met for the first time and appear to have hit it off. The two men still differ over enlarging NATO and U.S. missile defence plans, but they exchanged warm words. They say they found the basis for a relationship of mutual respect. At the end of their first summit meeting in Slovenia, Mr. Bush described Mr. Putin as a straightforward and trustworthy man.”

President Bush said of Putin, “I looked the man in the eye. I found him to be very straightforward and trustworthy, and we had a very good dialogue. I was able to get a sense of his soul. He’s a man deeply committed to his country and the best interests of his country, and I appreciate very much the frank dialogue and that’s the beginning of a very constructive relationship.”

In the years since that first meeting, Bush’s comments have been roundly ridiculed, paraphrased as “I looked into his eyes and saw his soul.” Yet Bush was an ultra-hardliner compared to President Obama.

In the early days of the Obama Administration, President Obama’s first secretary of state, Hillary Clinton, famously presented Russian Foreign Minister Sergei Lavrov with a red button that was supposed to be labeled “reset” in Russian but actually featured, in the Roman alphabet used by the West, the Russian word for “overcharged” (in sense of a battery being overcharged).

In March 2012, President Obama, in a private conversation near an open microphone, was

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## Influencing politicians, eyeing the Arctic reserves

*Richard Rahn, former chief economist for the U.S. Chamber of Commerce, wrote in February:*

Which country has the biggest interest in stopping the expansion of the oil and gas industry in Europe and North America? Answer: the Russian Federation is highly dependent—to the tune of several hundred billion dollars—on the export of these commodities, particularly to Europe.

It is rational for the Russians to spend upward of a few hundred million dollars to influence politicians to stop gas and oil projects in those countries, with the goal of limiting supply, and thus protecting the Russian revenue stream. It has been well documented and well reported over the past year . . . that Russian interests have used bribes, coercion and disinformation to get European politicians to prohibit or severely restrict gas and oil fracking in Europe. . . .

The Russians have been making many claims to the Arctic oil and gas reserves, including putting markers close to the Alaskan shore. Locking up Alaskan oil and gas reserves until they can gain control of some of them has been one of Russia’s goals—no matter how implausible that it may seem to most Americans. President Obama again last week played to Russian aspirations by announcing he wants to permanently stop oil and gas development on much of Alaska’s North Slope, even though the development over the last few decades has proved to be economically beneficial, environmentally safe and animal friendly. . . .

clearly heard telling Russian President Dmitry Medvedev (Putin's sidekick) that, after the 2012 election, when Mr. Obama wouldn't have to worry any more about facing the voters, he would "have more flexibility" to deal with Putin, especially on whether to provide U.S. allies with technology to defend themselves.

**Obama:** "On all these issues, but particularly missile defense, this, this can be solved but it's important for him to give me space."

**Medvedev:** "Yeah, I understand. I understand your message about space. Space for you..."

**Obama:** "This is my last election. After my election I have more flexibility."

**Medvedev:** "I understand. I will transmit this information to Vladimir, and I stand with you."

Later that year, during the third presidential debate between President Obama and his challenger Mitt Romney, Obama said Romney's concern about Putin was a relic of bygone times. "Governor Romney, I'm glad that you recognize that al-Qaeda's a threat because a few months ago when you were asked what's the biggest geo-political threat facing America, you said Russia. Not al-Qaeda; you said, Russia. And the 1980s are now calling to ask for their foreign policy back because the Cold War has been over for 20 years."

The left-wing website *The Daily Kos* described the line about the '80s calling as a "great zinger" by Obama at a key moment in the debate. For the remainder of the 2012 campaign, Romney's concern about Putin was the subject of ridicule by commentators and comedians who sought to depict Romney's views of Russia and of Vladimir Putin as outdated.

In fact, Putin—who has called the Soviet Union's collapse the "greatest geopolitical catastrophe of the century"—may be the most dangerous man in the world.

### **Murderer**

Putin, born in Leningrad (now St. Petersburg) in 1952, served 16 years as an officer of the Committee for State Security, known by its Russian initials as the KGB. After the defeat of the Soviet Empire in the Cold War, he entered politics in St. Petersburg, rising to deputy mayor; his organizational base was the St. Petersburg branch of the "Russian

mafia," one of the world's deadliest criminal networks.

Putin gained power ruthlessly and retains power by any means necessary, including murder. Putin's FSB (the successor to the KGB) is believed responsible for the 1999 bombings of four apartment buildings in three Russian cities, bombings which killed 293 people. Putin, then the prime minister, blamed the attack on Chechen secessionists and used it as an excuse to consolidate power.

In 2004, Viktor Yushchenko, a pro-Western presidential candidate in the Ukraine, was poisoned with massive amounts of dioxin and barely survived. Other Putin opponents weren't so lucky: In 2006 (on October 7, Putin's birthday), journalist and human rights activist Anna Politkovskaya was shot four times in an apartment-building elevator and died. A few weeks later, former FSB Colonel Alexander Litvinenko, a whistleblower who had escaped to Great Britain, was poisoned with radioactive polonium-210 and died. In February 2015, Boris Nemtsov, considered one of Putin's most important domestic opponents, was walking on a busy street in Moscow when a city snowplow (there was no snow that night) suddenly pulled up and blocked security cameras, at which point he was shot four times in the back and died.

It's hard to keep track of all those who have been killed, sent to prison on trumped-up charges, or otherwise paid a terrible price for investigating or opposing Putin.

As he has consolidated power at home, Putin has extended Russia's reach by means that are likewise ruthless. In 2008, he went to war with Georgia over the breakaway republics of South Ossetia and Abkhazia. Last year, Russia conquered the Crimea region of neighboring Ukraine, then went to war with the rest of Ukraine. Recently, some 400 Russian troops conducted exercises in Moldova's separatist region of Transnistria. Russian hackers broke into the State Department computer system, which reportedly gave them access to some White House files as well.

Last year, the Russians struck a deal with Cuba, arguably the most implacable enemy of the U.S., to re-open the Lourdes military base (once the Soviets' largest foreign base) and to join in offshore oil exploration off the coast of Cuba and near the U.S. From Nicaragua to Venezuela, Latin American countries are aligning with Russia. The government of Egypt, pushed away by the Obama

administration for its stance against the terrorist Muslim Brotherhood, recently agreed to expand military cooperation with Russia, reportedly including a joint naval drill in the Mediterranean.

Today, Russian espionage matches its level during the Cold War. In much of the West, the GRU (the foreign military intelligence agency) and its civilian counterpart, the SVR (Foreign Intelligence Service) have as many officers posted as the Soviets did. Russia is poised to seize control much of the Internet if the Obama Administration succeeds in wresting control of the key Internet governing body, ICANN, away from the U.S. and handing it over to international authorities.

Last month, Putin rattled his saber by sending three ships into the English Channel while Russian warplanes came close to British airspace, as the Russians announced that they would send the S-300 air defense system to Iran, to help defend Iran against airstrikes as that country obtains nuclear weapons.

The problem for Putin is that much of his power depends on high prices for oil and natural gas. In fact, oil and gas provide most of the funds to run the Russian government. Just as important is the fact that European dependence on Russian energy sources makes it difficult or impossible for Europe to stand up to Russian aggression. "Energy is the most effective weapon today of the Russian Federation, much more effective than aircraft and tanks," said Romanian Prime Minister Victor Ponta.

That's why the War on Fracking is vitally important to the health of the Putin regime.

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**GW**

**The Capital Research Center is a watchdog over politicians, bureaucrats, and special interests in Washington, D.C., and in all 50 states. Please remember CRC in your will and estate planning.**

**Many thanks,  
Terrence Scanlon  
President**

# GreenNotes

Much of **Washington, D.C.**—including an area about eight blocks from our offices at the **Capital Research Center**—suffered a power blackout one day last month. A 230-kilovolt transmission conductor broke off its support structure and fell, cutting off supply to utility switching stations and causing a dip in voltage that rippled across the local utility's service area. The **White House**, the **State Department**, and the **U.S. Capitol** switched to backup power, while the lights went off for traffic lights and subway escalators, at many private companies, and at the **Energy Department** (!). The **Reuters** news service noted: "The fact that a severed transmission line in **Maryland** could cut power to much of the nation's capital became the latest warning sign that the country's aging electrical grid can't meet modern demands."

The blackout likely would have been avoided but for the shutdown of the **Potomac River Generating Station** in **Alexandria, Virginia**, a coal-fired station that had been used as a backup to provide D.C. with reliable power. In 2011, then-**New York City Mayor Michael Bloomberg** used the station as a backdrop for announcing a \$50 million donation to the left-wing **Sierra Club's "Beyond Coal"** campaign. "Ending coal power production is the right thing to do," he said. (Last month, Bloomberg announced another \$30 million contribution.)

The electric grid is one of the principal targets of the **Obama administration** in its **War on Coal**, most of which is being waged through the **Environmental Protection Agency's "Clean Power Plan"** (named in the deceptive style of the **"Affordable Care Act"**). The Obama EPA is forcing the retirement within five years of about one-third of the country's coal-fired power plants, amounting to the residential power use of 57 million Americans.

**Warren Baxter**, CEO of **Ameren Corporation**, wrote in the **Wall Street Journal** that the Plan "threatens to jeopardize the reliability that Americans and businesses have come to depend upon. The EPA proposal calls for states to cut emissions by 30% from 2005 levels by 2030. It also imposes aggressive interim targets starting in 2020 that will test states' ability to meet these standards without disrupting service. For example, 39 states must achieve more than 50% of their final target by 2020. Reliable power requires decades of careful planning. The appropriate amount and type of round-the-clock generation capacity, transmission and distribution lines must be finely balanced in advance to ensure the lights go on when a switch is flipped anywhere in the U.S. The EPA plan will significantly impair that planning process." As Baxter points out, if a new gas-fired plant is to be built by the 2020 target, all permitting and development must be completed by 2017—an impossibility, since compliance plans won't be submitted until 2017 or 2018 and the EPA may take a year to approve them. Plus, gas pipelines take at least five years to build, and transmission line projects take 5-15 years. Oops.

A new study shows the states that have done the most to resist misnamed "renewables" like wind and solar. According to the left-wing group **EarthJustice**, which used data from the **U.S. Energy Information Administration**, the six "worst" states (meaning the best ones, from a mainstream perspective) are, in alphabetical order, **Alabama, Arkansas, Louisiana, Mississippi, Ohio, and West Virginia**.

The **Media Research Center** studies bias in the news media. Its recent annual compilation of the worst reporting designated this quote, from **Adam Weinstein** of the news website **Gawker**, as the worst example of climate hysteria: "Man-made climate change kills a lot of people. It's going to kill a lot more. We have laws on the books to punish anyone whose lies contribute to people's deaths. It's time to punish the climate-change liars. . . . Denialists should face jail. They should face fines. . . . I'm talking about **Rush [Limbaugh]** and . . . **Americans for Prosperity** and the businesses and billionaires who back its obfuscatory propaganda. . . . Those malcontents must be punished and stopped."

With a severe water shortage in **California** and a long-term threat of shortages in the rest of the country, you might think that government officials would be working on programs that might solve the problem, such as free-market pricing for water. But you'd be wrong. Thinking like bureaucrats, the EPA is seeking to convince children that they should avoid baths in favor of showers. "To save even more water, keep your shower under five minutes long—try timing yourself with a clock next time you hop in!" declared the agency's website. As reported by **Breitbart's Justin Haskins**, kids are told to ask their parents to use car washes that recycle used water, that they avoid using hoses, and that they test toilets for leaks. Also, they are encouraged to play a **Pac-Man**-style game featuring **Flo**, a water drop, who moves through water pipes and answers water-efficiency questions while avoiding water-wasting monsters.