

## Grassroots for Europe Round Table #30

### “Russia and Brexit: hybrid war and dark influences”

#### Speakers

- **Christopher Steele** - A former British diplomat, intelligence professional and Russia expert
- **Turlough Conway** - Investigative Journalist with Byline Times

#### Executive Summary

The House of Commons, Intelligence and Security Select Committee (ISC) Report, published in July 2020, indicated that there is growing evidence of Russian interference in UK democratic processes, dating back some years. Yet the British government has repeatedly refused to acknowledge this and refuses to have the matter investigated, despite the threat to national security, posed by a potentially hostile state. Two researchers, both with deep knowledge and experience of the matter explained the situation.

A series of questions was posed: How may these matters of grave national security be brought to public attention and politicians pressured to pursue them? What evidence is there of Russian interference in the EU Referendum? How should the dividing tactics used politically by Russia, recently adopted by the Conservative Party, best be combatted? How far does UK military support for Ukraine currently affect previous facts of UK-Russian links?

The World is currently experiencing an era where authoritarianism is challenging democracy and the rule of law as a system of government; The former is personified by Putin and Xi in particular.

Russia is effectively run by former KGB officers, whose leadership psychology emanates from KGB culture, which has the following characteristics:

- Zero-sum game thinking, no win-win stability in international relations, especially if alternative democratic systems threaten the Russian, autocratic one.
- KGB and Russian intelligence use serious disinformation, with a long track record for this. The growth of the internet and social media facilitate this enormously.
- Russian interference arises from its central weakness; a mismatch between intent and capabilities, as seen in the Ukraine war. The Russian leadership and KGB culture try to bridge this gap, using asymmetric and hybrid warfare. Surprise rule breaking and other techniques are used to create advantage. Movement into the electoral sphere is part of this process.
- Money rather than political ideology plays the biggest role now; money is the tool to achieve objectives, rather than ideology as under the USSR.

Russia and the Soviet Union have a long tradition of interfering in Western Democracies, secretly funding Communist parties in Europe and supporting organisations like Sinn Fein/IRA. Western nations saw this as destabilising. Russia hacked electoral infrastructure in Ukraine in 2004. The two seminal votes of 2016; US Presidential Election and the Brexit Referendum crystallised how interference would evolve. The French Presidential election of 2017 was accompanied by a €9.5m Russian loan to Marine Le Pen’s Front National/Rassemblement National from 2014. Salvini’s Liga Nord were similarly implicated in fundamentally corrupt financial activity.

Kremlin and Russian intelligence are in the business of magnifying existing social division, discontent, and social trends, not in ideology. For the Russian leadership, money has been the tool to achieve their objectives, rather than the ideological factors used under the Soviet Union.

Recently, a campaign was waged against German Green Annalena Baerbock during the general election, but the attempt to discredit her, due to her opposition to hydrocarbons backfired, with her becoming foreign secretary in the new government.

Money is going into politics, social media manipulation and bot farms, etc. Agents of influence have always existed, but some are now more powerful, e.g., former premiers Gerhard Schroeder and François Fillon, both on the boards of Russian hydrocarbons companies. Western dependence on Russian hydrocarbons has suddenly become problematic over the Ukraine war.

The West has been slow to respond to the changing nature of the threat. Historically, the West focused its efforts on state actors, i.e. the Russian intelligence community, without looking out for the non-state actors, like oligarchs, journalists, organised crime and the Media. There is now “an all-encompassing plasma cloud of threats.” Russia is trying to weaken and create disunity within and between the EU and Western States. Brexit and the referendum are not just one-off high-profile events, but part a continuum of a long-term process.

There is a key distinction between systemic and non-systemic opposition in Russia. Many of the people beholden to the Kremlin, carrying out influencing work, have licence to criticise occasionally. Non-systemic figures are in exile, prison or dead.

After 9/11, the UK moved a lot of intelligence resource towards Islamic terrorism, a loss of expertise on Russia and China has occurred. Additional money is no quick fix for this diplomatic and intelligence conundrum.

Another weakness has been the reluctance of the security services to become involved in what are perceived to be political matters. This became evident with the publication of the ISC Report into Russia in 2020. Some £4-6m were injected into the EU Referendum and Brexit issue, exploiting various loopholes in electoral law, NI donor anonymity and Scottish limited partnerships; the attraction being that a disruptor party like UKIP could come to power in a coalition. The bitterness of the May premiership and the subsequent deterioration in the economy, British allied and economic relationships fit with Russian intentions.

Putin is obsessed with discrediting Democracy, the EU model of development and the rule of law because they are ideological threats to the Russian model of kleptocracy. Russia is trying to decouple Ukraine and some Eastern European countries from the West, e.g. Hungary. Russia is particularly interested in decoupling the UK, which is currently vulnerable, due to popular anger.

It is difficult to quantify the impact of Russian interference in any single election, but it clearly has some. Russian activity helped suppress the black vote in marginal states, which in 2016 favoured Trump, whose subsequent support for Brexit helped Russia.

The ISC recommended that a comprehensive and forensic review, which could lead to indictments, be undertaken into interference in the 2016 referendum, but the security services have yet to do so. Consequently, there is only a patchy picture currently. The reasons for this go beyond just the Government’s potential embarrassment about its possible involvement. Many agents of influence behind the scenes do not want it done.

There are political risks in turning a blind eye to Russian involvement because it has led to something which one supports, but it will be more difficult to do so if it comes to something one does not support, like Scottish Independence. A stronger legislative framework to protect the electoral process from corruption is needed. The foreign agent Registration Act and Espionage Act would help.

## **The case study of UKIP2 or the Brexit Party and its use of dark money to facilitate a hard Brexit.**

UKIP's Leave.EU campaign was referred to the Electoral Commission over an £8m loan from Arron Banks. The Electoral Commission argued this was not legal, coming as it did as from an offshore company, domiciled in the Isle of Man, owned by Banks. The National Crime Agency said that the loan came from a company that he owned, though it could not be verified if that was the ultimate source of the funds for the loan. The Electoral Commission argued that this was not legal, coming as it did from an offshore company, and anti-money laundering type legislation was required to prevent such loopholes being exploited in future.

The Brexit Party also exploited the loophole in the donations system in the European Parliamentary Elections of 2019, where payments under £500 were not legally classed as donations. The Brexit Party had set up its donations portal to prevent single donations over £500 and disabled the address function meaning donors could not be identified. This allowed the £500 loophole to be exploited by atomizing large declarable donations into smaller anonymous £500 payments that The Brexit Party system assumed were not declarable to the Electoral Commission.

For the General Election of 2019, Brexit Party grandees allied with Trump loyalists. US allies went to further lengths to raise money, without being obliged to declare their origin, setting up a series of transatlantic US companies that were not obliged to divulge donors. Although these companies were boasted to be receiving millions it was unclear what the money was being spent on. At the same time, a donor started giving a series of donations, totalling a UK record £12m, to the Brexit Party. The donor had featured in the Panama papers and had two separate personae for legal purposes. Recently, almost all (95%) of donations to the Reform UK (renamed Brexit Party) have come from its leader Richard Tice, through his company "Britain for Business," and all loans have come from another company he controls, although the party legally is fully controlled by Nigel Farage. This raises some questions .....

Without these loopholes being tied up in law, it will continue to prove difficult to monitor party political expenditure.