Deterrence in Ukraine: The Biden Administration's Campaign and its history as an American diplomatic tool

By Matthew Kim

On February 24, Russian President Vladimir Putin declared the launch of a "special military operation" in Ukraine under a disillusioned pretext of a necessary "de-Nazification and demilitarization" of its neighbor to the South.

Now, more than a month into the Russian assault on its neighboring nation of Ukraine, the United States and President Joe Biden remain steadfast in its commitment to the use of diplomatic measures against Russia and Vladimir Putin as an alternative to the deployment of U.S. forces.

By imposing these sanctions on the belligerent Putin regime, the Biden Administration's primary objective is to suffocate the Russian coalition by depriving the nation access to its economic resources and to target the wealthy members of the Russian oligarchy in close proximity to Putin and the Kremlin.

What exactly are the sanctions that Biden is imposing and how effective are they in kneecapping the Russian "special operation" in Ukraine? In addition, where does the Biden Administration's use of such sanctions stand among the policies of previous administrations in utilizing sanctions to deal with disenfranchised nations such as Myanmar?

President Biden and his national security team have prioritized the use of sanctions to deter Russian escalation of violence against the Ukrainian people. Biden announced his first round of sanctions on February 21, putting a halt on all new U.S. investment in Russia, as well as stopping U.S. exports to or U.S. imports of Russian goods. On February 22, the U.S. Treasury Department placed sanctions on two major Russian state-owned financial institutions, VEB and Promsvyazvbank, as well as the Russian central bank, effectively crippling the value of the Russian ruble. The sanctions on these Russian financial institutions are designed to deny Putin access to more than $600 billion he has in reserves, most of which are held in foreign bank accounts. This round of sanctions included threats to cancel the construction of the Nord Stream 2 pipeline, a valuable Russian asset for moving its top export, gas, across Europe.

In addition, the United States, European Union and other nations around the world have moved to remove Russia from the SWIFT international banking system. SWIFT is an efficient form of communication between banks around the world that facilitates easy transfers of money, and by removing Russia, it would require them to use far less efficient forms of communication, such as email and fax.

According to the International Monetary Fund's recent assessment of the sanctions, "International sanctions on Russia's banking system and the exclusion of a number of banks from SWIFT have significantly disrupted Russia's ability to receive payments for exports, pay for imports and engage in cross-border financial transactions." This will make it extremely difficult for Russia to export goods and effectively halt economic growth.

At a State Department briefing on March 15, State Department Spokesman Ned Price announced new visa restrictions against 91 former and current Russian government officials who have sought to suppress dissent in Russian and around the world while aiding and abetting Vladimir Putin's efforts to commit "war crimes". According to Price, the State Department under the leadership of the Biden administration implemented these sanctions with the goal of ending this war by making it too expensive for Russia to continue it.

Over the past few weeks, Russian citizens and oligarchs have felt the deleterious effects of these wide-ranging economic sanctions. At a fundamental level, these sanctions have halted all economic growth in Russia while taking away all of the necessary tools that Putin's regime could use to stabilize the ruble. Bank and ATM lines have stretched blocks, as the Russian people are desperately seeking to exchange the now worthless ruble to hold foreign currency in their hands.

In order to address the economic crisis, Russia's central bank was forced to double its benchmark interest rate to 20 percent, and S&P Global, a major rating agency, has downgraded the nation's credit rating to junk. As a whole, the sanctions are expected to contribute to rapid inflation and a significant drop in quality of living for Russian citizens.

While public opinion of the war within Russia remains highly unfavorable, state media and outspoken oligarchs have swiftly followed in President Putin's to continually frame this war as one that will address the torrent "corruption, bullying and genocide" committed by the Ukrainian government. These sanctions will unfortunately continue to take an exponentially worse toll on the Russian economy, with the U.S. and other allies around the world hoping that it will truly hamstring Vladimir Putin's ability to continue it.

From the very outset of this conflict, with U.S. intelligence reporting that Russia had amassed close to 150,000 troops along the Ukrainian border in January, President Biden made it very clear that the United States would not be sending U.S. troops overseas to engage in the conflict. This established the Biden administration's determination of utilizing economic tools in order to deter Russian advancement.

The latest round of sanctions has built on existing sanctions implemented by the U.S. following Russia's 2014 invasion and annexation of Crimea. In March of 2014, President Obama signed Executive Orders 13660 and 13661 designed to penalize those responsible for violating the sovereignty of the nation of Ukraine and undermining its democratic processes. The sanctions implemented during the Obama administration shared similar purposes to those of the Biden administration, with the objective being to steadily increase the financial and diplomatic costs of Russian aggression in Crimea and Ukraine, respectively.

This should come as no surprise, as it was believed that Biden's presence on the Obama ticket and in the White House was to supplement Obama's charisma and strong domestic policy capabilities with Biden's decades of experience in foreign policy.

Moving forward, many experts believe that the Biden administration should seek to ramp up sanctions, as Russia has seemingly begun to weather the storm of sanctions with its continual export of oil across Europe. According to Jeff Schott, a senior fellow at the Peterson Institute for International Economics, “Despite all the financial sanctions, the one big loophole is oil and gas. That has allowed billions of dollars a week to flow into the country and provide resources to fund the Russian government and military.”

While the sanctions thus far have allowed President Biden to employ a “diplomacy first” approach to the conflict, the effects of the sanctions are seemingly waning, and further action will be required in order to continue the U.S. mission of crippling Putin’s ability to financially justify this “special military operation” in Ukraine.