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## Sanctions in U.S. — Russia Relations\*

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**Abstract.** Given America's leading position in the global economy, the U.S. government has frequently leveraged that power to punish "rogue states", discourage nuclear proliferation, promote democratization, and create pressure for regime change. Washington relied on economic incentives in relations with Russia after 1991, but since 2012 the United States has utilized a broad range of economic sanctions against Russian side, leading to a significant deterioration in what was already a troubled relationship. In contrast to earlier comprehensive sanctions like those imposed on Iraq and Haiti, the U.S. is now crafting "smart" or targeted sanctions designed to exert maximum pressure on selected Russian elites and firms. Rather than evaluating the effectiveness of these measures on changing Russian behavior, the author explores the neglected domestic dimension of the U.S. sanctions process to improve understanding of U.S. foreign policy. This article draws on primary sources in the form of Congressional legislation, executive orders, and official statements to analyze U.S. sanctions imposed on Russia, and develops three brief case studies — the Magnitsky Act, post-Ukraine sanctions, and the Countering America's Adversaries Through Sanctions Act — to explicate the main issues and actors driving U.S. sanctions. The author argues that domestic factors, including Congressional pressures and interest group activity, are critical to understanding U.S. sanctions regimes. While President Donald Trump has frequently resisted congressionally imposed sanctions, expectations for a more conciliatory approach towards Russia under the Trump administration have not materialized.

**Key words:** sanctions, U.S. — Russia relations, U.S. Congress, economic coercion, Magnitsky Act, foreign policy

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## Роль санкций в отношениях США и России

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Учитывая лидирующую позицию Соединенных Штатов Америки в мировой экономике, правительство США часто задействовало свою власть для наказания «стран-изгоев», противодействия распространению ядерного оружия, содействия демократизации и оказания давления на смену политического режима. После 1991 г. в рамках сотрудничества с Россией Вашингтон применял экономические стимулы, но с 2012 г. Соединенные Штаты используют широкий спектр экономических санкций против российской стороны, что привело к значительному ухудшению и без того сложных взаимоотношений. В отличие от ранее введенных всеобъемлющих мер воздействия, подобных тем, которые применялись в отношении Ирака и Гаити, США

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сейчас разрабатывают «умные» или целенаправленные санкции, призванные оказать максимальное давление на отдельные российские элиты и фирмы. Вместо оценки эффективности принудительных мер с точки зрения изменения поведения России автор исследует игнорируемое внутреннее измерение американских санкций с целью улучшения понимания внешней политики США. В статье с целью анализа американских санкций, наложенных на Россию, рассмотрены первичные источники в виде законодательных актов Конгресса США, указов и официальных заявлений, а также проведен анализ трех кратких практических примеров — закона Магницкого, мер воздействия, введенных после украинских событий, и Закона о противодействии противникам США посредством санкций — для объяснения основных вопросов и субъектов, определяющих меры принуждения США. Автор утверждает, что внутренние факторы, в том числе давление со стороны Конгресса и деятельность заинтересованных групп, имеют решающее значение для понимания режимов американских санкций. Хотя президент Соединенных Штатов Америки Д. Трамп часто сам сопротивлялся такого рода мерам воздействия, введенным Конгрессом, ожидания более примирительного подхода в отношении России под его руководством не оправдались.

**Ключевые слова:** санкции, российско-американские отношения, Конгресс США, экономическое принуждение, закон Магнитского, внешняя политика

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## Introduction

The interconnectedness of today's globalized world has opened new opportunities for economic coercion by major powers, most notably the United States, which has been the world leader in imposing sanctions in the three decades since the end of the Cold War. The U.S. government has used those measures to promote human rights [Weiss 1999], punish “rogue actors” and state sponsors of terrorism [O'Sullivan 2003; Niblock 2001], and encourage transitions toward democratic governance [Crawford, Klotz 1999; Kaplowitz 1998; LeoGrande 2015]. At the same time globalization and the changing balance of economic power provide opportunities for countries and firms to evade sanctions by doing business through third-party states<sup>1</sup>.

There is a substantial body of literature that analyzes the use of economic sanctions in international relations [Baldwin 1985; Hufbauer,

Schott, Kimberly, Oegg 2009; Drezner 1999; Pape 1997]. Much if not most of this work assesses the effectiveness of those measures; that is, do economic sanctions change the target state's behavior to align with the sending state's preferences, and whether senders can avoid the collective action problem of third-party defections [Early 2015; Martin 1992; Pape 1997].

A second, smaller body of literature examines economic statecraft as a foreign policy tool, more coercive than diplomacy but less costly than war [Chan, Drury 2000; Marsh, Lantis 2018]. This paper seeks to contribute to this literature, examining U.S. sanctions against Russia as one dimension of broader U.S. foreign policy. The major research questions are as follows: what role have economic sanctions played in broader U.S. policy toward Russia since the end of the Cold War? How have congressional-executive relations shaped the sanctions regime? What interest groups have been influential in formulating sanctions against Russia? In short, I make no systematic attempt to evaluate the effectiveness of sanctions, but rather seek to understand the interplay of Congress, the presidency, and interest groups in U.S. sanctions policy.

<sup>1</sup> Barry and Kleinberg [2015] find that countries that are known sanctions busters tend to attract FDI from major firms intent on skirting sanctions imposed by their host country.

The focus in this paper will be primarily on sanctions implemented following “Russia’s annexation<sup>2</sup> of Crimea”<sup>3</sup>, with some attention to the broader context of economic coercive measure adopted by Washington after the Cold War. The first section provides an overview of sanctions as a tool of American foreign policy, followed by a more extensive discussion of U.S. sanctions imposed on Russia. Three brief case studies — the Magnitsky Act, post-Ukraine sanctions, and the Countering America’s Adversaries Through Sanctions Act — explicate the main issues and actors driving U.S. sanctions. The following section adds observations on the domestic context of American foreign policy making, and the conclusion summarizes the paper’s insights.

### Sanctions as a Tool of U.S. Foreign Policy

After the end of the Cold War America’s unipolar moment of military and economic dominance conferred significant geopolitical influence. Globalization and new confidence in the potential effectiveness of international economic institutions led the United States, and the United Nations, to more frequently implement economic sanctions as a policy tool, one having greater impact than diplomacy, yet far less costly than using military force in resolving disputes or changing target states’ behavior. Here I define sanctions as the use or threat of economic measures in a coercive or punitive manner by a sender state, either unilaterally or multilaterally, with the intent of changing the behavior of a target state [Jentleson 2000: 126]. This definition does not include positive economic inducements, nor does it include non-economic measures.

The 1990s — 2000s saw a spike in use of such sanctions, with the United States as

<sup>2</sup> Editorial opinion may not reflect the views of the author. Based on a voluntary referendum held on 16 March 2014, Crimea is an integral part of the Russian Federation (*Editor’s note*).

<sup>3</sup> In March 2019, the U.S. House of Representatives passed H.R. 596, a bill “To prohibit U.S. Government recognition of Russia’s annexation of Crimea”, where stated about Russia’s annexation of Crimea. URL: [https://connolly.house.gov/uploadedfiles/crimea\\_annexation\\_non-recognition\\_act.pdf](https://connolly.house.gov/uploadedfiles/crimea_annexation_non-recognition_act.pdf) (accessed: 05.05.2020).

the largest sender country. The Clinton administration (1993—2001) averaged about 8 sanctions annually, with the U.S. targeting smaller countries such as Cameroon, Malawi, Sudan and Columbia over democracy and human rights abuses. By contrast, the George W. Bush administration (2001—2009) averaged about 35 sanctions per year, many of which targeted China, Iran, and North Korea over nuclear proliferation. Economic coercion was used more frequently during G.W. Bush’s first term when John Bolton, a major proponent of sanctions, was undersecretary of state for arms control and international security<sup>4</sup>.

The Clinton administration’s focus on the benefits of globalization, multilateralism, and international trade agreements contributed to an emphasis on multilateral rather than unilateral sanctioning [Hufbauer, Schott, Kimberly, Oegg 2009: 125]. This approach to economic statecraft was subsumed under a foreign policy of enlargement — that is, increasing the community of market-oriented democracies. During this period, the United States supported Russia’s integration into the global economic community; sanctions were reserved for state sponsors of terrorism and egregious human rights abusers, including North Korea, Syria, Sudan, Iran, Libya, Cuba, and Iraq<sup>5</sup>. The Bush administration was more concerned with using sanctions to counter terrorism and the possibility of terrorist and rogue states acquiring nuclear capabilities and was less interested in multilateral approaches.

During the Cold War, the United States had imposed sanctions on the Soviet Union and its East European allies as early as 1948. The most prominent economic instruments used

<sup>4</sup> Reportedly, John Bolton, who was undersecretary of state for arms control and international security in the first Bush term, was a major advocate for using sanctions. By contrast, the State Department under Clinton regarded sanctions as too confrontational and favored diplomatic demarches. See: Boese W. Types, Targets of Sanctions Shift in Bush Administration // *Arms Control Today*. 04.11.2008. URL: <https://www.armscontrol.org/act/2008-10/iran-nuclear-briefs/type-targets-sanctions-shift-bush-administration> (accessed: 05.05.2020).

<sup>5</sup> According to Hufbauer [2009], sanctions on these seven designated state sponsors of terrorism had been imposed prior to the Clinton administration, but these measures were continued through the 1990s.

against the USSR were Coordinating Committee for Multilateral Export Controls (Cocom) restrictions on the export of dual-use technologies to the Soviet Union, the Jackson — Vanik amendment to the 1974 Trade Act conditioning most-favored nation status on freer Jewish emigration, and Jimmy Carter's grain embargo following the invasion of Afghanistan. However, the bulk of economic sanctions imposed by the United States during the Cold War were not directed toward the Soviet Union. As might be expected, the U.S. sanctioned hostile states — People's Republic of China, North Korea, North Vietnam, and Cuba — but also imposed penalties on a wide range of friendly states. These included Chile (to reduce copper prices), Turkey (over Cyprus), South Korea (over nuclear proliferation), and Israel (during the Suez crisis)<sup>6</sup>.

The final sanction imposed on the USSR occurred in August 1991, when President George H.W. Bush suspended economic aid with the announcement of the coup<sup>7</sup>. For the remainder of the decade the U.S. and a newly independent Russia worked together on economic issues. The absence of sanctions against the Russian Federation in the first two decades reinforces Daniel Drezner's argument that expectations of future conflict are a key factor in leading policymakers to adopt or maintain sanctions. Drezner's conflict expectations model posits that when targets expect future conflicts, they will be more likely to resist making concessions, since this will indicate weakness and accord political leverage to the sender. Allies, in contrast to adversaries, do not generally anticipate future conflicts with the sender and so tend to be more willing to make concessions [Drezner 1999]. Through the 1990s President Clinton had good personal relations with Boris Yeltsin, at least until the Serbia bombing, and the

administration's Russia policy was predicated on integrating Russia into the expanding community of democratic market systems. No one in the U.S. government anticipated a return to hostile relations with Russia — economic incentives were employed in relations with Moscow rather than economic penalties<sup>8</sup>.

Sanctions can create winners and losers inside the sender country, just as they do in the target country: "A decision to sanction cannot but reflect the domestic alignment of interests and power in the sender country" [Chan, Drury 2000: 6]. Decisions to sanction may be affected by partisan politics and electoral considerations; both are evident in the American political system. Sanctions may have both substantive and symbolic purposes. Symbolic sanctions, where the sender does not have any realistic expectation of changing the target's behavior, may be aimed at both foreign and domestic audiences. By imposing legislative sanctions to punish offenders, members of Congress may not expect to effect any real change in the behavior of other states, but at least they can take the "rhetorical high ground" — asserting legislative prerogatives while avoiding responsibility for actually implementing the sanctions. The executive branch is then faced with a decision to support congressional initiatives, modify or reject them [Chan, Drury 2000: 7].

Following the first Gulf War in 1991 the United States has avoided broad embargoes in favor of "smart" or targeted sanctions that supposedly avoid harming the general population. The United Nations had imposed comprehensive sanctions against Iraq to restrain Saddam Hussein's weapons of mass destruction (WMD) programs, but the regime's lack of compliance, widespread malnutrition and the spread of disease among the Iraqi people, and a growing body of literature critical of sanctions' effectiveness led to changes in the tactics of economic coercion. The disastrous impact of

<sup>6</sup> Summary of Economic Sanctions Episodes, 1914—2006 // Peterson Institute for International Economics. 2008. URL: <https://www.piie.com/summary-economic-sanctions-episodes-1914-2006> (accessed: 05.05.2020).

<sup>7</sup> Rosenthal A. The Soviet Crisis: Bush Condemns Soviet Coup and Calls for Its Reversal // New York Times. 20.08.1991. URL: <https://www.nytimes.com/1991/08/20/world/the-soviet-crisis-bush-condemns-soviet-coup-and-calls-for-its-reversal.html> (accessed: 05.05.2020).

<sup>8</sup> The total amount of aid provided by the United States to Russia through the Freedom Support Act in the 1990s was 2.26 billion USD (Foreign Assistance: International Efforts to Aid Russia's Transition Have Had Mixed Results. Washington, D.C.: GAO. November 2000. GAO-01-8. P. 165).

sanctions on Haiti in response to the 1991 coup further undermined the idea of broad-based measures [Gibbons 1999]. By the late 1990s the UN and the U.S. had abandoned comprehensive sanctions in favor of targeted measures — arms embargoes, asset freezes, travel bans — designed to be more effective and more humanitarian, impacting the leadership or key elites rather than a vulnerable public [Gordon 2011; Drezner 2015]. Following the terrorist attacks of September 11, 2001, the United States government employed smart sanctions to target terrorist networks and state sponsors of terror — primarily Iran and North Korea — to isolate rogue actors from the U.S.-dominated financial system [Zarate 2009; 2013]. Targeted financial weapons developed after 9/11 would later be used against Russia.

Executive authority to sanction is granted under the International Emergency Economic Powers Act (IEEPA) of 1977, which supplanted the 1917 Trading with the Enemy Act. Although Congress's intent in passing the IEEPA was to limit presidential overreach, this legislation has delegated to the president broad and nearly unconstrained authority to declare emergencies related to U.S. national security if there is an “unusual or extraordinary” threat to the United States<sup>9</sup>. While U.S. presidents since Jimmy Carter have used these emergency powers repeatedly, D. Trump was the first to invoke IEEPA in imposing tariffs on imported goods.

This more expansive, economic view of “emergencies” is also reflected in the 2017 National Security Strategy, which notes that “economic tools — including sanctions, anti-money-laundering and anti-corruption measures, and enforcement actions — can be important parts of broader strategies to deter, coerce, and constrain adversaries”<sup>10</sup>. While the Strategy

<sup>9</sup> Arnold A. Where Does Trump Get the Power to Reimpose Sanctions? // Bulletin of the Atomic Scientists. 15.08.2018. URL: <https://www.belfercenter.org/publication/where-does-trump-get-power-reimpose-sanctions> (accessed: 05.05.2020).

<sup>10</sup> National Security Strategy of the United States of America // The White House. December 2017. P. 34. URL: <https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf> (accessed: 05.05.2020).

acknowledges the importance of working together will allies to enhance economic pressure, President Trump has used economic coercion against both allies and adversaries.

In the United States, sanctions may be imposed by Congress through legislation, or by the president through executive orders. Presidential authority to impose sanctions through executive orders (under IEEPA) allows the executive branch to act more quickly than Congress. Institutionally, presidents resent Congress intruding into the foreign policy domain, where the executive has primary responsibility. Presidents may veto congressional attempts to legislate sanctions or, if that is not feasible, may issue a signing statement critical of the legislation, as President Trump did in signing the CAATSA bill<sup>11</sup>. Sanctions are implemented through a complex of agencies, with the Treasury Department acting in cooperation with the State Department. The Office of Foreign Assets Control (OFAC) is the main agency within the Treasury Department responsible for implementing sanctions<sup>12</sup>.

Of the three forms of economic coercion outlined by Robert Pape — economic sanctions, trade wars, and economic warfare — U.S. policy toward Russia has focused on sanctions [Pape 1997: 93–95]. The Trump administration has engaged in a trade war with China, USA's second largest trade partner, but U.S. trade with Russia is quite small<sup>13</sup>. Economic warfare, which

<sup>11</sup> In his signing statement, Donald Trump claimed the bill “improperly encroaches on Executive power, disadvantages American companies, and hurts the interests of our European allies” (Statement by President Donald J. Trump on Signing the “Countering America's Adversaries Through Sanctions Act” // The White House. 02.08.2017. URL: <https://www.whitehouse.gov/briefings-statements/statement-president-donald-j-trump-signing-countering-americas-adversaries-sanctions-act/> (accessed: 05.05.2020)).

<sup>12</sup> O'Toole B., Sultoon S. Sanctions Explained: How a Foreign Policy Problem Becomes a Sanction Program // Atlantic Council. 22.09.2019. URL: <https://www.atlanticcouncil.org/commentary/feature/sanctions-explained-how-a-foreign-policy-problem-becomes-a-sanctions-program/> (accessed: 05.05.2020).

<sup>13</sup> According to the U.S. Census Bureau, trade with Russia totaled around 28 billion USD in 2019 (out of total U.S. foreign trade turnover of 4.14 trillion USD), with the U.S. running a 16.5 billion USD deficit. In comparison,

seeks to weaken a country's economic and hence its military potential has not been central to American economic coercion toward Russia, though Russian officials frequently assert this is Washington's goal. Sanctions are intended to inflict pain on the target to achieve political objectives but without resort to military force. Pape argues that economic sanctions are rarely effective, and that states may impose sanctions for reasons other than simply seeking to change the behavior of the target state. Leaders may overestimate the chances of sanctions being successful, they may impose sanctions initially in order to enhance the credibility of threats to use military force, or sanctions may be imposed primarily for domestic reasons [Pape 1997: 109]. Imposing sanctions as a prelude to war does not seem to be a goal of either the U.S. Congress or the President (D. Trump or B. Obama); U.S. officials do not envision using military force against Russia over Ukraine, or in response to cyber assaults (unless the latter would result in catastrophic losses).

Confidence in the potential for sanctions to have the desired effect on the target state derives from Washington's ability to mobilize its allies, particularly following the Crimea crisis, the belief that "smart sanctions" could create enough pain to cause a shift in behavior, and a fundamental misunderstanding of Russian reactions to sanctions. The idea of smart sanctions became more influential after the 9/11 terrorist attacks. These measures attempt to fine-tune the effect of sanctions, by impacting officials and other elites while minimizing pain to average citizens.

Chip Poncey, a former Treasury Department official and leading expert on sanctions, notes that U.S. sanctions have shifted in two fundamental ways: first, away from largely symbolic or political measures designed to shame targets, and more toward "operationally meaningful tools to deter, change, disrupt, and/or contain activity that threatens core foreign policy

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U.S. trade with China was 559 billion USD in 2019 (Foreign Trade — U.S. Trade with China // Census Bureau. 2020. URL: <https://www.census.gov/foreign-trade/balance/c4621.html> (accessed: 05.05.2020)).

or national or collective security interests"; and second, as part of a more "tailored and nuanced" strategy targeting specific actors (elites and regimes) and conduct rather than more comprehensive sanctions that produce unwanted collateral damage<sup>14</sup>. State Department economists have found that smart sanctions work as intended, impacting the financial health of targeted firms and individuals and largely avoiding collateral damage<sup>15</sup>.

### Sanctions in U.S. Policy toward Russia

Although U.S.-Russian relations began deteriorating after NATO bombed Serbia in 1999, and tensions ratcheted up with the U.S. invasion of Iraq and Putin's 2007 Munich speech, Washington still refrained from utilizing economic penalties against Russia. Indeed, Freedom Support Act allocations to Russia have continued to the present, though aid has declined significantly since the peak years of 2005—2007<sup>16</sup>. The first sanctions were imposed on post-Soviet Russia in mid-December 2012, in the form of Congressional legislation — the Magnitsky Act — which targeting individuals considered responsible for the death in custody of Sergey Magnitsky, a lawyer for William Browder's firm Renaissance Capital. The next major set of sanctions occurred in March 2014 following "Russian occupation of Crimea"<sup>17</sup> and

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<sup>14</sup> Poncey C. Prepared Statement, "Countering Russia: Further Assessing Options for Sanctions", Hearing Before the Committee on Banking, Housing, and Urban Affairs // United States Senate. 27.04.2017. P. 39. URL: <https://www.govinfo.gov/content/pkg/CHRG-115shrg26520/pdf/CHRG-115shrg26520.pdf> (accessed: 05.05.2020).

<sup>15</sup> Ahn D.P., Rodney L. Measuring Smartness: Understanding the Economic Impact of Targeted Sanctions // US Department of State Office of the Chief Economist. 2017. Working Paper 2017-01. URL: <https://www.state.gov/wp-content/uploads/2018/12/Measuring-Smartness-Understanding-the-Economic-Impact-of-Targeted-Sanctions-1.pdf> (accessed: 05.05.2020).

<sup>16</sup> US AID reported 160 million USD in assistance to Russia in 2019, virtually all through the Department of Energy for international nuclear security programs (U.S. Foreign Aid by Country // US AID. 2020. URL: <https://explorer.usaid.gov/cd/RUS> (accessed: 05.05.2020)).

<sup>17</sup> A Fact Sheet issued by the Obama White House stated U.S. support for Ukraine "in the face of Russian occupation of Crimea" // The White House. URL:

consisted of visa restrictions and asset freezes on 11 Russian officials. By the end of 2019, the U.S. had imposed over 70 sets of sanctions on Russia, consisting of both congressional legislative acts and executive orders<sup>18</sup>.

Since 2014, economic sanctions have become Washington's foreign policy instrument of choice in dealing with Russia, though there is little evidence that sanctions have changed "Russian malign behavior"<sup>19</sup>. Recent U.S. administrations have combined the deterrent effect of military modernization and force deployments with the use of economic sanctions in response to a range of aggressive Russian actions — the invasion of Ukraine, cyberattacks, interference in the 2016 elections, the poisoning of former intelligence officer Sergei Skripal, various human rights abuses, and support for Syria, Iran and North Korea<sup>20</sup>. Sanctions are more coercive than diplomacy, but less threatening than military options, and the U.S. is not seriously contemplating military action against Russia. Russian leaders, however, condemn sanctions as unwarranted interference in Russia's internal affairs and an attempt to restrain Russia's great power ambitions. Vladimir Putin referenced the large number of sanctions imposed by the Trump administration and EU as a "big mistake" that resulted in billions of dollars of losses on all sides<sup>21</sup>.

<https://obamawhitehouse.archives.gov/the-press-office/2014/06/04/fact-sheet-us-security-assistance-ukraine> (accessed: 05.05.2020).

<sup>18</sup> For a list of all sanctions imposed from 2012 to 2018, see: The CSIS Russia Sanctions Tracker. URL: <https://russiasanctionstracker.csis.org/> (accessed: 05.05.2020).

<sup>19</sup> Ashford E. Not-So-Smart-Sanctions: The Failure of Western Restrictions against Russia // Foreign Affairs. 2016. January/February. P. 114—123. This language is also used by the Treasury Department, which has a key role in imposing sanctions: Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity // U.S. Department of the Treasury. 06.04.2018. URL: <https://home.treasury.gov/news/press-releases/sm0338> (accessed: 05.05.2020).

<sup>20</sup> U.S. Sanctions on Russia // Congressional Research Service. 17.01.2020. URL: <https://fas.org/sgp/crs/row/R45415.pdf> (accessed: 05.05.2020).

<sup>21</sup> Direct Line with Vladimir Putin // President of Russia official website. 20.06.2019. URL: <http://en.kremlin.ru/events/president/news/60795> (accessed: 11.05.2020).

The Kremlin is strongly opposed to sanctions because the Russian economy and centralized governing structures make countering sanctions difficult. Russia is far more integrated into the global economy than was the USSR, and so is more vulnerable, but Russia has alternatives to Western finance and hydrocarbon markets. Russian leaders condemn sanctions as contrary to international law, or ineffective, and reject the linkage between Russian behavior and sanctions. Some Russians analysts regard U.S. sanctions as a weapon targeted at accelerating the country's political decline or effecting regime change [Khudoley 2019: 100—101].

A raw materials exporter, Russia can find markets for its products outside Europe and the United States, but the advanced technologies needed for deep water and Arctic oil and gas exploration are concentrated in a few Western companies. China can provide much-needed financing and investment, though China's largess has its limits [Ziegler 2018b]. Furthermore, sanctions have not altered Russia's behavior to achieve the desired goals of the United States, which include withdrawal from Crimea and southeast Ukraine, curtailing assistance to the Assad regime, ceasing cyberattacks, and ending corruption and human rights violations<sup>22</sup>. Sanctions did impact the Russian economy, particularly during the economic downturn in 2014—2015, but by 2017 Russian energy, finance and defense sectors had returned to normal as the country utilized domestic resources and cultivated new foreign partners [Connolly 2018].

The following section examines the Magnitsky Act of 2012, the first set of sanctions imposed on Russia in the post-communist era. The second section discusses U.S. sanctions imposed due to Crimea factor, while the third section explores the CAATSA sanctions imposed on Russia, North Korea, and Iran in 2017 for cyberattacks on the United States.

<sup>22</sup> For a discussion of the reasoning and legislation behind sanctions on Russia, see: U.S. Sanctions on Russia // The Congressional Research Service. 17.01.2020. URL: <https://fas.org/sgp/crs/row/R45415.pdf> (accessed: 11.05.2020).

## The Magnitsky Sanctions

The Magnitsky Act presents a useful case study of the sanctions process in the United States, with domestic lobbying by a determined individual, an initially tepid response by the State Department, and eventual Congressional legislation forcing the executive branch to impose targeted economic measures. In American politics the Magnitsky Act was linked to Russia's entry into the World Trade Organization (WTO), one of the key goals of Barack Obama's reset with Russia. For Russia to be admitted to the WTO, U.S. Congress would have to revoke the 1974 Jackson — Vanik amendment tying permanent normal trade relations to Jewish emigration from the USSR. Jackson — Vanik impacted the entire Soviet/Russian economy by linking Most-favored-nation (MFN) status to emigration; the Magnitsky Act targeted specific individuals and utilized more limited, “smart” sanctions.

Bill Browder [2015], founder and CEO of Hermitage Capital Management, had begun lobbying Barack Obama administration officials in 2009 to impose sanctions on Russia over the death of his lawyer Sergei Magnitsky in pre-trial custody. S. Magnitsky had been arrested by Russian authorities after alleging large-scale theft of taxes paid by Hermitage's companies. Browder's firm had amassed a large volume of evidence about Magnitsky's torture and mistreatment based on his correspondence, and Browder wanted the U.S. government to punish those responsible<sup>23</sup>. Browder's efforts to convince officials in the State Department were unsuccessful; in his words, he encountered a “brick wall”. With the Obama administration invested in the “reset” of U.S. — Russia relations, no one wanted to jeopardize relations. A handful of Russian officials were listed on a State Department visa ban, but the list was kept secret. The Obama administration's efforts to secure World Trade Organization membership for Russia required rescinding the 1974 Jackson —

Vanik amendment, but Russia critics in Congress were reluctant to grant permanent normal trade relations (PNTR) to Russia without compensatory legislation.

Browder's meeting with Senator John McCain (R-AZ<sup>24</sup>) in 2010 was the breakthrough moment<sup>25</sup>. McCain, long-time critic of Russia, and Senator Benjamin Cardin (D-MD), co-chair of the congressional Helsinki Commission, teamed up with Senators Joseph Lieberman (D-CT) and Roger Wicker (R-MS), to draft the legislation that would eventually become the Magnitsky Act. Their strategy proposed legislation making Permanent Normal Trade Relations conditional on the Magnitsky legislation [Gilligan 2016]. The Act, which was limited to targeting Russian citizens involved in gross human rights violations, was passed into law December 2012. Subsequently, the Global Magnitsky Act, passed by Congress in December 2016, expanded sanctions provisions to individuals in any country around the globe engaging in corrupt practices or egregious human rights abuses [Firestone, Contini 2018].

Browder also campaigned in Europe for adoption of similar legislation, with Estonia, Latvia, and Lithuania along with Canada passing Magnitsky laws. Britain plans to introduce similar legislation once Brexit is completed. By late 2019 the European Union under pressure from the Netherlands was preparing a sanctions regime comparable to the U.S. Global Magnitsky act that would target individuals responsible for gross violations of human rights. However, unlike the United States EU officials were reluctant to single out Russia for sanctioning<sup>26</sup>.

<sup>24</sup> Hereinafter: the first letter is the designation of the party to which the senator belongs (D — Democrats, R — Republicans, I — Independent), the other two letters are the abbreviation of the state that the senator represents (AZ — Arizona, MD — Maryland, CT — Connecticut, MS — Mississippi, VT — Vermont, KY — Kentucky, MI — Michigan, TN — Tennessee, SC — South Carolina, NH — New Hampshire) (*Editor's note*).

<sup>25</sup> Browder B. John McCain Helped Target Putin's Cronies and for That Reason He'll Always Be My Hero // Time. 30.08.2018. URL: <https://time.com/5383100/bill-browder-john-mccain-magnitsky-act/> (accessed: 05.05.2020).

<sup>26</sup> Barigazzi J. EU to Prepare Magnitsky-style Human Rights Sanctions Regime // Politico (Europe).

<sup>23</sup> Kaminski M. The Weekend Interview with William Browder: The Man Who Stood Up to Putin // Wall Street Journal. 09.05.2014. URL: <https://www.wsj.com/articles/the-weekend-interview-the-man-who-stood-up-to-putin-1399674165> (accessed: 05.05.2020).



One day after the Treasury Department's Office of Foreign Assets Control (OFAC) released a list of Russian officials and oligarchs prohibited from entering the United States under the Magnitsky Act, Russia countered with a similar list of American citizens banned from entering Russia<sup>27</sup>. Russia's diplomatic philosophy emphasizes reciprocity in international relations, so the Kremlin may be expected to answer U.S. sanctions in kind [Ziegler 2018a]. In addition to the visa ban, Russian State Duma passed and President Putin signed the Dmitry Yakovlev Law limiting child adoptions by U.S. citizens, and Russia implemented bans on imports of American beef, pork, and poultry. In 2018, at summit with President Trump in Helsinki Vladimir Putin characterized Browder's activities as criminal and proposed having his associates questioned by Russian law enforcement<sup>28</sup>. In short, the reaction generated by the Magnitsky act in Russia indicates these targeted sanctions, which coincided with a decline in oil prices, had a substantial impact on Russia's political and business elites.

### Sanctions in Response to the Ukrainian Crisis

From passage of the Magnitsky Act in 2012 to the end of 2019 the United States imposed some 70 sets of sanctions on Russia, either by legislation or (more commonly) by executive order<sup>29</sup>. Sanctions were dramatically expanded in

2014 after the Crimea crisis, with financial, defense, energy, and government sectors specifically targeted. The Obama administration did, however, craft the sanctions to target key individuals and avoid impacting Russia's energy exports to Europe<sup>30</sup>. While President Trump has been reluctant to criticize Russia or President Putin, his administration imposed a large number of executive orders related to Russia's violations of North Korean sanctions, annexation of Crimea, support for the Assad regime in Syria, cyber intrusions, and interference in U.S. election<sup>31</sup>. However, as President Trump has been reluctant to endorse major sanctions bills targeting Russia, including the 2017 Countering America's Adversaries Through Sanctions Act.

Following Russia's annexation of Crimea and support for separatists in southeast Ukraine, members of Congress condemned Russian violations of Ukraine's sovereignty, promised economic and security assistance to Kyiv, and called for sanctions against Russia<sup>32</sup>. The Obama administration issued a number of executive orders related to Ukraine that sanctioned Russia's financial, defense, energy, and other sectors. Congress enacted the Support for Sovereignty, Integrity, Democracy and Economic Stability of Ukraine act in April 2014, and the Ukraine Freedom Support Act in December 2014, and expanded Magnitsky Act sanctions against individuals linked to Magnitsky's death. Finally, in December 2014 the Congress passed and Barack Obama signed

19.09.2019. URL: <https://www.politico.eu/article/eu-to-prepare-magnitsky-style-human-rights-sanctions-regime/> (accessed: 05.05.2020).

<sup>27</sup> U.S. Sanctions on Russia // Congressional Research Service. 17.01.2020. P. 32—33. URL: <https://fas.org/sgp/crs/row/R45415.pdf> (accessed: 05.05.2020).

<sup>28</sup> Ma A. Putin Hinted He Wanted Trump to Give Him Access to One Man — And It Reveals His Greatest Weakness // Business Insider. 17.07.2018. URL: <https://www.businessinsider.com/trump-putin-bill-browder-magnitsky-act-press-conference-2018-7> (accessed: 05.05.2020); Remarks by President Trump and President Putin of the Russian Federation in Joint Press Conference // The White House. 16.07.2018. URL: <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-president-putin-russian-federation-joint-press-conference/> (accessed: 05.05.2020).

<sup>29</sup> The CSIS Russia Sanctions Tracker. URL: <https://russiasanctionstracker.csis.org/> (accessed: 05.05.2020).

<sup>30</sup> Lew J.J., Nephew R. The Use and Misuse of Economic Statecraft: How Washington is Abusing Its Financial Might // Foreign Affairs. 2018. November/December. P. 143—144.

<sup>31</sup> The CSIS Russia Sanctions Tracker. URL: <https://russiasanctionstracker.csis.org/> (accessed: 05.05.2020).

<sup>32</sup> In 6 May 2014 hearing before the Senate Foreign Relations Committee government officials, senators, and expert witnesses discussed Russia's actions in Ukraine. Typical comments included those by Daniel Glaser, Assistant Secretary of State, referencing "Russia's illegal annexation of Crimea", and Dr. Evelyn Farkas, Deputy Assistant Secretary of Defense, who described "Russia's illegal annexation of Ukrainian sovereign territory". Ukraine Countering Russian Intervention and Supporting a Democratic State // U.S. Government Information. URL: <https://www.govinfo.gov/content/pkg/CHRG-113shrg93841/html/CHRG-113shrg93841.htm> (accessed: 10.05.2020).

into law the Ukraine Freedom Support Act, designed to deter Russia from taking further aggressive actions against Ukraine and other East European countries. This Act provided 350 million USD in security assistance to Kyiv and mandated a number of additional sanctions on Russia, though Barack Obama asserted the U.S. did not intend to impose additional new sanctions on Russia<sup>33</sup>.

Domestically there was widespread support for imposing sanctions against Russia. In Congress, the Ukraine Freedom Support Act had co-sponsors on both sides of the aisle, and the vote was unanimous. Hardliners in Congress, and some defense officials, were pushing for the administration to provide lethal aid to Ukraine, but the White House insisted on providing only non-lethal equipment. Certain U.S. business groups also opposed additional sanctions, particularly those against Rosoboroneksport and Gazprom. The U.S. Chamber of Commerce and National Association of Manufacturers expressed their opposition to unilateral sanctions, claiming any new measures could shift business toward Chinese and European firms and harm U.S. manufacturers and workers<sup>34</sup>.

The Ukraine Freedom Support Act was premised on building broad international support for targeted sanctions against Rosoboroneksport and Gazprom, two of Russia's leading export earners. A similar strategy was used in pressuring Iran to negotiate the Joint Comprehensive Plan of Action (JCPOA), and recognition that the U.S. did not have the international community's support was a factor

leading to normalization of relations with Cuba. Since Russia could veto any initiatives in the UN Security Council, the United States worked through the G-7 mechanism and in coordination with the European Union to develop a coordinated response that was measured and could be ratcheted up or down depending on Moscow's response. The "smart" nature of the sanctions consisted of targeting top officials and economic sectors where Russia relied heavily on US and European financing and technology, but where sanctions would have minimal spillover on the U.S., its allies, or the Russian people. The Obama administration also realized that secondary sanctions could be seen as infringing on the sovereignty of allied states and should be used sparingly<sup>35</sup>.

From 2014 to 2017 the EU in parallel with U.S. efforts applied a range of sanctions against Russia, including restrictions on lending, weaponry and dual-use technologies, energy-related equipment and technology, and commerce with Crimea. The Europeans regarded Russia's actions in Ukraine as serious enough to warrant these actions even though Russia was the EU's third largest trading partner<sup>36</sup>.

U.S. and EU sanctions shifted from targeting individuals to concentrating on the energy and financial sectors, thus challenging the national champions that Vladimir Putin had promoted as key to restoring Russia's great power status [Gilligan 2016: 272]. These "smart sanctions" were designed to inflict pain on Russia's political, economic, and military elites, and to put pressure on key economic sectors, but without harming the general population. Some experts have argued that the precision and flexibility of U.S. sanctions, together with the assistance of European allies, have made

<sup>33</sup> The CSIS Russia Sanctions Tracker. URL: <https://russiasanctionstracker.csis.org/> (accessed: 05.05.2020); Ukraine: Background, Conflict with Russia, and U.S. Policy // Congressional Research Service. 19.09.2019. P. 34—37. URL: <https://fas.org/sgp/crs/row/R45008.pdf> (accessed: 05.05.2020).

<sup>34</sup> Jackson D. Business Groups Oppose Any New Sanctions on Russia // USA Today. 25.06.2014. URL: <https://www.usatoday.com/story/news/politics/2014/06/25/obama-russia-sanctions-national-association-of-manufacturers-us-chamber-of-commerce/11349731/> (accessed: 05.05.2020); McGregor R. US Business Groups Attack Russia Sanctions // Financial Times. 26.06.2014. URL: <https://www.ft.com/content/e76ed66a-fcfd-11e3-81f5-00144feab7de> (accessed: 05.05.2020).

<sup>35</sup> Remarks of Secretary Lew on the Evolution of Sanctions and Lessons for the Future at the Carnegie Endowment for International Peace // U.S. Department of the Treasury. 20.03.2016. URL: <https://www.treasury.gov/press-center/press-releases/Pages/jl0398.aspx> (accessed: 05.05.2020).

<sup>36</sup> Economic Impact on the EU of Sanctions over Ukraine Conflict // European Parliament. October 2015. URL: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2015/569020/EPRS\\_BRI\(2015\)569020\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2015/569020/EPRS_BRI(2015)569020_EN.pdf) (accessed: 05.05.2020).

sanctions against Russia effective<sup>37</sup>. However, Emma Ashford has argued that sanctions did not succeed in forcing Russia's withdrawal from Crimea, pushing Moscow to compromise through the Minsk Accords, or convincing Russia to accept responsibility for downing Malaysian flight MH17<sup>38</sup>. The sanctions have had only minimal effect on Russia's key institutions and elites, although the IMF estimated that sanctions contributed to a 3 % decline in Russia GDP in 2015<sup>39</sup>. The decline in oil prices was a more significant factor, and by 2017 modest economic growth had returned.

In response to sanctions on Russia following the Crimea issue, the Kremlin ordered a ban on most food and agricultural products imported from countries implementing sanctions, including the U.S., EU, Canada, Australia, and Norway. In August 2018 Rosselkhoznadzor, the Russian agricultural monitoring agency, announced that over 27,000 tons of food products prohibited by Vladimir Putin's 2014 decree had been destroyed<sup>40</sup>. Russia's food ban was justified as an economic measure to guarantee the security of the Russian Federation and, like Dmitry Yakovlev's law, reflects the practice of reciprocity in Russian foreign policy.

### Countering America's Adversaries Through Sanctions Act

When Donald Trump assumed the presidency in January 2017, he faced a dilemma. During the campaign, Trump had often praised

Putin and suggested that his administration would improve relations with Russia. In various interviews Donald Trump dismissed allegations that Vladimir Putin had ordered journalists or defectors killed, suggested a meeting with Vladimir Putin during the campaign would be "wonderful", and expressed his willingness to work with a friendly Russia against ISIS. Donald Trump questioned Barack Obama's policies supporting Ukraine, and suggested sanctions imposed on Russia after 2014 might be lifted<sup>41</sup>. But Russia critics in his Republican party, together with many Democrats, were determined to keep pressure on Moscow over human rights issues and the Ukraine situation.

A key piece of legislation enacted shortly after Donald Trump's inauguration was the Countering America's Adversaries Through Sanctions Act of 2017 (CAATSA). This bill, prompted by congressional outrage over foreign interference in the 2016 elections, imposed a range of sanctions against Russian finance, energy, defense, government, mining, transportation, and intelligence sectors, in addition to measures targeting Iran and North Korea<sup>42</sup>. Most of these sanctions were mandatory, including secondary sanctions, restricting any executive attempts to ease or remove the specified measures. The president

<sup>37</sup> Fishman E. Even Smarter Sanctions: How to Fight in the Era of Economic Warfare // *Foreign Affairs*. 2017. November/December. P. 102–110.

<sup>38</sup> Ashford E. Not-So-Smart-Sanctions: The Failure of Western Restrictions against Russia // *Foreign Affairs*. 2016. January/February. P. 114–123.

<sup>39</sup> IMF Survey: Cheaper Oil and Sanctions Weigh on Russia's Growth Outlook // *International Monetary Fund*. 03.08.2015. URL: <https://www.imf.org/en/News/Articles/2015/09/28/04/53/socar080315b> (accessed: 20.05.2020).

<sup>40</sup> On the Measures of the Rosselkhoznadzor in Pursuance of the Decree of the President of the Russian Federation "On Certain Special Economic Measures Applied to Ensure the Security of the Russian Federation" for 4 Years // *Rosselkhoznadzor*. August 6, 2018. URL: <http://www.fsvps.ru/fsvps/news/27599.html> (accessed: 05.05.2020). (In Russian).

<sup>41</sup> Sanger D. Did a Real Estate Project Influence Trump's View of Russia Sanctions? // *New York Times*. 29.11.2018. URL: <https://www.nytimes.com/2018/11/29/us/politics/trump-cohen-russia-sanctions.html?action=click&module=MoreInSection&pgtype=Article&region=Footer&contentCollection=Politics> (accessed: 05.05.2020).

<sup>42</sup> CAATSA was the broad legislation; Title II of the law focusing specifically on Russia was the Countering Russian Influence in Europe and Eurasia Act (CRIIEA), which specified U.S. intent never to recognize "the annexation of Crimea". Language in the CRIIEA states: "The United States, consistent with the principle of *ex injuria jus non oritur*, supports the policy known as the "Stimson Doctrine" and thus does not recognize territorial changes effected by force, including the illegal invasions and occupations of Abkhazia, South Ossetia, Crimea, Eastern Ukraine, and Transnistria" (S.1221 — Countering Russian Influence in Europe and Eurasia Act of 2017 // U.S. Congress official website. URL: <https://www.congress.gov/bill/115th-congress/senate-bill/1221/text?q=%7B%22search%22%3A%5B%22russia%22%5D%7D&r=65> (accessed: 10.05.2020).

could, however, obtain a waiver for national security reasons<sup>43</sup>.

Facing a potential veto, President Trump signed the bill but issued two separate signing statements expressing his conviction that the legislation encroached on executive powers, disadvantaged American firms, hurt the interests of European allies, and would likely drive Russia, China and North Korea closer together<sup>44</sup>. Secretary of Defense James Mattis was concerned that the legislation would jeopardize America's defense ties with India and other partners planning to purchase Russia weaponry<sup>45</sup>. However, sections 231 and 235 of the Act allow the president to grant waivers on a case-by-case basis if he certifies the waiver is in the interests of U.S. national security<sup>46</sup>.

The day after Congress passed CAATSA Russian President Putin ordered the American diplomatic mission to reduce its staff by 755 employees, a dramatic but measured response. Russia's President expressed his disappointment that expectations for better relations had not been realized<sup>47</sup>. Prime Minister of Russia Dmitry Medvedev condemned the legislation as a victory for the American establishment over Donald Trump, charging that Congress had forced the

President to surrender executive authority<sup>48</sup>. Less than a year into the new administration, Moscow may have been seeking to deflect blame from the president and foster divisions between President Trump and a Congress more antagonistic toward Russia.

In imposing sanctions, U.S. administrations prior to 2017 generally attempted to mobilize support among European and Asian allies. However, the Trump administration adopted a more confrontational approach toward European allies in line with the President's "America First" idea. Tense trans-Atlantic relations impacted the sanctions regime. Europeans opposed the CAATSA provisions as endangering European energy security, and resented the Americans imposing new sanctions without consulting their European allies<sup>49</sup>. Natural gas had been exempted from the sanctions imposed in 2014, but CAATSA targeted Nord Stream II. That threatened the interests of major European energy companies while appearing to advantage American fracking interests<sup>50</sup>.

Given Russia's much higher volume of trade with Europe, Europe's energy dependence on Russia, and the existence of large joint projects such as Nord Stream II, European sanctions impose greater costs on both senders and the target. In March 2014, the European Union had imposed sanctions on 175 individuals and 44 entities as a response to the Crimea factor and continued to renew the sanctions through September 2020. The EU had also imposed sanctions on Russian energy and defense sectors, but the Europeans resisted the secondary

<sup>43</sup> Ukraine: Background, Conflict with Russia, and U.S. Policy // Congressional Research Service. 19.09.2019. P. 34—37. URL: <https://fas.org/sgp/crs/row/R45008.pdf> (accessed: 05.05.2020).

<sup>44</sup> Statement by President Donald J. Trump on Signing the "Countering America's Adversaries Through Sanctions" Act // The White House. 02.08.2017. URL: <https://www.whitehouse.gov/briefings-statements/statement-president-donald-j-trump-signing-countering-americas-adversaries-sanctions-act/> (accessed: 05.05.2020).

<sup>45</sup> Gould J. US Sanctions on Russia Could Harm India. Congress Is Wrestling over a Fix // Defense News. 18.07.2018. URL: <https://www.defensenews.com/congress/2018/07/18/congress-seeking-fix-for-russian-sanctions-that-hurt-india-us-allies/> (accessed: 05.05.2020).

<sup>46</sup> Sections 231 and 235 // US Department of State. URL: <https://www.state.gov/countering-americas-adversaries-through-sanctions-act-of-2017/sections-231-and-235/> (accessed: 05.05.2020).

<sup>47</sup> MacFarquhar N. Putin, Responding to Sanctions, Orders U.S. to Cut Diplomatic Staff by 755 // New York Times. 30.07.2017. URL: <https://www.nytimes.com/2017/07/30/world/europe/russia-sanctions-us-diplomats-expelled.html> (accessed: 05.05.2020).

<sup>48</sup> Eckel M. Russia's Medvedev Says U.S. Sanctions Bill Ends Hope for Better Ties // RadioFreeEurope/RadioLiberty. 02.08.2017. URL: <https://www.rferl.org/a/trump-signs-russia-sanctions-bill/28655189.html> (accessed: 05.05.2020).

<sup>49</sup> European Commission President Juncker: New US Sanctions on Russia Only after Consultation with Allies // European Commission website. 02.08.2017. URL: [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_17\\_2302](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_17_2302) (accessed: 05.05.2020).

<sup>50</sup> Serhan Y. Why Europe Opposes America's New Russia Sanctions // The Atlantic. 02.08.2017. URL: <https://www.theatlantic.com/international/archive/2017/08/why-europe-opposes-the-uss-new-russia-sanctions/535722/> (accessed: 05.05.2020).

sanctions provisions in the CAATSA bill. Under pressure from America's allies, certain provisions of the bill were softened<sup>51</sup>.

The Trump administration's confrontational, or at best indifferent approach to working with allies has weakened sanctions as a tool of U.S. foreign policy. One Russian response to economic sanctions has been to play on divisions between the U.S. and its European allies, as with Nord Stream II. A second strategy is to solicit support in the non-Western world, including China, other members of the BRICS, and ASEAN. This approach reflects the Kremlin assertions that the Western-dominated global order is in decline and will eventually be supplanted by non-Western centers of power [Petrovsky 2014].

U.S. sanctions on countries other than Russia (Iran, North Korea, and China) give Moscow leverage by aligning with these nations against the United States. For example, at a November 2018 meeting of Prime Minister Dmitry Medvedev and Chinese Premier Li Keqiang the two leaders agreed that American sanctions against Russia, and protectionist measures against China, were driving the two countries closer together<sup>52</sup>. Economic sanctions, then, clearly feed into the security dilemma by heightening distrust and suspicion between the U.S. and Russia and contribute to a strengthened Sino-Russian partnership.

Through CAATSA the American Congress forced President Trump to accept broad-ranging secondary sanctions on Russian business partners in third states that conducted "significant transactions" with Russian defense and energy sectors. CAATSA had broad bipartisan support in Congress — the bill passed the House of Representatives by huge margins: 419–3 and 98–2 in the Senate. In the Senate, only Bernie

Sanders (I-VT) and Rand Paul (R-KY) voted against the bill<sup>53</sup>. In the House, only three Republicans with strong libertarian leanings — Justin Amash (R-MI), Jimmy Duncan (R-TN), and Thomas Massie (R-KY) had voted against the measure. Overwhelming support for sanctions in Congress, however, did not reflect American public opinion. A Pew survey from July 2019 found that only 35 % of respondents identifying as Republican viewed Russian power and influence as a major threat to the United States, while 65 % of Democrats saw Russia as a threat<sup>54</sup>. Significant partisan differences over perceptions of a Russia threat emerged only after the 2016 presidential campaign, suggesting that many Trump followers echo the President's positive attitude toward Russia.

### Domestic Politics and Economic Sanctions

The use of sanctions in American foreign policy is closely linked to domestic politics. Congressional action may be driven by a few key legislators determined to shape policy. In contrast, the State Department is cautious and bureaucratic, for the most part simply responding to initiatives crafted in Congress or the White House. The Magnitsky Act and CAATSA were primarily the work of Congress, while sanctions over Ukraine were more of a joint effort. While Congress has often taking the lead on sanctions in the Trump era, given the president's perceived reluctance to criticize Russia, the Trump administration has in reality imposed at least as many sanctions through executive orders as its predecessor.

<sup>53</sup> Sanders later explained that he favored sanctions against Russia for interfering in the 2016 elections, but explained that the CAATSA bill, which included sanctions on Iran, could jeopardize the 2015 Iran nuclear agreement (Sanders Statement on Iran and Russia Sanctions // Bernie Sanders, U.S. Senator for Vermont. 15.07.2017. URL: <https://www.sanders.senate.gov/newsroom/press-releases/sanders-statement-on-iran-and-russia-sanctions> (accessed: 05.05.2020)).

<sup>54</sup> Climate Change and Russia are Partisan Flashpoints in Public's Views of Global Threats // Pew Research Center. 30.07.2019. URL: <https://www.people-press.org/2019/07/30/climate-change-and-russia-are-partisan-flashpoints-in-publics-views-of-global-threats/> (accessed: 05.05.2020).

<sup>51</sup> European Commission President Juncker: New US Sanctions on Russia Only after Consultation with Allies // European Commission website. 02.08.2017. URL: [https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT\\_17\\_2302](https://ec.europa.eu/commission/presscorner/detail/en/STATEMENT_17_2302) (accessed: 05.05.2020).

<sup>52</sup> Russia, China Lash Out at U.S. Sanctions While Forging Closer Ties // RadioFreeEurope/RadioLiberty. 8.11.2018. URL: <https://www.rferl.org/a/russia-china-lash-out-us-sanctions-forging-closer-ties-wto-iran-deal-medvedev-li/29588872.html> (accessed: 05.05.2020).

Congressional members critical of sanctions have tended to be libertarian in their outlook and represent the small but increasingly influential “restraint” movement in American foreign policy circles. Marsh and Lantis [2018] have identified a category of “revolutionary” foreign policy entrepreneurs seeking to shift the foreign policy discourse, challenge the entrenched wisdom of both parties regarding America’s dominant role internationally, and in effect overturn the existing foreign policy order. In Congress, Rand Paul stands out as one of these revolutionaries. Following a trip to Moscow (paid for by the libertarian Cato Institute) Senator Paul asked Donald Trump to lift sanctions on Russian lawmakers, including Leonid Slutsky and Konstantin Kosachev, so they could travel to the United States to meet with their counterparts in Congress. R. Paul stated he favored dialogue between the two countries; he was also one of the few Republicans to defend D. Trump after the 2018 summit in Helsinki<sup>55</sup>.

Members of Congress have continued to press for additional sanctions on Russia. In late 2019 after nearly a year of discussion the Senate Foreign Relations committee voted to send the Defending American Security from Kremlin Aggression Act (DASKA) to the Senate floor. DASKA was proudly described by one of its chief sponsors, Senator Lindsey Graham (R-SC) as “the sanctions bill from hell”. Key provisions in the proposed legislation included sanctions on the Russian banking and energy sectors, on Russia’s sovereign debt, and on key Russian political figures. These measures were in response to Russian interference in American politics and Russia’s actions in Ukraine; Senator

Lindsey Graham, for example, stated “This strong vote indicates an overwhelming desire by the Senate as a whole to push back against Russian interference in our election”, while Senator Jeanne Shaheen (D-NH) said “Congress will not stay on the sidelines while Russia continues to interfere in our elections”<sup>56</sup>. The DASKA measure included strong statements in support of NATO and a provision that a 2/3 vote by the Senate would be required before the U.S. left NATO. In addition to punishing Russia, the bipartisan legislation was an attempt to restrain President Trump, whose commitment to NATO was in doubt.

Opponents of the Defending American Security from Kremlin Aggression bill included the Trump administration and major business groups. In December the State Department sent a letter to the Chairman of the Senate Foreign Relations Committee detailing the administration’s objections to the bill: the legislation had constitutional problems, would prove inflexible in implementation, lacked sufficient waiver authority, was redundant and overly broad in scope, and would cause significant spillover damage to the U.S. and its allies<sup>57</sup>. U.S. businesses critical of DASKA legislation included the American Petroleum Institute (API) and Chamber of Commerce, which lobbied the Senate Foreign Relations Committee to amend or abandon the bill. The API was concerned that harsh provisions targeting Russian energy officials and companies would disrupt American and other Western energy companies operating globally and was a blunt instrument with questionable effectiveness<sup>58</sup>.

<sup>55</sup> Hansler J. Rand Paul Wants Trump to Lift US Travel Sanctions on Some Russian Lawmakers // CNN. 2018. URL: <https://www.cnn.com/2018/08/17/politics/rand-paul-russian-lawmakers-sanctions/index.html> (accessed: 05.05.2020); In September 2018 Rand Paul announced plans to file an amendment with the Senate Foreign Relations Committee to change several executive orders that restricted travel to the U.S. by Russian lawmakers in exchange for reciprocal terminations of sanctions by the Russian government (Desiderio A. Rand Paul Wants to Scrap Some U.S. Sanctions on Russia // The Daily Beast. 25.09.2018. URL: [https://www.thedailybeast.com/rand-paul-wants-to-scrap-some-us-sanctions-on-russia?via=twitter\\_page](https://www.thedailybeast.com/rand-paul-wants-to-scrap-some-us-sanctions-on-russia?via=twitter_page) (accessed: 05.05.2020)).

<sup>56</sup> Senate Foreign Relations Committee Approves Comprehensive Russian Sanctions Bill // Senate Foreign Relations Committee. 18.12.2019. URL: <https://www.foreign.senate.gov/press/ranking/release/senate-foreign-relations-committee-approves-comprehensive-russian-sanctions-bill> (accessed: 05.05.2020).

<sup>57</sup> These objections were contained in a long letter sent to James Risch, Chairman of the Senate Foreign Relations Committee, by Mary Taylor, Assistant Secretary for Legislative Affairs (DASKA Letter // The Daily Beast. URL: <https://www.documentcloud.org/documents/6585483-DASKA-Letter.html#document/p2> (accessed: 05.05.2020)).

<sup>58</sup> Flatley D. Business Groups Warn Against Russian Sanctions before Panel Vote // Bloomberg. 18.12.2019. URL: <https://www.bloomberg.com/news/articles/2019-12->

Support for coercive economic measures declines when sanctions threaten key economic sectors or American jobs. One example of this is the case of Oleg Deripaska, RUSAL, and the proposed aluminum plant Braidy Industries planned to build in economically depressed Ashland, Kentucky, home state of Senate Majority Leader Mitch McConnell. The Treasury Department had imposed sanctions on RUSAL and O. Deripaska in April 2018 for a range of “malign activities” including the occupation of Crimea, supplying Syria with weaponry, and cyberattacks<sup>59</sup>. RUSAL hired the lobbying firm Akin Gump, which employed two key former staffers of McConnell’s, to persuade the Senator to secure a waiver. A bipartisan group of lawmakers in Congress was opposed to lifting sanctions; other congressional Republicans, major corporations, and many European allies, argued that maintaining the sanctions would have a negative impact on the global aluminum industry. After O. Deripaska lowered his holdings in RUSAL from 70 % to 45 % the Trump administration lifted sanctions on US RUSAL, En+ Group, and JSC EuroSibEnergo<sup>60</sup>.

There is a small but growing movement in U.S. foreign policy circles questioning the post-Cold War orthodoxy of relying heavily on coercive measures. Within American academic circles the libertarian Cato Institute and the more recently established Quincy Institute for Responsible Statecraft, both located in Washington, D.C. reflect a growing resistance to the bipartisan orthodoxy that America should play the role of world policeman. Many of the academics affiliated with these think tanks are realists — John Mearsheimer, Stephen Walt, Andrew Bacevich, Barry Posen — who are

17/business-groups-warn-against-russia-sanctions-before-panel-vote (accessed: 05.05.2020).

<sup>59</sup> Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity // U.S. Department of the Treasury. 06.04.2018. URL: <https://home.treasury.gov/news/press-releases/sm0338> (accessed: 10.05.2020).

<sup>60</sup> Shuster S., Bergengruen V. A Kremlin-Linked Firm Invested Millions in Kentucky. Were They After More Than Money? // Time. 13.08.2019. URL: <https://time.com/5651345/rusal-investment-braidy-kentucky/> (accessed: 05.05.2020).

critical of Washington’s tendency to use military force indiscriminately and over-reliance on punitive economic sanctions. Both organizations support greater emphasis on diplomacy in foreign policy<sup>61</sup>. Most scholars affiliated with these institutes are critical of the Trump administration’s inept foreign policy but see the potential for a more restrained approach to the use of military force, diplomatic demarches toward traditional enemies like North Korea and Iran, and fewer interventions in global hotspots, all key positions of President Trump’s<sup>62</sup>.

America’s ability to impose economic sanctions as a powerful tool of foreign policy depends in large part on the country’s global economic weight, including the dominance of the U.S. dollar as the world’s reserve currency. Russia and China have in recent years indicated a preference for moving toward alternative currencies, and European countries recently established a barter arrangement to circumvent U.S. sanctions on Iran. Still, as of 2018 the dollar accounted for 62 % of all global currency reserves, with the euro comprising an additional 20 % and the Chinese renminbi only 2 %<sup>63</sup>. Moreover, the dollar’s share of global reserves slipped only one percentage point in the decade following the 2008 recession. The dollar’s dominant position in the global financial system gives the United States unparalleled structural leverage, and while resistance to America’s financial dominance has increased — particularly during the Trump administration — there are at present no plausible alternatives to the dollar. Barring significant erosion of U.S.

<sup>61</sup> The Cato Institute was established by the billionaire Koch brothers, while the Quincy Institute is supported by the Koch Foundation and liberal financier George Soros.

<sup>62</sup> Bender B. George Soros and Charles Koch take on the “endless wars” // Politico. 12.02.2019. URL: <https://www.politico.com/news/2019/12/02/george-soros-and-charles-koch-take-on-the-endless-wars-074737> (accessed: 05.05.2020); Mills C. Realism Resurgent: The Rise of the Quincy Institute // The National Interest. 01.07.2019. URL: <https://nationalinterest.org/feature/realism-resurgent-rise-quincy-institute-65116> (accessed: 05.05.2020).

<sup>63</sup> Goodman P.S. The Dollar Is Still King. How (in the World) Did That Happen? // New York Times. 22.02.2019. URL: <https://www.nytimes.com/2019/02/22/business/dollar-currency-value.html> (accessed: 05.05.2020).

financial hegemony, economic sanctions will remain a potent instrument of American foreign policy in the near term.

### Conclusion

With the end of the Cold War the United States increasingly turned to economic sanctions as a vital tool of American foreign policy. For the first two decades U.S. sanctions were focused on deterring malign behavior by rogue states, constraining terrorist access to financing, and combatting narcotics trafficking and transnational criminal operations. When comprehensive sanctions proved ineffective and even harmful when applied to Iraq under Saddam Hussein, the U.S. gradually shifted toward more targeted, or “smart” financial sanctions [Gordon 2012; Drezner 2015]. During this period, the United States provided economic support to Russia; incentives were abandoned in favor of economic sanctions with the Magnitsky Act of 2012. Russia’s annexation of Crimea, interference in U.S. elections, and human rights abuses resulted in a wide range of sanctions originating in both the legislative and executive branches of the U.S. government [Gould-Davies 2020].

Expectations for a more conciliatory approach under the Trump administration have not materialized. The President’s office has expanded the use of sanctions and economic coercion against both allies and adversaries, pursued the use of secondary sanctions, and moved toward unilateral action rather than working through international institutions or observing formal agreements. Donald Trump has neglected one of the key strategies in imposing

effective sanctions — coordinating with allies. Previous administrations had utilized sanctions, including secondary sanctions, but the Trump administration’s “go it alone” approach and blatant disregard for its allies’ interests has weakened U.S. international leverage. The Trump administration seems determined to punish other countries through economic measures, often with no clear policy goal (as in the case of Iran, which was complying with the JCPOA). Moreover, the president has used economic coercion against America’s closest allies, thus weakening the prospects for coordination of sanctions against Russia, Iran, Venezuela, and other actors.

The impetus for sanctions often originates with the U.S. Congress. Interest groups promoting human rights agendas generally have better access to legislators than to key members of the executive branch, and some — Bill Browder is a clear example — can be very effective. But Congress is also lobbied by pro-industry and pro-trade organizations that oppose sanctions as bad for business. The use of sanctions incurs diffuse costs on the sender — in this case, the United States — but the particularistic costs are borne by specific sectors, as in the case of the proposed Braidy aluminum plant. Congress may constrain the president’s misuse of economic statecraft, but more often than not mandates that the executive branch apply new or more draconian sanctions<sup>64</sup>.

<sup>64</sup> Lew J.J., Nephew R. *The Use and Misuse of Economic Statecraft: How Washington is Abusing Its Financial Might // Foreign Affairs*. 2018. November/December. P. 139–149.

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