

[The Bill Walton Show](#)

Chill. Trump Knows Putin is KGB. Expect Some Unconventional Success with Russia

Speaker 1:

Okay, you're recording there.

William Walton:

Okay. Let me know when I can get started because we're gonna start this informally again.

Speaker 1:

Okay.

Herman Pirchner:

Now, will this be up as video and audio, or just audio?

William Walton:

This is gonna be video as well.

Herman Pirchner:

As well. Okay.

William Walton:

And we've got two cameras running here. We've got one on the computer. It's got both me and you.

Herman Pirchner:

Okay.

William Walton:

We've got another camera that's just one camera from all the ones we had before that ... Is that light behind me necessary?

Herman Pirchner:

Yeah, it's a big glare on my screen?

William Walton:

Yeah, he can't see.

Speaker 1:

Okay. Hold on.

William Walton:

We gotta get rid of that light. Just the hanging one. Yeah.

Speaker 1:
How's that?

William Walton:
Yeah, that's a lot better. How's that?

Herman Pirchner:
Much better.

William Walton:
Is that much better?

Herman Pirchner:
It's still a little bit of glare, but not as much.

William Walton:
Okay.

Speaker 1:
Okay. Okay, we're rolling.

William Walton:
Okay, well, welcome to Common Ground. We're exploring a new format that I'm roughly calling Off the Cuff, which is where we bring in guests, instead of the studio, we bring them into our lives via computer, specifically the app Zoom. It allows us to get into business, get into action, a lot quicker, which is very important, particularly when things are fast-moving.

William Walton:
There's a real explosion in Washington now, post-Helsinki with the press conference that Donald Trump had. He basically said that he thought Russian intelligence was doing a better job than US intelligence. He had to walk that back, and should have. But there's a lot going on here with Russia, and it's not as simple as the hysteria we're seeing on the partisan side. In fact, Republicans are acting a little bit hysterical too. With me to dig into this deeper is Herman Pirchner. Herman is the founder of the American ... Gosh.

Herman Pirchner:
American Foreign Policy Council.

William Walton:
I only had that memorized 53 times. American Foreign Policy Council. He founded it about 30 years ago, and remains CEO. Herman is one of the country's leading experts in Russia. You've been there, what 79 times? Seventy times in the last 30 years or so?

Herman Pirchner:

Yes. Yes.

William Walton:

You know, Herman, let's kick this off with some stunning stuff that's being said and written now. Former CIA director John Brennan, who I personally didn't think did that good of a job, responded to Donald Trump's press conference by saying, "Donald Trump's press conference performance in Helsinki was treasonous. He's wholly in the pocket of Putin. Russian patriots, where are you?" I don't think that's a very helpful statement, and I don't think it sums up where we are. Herman, where are we right now? Let's start in immediate aftermath of the press conference and how much that really is gonna matter to the Russian-US relationship.

Herman Pirchner:

First, a word about Brennan. We know now that he voted, I believe, twice for Gus Hall, the Communist Party candidate for President of the United States. That during the height of the Cold War. He was a young guy and said it was a protest vote, but it says something about his politics and the way he conducted himself during the Obama administration when he was CIA director. He's a fine one to talk about treasonous activities, given some of his past record.

William Walton:

Thank you. We've knocked that ball out of the park. As you pointed out many times, the thing to understand about Russia is, it's run by the KGB. I mean, the Communists, the Soviet Union is no longer running it. It's Russia now, but you still have the same people. Could you describe what the leadership of Russia is today?

Herman Pirchner:

Well, during the Communist period, the Communist Party was supreme, but also the KGB and the Army were legs to that three-legged stool. Now it's the KGB by itself, and they have a culture that's very different than Russian culture. They do not believe, philosophically, in democracy. They believe if you don't get in line, it's perfectly acceptable to kill your opponents. That's kind of the center of their cultural gravity. So, I think when you talk about Russian interests, you can't talk about the leadership of Russia today. I think the interest of Putin and the KGB is substantially different than the interest of the Russian nation and the Russian people.

William Walton:

Well, and you don't see student Putin as all that different from Stalin.

Herman Pirchner:

Well, there is a difference. You know, Stalin killed about 20 million people. It's just a staggering number. Putin's criticism of Stalin, as it has been explained to me, is that you didn't need to kill so many people to terrorize your population and keep them in order. If you can kill a select hundred in gruesome fashion and publicize it, everybody else will be scared enough to get in line. And so far, that's worked for him.

William Walton:

So, the only difference is that Putin thinks he's more efficient.

Herman Pirchner:

Yes.

William Walton:

That's chilling. The other thing about Russian is they don't seem to be ... And we've talked about this with regard to China, they don't seem to have a rule of law in Russian, and we're over there talking to Helsinki about pledges, and deals, and agreements. It doesn't seem like we can expect much out of them in terms of making an agreement with us and then keeping it.

Herman Pirchner:

Well, they have no regard for the rule of law, either internally or externally. If you want to know what a country's elite, and not just Russia, but any country's elite, thinks about the future of their country, look what they do with their money, look what they do with their children. There's practically nobody that's around Putin today, the two or three hundred people that are most important to him staying in power, that don't have multiple passports, don't have foreign bank accounts, probably have a relative sitting on their money in foreign countries. And why? Because there's no rule of law that they feel comfortable will protect their assets or their physical well-being inside of Russia, and they're not completely sure what the future of Russia as a country is. So, they take it outside of their wealth and their family outside of Russia so they have a place to land if things really get bad.

Herman Pirchner:

They also, as a country, even pre-dating Putin during the Soviet era and then before that, have not paid too much attention to treaties. We sign a treaty, and the US attempts to really adhere to it. Professional watchdogs and the press, they would yell if we weren't. In Russia, they have broken countless treaties and Putin has broken countless treaties.

William Walton:

So, when we think about influencing Russia, we need to be thinking about influencing not the mass of Russian people, but the elites that surround Putin?

Herman Pirchner:

That's correct.

William Walton:

I think you pointed out that they worked very hard to steal their money, and they want their ill-gotten gains safe. If they're ready to get out of the country in a moment's notice, the instant they think Putin is in trouble or they're in trouble, maybe more to the point.

Herman Pirchner:

They wanna protect that hard-stolen money. Well, you know, it's not easy even if you're doing it illegally with guns to amass \$1 billion, so it is hard-stolen but it's stolen. A lot of it.

William Walton:

Okay, so we've got Donald Trump, who earned his bones, as they say in the Godfather movie, in real estate in New York and working with the likes of Roy Cohn, who's one of the legendary tough-guy lawyers.

Herman Pirchner:

Yeah.

William Walton:

Real estate development in New York is not a game for the faint of heart. Do you think Trump's makeup, his background, his ability to do that, has prepared him for Putin?

Herman Pirchner:

Yes, I think so. You know, you have one of the main op-ed writers of the New York Times, David Brooks, has been a critic of Donald Trump. He wrote, maybe a couple months ago, an interesting column talking about all the mob figures you have to deal with if you're building any building in New York, and talking about Roy Cohn, who was a lawyer for one of the mob families and was also a Trump lawyer. He said, you know that doesn't sound so savory to us, but maybe it's the best preparation for dealing with somebody like Putin. Maybe he can do it better than those of us that sit with Ivy League degrees and make pleasant talk in our private clubs or our golf courses.

William Walton:

Well, I had some dealings with Trump back in the late '70s. I was a baby banker and we were working on financing in his foray into Atlantic City, and he had a partnership with Jay Pritzker, who was one of the great financiers and a very imaginative, interesting man. I went on their jet, I can't remember whose it was, to visit Atlantic City. We went to one of the casinos under construction, and the only thing that'd been done is they had the super structure and they had the floors poured.

William Walton:

So, we went up in the elevator. We're at the fifth or sixth floor, I can't remember, and I'm walking along. I'm 28 years old with these guys who supposedly are master of the universe. I'm saying, "Have you noticed that these floors are waving up and down? I mean, they're poured. They're not level. I mean, there's like a six inch difference in this and that and the other thing." And they said, "Well, yeah, the concrete in Atlantic City's all controlled by the union guys." I said, "Okay, so what do you wanna do about that?" He said, "well, you're a smart young guy. Why don't you go negotiate with them?"

William Walton:

So, I don't know. Maybe that prepares us for Putin, but there's tough places all over the world. When you cast in the terms you're casting it in, though, and we've got Trump over there developing, he hopes, a relationship with Putin, do you have any hope based on your 40 years, 50 years of experience, that there's any kind of deal we can make with Russia?

Herman Pirchner:

I think there are limited deals that can be made. The question is, will the deals be kept? I think you have to pursue them because, for all the deals that Putin and Russia has broken, there are some that they

keep. We've identified, I think, something over 400 treaties or agreements that exist bilaterally or multilaterally involving Moscow and Washington, and many of them are kept.

Herman Pirchner:

So, I think you have to pursue what's in the interest of both countries. Maybe going after certain types of terrorists, maybe protecting nuclear material, maybe having to do with the activity in the Arctic, and cut the deal. But I think, when you cut the deal, it's very important to understand that Russia, given past history, maybe break it. You should confront, I think at the time of deal-making, Putin with saying, "We understand there may be a temptation for you to break it here or there. If you do, this is what's gonna happen, and happen quickly." If he understands, perhaps, that we're serious about it and we follow through, then I think has a much better chance of staying.

Herman Pirchner:

What's happened in the past is, they've violated treaties, especially arms control treaties, and we haven't done anything. Well, that's an incentive for future bad behavior.

William Walton:

Well, that was the issue with, I think, Crimea. There's no pushback, which is I think has given them a green light on Ukraine.

Herman Pirchner:

Yes, yes.

William Walton:

The other thing, though, is that the people are complaining that Trump is being too soft in his press conference and saying nice things, but the policies have been tough. We've had escalating sanctions, which are hurting him. He pulled out of the Iran deal. You know, he's armed, we've armed the Ukrainian opposition to Putin. We bombed Syria's chemical weapon sites, which is one of the protégé states of Russia. So, our actions since Trump has been President, have been pretty tough.

Herman Pirchner:

They have been tough, and much tougher than Obama, by the way.

William Walton:

So, what do we make out of this disconnect? Does it matter that we've got a new foreign policy team in Bolton and-

Herman Pirchner:

Well, to people that were worried about Trump's statements, I think you have to balance them, as you've mentioned, with the actions that he's taken, which have been tough. You have to balance also with the people that he's appointed. John Bolton, the National Security Advisor, is known to be tough on Russia, as is Pompeo, the Secretary of State, and Secretary of Defense Mathis. All tough on Russia. Now, would Trump have named them knowing their positions, if he weren't prepared to institute the tough policies we've just talked about? Having said that, some of the public statements about Putin, and not being tough on him the way he was tough on people in the Republican primaries or tough on the people

in NATO that weren't spending their fair share, causes some discomfort among people that are wondering where he's gonna finally go when the big deal with Putin is cut. If that's simply a negotiating posture, and if he's gonna cut a great deal or not, we're gonna find out with time.

William Walton:

You know, a lot of this hysteria ... I mean, Trump has said that he's inherited a foreign policy from a foreign policy establishment in the US that's characterized by foolishness and stupidity.

Herman Pirchner:

Yeah.

William Walton:

And he's just really had a ... It's gored the foreign policy establishment big time. I think if you look at the lineup of people who are against Trump: Comey, Brennan, Clapper, the whole crew, and even a lot of the Republican people that've been appointed. He's really just been saying, "You guys have not been getting the job done. I'm gonna do it." It reminds me that there was a saying back in business school when people were taking ... We were talking about risk-taking and business decision. They say, when you're in a big corporation, it's better to fail conventionally than it is to succeed unconventionally.

William Walton:

It seems like a lot of the conventional diplomacy that we've used has not succeeded in bringing about objectives we want, yet he's extremely unconventional to put it mildly, and there's some chance he might succeed. I mean, he might succeed with North Korea. I think there's a good chance of that. He's resetting the relationship with China. A lot of turmoil there, but I think there could be a good outcome. I sort of like this disruptiveness because I think it might actually bring about some good change.

Herman Pirchner:

Well, business as usual isn't gonna cut it. We had a lot of Presidents that had business as usual with North Korea. Did they get Kim to the table? They did not. We don't know what the final outcome will be, but I note that we've seen a stoppage of nuclear testing in Korea. We've seen a stoppage of the missile launching. We had successive Presidents that said, "NATO, pay your fair share," which they've not done. They've made nice, and they haven't ruffled feathers. I know now, notice that spending among NATO countries is going up, and I think you have to give Donald Trump some of the credit. Russia's bad behavior that has spooked the countries nearest Russia gets credit too, because if you look at where the spending's going up the most, it's those countries closest to Russia. But does Trump get credit, and should he be given credit? Yes.

William Walton:

So, let's put you in the room with the President. You're advising him in the aftermath of this contretemps with Helsinki. What are you telling him to do now?

Herman Pirchner:

I think they've set in motion working groups to explore where common interest can be met by a given deal. The areas on the table under discussion are reasonably long. It's certainly Syria, certainly Ukraine, certainly North Korea, certainly types of arms control. I think my main advice would be, if your team

comes up with a deal, make sure they've gamed out how Russia, if Russia should so choose, would violate that deal. Let Putin know ahead of time you're gonna sign it, but if it goes down the road of violating it, there'll be swift action of the US and even say what the US action might be. Not just sign the paper. It's gate-keeping after the paper's signed.

William Walton:

You've written on this, and one of the great things you've said about Putin is, you gotta be firm with Putin. You gotta push back because Putin's the type of guy whose appetite is increased by eating.

Herman Pirchner:

Yeah. It's a provocative weakness. If he senses he can get something for nothing, he wants more. I think he'd make a very good case that, had there been a reaction from the international community, a more serious one, when he went into Crimea, he might not have launched the invasion of Eastern Ukraine. For all this talk about it being separatist, you should remember that it's financed by Russia, the officers directing the military operation are Russian, it's Russian equipment, it's Russian-directed. It's a Russian invasion of Ukraine.

William Walton:

We touched on this earlier, but it's not like Putin is living in Russia omnipotent. I mean, he does have forces around him, the oligarchs in particular, who has to keep happy, or he loses his power. Although we talk about them having their bank accounts stuff offshore, I've heard that he has as much as \$50 billion out of the country.

Herman Pirchner:

The way that the system works is that, if there's a big project, say the Olympics, there's a state budget for building the facilities to host the Olympics. It's common wisdom that about half of that is siphoned off the top, and some of it goes to the contractors and the local political bosses, but some filters up to Putin. It's just their system. The guy on the top should always get some.

William Walton:

I'm sure that worked in ... I'm-

Herman Pirchner:

Let me tell you. The problem is this, Bill. Right now, this is kept, his money was kept in other people's names, and as long as he has power, he can do what he wants. But say he decided to park a paltry \$10 billion with Bill Walton, and all of a sudden Putin dies of a heart attack and that money's in your name. Is it your money, or is it Putin's relatives'? If he loses power and is still alive and calls you up and says, "Bill, send me the money." Are you gonna send it? Maybe. Can he be sure? No.

William Walton:

Well, the ... I'm just looking here to think about where we're ... Can he be helpful with North Korea?

Herman Pirchner:

It's possible, but I think it's difficult for him. It's difficult for this reason. Part of this coalition of KGB officers are making money because they're teamed up with North Korea and KGB equivalents that take,

essentially, slave labor to go in horrible conditions in Siberia to mine gold. All the profit then is split among the Intelligence agencies with practically nothing being paid out in labor. Some of it, the people that support Putin are making money, and there are also sales into North Korea on arms and other questions. So, to the extent that he would begin to put pressure on North Korea by cutting off their cash flow, there will be some objection from part of his coalition. China has a problem this way too, but the Chinese economy is so much bigger, it's less of a problem for China.

William Walton:

Explain the slave labor. I've heard about that, but how does that manifest?

Herman Pirchner:

North Korean Intelligence decide we're gonna take this number of thousands or hundreds of people, and they're gonna be shipped because it's not their choice where they work, we'll just ship them where we want. They ship them up to mines in Siberia and they begin to work. Essentially they're fed and they're clothed, more or less, and they're not really paid beyond that.

William Walton:

Wow.

Herman Pirchner:

It's like having a business with no labor cost.

William Walton:

Well, that's the Gulag system.

Herman Pirchner:

Yes.

William Walton:

So, is that still working, though, with North Korean labor?

Herman Pirchner:

Yeah, I won't say it's extraordinarily widespread, but it exists and that's a problem. Also, there's a question, would Russia benefit from the US being buttoned down with problems with North Korea? Would we pay less attention to Ukraine or what they're doing in Syria if we're having to deal with a North Korean dictator that's unruly? You could imagine somebody in Moscow arguing against making life easier for us with North Korea. Maybe a deal can be cut, but Putin will want something back. The question is, what will he want back if he helps with North Korea? Is it a situation where he gets what he wants up front and then can renege later after not helping North Korea for six months? Maybe he's back to business as usual after eight or ten months.

William Walton:

Yeah, well, that's been the pattern.

Herman Pirchner:

Yeah, it's dicey.

William Walton:

All right. So, let's move from Eastern Russia to the Western border. Trump went over to the NATO meeting and ingratiated himself by telling them they all gotta pay up, which I agree they should if they want the mutual defense obligations. They ought to meet their mutual defense obligations. Then, he also took on Angela Merkel about the pipeline deal between Russia and Germany, which makes Germany highly dependent ... What is it, 70% of their natural gas now would be slated to come from Russia. What's going on there?

Herman Pirchner:

We just, a couple weeks ago, hosted heads of four European parliaments and the deputy head of the fifth. The deputy head was from Poland; the head couldn't come because the Polish parliament was in session. They came to Washington to talk against the pipeline. Why are they against it and why should the US be against it?

Herman Pirchner:

They're afraid if the pipeline bypasses Ukraine, if gas is not going through Poland, that Russia is in a position to put more pressure on both the countries like Ukraine and Poland, and the Baltic states, as well as Western Europe. Imagine if there is a Russian move against one of the Baltic countries: Latvia, Lithuania, and Estonia. It's the middle of winter and Putin says to Germany, "We're gonna cut off your gas if you don't come along with us." Well, that's the type of pressure that those in mid-Europe there near the Russian border do not want Putin to be able to exert. They think it's much better if a bigger percentage is accessed from the United States. We're building, I think, five terminals to export liquid natural gas.

Herman Pirchner:

So, I think both from the standpoint of not making Western Europe overly dependent upon Russia, and from the standpoint of boosting US exports, the Trump administration has had a very good policy against this Nord Stream 2 Pipeline.

William Walton:

It raises the question, though, if they're doing that much ... If Germany and Russia are doing that much together, is NATO obsolete?

Herman Pirchner:

Well, it depends how you view the threat from Russia. If you're in a country like Poland that has been invaded many, many times by Russia, been part of the Russian Empire, same with the Baltic states, you certainly don't think NATO is obsolete. You think that's the only way to defend your borders because you can't do it by yourself.

Herman Pirchner:

Everybody talks about Ukraine, but it's important to remember that the Scandinavian countries like Sweden and Finland are upping their defense efforts too, because of Russian incursions into their territorial waters with submarines. Russian bombers have gone into their defense zones. If you're close

to Russia, you don't think NATO is obsolete. You think that's the way you can live peacefully within your borders without having a heavy Russian influence, if not something worse, namely military occupation.

William Walton:

The Germans don't live right next to the border, so they're figuring they've got some buffers and they can think longer term, and those are not their ... Their issues, the Swedes' issues, and Latvia, places like that, they have different problems and Germans have their own problems. Angela is getting for the Germans what the Germans need.

Herman Pirchner:

There are people in Germany that echo that point of view, but when borders start being changed by force, when international agreements are en masse torn up, the instability is not good for the business and prosperity in Western Europe. Should, for instance, Poland fall again under a Russian sway, then Germany would have the border with Russia.

William Walton:

We're treating Russia in sort of Cold War terms as this sort of massive, monolithic, powerful state. But you look at Russia and its economy, its economy is not ... It's what? A twentieth of our size, and by comparison to China, Russian economy is relatively small. Also, you look at the demographic problems that you have in Russia. There's massive problems with alcohol and drugs. You go to the malls in Moscow and it's beautiful, but you look beyond or behind that a little bit, and there's a hollowing out of the society in Russia, is there not?

Herman Pirchner:

All that is true and more. The long-term trajectory for Russia, based on what's happening under Putin's rule is extremely bad. For as weak as the Russian economy is, they have a big nuclear arsenal and they've shown the willingness to kill people and expand their borders by force. The North Korean is much smaller than Russia's but we worry about them because of missiles and nukes and unpredictability. Would they actually use them? We've concluded they might. That's why we worry about North Korea. We worry about Russia because they've gone into Georgia to change borders, they've gone into Ukraine to change borders, and they may do it to other countries.

William Walton:

Okay. Final word for you: Circling back to where we started, the infamous press conference. Does it have any significance long-term or short-term, or do we just hit the reset button?

Herman Pirchner:

I think people were rattled, many of them, by Trump's gut reaction, not to defend his own intel community and to give sway to the arguments of Putin saying he wasn't involved in disturbing the elections. Walking that back, I think it's helped, but probably some doubts remain. People will be watching, both in the US and other countries, will be watching very closely the actions of the United States. If they continue to be tough, as they have been, against Russia, then I think this will be long forgotten. But, if there's any indication that they're going the other way, then this comment at the press conference will be shown over and over again.

William Walton:

Herman, thank you. We will stay tuned. We'll watch this closely, and I'd like to have you back on to talk about things as they develop further. As usual, thanks for your insights. I'm glad you're on our side.

Herman Pirchner:

Bill, it's always a pleasure to talk with you.

William Walton:

Okay. Herman Pirchner, always a wise man as usual. Thanks, Herman.

Herman Pirchner:

Thanks, Bill.

Speaker 1:

Good.

Herman Pirchner:

That was quick.

William Walton:

Yeah. Thirty minutes.

Herman Pirchner:

Yeah.

William Walton:

Thirty minutes. For this topic, that's about right.

Herman Pirchner:

Yeah.

William Walton:

And-