

Judith Kelley: For months, Russia has been building a huge military force near the Ukrainian border, close to 200,000 troops. And now it's happened, Russia has invaded its neighbor. A massive attack from multiple directions on a wide range of targets. In response, President Biden has promised that the US will impose severe sanctions against Russia, but what are sanctions exactly? How do they work? Do they work? I'm Judith Kelley, Dean of the Sanford School of Public Policy at Duke University and to answer these questions and more, I'm pleased to welcome Bruce Jentleson to Policy 360.

Bruce is a former state department official and he's held numerous senior foreign policy positions in past US administrations. He's now a professor here at the Sanford School and just our luck, his new book is called Sanctions: What Everyone Needs To Know. Welcome back to Policy 360, Bruce.

Bruce Jentleson: Thank you, Judith. Good to be with you.

Judith Kelley: What kind of sanctions might be used in this case?

Bruce Jentleson: The president has been talking about sanctions as a major instrument for over the last couple months. Apparently, the White House started really focusing on the Russian buildup back in October, November. And the language that has been used has been devastating, crippling, swift and severe. As they've been rolled out the last few days, they've included financial sanctions, some of which are directed at major Russian banks, including one that the government military is very reliant on. Other efforts using the centrality of the dollar to international financial systems, to block almost any kind of transaction involving a dollar, which affects not just US trade, but others. They got the Germans, we should come back to this a little bit later, to agree, for the moment, to block this new natural gas pipeline called Nord Stream 2.

They're using a rule that would affect semiconductors in particular, that aren't necessarily produced in the United States or even by American companies, but use US technology and parts. And then they have some that they say are targeted directly at Putin and his cronies, and their holdings, and their families. So they pretty much have tried to put in the arsenal, almost every type of sanctions in making this the most significant use of sanctions before by an American government.

Judith Kelley: That's quite a statement, and yet sanctions in general, if they work, tend to be the more slow working tools. And we have a rather acute situation on our hand, and on top of that, Putin has been preparing for this and saving up. So, what are you thinking? What kind of impact is this going to have?

Bruce Jentleson: Yeah, you put it very well. And for our listeners, I've written two update articles in The Washington Post over the last couple weeks on this that people could access if you just put in Jentleson Washington Post. Although, you better put my

first name in because my son, Adam writes for the post a lot too, and then you'll read all about the Senate filibuster, but that's another discussion.

I think right now they're being oversold. And when you think about sanctions, and this is not just this case, but I've worked on sanctions when I've been in the State Department back in the Obama years against Iran, way back in the Clinton years after Tiananmen Square against China when I was also in the state department. And you have to think about it well, in some ways like you do about military force, there's an offense and there's a defense. And Russia has a number of counter strategies that don't make the impact of sanctions go away, but can keep them well short of crippling devastating and the likes. So a couple examples. One is they've built up, estimates are \$640 billion, in hard currency reserves. So to the extent that they're being taken out of global financial markets, they've got some insulation.

Judith Kelley: That's more than I have in my bank account, for sure.

Bruce Jentleson: You think so? It's probably more than everybody has right now out, given what's happened to the stock market today.

Judith Kelley: Yeah.

Bruce Jentleson: They also have alternative trade partners, right? So the United States and Europe have been standing together for the most part on this. The reality is the Europeans have nine times as much trade with Russia as we do. And they also have much more interdependence on oil and natural gas, which by the way they turned to because the middle east was so unstable, it was one of the reasons. So when Americans say, "What's wrong with the Europeans?" Put the shoe on the other foot, we're already hearing people complaining about, "Oh my goodness, oil's over a hundred dollars a barrel and it's affecting us." It's not totally clear that for the moment, the Alliance is hanging together, but the sustainability of that over time is something Putin has at least calculated.

China also steps in. They have their own international payment system, they buy a fair amount of Russian oil and gas, Putin and Xi Jinping made this statement at the Olympics that it's a friendship without limits. Although I will say China's statements today were like, "You know, we think the US is wrong too, but we really don't think this invasion is a good idea," is basically what they said. So, there are a lot of strategies that Putin has. And the other one he has is, when we put on sanctions after he took over Ukraine in 2014, he took away property from liberal elites within Russia and gave it to his cronies. Very few of those cronies have bank accounts that are sitting in London or the United States now. They've protected themselves. And my point is, we do need to use sanctions, but when we overplay them, they end up being oversold and underperforming.

Judith Kelley: So I want to talk about why we've chosen to overplay them, probably knowing that's what we're doing. But before that, I want to take a step back because our

colleague, not here in the Sanford school, but elsewhere, Dan Drezner. He wrote an argument a long time ago called The Hidden Hand of Sanctions, in which he essentially argues that by the time sanctions are getting used, that's actually when they're failing, right? The whole point of sanctions is, you say you're going to do them and then people change their behavior, so you don't have to do them. Can you comment on that in this context? Is that what we were trying?

Bruce Jentleson: Yeah, to a certain extent. Dan's a good friend and colleague and in one of The Washington Post articles I wrote that actually came out last Friday. I talked about that threats can be better than imposition because there's less saving face that goes on. But the problem is, sanctions are a limited instrument and they can be used often better for limited objectives, change a foreign policy here and there. This was a big objective. So the mismatch, call it a disproportionality if you will, between a limited instrument and an extensive objective, was part of the problem why they didn't do that here,

Judith Kelley: Bruce, before you move on, can you think of another example where some country was threatening to invade somewhere else and we threatened sanctions?

Bruce Jentleson: No. You know, when countries want to invade, it's a bigger objective than sanctions can handle. And now, we'll come back to putting sanctions in the context of the rest of the Biden policy. If we think about it as an element with three or four other elements, that's its role, but they have been doing too much about sanctions. When The Soviet Union invaded Afghanistan in 1979, the Carter administration put sanctions on grain. And at that point we had 80% of the Russian grain import market. But what happened? One was, they had already made the decision. Second was, other countries, alternative trade partners stepped forward Argentina, for example, which was angry at the United States then because there was a military government that we were pressuring on human rights. So there's lots of dynamics that happened here. When Benito Mussolini invaded Ethiopia, Abyssinia in 1935, League of Nations put sanctions on. They didn't end that invasion either. There's some policies that they can impact, but to have an effect on Putin now, it's really going to be sanctions combined with a whole range of other instruments.

Judith Kelley: If that's the case, and if they knew that, why have they overplayed them? Was there a political advantage to seem like we're being tough-guy?

Bruce Jentleson: I think that, to be honest with you, and again, as you know, many of the people in this administration are friends and colleagues that I worked with before, and I worked with president Biden when he was a Vice President, actually a little bit, when he was a Senator. We have two things that get in our way of our analysis of this. One is a bit of a technocratic mindset, which is: if we impose costs, you're not going to like it, and you're going to change. We think about 1973 and the OPEC oil sanctions against the United States during one of the Middle East

wars. And secondly, is somehow this image of, your people aren't going to like it and they're going to get in the streets. First of all, they're not as true as we tend to think they are even in democracies, and they don't fit.

So I think there was a logic there that they were buying into. And also, the technocratic part was, there's been a lot of work done on sanctions. There was a review the Biden Administration had in April, 2021... Actually both Dan Drezner and I participated in that, sent them memos and gave them some input, and they've gotten enamored with all of these ways. They figured out how to use the sanction's instrument. It sometimes happens in the military. General's get enamored with a fancy new weapon and they find out that it doesn't work as well in practice.

Judith Kelley: So let's talk about oil a little bit, because people surely are worried about the price of the pump. But also, Angela Merkel is gone, we've got a new chancellor and are they going to have the guts to cut off their oil trade with Russia? Can they even survive without it?

Bruce Jentleson: I would not, really, I wouldn't call it guts. I think, again, ask ourselves if we would cut off energy trade with a major source of our energy supplies over a foreign policy issue. I don't think the question is really that clear for the United States.

Judith Kelley: Okay.

Bruce Jentleson: I think right now what you have is there's, in some ways, a mutual vulnerability there. And we've been trying to provide, for example, liquified natural gas, coming from the United States, coming from Qatar in the Middle East, but those swash the issues. They can't fully compensate with the loss there, and I think there really is a sense among the Europeans that they're concerned about getting too escalatory. We can disagree with that, but we should really attribute that to differences of analysis and policy, not so much that they're putting their economics first and we would never do that.

Judith Kelley: So just back up a little bit and talk about sanctions in general. In your book, you talk about just how many countries have sanctions against one another, which was a surprise to me. You got France, Germany, Norway against Brazil over the Amazon forest and climate change? How much of this is going on?

Bruce Jentleson: It becomes the... This is not my expression, somebody else used it... The Swiss army knife of foreign policy, used for a whole bunch of other purposes. I use it in my book, but I footnote it. And it just seems, with the interdependence that the world has, you can reach for this instrument. There are three things that I stress that sanctions require. One is broad multilateral cooperation, doesn't mean the whole UN, and we do have some of that here. Second is what I said before, proportionality, matching the instrument with the objective, and that's not there. The third is ultimately they need to have reciprocity. That can be a

lever that can help you get to negotiations. The Russians are not going to say uncle on this, but that brings back to the whole question of Ukraine, and NATO, and what really works for European security. And the best example of that is Iran.

So Obama used sanctions with Iran to bring them to the table for the nuclear non-proliferation agreement. He imposed the sanctions, he got a lot of cooperation, including by the way, from Russia and China, not just the Europeans. And he matched it with diplomacy, which had some reciprocity. "We'll lift our sanctions." You do something that is important to you, but it's not the beyond, the end, of your existence. Trump increased the sanctions, had more impact on the Iranian economy, who was totally uninterested in diplomacy. He really wanted regime change. And so what you had there is what happens with sanctions a lot, high economic impact, low policy impact. So ultimately, these can be useful combined with some of the military aid strategies to the opposition, some other diplomacy, for example, the Secretary General of the United Nations, António Guterres was more outspoken on this than any secretary generalists have been on an issue like this since Dag Hammarskjöld in the 1950s.

You can get what's called the Uniting for Peace resolution through the General Assembly by majority of votes. So it doesn't have to be vetoed by the security council. We should be doing that, showing that this is not just the US and our allies, but a lot of countries around the world are upset. When you put all those things together, then the sanctions have... And one of the sanctions that'll be really interesting, if not fun, to watch is, you'll appreciate this, the European soccer federation just canceled the champions league finals in St. Petersburg. To go back to South Africa, which was one of the iconic cases in the 1980s of effective sanctions, some of it was economic, but some of it was cutting off South Africa from world rugby and world cricket. That really kind of bothered the white Afrikaner population.

We're talking about Russian people. And I think the Russian people are also finding out that they like the idea of having some relation with Ukraine. They thought annexation of Crimea was a good idea because it was low cost, but we're hearing reverberations, including in some of the Russian leadership about, "This is not in our interest to do this, and there's got to be another way to get to what we think our interests with Ukraine are." So, those aspects. The sports are a sanction, but they're not so much financial. Putting all that together, you can have an impact. It's not just the economic tools.

Judith Kelley:

So you said that the Russian citizens were not too upset about Crimea, or might have been enthusiastic because it was fairly low cost. But that raises the obvious question, why was it so low cost? And that brings us back to sanctions. Should it have been higher cost? Should we have used more sanctions, then?

Bruce Jentleson: Well, I actually remember having a meeting with a certain person, who will be unnamed, in the Obama administration, that I was out making an argument that they were going too incremental on sanctions, that person happened to agree with me, but the rest of the administration didn't. I don't know. This was such a blatant threat to European security. That was the little green man, an annexation, which without justifying it, had its own particular history, different from the broader Putin view that there's never been a Ukraine. So I don't really know that it would've made a difference there. Ultimately the question for Russians is, is this really serving our interests? And one of the things they're going to find out now that they didn't have to find out before was stabilization of a country is a lot harder than destabilization.

What they were doing since 2014 in Ukraine, was destabilizing, right? Making it hard for Ukraine to function. Now: invading, kicking out the government, taking it over. They're going to have to try to stabilize. That's a lot more costly in body bags, and economically, and in the way an insurgency, which we've been providing some support for, as are some other NATO countries, can make it hard for you to stabilize because then they're doing destabilization. You put all those together and you simply look at it from Russia's interest, that's when you begin to see that Putin is not this grand chess master. He had this staged meeting with his national security council the other day, which was really weird because, they didn't even know their lines.

Some of them were not thinking this was a great strategy. There can be some developments in Russia. Let's remember that Khrushchev got deposed for mishandling the Cuban missile crisis, Gorbachev got deposed for what some thought was mishandling the future of the Soviet Union, Yeltsin got deposed for the economy. I'm not predicting that, but it's something to keep an eye on. I don't know that everybody is behind this the way that they weren't so much behind but they were willing to live with, the 2014 Ukraine policy.

Judith Kelley: Hmm. So I want to talk about China because first of all, China has sort of used individual sanctions against some sports players and such things or people involved in sports saying things. But we also had a Chinese official, I think was just yesterday, coming out and saying, "Hmm, this sanction stuff is a really bad idea," because they are a little bit worried, I think, that it will spill over onto them, partly because they don't want us to sanction other countries that may not be collaborating on sanctions, et cetera, et cetera. It sort of spills over. How are you reading that? Am I reading it wrong? Am I reading it right? Or what's going on?

Bruce Jentleson: No, it's really interesting. I actually have a chapter on China in the forthcoming book, and I did an interview on Bloomberg radio yesterday, which is very business-oriented and they were saying, "Get that book out there." We're getting close. So China actually has become a major user of sanctions. They long have had this, "it's imperialism, it's unjustified..." Between 2010 and 2020, an Australian strategic studies institute tracked 19 cases where China has imposed

sanctions: against France for meeting the Dalai Lama, against Norway for giving the Nobel Peace Prize to the dissident Liu Xiaobo, against Australia for some of its policies, against South Korea... But China's actually been... Well, I'm not sure they've fully acknowledged this, but they've been finding out sanctions aren't working that well for them either. They're not getting countries to comply. Australia for example, which had a huge amount of trade with China, found alternative partners for its trade.

So, there's a bit of hypocrisy in that statement that was made yesterday on China's part, because they're using them. I think they really believe, and the Russians really believe, that the world order needs to change, right? And I will say, without justifying their methods, they're not totally wrong about that. So their commonality with Russia is they both have an enemy of my enemy, or an adversary of my adversary, in the US.

But, their interests are different. Like you were saying, some of these technology sanctions could affect China by affecting international companies, South Korean, American, European, that are there producing these semiconductors. And, Putin's style may not be what they want. So they're in a bit of a complicated position. Actually, I think it creates some diplomacy openings for us, which is not China coming over to our side, but making sure that this notion of a China-Russia coalition has its limits. So they're looking at what their interests are. And some of them, if we did a Venn diagram here, they would say some of them intersecting with Russia and some with us, but it's not both circles fully on top of each other, them and Russia.

Judith Kelley: I do love Venn diagrams. I have a thing for them. So, Biden says more's coming, what are his best unused sanction tools right now that he can still add to his arsenal?

Bruce Jentleson: They announced a bunch today just a little bit before we speak. So, I'm not a hundred percent up on that, but they talked about increasing the financial sanctions using this effort they call something like the Direct Product rule on all these semiconductors that are not produced in America or by American companies. But there too, that raises what's often called the extra territorial application of your policies. And if you go back to the early 1980s, when there was another Soviet natural gas pipeline coming from Siberia to Europe that the Reagan administration tried to block, and it wasn't just the Germans and the French and the Italians that opposed, but Margaret Thatcher who supported Reagan on most everything else opposed it because she said one big country can't oppose its rules and laws on another country.

And so, that's where this, "Here's what we're going to do..." They have what economists called externalities with some allies, and so the sustainability of intense sanctions. If Putin keeps doing what he's doing, there will be so much of a shared security threat that everybody's going to try to stay together as much as possible. But that's where increasing the cost, and it's not just a long-term

strategy, some day out there, it's not going to happen in a week or 10 days, but in a medium-term, the best way is to demonstrate that the costs are so great for Russia that they have to start making concessions, or that some efforts happen within the country. And there it brings us back to the NATO issue because it's not totally Putin that views Ukrainian membership in NATO as antithetical to Russian interests, right?

The current director of the CIA, William Burns, who in the nineties was ambassador to Russia, and then in the Obama years was the number two in the state department, and it's somebody that I have the highest respect for, when Ambassador Burns wrote his memoirs, thinking about he wouldn't be going back to the government, he cited a memo he sent back to Washington in the 1990s, which he basically said, "It's not just the Russian leadership, the military. Everybody I talk to here feels like membership for Ukraine and Georgia as former Soviet republics is antithetical to Russian interests." Right? So that issue is going to have to be dealt with, and you can't say no now, but it's going to have to be dealt with down the road. And it's useful for us to think about how we would feel if countries in this hemisphere were getting closer to Russia or China.

In fact, it's not even hypothetical. In Guatemala, in 1954, we overthrew a democratic elected government because of buying weapons from the Soviet block. In 1973, we helped overthrow government Chile. In 1964, we helped install a military in Brazil because we didn't like the left-leaning. So, there's an issue there that has to be ultimately addressed, if those sanctions know their members, it's part of that reciprocity, can set up a diplomatic process that will take us to another place. We can't just write those off as if it's just Putin himself. It's a very real security issue that, again, we may not totally agree with it, but it's there.

Judith Kelley: It's a very real security issue, but I think it was Madeline Albright who made this point just recently yesterday in a column in which I think she sort of made the point that Putin just is completely incapable of thinking we don't think like him, but we don't. Right? I mean, Ukraine could be a part of NATO and we would not be lying in wait for an opportunity to invade Russia. We just wouldn't. But he doesn't get that.

Bruce Jentleson: See, I guess I don't totally agree with that. And, and secretary Albright was strongly in support of NATO expansion. And idea of which, frankly, I wasn't. So let's look at it. Two things [inaudible 00:24:53]. One is, it's really about Russian interest and if Russian interest could be if trying to get it this way is backfiring. Is there an arrangement there that could serve Russian interests? Secondly is, and I've heard this from other leaders around the world, not just Putin, you guys elected Donald Trump. How do we know you're not going to elect another leader? Now on the one hand, Trump was isolations, on the other hand, he was a bit crazy. And how do we know you're not going to elect somebody that would say, "It's time for the United States to teach Russia a lesson."? I don't think we

can fully answer that in a satisfactory way, particularly after we elected Trump and the uncertainties of where our politics go in the future.

Judith Kelley: Your answer does not make me happy.

Bruce Jentleson: Yeah, it's true. It's true. The goal is security in Europe. And Putin, paradoxically, ironically, has made it more difficult to have a security that does not involve NATO, by what he's done. But, and I think this is what [Macron 00:25:54] and some others were thinking about as they were trying to find a way to avoid invasion. If the question is, what's the best way for Europe to be secure over the long term once we get out of this crisis? Hopefully we get out of it without it escalating to really some scary levels. It's not clear that NATO membership is the answer. And that's the goal. NATO membership is a means to an ends, and it's not clear that it's going to be the best means to the ends of European security.

Judith Kelley: Speaking of paradoxes, is there, what I will coin, an interdependence paradox when it comes to sanctions? The paradox being, as the whole purpose of the European union was, let's get really, really, really interdependent. And if we get really, really interdependent, we will get along with one another and everything's going to be fine. So that's a goal, but also the more interdependent we are, the more we would be able to use tools like sanctions very, very effectively against each other. And yet, the more interdependent we are, the harder it is, i.e. in the case of Germany, to actually trigger those tools because you are so interdependent. So should you be highly interdependent or should you not? If you are not, you have no leverage. If you are, you don't want to use it because it's going to hurt you.

Bruce Jentleson: Yeah. Our colleagues, Henry Farrell and Abe Newman of Johns Hopkins in Georgetown wrote a very influential article that couple years ago called Weaponized Interdependence. And then actually they and Dan Drezner organized a conference and a book that Brookings published January, 2021 on this, and I've got an article in it, and it's this reverse flow as well. Right? So, from a European perspective, why did the Germans buy more Russian natural gas? One, it's cleaner than coal. Two, they made a decision to get rid of their nuclear power after Fukushima because some people think they went too far. Three, because you diversify your portfolio with the Middle East, which is not stable. And it seemed they may have gone too far in the direction of buying Russian gas. So know this new pipeline, the Nord Stream 2, which is built and would provide more gas coming, they put a hold on, but it's still there. It's pretty much built. It's going to be turned on at some point.

And I think that the lesson there is that you diversify your portfolio both in terms of your sources of energy, renewables and fossil fuel, and your supplier. And yeah, the notion that trade would make everybody happier, you and I both know hasn't really worked that way. But it's a reality of the world that China's been doing it to us in some respects on the way our companies have a lot of interest there so that companies to like Intel, even though the United States

passed due legislation related to the treatment of the Uyghurs, the genocide against the Uyghurs, saying that companies really have to totally check their supply chains.

And Intel sent out a letter to its supplier saying, "We really need to do this, we need to comply." And Chinese social media... Wasn't official sanctions, but cracked down on them. And the head of Intel sent a letter of apology to China, right? So interdependence runs in both directions, but it's unavoidable in today's world. I think you just have to make sure that you don't take your interdependence to the point where you're so dependent that it takes away from your alternative strategies.

Judith Kelley: Bruce, if you were advising the American government at this moment in the Russian-Ukraine situation, what would you say?

Bruce Jentleson: I would say keep with the sanctions, but stop overselling them. Be realistic about what they can achieve and plan for Russian counter-strategies. I would say, give that \$200+ million military aid to the Ukrainian opposition, what some people call a porcupine strategy, so that they can impose costs on this Russian occupying force. They can't defeat it. They can impose costs. And I would say, continue your diplomacy globally, including trying to get support at the United Nations. That would be a real statement, that's hard to do. And also frankly, backchannel, something that we wouldn't hear about. But if we go back to the Cuban missile crisis, the key breakthroughs came through from a backchannel that opened up that helped diffuse the crisis. And I'm hoping that there is some effort to try to have diplomacy at work, even when Putin is doing what he's doing, and the president is taking the hard line that he needs to take.

Judith Kelley: Are there any cyber warfare strategies that the United States could be doing?

Bruce Jentleson: Yeah, and there's been a lot of discussion about that. There, too, you have tit-for-tat. They can come back at us. I think the director of national intelligence, or the press secretary disowned some of the stories that were out there about some of the strategies. Those two, I think you sort of do, but you don't really talk about them very much. And there's a real threat of escalation there that, we do it to them and they do it to us. So you have to be careful about that. You always got to be thinking, "If we do this, what do they do?" Not so much that you tie your hands, but so you're strategic and not just thinking about, "Oh, well I have all these powered weapons."

Judith Kelley: Well, Bruce, this has been enlightening and I'm glad that we've pretty much taken care of the world situation in this call. Thank you so much for joining me. Bruce Jentleson is the William Preston Few Professor of Public Policy at Duke University, and he's a distinguished fellow at the Woodward Wilson International Center for Scholars. His new book is called Sanctions: What Everyone Needs to Know. He also has written a wonderful book filled with stories of international leadership, and that book is called The Peacemakers:

Leadership Lessons from 20th Century Statesmanship. We'll have a link to both of those books on our website, policy360.org. And while you are there, you might want to check out episode 116. It's also about Russia. We called the episode Engaging the Evil Empire, and it's based on a book on the same title written by Sanford School Professor, Simon Miles. In that book, he explores the relationship between Washington and Moscow and what led to what he calls the beginning of the end of the cold war. That's episode 116 of Policy 360. Thank you so much, Bruce.

Bruce Jentleson: Good. Thank you. Good to talk with you.

Judith Kelley: Okay. I'll be back soon with another conversation. I'm Judith Kelly.