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U.S. Senate Committee on Banking Outside Perspectives on Russian Sanctions: Current Effectiveness and Potential for Next Steps

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In the last several years, the Russian government has taken increasingly belligerent actions abroad, threatening not only American national interests but also violating international laws, norms, and values. Russia has not always behaved as a rogue or outlaw state. Under Soviet leader Mikhail Gorbachev and Russian President Boris Yeltsin, the Kremlin adopted a different, more cooperative approach towards the United States and the West and adhered more closely to the rules of the game of the international system. Under the leadership of President Vladimir Putin, however, especially after his return to the Kremlin in 2012, Russia has moved in the opposite direction, defying the West, challenging international rules, and aggressively undermining American national interests. In parallel, Putin has consolidated autocratic rule inside Russia, a lamentable trend that correlates with Russia's growing belligerency abroad.

While Putin remains in power, Russian foreign policy is unlikely to change. But that fact should not lead to the erroneous conclusion that the United States -- together with our allies -- cannot constrain, contain, or deter Putin's bad behavior. By developing a sustained, multi-pronged strategy of containment regarding most issues, combined with engagement on a limited agenda, the United States and the West can begin to reduce Russia's disruptive, dangerous, and damaging actions in the world. Part of that strategy must include a new and improved sanctions regime.

The Facts on Putin's Belligerent, Criminal Behavior

Tragically, Russian foreign policy has become increasingly belligerent and rogue during the almost twenty years of Putin's rule.

In August 2008, Russia invaded Georgia.² In the wake of that war, Moscow recognized Abkhazia and South Ossetia as independent countries, changing *de facto* by force the borders of the sovereign country of Georgia. This Russian action violated international laws and norms and adversely affected American national interests.

In February 2014, Russia invaded Ukraine. Russia first seized control and then annexed Crimea. Annexation is illegal and taboo in the international system.³ After annexation proved easy and cheap, Putin fomented separatist movements in eastern Ukraine, sparking a civil and inter-state war, since Russian soldiers and intelligence officers have been directly involved in the fighting. Putin also provided the rocket that shot down MH17 over Ukraine, killing all 283 passengers and 15 crewmembers on board, another criminal act.⁴ Since the fighting began in eastern Ukraine, over ten thousand people have died and roughly two million Ukrainian citizens have been displaced. During World War II and before, dictators annexed territory in Europe. But during the Cold War and after, annexation ceased to be a practice in European politics, until 2014.

In September 2015, Putin deployed the Russian military to Syria with the mission to prop up a ruthless dictator, Mr. Assad. Russia's ally in Syria used illegal chemical weapons to kill innocent civilians in a violent campaign of suppression that started against peaceful protestors and then metastasized into a civil war. Many external observers have labeled Assad use of chemical weapons and other military actions against civilians as crimes against humanity,⁵ yet Putin continues to back him. Some of Russia's own military operations in the Syrian war, including the carpet-bombing of Aleppo, also have been portrayed as crimes against humanity.⁶

In 2016, Putin violated American sovereignty. The Russian president used several instruments – including theft and then publication of private data, deployment of Russian state-owned and state-controlled conventional media, social media, bots, trolls, and fake accounts, as well direct engagement with the Trump campaign – to try to help Donald Trump win the 2016 presidential election. Russian state-sponsored actors also sought to exacerbate American political polarization more generally. Putin and his proxies also may have used other means, including money and “kompromat,” to sway the outcome of the election and influence subsequent

actions by President Trump. We must wait for the outcome of the Mueller investigation to understand the full extent of the Russian operation to influence our vote and subsequent politics and policies. But we know already that Putin's actions in 2016 adversely affected American interests and violated international norms. During the Cold War, the Kremlin never violated American sovereignty so illegally, aggressively and audaciously.

Since the 2016 presidential election, the Russian state and its proxies continue to use traditional and social media to spread disinformation and sow division in American society. Russian government officials and their allies also continue to seek partnerships and cooperation with like-minded Americans.⁷ This Russian campaign inside the United States is part of a global effort by Putin to win over ideological allies *within* democracies as a means to change their policies towards Russia. Putin has anointed himself as the global leader of nationalist, nativist, conservative (as defined by him) movement fighting against the decadent, liberal West. Putin also cultivates an image of a strong, virile ruler – bare chested fishing, hunting, horseback riding and all that – in contrast to weak democratic leaders in chaotic democratic societies. Putinism has attracted ideological allies sometimes in the government and sometimes in the opposition in Hungary, Italy, Czech Republic, Turkey, the Philippines, Austria, the Netherlands, Germany, France, the United Kingdom, and the United States.⁸

In March 2018, the US State Department assessed that the Russian government attempted to assassinate Sergei Skripal, a former Russian intelligence officer living in the United Kingdom. Russian operatives used illegal chemical weapons, violated British sovereignty, injured innocents, and served notice to everyone around the world that the Kremlin can come after you anywhere.

Skripal is not the only Kremlin foe attacked overseas. The tragic assassination of Kremlin critic, Pavel Sheremet, in Kyiv, Ukraine on July 20, 2016 remains officially unsolved. Others Putin considers foes of his regime, like Boris Berezovsky (found dead in 2013 in London in suspicious circumstances) and Alexander Litvinenko (killed in 2006), which, a British inquiry concluded nearly ten years later, was ordered by the Kremlin, were similarly violations of British sovereignty. Even in the United States, former Russian press minister Mikhail Lesin died mysteriously in 2015 in Washington D.C. On occasion, Soviet leaders did assassinate dissidents abroad, including most famously Leon Trotsky in Mexico in 1940. But for many decades of the Cold War and post-Cold War era, these practices were considered taboo, until recently.

In addition, the true perpetrators of several assassinations inside Russia remain unresolved, including most recently the murder of former first deputy prime minister Boris Nemtsov, in February 2015. Those responsible for the wrongful death of Sergei Magnitsky in November 2009 have never faced justice. Nor has anyone gone to jail for the assassination attempts against opposition activist Vladimir Kara-Murza. Especially troubling are the number of Russian journalists who have been murdered mysteriously, including most famously Anna Politkovskaya in 2006, and most recently, Nikolai Andrushchenko and Dmitry Popkov in 2017.⁹ American journalist Paul Klebnikov also was killed in 2004; those behind his tragic murder have never been arrested.

In July 2018, at his Helsinki summit with President Trump, Putin called for the interrogation and arrest of several former US government officials (including me) and one currently serving staffer here at the U.S. Congress, Kyle Parker. For performing our jobs in the U.S. government, we are accused falsely of violating Russian law. Again, in a now familiar pattern, by calling for the interrogation and hinting as his government plans to indict American officials without any evidence about illegal activities, Putin's action violated international norms.¹⁰ Unfortunately, Russia has a long track record of violating INTERPOL procedures and practices in seeking to detain innocent people in third countries. Putin's "incredible offer" proffered in Helsinki obviously served no American national interest but also violated basic diplomatic protocol. During the height of the Cold War, no Soviet leader sought to interrogate or arrest American government officials.

I could go on. But the point of this long but impartial list is to remind this committee that Putin is not only acting against American national interest across several issue domains, but is also audaciously violating international laws and norms. Many of these actions are criminal. He should not be embraced; he must be deterred.

The Necessity of Sustaining and Expanding Economic Sanctions

For crimes, there must be punishments. Economic sanctions are a blunt, but necessary tool for punishing illegal, belligerent Russian government behavior.

In 2012, the U.S Congress rightly passed and President Obama rightly signed the Russia and Moldova Jackson-Vanik Repeal and Sergei Magnitsky Rule of Law Accountability Act, followed by the Global Magnitsky Act in 2016. In 2014, the Obama administration rightly sanctioned Russian

individuals and companies in response to the annexation of Crimea and Russian military intervention in eastern Ukraine, and then two years later added additional sanctions in reaction to Russia's interference in our 2016 presidential elections. In July 2017, the U.S. Congress rightly passed (and President Trump reluctantly signed the following month) the Countering America's Adversaries Through Sanctions Act in response to Russia's interference in the 2016 U.S. election, violation of human rights, annexation of Crimea and military operations in eastern Ukraine.¹¹ In April 2018, the Trump administration implemented additional sanctions against seven Russian oligarchs and twelve companies they own or control, 17 senior Russian government officials, and a state-owned Russian weapons trading company and its subsidiary, a Russian bank. In August 2018, the Trump administration rightly implemented additional sanctions in accordance with the Chemical and Biological Weapons Control and Warfare Elimination Act of 1991 (CBW Act), after issuing a finding that the Russian government used illegal chemical weapons to try to assassinate Sergei Skripal and his daughter Yulia in the United Kingdom. The United States government has now sanctioned several hundred Russian individuals and entities.¹² Never in the history of US-Russian relations, including the most charged moments of the Cold War, have so many Russians (and Americans, including me) been on sanctions lists.

And yet, superficially, sanctions do not appear to have changed Putin's behavior at home or abroad. Some, therefore, argue that sanctions don't work, and should be abandoned in favor of other more cooperative strategies of influence. I disagree.

First and foremost, sanctions are the right, moral punishment to take in response to egregious, illegal actions even if they do not change Putin's behavior. The United States must respond to annexation, or violations of our sovereignty, or the use of chemical weapons. For moral reasons, we believe as a nation that crimes committed within the United States must be met with punishment, even if the punishment does not deter future crimes. The same principle must apply regarding international behavior. Moreover, we must think of the counterfactual; doing nothing would encourage even more belligerent behavior. Demonstrating resolve to defend international laws, rules, and norms is essential for the long-term preservation of international order.

In addition, sanctions implemented by the United States, Europe, and other countries have produced negative effects on the Russian economy. Starting in the third quarter of 2014, the Russian economy contracted for nine quarters; sanctions contributed to this decline.¹³ By some estimates,

sanctions were responsible for one and a half percent of GDP contraction in 2014.¹⁴ Others estimate that the impact of sanctions, independent of falling oil prices, was as much as 2-2.5% for the first few years after Russia's intervention in Ukraine.¹⁵ Hardest hit were Russian companies and banks seeking to raise capital on international markets. In turn, according to the EBRD's chief economist, Sergey Guriev, "Russia's inability to borrow has led to a dramatic depreciation of the ruble and a fall in real incomes and wages."¹⁶ Capital outflows had also been steady for years and then accelerated after sanctions, jumping from \$61 billion in 2013 to \$151.5 billion in 2014.¹⁷ In the wake of sanctions, foreign direct investment also slowed, though numbers are now moving slowly in positive direction again. Some future investment planned, we know, has been cancelled, including most dramatically Exxon-Mobile's decision to suspend its joint investment projects with Rosneft, at one time estimated to total \$500 billion. Other potential foreign investments that did not occur because of sanctions is harder to track – it's hard to measure a non-event – but anecdotally Western investors and companies doing business in Russia have stated publicly and privately that uncertainty about future sanctions has squelched interest in attracting new investors to the Russian market. Most of those already in Russia will fight to stay; those who may have thought about investing in Russia market are now looking for less risky opportunities.

The Russian economy did grow last year.¹⁸ But the IMF, World Bank, and even some in the Russian government predict a sluggish recovery of 1.5-1.8 % over the next several years, far below the world average of 3 % and well below other major emerging market countries and even other countries to emerge from the collapse of the Soviet Union.¹⁹ In his address to the Federation Assembly in 2018, Putin stated explicitly, "our economic growth rates should exceed those of the world's. This is a difficult task but not instance case of wishful thinking. This is a fundamental condition for a breakthrough in resolving social, infrastructure, defence and other tasks."²⁰ Western sanctions have frustrated Putin's ability to achieve this goal.

The negative effects on the Russian economy from sanctions have not compelled Putin to quit his war in eastern Ukraine, leave Crimea, abandon Assad, or stop sowing division in American society. Russia is not a democracy, so societal pressure for policy change is difficult to achieve at all and most certainly not very quickly. In all targeted countries, the feedback loop from sanctions to economic downturn to foreign policy change is a long and indirect one. In Iran, for instance, it took several years (and a presidential election producing a new leader) before sanctions deployed in

2010 helped to pressure the theocratic regime to negotiate a nuclear deal. Similarly, sanctions against apartheid South Africa took several years to yield changes in government policy, even though the South African economy was much more dependent on the West than either Iran or Russia. Russia's economy is much bigger than Iran's and arguably has more immunity to the highly targeted Western sanctions imposed to date and that do not go nearly as far as those implemented against Iran.²¹ Moreover, Putin and his media outlets have portrayed Western sanctions as a policy to weaken Russia and foment regime change. That alibi compels Russian patriots to endure economic suffering in the defense of the Motherland.

And yet, there are increasing signs of Russian societal dissatisfaction. Putin's approval rating has fallen to its lowest level in several years: in July 2018 Putin's approval rating was 67%, a drop from 82% in April of this year or from 87% in July 2015.²² Putin's unpopular pension reform is the main driver of these falling numbers, but economic sluggishness is also part of the equation. Economic elites show incremental but growing signs of division, especially between those who need access to the global economy to prosper (that is, those who need access to international markets, especially capitals markets, as well as trade, foreign investment, and technology) and those more focused on Russia's domestic economy. If Russia's economy continues to grow at anemic rates, we should expect these anxieties about Putin's current foreign policy course to grow.

We also do not know about non-decisions or non-actions by the Kremlin that may have been influenced by sanctions. For instance, in the spring of 2014, Putin appeared ready to annex even more territory in eastern Ukraine – a region called Novorossiia. But he stopped. Ukrainian soldiers played the central role in stopping this more ambitious land grab, but sanctions may also have helped to deter this bigger military operation. In the run up to the American midterm elections in November 2018, Russian cyber actors and propagandists seem less active than in 2016. Have sanctions helped to diminish this activity? We do not know, but we cannot assume that sanctions played no role in Putin's thinking regarding disruption of these elections. (The real test will come in 2020).

Finally, perhaps the best evidence that sanctions are working is Putin's irritation with them and his efforts to lift them. The Russian government has continued to denounce American sanctions. Putin may even have tried to help Trump to win the presidential election, in part perhaps because candidate Trump said he would look into lifting sanctions.²³ On June 9, 2016, a Russian delegation met with Trump campaign officials to discuss, among other topics allegedly, the lifting of sanctions on Russian

individuals and companies implicated by the Magnitsky Act. At the Helsinki summit in July 2018, Putin made clear his obsession with the Magnitsky Act, and its main champion, Bill Browder, by devoting several minutes of the joint press conference to spinning a crazy, fabricated tale about how U.S. government officials helped Browder launder money out of Russia to help finance the Clinton campaign. This summer, on August 10, 2018, in response to press reports about new sanctions legislation, Prime Minister Medvedev stated most aggressively that new sanctions against Russian banks would be “declaration of economic war” and that Russia would retaliate “economically, politically, or, if needed, by other means”²⁴. If sanctions were so ineffective, why are all of these Russian government officials working so hard to lift them? Clearly, sanctions matter.

Principles for Applying Future Sanctions

Because economic sanctions have produced a tangible impact on the Russian economy and concrete reactions from the Russian government but have not yet changed fundamentally Russian foreign policy, new sanctions are necessary. Economic pressure must be increased until Putin changes course. Because President Trump continues to send mixed signals to Putin about American resolve, the U.S. Congress must pass new legislation to compel the Trump administration to increase pressure on the Russian government. Trump’s lavish praise of Putin, including most recently at the Helsinki summit, keeps alive in Moscow the hope that President Trump can be cajoled into lifting sanctions without insisting on any meaningful change in Russian policy. The U.S. Congress—in concert with liked-minded officials in the Trump administration-- must disabuse Putin of that hope.

Several principles should guide the implementation of new sanctions and the adoption of new laws mandating new sanctions.

First, *ongoing* Russian illegal activity must be met with *new* sanctions. Sanctions must escalate if Putin does not change Russian behavior. For instance, every day that Russia supports the separatist war in eastern Ukraine should be understood as *new* illegal Russian action.²⁵ Instead of just maintaining the originally implemented sanctions in response to Russia’s intervention in eastern Ukraine, U.S. lawmakers should lock into place by law a timetable for ratcheting up sanctions if the Russian government continues illegal, belligerent activity.

Second, the U.S. Congress and President Trump must sign into law preemptive sanctions that would trigger automatically in response to future malign behavior by the Russian government. By spelling out explicitly

future American sanctions in response to specific possible Russian actions before they occur, the United States would help to clarify for Putin his cost-benefit analysis. This deterrence strategy should be applied to defend our sovereignty during elections as in the “Defending Elections from Threats Establishing Redlines Act of 2108” (the DETER Act), but also should be applied to other policy domains, such as deterring the arrest of American government officials, past and former, in third countries through the abuse of the INTERPOL system, or deterring cyber-attacks on critical infrastructure in the United States.

Third, sanctions should be implemented in response to concrete Russian actions or future actions, so that a specific sanction can be lifted when a Russian specific action has been reversed. Implementing sanctions in response to a general bundle of bad behavior makes it difficult for Kremlin officials and their proxies to know what they need to do in order to get those sanctions lifted.²⁶ The tighter the link between the American sanctions and the Russian actions, the more effective new sanctions will be.

Fourth, although easy to state in theory and difficult to do in practice, future sanctions should primarily target Russian government officials, state organizations, debt instruments issued by the Russian government, enterprises owned or controlled by the Russian state, and traditional and social media entities owned or controlled by the state. Since roughly 60% of the Russian economy is effectively state owned or state controlled, the state sector is a rich target environment for future sanctions and also the segment of the economy closest to and valued by Putin. Genuine private-sector individuals and companies should not be sanctioned unless their direct support of egregious Russian foreign policy behavior can be documented. To the extent possible, private Russian citizens not involved with Russian foreign policy should not be the targets of sanctions. Collateral damage to non-governmental actors and organizations only reinforces Putin’s claim that the United States is out to weaken Russia and impoverish the Russians.

Fifth, to the extent possible, private American interests – individuals, companies, and shareholders – should not be adversely affected by new sanctions. Our aim should be to deter and punish Putin, his government, and their proxies, not American traders and investors engaging in the Russian private sector. The growth of the Russian private sector – autonomous from the Russian state and cooperating with the American private sector – still serves American national interests, as actors in this sector of the Russian economy are most likely to pressure Putin to stop isolating Russia through aggressive foreign policy actions. In practice, this principle is difficult to navigate since private American companies invest, trade, and cooperate with

Russian state-owned enterprises (i.e. Sberbank, Rosneft). In these cases of overlap between the private and public sectors, experts implementing new sanctions will have to determine if the Russian entity in question is behaving more like an instrument of Russian foreign policy or more like a profit-maximizing company. If the former, then the Russian actors could be targeted even if American investors also suffer. If the latter, then the United States government should not sanction them and explain this rationale for non-action.

Sixth, greater transparency about Russian investments and economic activity abroad serves American national interests. Russian citizens should know how and where their leaders hide their money abroad, especially if laundered into the United States. Americans and our allies also should know. In the United States, new legislation should be adopted that eliminates anonymous ownership of corporations and real estate, and the transfer of funds abroad through law firms.²⁷

Seventh, the Kremlin's abuse of INTERPOL – through the inappropriate use of both red notices and red diffusions – must be stopped. INTERPOL's constitution forbids the use of the organization for political purposes, yet the Russian government has attempted to use red notice and red diffusion mechanisms to silence and threaten critics. The U.S. Congress and the Trump administration should codify in law the specific sanctions that the U.S. government will implement in response to future abuses of INTERPOL's red notice and red diffusion mechanisms.

Beyond Sanctions: The Need for a Grand Strategy to Contain (and Sometimes Engage) Russia

Sanctions – even a more robust sanctions regime -- are only one instrument of American foreign policy needed to be deployed to confront Putin's Russia. To contain or deter Putin's belligerent behavior abroad requires that the United States and our allies use our full arsenal – multiple instruments of diplomacy, including coercive diplomacy -- to implement and sustain a bipartisan, grand strategy of containment.

The United States must lead in articulating and implementing such a grand strategy, and then work with our allies and partners in the world to execute it. Alone, we will not succeed.

For instance, to reduce the probability of Russian belligerent acts against NATO members in Europe, the United States and our NATO allies must threaten sanctions in response to new acts of aggression, but also strengthen our defensive posture and cyber resilience, especially in frontline

states. In June 2014, in response to Russia's invasion of Ukraine, President Obama rightly announced the creation of European Reassurance Initiative (ERI), a multi-billion dollar project designed to increase America's military presence in Europe. The Trump administration has increased support for ERI. In subsequent NATO summits in 2014, 2016, and 2018, the alliance has taken significant steps to enhance deterrence, including the NATO Readiness Initiative, a pledge in 2014 to spend two percent of the GDP on defense, and Forward Presence, and the deployment of four new battalions, totaling roughly 4,500 soldiers, in Estonia, Latvia, Lithuania, and Poland. These advances in capabilities must now be matched with credible commitments in intention from the United States. Above all else, President Trump must signal more credibly that the United States will respond to an attack on any NATO ally (including Montenegro)²⁸.

In affirming our commitments to the alliance, President Trump and his administration should also remind Putin that NATO is a defensive alliance that has never attacked Russia and would be insane to ever do so. Enhanced NATO military capacity within allied countries bordering Russia only threatens the Russian armed forces if they attack a NATO ally. Making that Russian military option more costly preserves peace; as President Ronald Reagan said, "peace through strength."

To increase the costs of Russia's military intervention in Ukraine, the United States and our partners must maintain and expand economic sanctions, but also increase economic, political, and military assistance to the government in Kyiv and the people of Ukraine. Sending lethal weapons of a defensive nature to Ukraine has helped to increase the costs of Russian military escalation in Ukraine, since these weapons only threaten Russian armed forces who are or might be in the future in Ukraine illegally. More important than lethal military assistance, however, is continued American support for Ukrainian economic and political reform. Ukraine faces a pivotal challenge during presidential elections next year. A free and fair election will mark a major milestone in the consolidation of Ukrainian democracy. An election influenced by Russian disinformation or worse yet, cyber manipulation of election results, will set back Ukraine's already fragile democratization process. Providing loud public support and increased financial assistance for free and fair elections (election monitors, cyber security, NGOs exposing disinformation, international election observers, etc.) is an immediate, tangible way to push back on Putin. The Russian president fears nothing more than an independent, democratic, market-oriented, and Western-leaning Ukraine.

To increase the costs of Russian intervention in our electoral process, the United States government must threaten new sanctions in response to future Russian meddling, and at the same time increase the cyber security resilience of the entire infrastructure used for conducting elections and counting election results. In parallel, the United States government must develop clearer rules and regulations for constraining foreign activities of influence -- especially through traditional and social media -- during our elections and more generally. Progress has been made. American social media companies independently have taken a series of measures to reduce disinformation and increase transparency.²⁹ But the norms, rules, and laws for defending American sovereignty are still poorly developed. Sanctions alone will not deter Russia, or other hostile state actors, from seeking to influence our domestic politics.

To increase the difficulty of conducting Russian intelligence operations in the United States, the Obama and Trump administrations rightly have used other means, in addition to sanctions, including expelling Russian intelligence officers and closing Russian consulates in San Francisco and Seattle. Sanctions alone were not enough to deter Russian intelligence operations inside our country. At the same time, our government must continue to deter and reduce Russian intelligence operations without fueling anti-Russian hysteria within our society. Russian diplomats must be able to meet with all kinds of Americans, including government officials, business leaders, civil society organizations, and scholars. Similarly, Americans should be allowed, even encouraged, to travel to Russia and meet with their counterparts and not be accused automatically of malicious intent.

To deter the Russian government from trying to detain American officials, past and present, in third countries for invented crimes, sanctions are an effective tool. However, the threat of sanctions must be accompanied by diplomatic engagement – at the highest levels – warning Putin and his government of the deleterious consequences for our overall bilateral relationship of any attempt to detain American officials. Third countries also should be warned of the negative consequences of responding favorably to red notice or red diffusions mechanisms initiated by the Russian government against American officials.

While seeking to contain and deter Russian aggression along many fronts, the United States generally, and the Trump administration in particular should also engage the Russian government and Russian society to advance American national interests. For instance, the Trump administration should work with the Putin administration to extend the New Start Treaty, which expires in 2021. The preservation of that treaty – especially the

inspections regime – serves American national security interests. As a country, we also should seek to maintain and expand relations between American and Russian societies, especially regarding educational and cultural exchanges. Genuine private sector engagement between Russian and American businesses also should be encouraged. The free flow of factual information between our two countries also serves long-term American national interests. At the same time, President Trump and his administration must soberly realize that the areas for possible cooperation with the Russian government are extremely limited as long as Putin continues to threaten American national interests and undermine the international order.

To signal a credible commitment to this long-term strategy of containing (and at times engaging) Putin’s Russia, President Trump and his administration must commit *to a single, unified policy*. Such a commitment would generate bipartisan support in Congress and throughout American society. To date, the Trump administration appears to be implementing one policy, while the president pursues another. President Trump’s adulation and support for Putin in Helsinki last July -- especially when he sided with Putin against the assessment of the U.S. intelligence community -- undermines American national interests. Trump should use future meetings with Putin to push back and criticize illegitimate, illegal, and threatening Russian actions, just as American presidents did during summits with Soviet leaders during the Cold War. *Trump can engage Putin without embracing him*. Likewise, Trump’s lukewarm reaction to sanctions only encourages Putin to seek to overturn sanctions by engaging Trump, rather than changing Russian behavior. A unified message will make all of the dimensions of a new strategy towards Russia outlined in this testimony more effective.

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² Dmitry Medvedev had been inaugurated as Russian president months before this war, but Prime Minister Putin assumed operational control of this military intervention.

³ Turkey invaded and seized control of part of Cyprus in 1974, but never annexed this territory, instead, recognized the Turkish Republic of Northern Cyprus (TRNC) in 1983, similar to Russia's recognition of independence of Georgian regions, Abkhazia and South Ossetia.

⁴ After a joint investigation was completed, the Dutch government announced that they will seek to prosecute those responsible in Dutch courts after an effort to set up an international tribunal had failed. "Statement by the Minister of Foreign Affairs on MH17, 5 July 2017," *Government of the Netherlands*, July 5, 2017, <https://www.government.nl/latest/news/2017/07/05/statement-by-the-minister-of-foreign-affairs-on-mh17-5-july-2017>

⁵ "Amnesty slams Syrian regime for crimes against humanity," *DW*, November 13, 2017, <https://www.dw.com/en/amnesty-slams-syrian-regime-for-crimes-against-humanity/a-41352848>; and Lizzie Dearden, "Syria conflict: UN report accuses Assad regime of massacres and crimes against humanity," *Independent*, August 27, 2014, <https://www.independent.co.uk/news/world/middle-east/syria-conflict-un-report-accuses-assad-regime-of-massacres-and-crimes-against-humanity-9694116.html>

⁶ Human Rights Watch, Syria 2017, <https://www.hrw.org/world-report/2018/country-chapters/syria>; and "Russia/Syria: War Crimes in Month of Bombing Aleppo," *Human Rights Watch*, December 1, 2016, <https://www.hrw.org/news/2016/12/01/russia/syria-war-crimes-month-bombing-aleppo>

⁷ Casey Michel, "The Kremlin's California Dream," *Slate*, May 4, 2017, http://www.slate.com/articles/news_and_politics/foreigners/2017/05/why_russia_cultivates_fringe_groups_on_the_far_right_and_far_left.html; and Sharon LaFraniere, Adam Goldman, "Maria Butina, Suspected Secret Agent, Used Sex in Covert Plan, Prosecutors Say," *The New York Times*, July 18, 2018, <https://www.nytimes.com/2018/07/18/us/politics/maria-butina-russia-espionage.html>

⁸ Bob Dreyfuss, "Is Steve Bannon Trump's Link to Putin and the European Far Right?" *The Nation*, March 19, 2018, <https://www.thenation.com/article/is-steve-bannon-trumps-link-to-putin-and-the-european-far-right/>; Timothy Snyder, *The Road to Unfreedom. Russia, Europe, America*. Penguin Random House, 2018; Fabrizio Tassinari and Miguel Poiates Maduro, "Why European populists idolize Putin and Trump," *The Washington Post*, July 16, 2018, https://www.washingtonpost.com/news/worldpost/wp/2018/07/16/trump-putin/?utm_term=.f4daad0f11fc; Ronald Brownstein, "Putin and the Populists, The roots of Russia's political appeal in Europe and the United States," *The Atlantic*, January 6, 2017, <https://www.theatlantic.com/international/archive/2017/01/putin-trump-le-pen-hungary-france-populist-bannon/512303/>; Jon Stone, "Italy breaks with European allies and voices support for Russia after populist party takes power," *Independent*, June 6, 2018, <https://www.independent.co.uk/news/world/europe/italy-prime-minister-giuseppe-conte-russia-sanctions-end-populist-five-star-vladimir-putin-crimea-a8385626.html>; and

William Galston, “The rise of European populism and the collapse of the center-left,” *Brookings Institution*, March 8, 2018, <https://www.brookings.edu/blog/order-from-chaos/2018/03/08/the-rise-of-european-populism-and-the-collapse-of-the-center-left/>

⁹ The Committee to Protect Journalists count 38 Russian journalist who have been murdered between 1992-2018 in Russia. See Committee to Protect Journalists website, https://cpj.org/data/killed/europe/russia/?status=Killed&motiveConfirmed%5B%5D=Confirmed&type%5B%5D=Journalist&typeOfDeath%5B%5D=Murder&cc_fips%5B%5D=RS&start_year=1992&end_year=2018&group_by=location

¹⁰ Alexander Kurennoi, the spokesperson for the Prosecutor General, gave more details about the alleged crimes these Americans had committed, in a conspiracy with Bill Browder, in his press conference the day after the Helsinki summit. You can watch the press conference here:

<https://www.youtube.com/watch?v=he4RInnq44w&feature=youtu.be>

See also "Russian officials want to question former Ambassador Michael McFaul and other U.S. officials in their investigation of Bill Browder," *Meduza*, July 17, 2018, <https://meduza.io/en/news/2018/07/17/russian-officials-want-to-question-former-ambassador-michael-mcfaul-and-other-u-s-officials-in-their-investigation-of-bill-browder>

¹¹ H.R.3364 - Countering America's Adversaries Through Sanctions Act, *U.S. Congress website*, <https://www.congress.gov/bill/115th-congress/house-bill/3364/text>

¹² As Assistant Secretary of State for European and Eurasian Affairs A. Wess Mitchell testified last month that Trump administration actions include “217 individuals and entities sanctioned, 6 diplomatic and consular facilities closed or kept closed, and 60 spies removed from U.S. soil.” See Statement of A. Wess Mitchell, Assistant Secretary of State for European and Eurasian Affairs, Senate Foreign Relations Committee, U.S. Strategy Towards the Russian Federation, August 21, 2018, https://www.foreign.senate.gov/imo/media/doc/082118_Mitchell_Testimony.pdf

¹³ “39 Russia Economic Report,” *The World Bank*, May 2018, p. 4. <http://pubdocs.worldbank.org/en/162681527086868170/RER-39-Eng.pdf>

¹⁴ Isolating the independent causal impact of sanctions is difficult to measure, especially when energy prices were also declining at the same time. One and a half percent is a conservative estimate suggested by Russia’s own prime minister, Dmitry Medvedev. “Russian economy shrinks 2% as sanctions bite – Medvedev,” *BBC News*, April 21, 2015, <https://www.bbc.com/news/world-europe-32396792> The IMF estimates “sanctions and counter-sanctions could initially reduce real GDP by 1 to 1½ percent. Prolonged sanctions, could lead to a cumulative output loss over the medium term of up to 9 percent of GDP”) Russia Country Report #15/211, *International Monetary Fund*, August 2015, <https://www.imf.org/external/pubs/ft/scr/2015/cr15211.pdf>

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- ²⁰ Vladimir Putin, Presidential Address to the Federal Assembly, Official Kremlin website *Kremlin.ru*, March 1, 2018, <http://en.kremlin.ru/events/president/news/56957>
- ²¹ On the effectiveness of economic sanctions more generally, see Daniel Drezner, “Targeted Sanctions in a World of Global Finance,” *International Interactions*, 41-4, (2915), pp, 775-764; and Rosenberg, Elizabeth, Zachary K. Goldman, Daniel Drezner, and Julia Solomon-Strauss, *The new tools of economic warfare: Effects and effectiveness of contemporary US financial sanctions*. (Washington: Center for a New American Security, 2016); and Robert Blackwill and Jennifer Harris, *War by Other Means: Geoeconomics and Statecraft*. (Cambridge: Harvard University Press, 2016).
- ²² Одобрение институтов власти, *Левада-центр*, July 31, 2018, <https://www.levada.ru/2018/07/31/odobrenie-institutov-vlasti-3/>
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²⁴ “U.S. curbs on Russian banks would be act of economic war - PM Medvedev,” *Reuters*, August 10, 2018, <https://uk.reuters.com/article/uk-usa-russia-sanctions-moscow-reaction/u-s-curbs-on-russian-banks-would-be-act-of-economic-war-pm-idUKKBN1KV0FM>

²⁵ The analogy here is parking illegally for many days. The owner of an illegally parked car does not receive just one ticket on the first day the car is violating law but accumulates a new ticket for every day the car is parked illegally. Russia is parked illegally in Ukraine.

²⁶ In April 2018, the Treasury Department issued new sanctions on several Russian business people and their companies as well as Russian government officials. (“Treasury Designates Russian Oligarchs, Officials, and Entities in Response to Worldwide Malign Activity,” *U.S. Department of the Treasury*, April 6, 2018, <https://home.treasury.gov/news/press-releases/sm0338>) The direct role of these individuals in the Russian state’s bad behavior, however, was not spelled out. In announcing this new round of sanctions, the Treasury Department listed “a range of malign [Russian] activity around the globe, including continuing to occupy Crimea and instigate violence in eastern Ukraine, supplying the Assad regime with material and weaponry as they bomb their own civilians, attempting to subvert Western democracies, and malicious cyber activities.” Because this list is so long, it is not obvious what the newly sanctioned individuals would have to pressure the Russian government to do differently to be removed from these sanctions lists.

²⁷ See for instance, S.1717, The Corporate Transparency Act of 2017: <https://www.congress.gov/bill/115th-congress/senate-bill/1717>. Anders Aslund details how these mechanisms are used to launder money from Russia to the United States in *How the United States Can Combat Russia’s Kleptocracy* (Washington, DC: The Atlantic Council, July 31, 2018): http://www.atlanticcouncil.org/images/publications/How_the_United_States_Can_Combat_Russia_s_Kleptocracy.pdf

²⁸ Helena Smith, “How Trump destabilised Montenegro with a few words,” *The Guardian*, July 19, 2018, <https://www.theguardian.com/world/2018/jul/19/how-trump-destabilised-montenegro-with-a-few-words>

²⁹ “Defending Democracy Program,” *Microsoft*, <https://news.microsoft.com/on-the-issues/topic/defending-democracy-program/>; “Making Ads and Pages More Transparent,” *Facebook Newsroom*, April 6, 2018, <https://newsroom.fb.com/news/2018/04/transparent-ads-and-pages/>; “We’re Making Our Terms and Data Policy Clearer, Without New Rights to Use Your Data on Facebook,” *Facebook Terms Update*, <https://www.facebook.com/about/terms-updates> “Hard Questions: What is Facebook Doing to Protect Election Security?” *Facebook Newsroom*, March 29, 2018, <https://newsroom.fb.com/news/2018/03/hard-questions-election-security/>; Michee Smith, “Introducing a new transparency report for political ads,” *Google Blog*, August 15, 2018,

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