

## Trying to Unbalance Russia

### *The Fraudulent Origins and Impact of US Sanctions on Russia*

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In late August 2020, the Trump administration extended its Russia sanctions policy into the small East German town of Sassnitz. The town was supporting an \$11 billion Russian pipeline, Nord Stream 2, which will double the capacity for natural gas to flow directly from Russia to Germany. Sassnitz's port supplies provisions to a Russian pipe-laying ship involved in Nord Stream 2. Residents fear that the sanctions will cut their town off from the US commercially and exclude it from the global financial system, causing a new recession. The Trump administration, with backing from Poland and the Baltic nations, had long opposed the pipeline, seeing it as an instrument for Russian leverage over Germany, Ukraine and Central Europe, though defenders of the project say that Washington is really angling to sell Europe its more expensive liquified natural gas. Heiko Maas, the German foreign minister stated that "the U.S. administration is disrespecting Europe's right and sovereignty to decide itself where and how we source our energy" (Eddy and Erlanger 2020).

Maas' remarks underscore how economic sanctions are part of a global "great game" for control over energy resources, which results in the trampling of nations' sovereignty. In the midst of the COVID-19 pandemic, the Trump administration announced new punitive measures on a nearly daily basis, with one-fourth of people on Earth now living in countries suffering from US sanctions (Norton 2020; Tétrault-Farber 2020). The sanctions in Russia have extended to the Russian Defense Ministry's 48th Central Research Institute, which has worked with other non-military medical centers to develop and test the world's first COVID-19 vaccine, called Sputnik 5. The research institute was targeted because of its alleged role in Russia's chemical and biological warfare program, though the institute successfully developed and tested vaccines against Ebola, Middle East Respiratory Syndrome (MERS), and a universal flu vaccine.

In April, a Russian company sent ventilators to the United States as a form of humanitarian aid, to help overwhelmed hospitals treat coronavirus patients. It was later revealed that this Russian firm had been under US sanctions since 2014 (Norton 2020) The above facts highlight the absurdity of the American

sanctions, which were ostensibly imposed for human rights purposes, but are detrimental to human rights and health, and have not worked. The purpose behind the US sanctions was outlined in a 2019 report issued by the RAND Corporation, the leading Pentagon think-tank, entitled “Overextending and Unbalancing Russia.” This report assesses how an array of foreign policy measures—from encouraging domestic protests to providing lethal aid to Ukraine to undermining Russia’s image abroad—might weaken and destabilize Russia. The project’s researchers found that “economic cost-imposing measures” held particularly high likelihood of success. These included an expansion of US energy production, which would expand world supply and depress global prices hence hurting Russia, and the imposition of deeper trade and financial sanctions if these sanctions were “comprehensive and multilateral” (Dobbins 2019).

Russia’s President Vladimir Putin has been targeted under the sanctions because he has restored Russia’s independence and economic strength from the Boris Yeltsin era (1991–2000). After the fall of the Soviet Union, Yeltsin rapidly privatized the post-Soviet economy in a way which fueled corruption and benefited a new class of oligarchs while impoverishing ordinary Russians. State industries were sold off for a fraction of what they were worth, and the social safety net was destroyed (Metten 2017). Yeltsin furthermore acquiesced to the expansion of the North Atlantic Treaty Organization (NATO) towards Russia’s border, which Communist Party leader Gennady Zyuganov likened to a “Versailles” for Russia—a reference to the 1919 conference in which Germany was humiliated by the Western allies (Lippmann 1997; Tóme 2000). An advisor to the Foreign Ministry said that Russia was being treated “like a colony” [of the United States], which Putin has set out to reverse (Stent 2015, 25).

By the mid mid-2000s, Putin, while keeping the capitalist structure as Yeltsin’s handpicked successor in-tact, had begun to restore Russia’s economic sovereignty by prosecuting corrupt oligarchs, blocking capital flight, reasserting Russian control over the Central Bank and Russian industries that had been taken over by foreigners (Miller 2018). One of the investors who fell afoul of Putin’s new order was William F. Browder, the grandson of the former communist party leader Earl Browder and hedge fund billionaire, who has been omnipresent in the media and in government halls pushing for the institution of economic sanctions against Russia.

In 2013, Browder was found guilty in Russian court of failing to pay 552 million rubles in taxes (\$16 million) and illegally buying up shares in Gazprom, for which he was sentenced in absentia to nine years in prison (Giraldi 2018). He accused the Russian government of perpetrating a \$230 million tax scam against his company, Hermitage Capital, though there is strong evidence to

indicate that he and his associates were behind the massive fraud. His tireless promotion of sanctions has been in turn designed to divert attention away from this fact. Private lobbyists have often played an important role in driving US foreign policies. What is unique though in this case is that a white-collar criminal has singlehandedly helped to increase the risk of global nuclear war.

## 1 A New Battlefield for the United States

Economic sanctions can be defined as a “political act that utilizes economic instruments to either affect a change in the domestic or foreign policy of a target state or undermine and weaken the authority and effectiveness of its government” (Connolly 2018, 11) According to Robert Blackwill and Jennifer Harris of the Council on Foreign Relations, the United States has been the principal country imposing sanctions with more than 120 instances over the past one hundred years (Blackwill and Harris 2016). After the September 11 attacks on the World Trade Center, the Bush administration tried to use sanctions to cripple what it considered to be rogue banks that financed terrorism or rogue regimes. The Obama administration followed suit by carrying out record sanctioning, targeting left-wing governments and others which were defiant of US global designs (Blackwill and Harris 2016). Jack Lew, Obama’s Treasury Secretary, said that economic sanctions are “a new battlefield for the United States, one that enables us to go after those who wish us harm without putting our troops in harm’s way” (quoted in Wright 2017, 132). The sanctions directed against Russia are unique because it is the first time they have been applied against a member of the UN Security Council and former member of the G-8. The usual norm is to target weak and vulnerable Third World nations. The other distinctive facet is that the sanctions were first initiated through lobbying directed by a businessman who had been evicted from the targeted country and prosecuted for white collar crime.

## 2 The Browder-Magnitsky Hoax

The United States inaugurated the sanctions against Russia in December 2012 in an action that marked the beginning of the new Cold War. Russian President Vladimir Putin called the US-Russia sanctions a “provocation” designed to undermine the future of American-Russian relations” and said that they were “shortsighted and dangerous” and an “overt interference into our internal affairs” (Palmer 2012).

Prior to that time, the Obama administration had been advancing a “reset” policy that was designed to improve US Russian relations and had resulted in the New Strategic Arms reduction Treaty (START). START limited, albeit marginally, the number of nuclear and ballistic missile launchers and nuclear warheads deployed by each side. During the 2012 presidential debates, Obama depicted his opponent Mitt Romney as a relic of the 1980s when he suggested Russia had come to supersede al Qaeda as the greatest national security threat, telling Romney that the Cold War had ended twenty years ago (Kuzmarov 2019). By December 2012, however, Obama had signed into law the Magnitsky Act, a bill first promoted by Senator Ben Cardin (D-MD), which was designed to punish those responsible for the death of supposed Russian whistleblower Sergei Magnitsky. Curiously, only seven of the sixty targeted individuals had anything to do with Magnitsky, suggesting Magnitsky was but a pretext (*ibid.*).

Magnitsky was said to have been the lawyer of Bill Browder who was murdered in an Alcatraz like prison in Russia (Byturka) after he had exposed a Russian government scam to rob taxpayers of \$230 million by filing fictitious returns after seizing Browder’s company. Browder told this story in his best-selling 2015 book, *Red Notice: A True Story of High Finance, Murder, and One Man’s Fight for Justice*. The book would make for a good Hollywood thriller spotlighting government corruption and abuses in the Russian criminal justice system and the noble fight by a reformed “red” who gives up his lucrative business career to achieve redemption for his crusading friend caught up in a Kafkaesque nightmare (Browder 2015).

If only the story were true.

A film that has been blacklisted in the US directed by Andrei Nekrasov and written by Torstein Grude, *The Magnitsky Act: Behind the Scenes* (Piraya Films) and book by Hedge Fund Manager Alex Krainer, *The Killing of William Browder: Deconstructing Bill Browder’s Dangerous Deception* (2017) revealed serious inconsistencies in Browder’s story.<sup>1</sup> Notable among these is the fact that Magnitsky was not actually a lawyer, as Browder claimed, but a tax accountant. There is no evidence also that Magnitsky was a whistleblower; rather he was questioned by Russian authorities as a suspect in Browder’s tax scam.

In the early 2000s, Magnitsky had been hired by Browder to set up an off-shore structure that Russian investigators would later say was used for tax evasion and illegal share purchases by Hermitage. In August 2019, the European

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1 For more on the story surrounding the film, please see Alex Krainer, *The Killing of William Browder: Deconstructing Bill Browder’s Dangerous Deception* (Monaco: Equilibrium, 2017). See also Luci Komisar, “The Man Behind the Magnitsky Act: Did Bill Browder’s Tax Troubles in Russia Color Push for Sanctions,” *100 Reporters*, October 20, 2017.

Court of Human Rights ruled that the Russian [government] had “good reason to arrest Sergei Magnitsky for Hermitage tax evasion” (Komisar 2020). According to Andrei Nekrasov, Magnitsky was an expert in “circumventing the laws and regulations” which required foreigners like Browder to pay more for business and stock shares. In 2016, Browder was charged by Russian authorities with murder in Magnitsky’s death. The evidence to back up the murder charge is an intercepted communication from Western intelligence agencies, which allegedly exposes an operation called Quake designed to “start a scandal or significant news trigger to discredit the Russian Federation in the eyes of the international community.” Operating under the code name “Agent Solomon,” Mr. Browder, with Britain’s MI-6 and Russian opposition leader Alexei Navalny (AKA “Agent Freedom”), is said to have arranged for “proxies in the Russian federal penitentiary service to arrange the termination of any medical services for Magnitsky” (Kramer 2017). Similar accusations were previously aired on Russian state television but dismissed by independent analysts because the communication was found to have had spelling errors that derived from flawed Russian translation.

Browder himself repeatedly changed his story and posted a deceptive power point of the death certificate, though information from the website he provided a link to indicated that there were no signs of a violent death detected (Komisar 2020). Dr. Robert C. Bux, a forensics expert who wrote a report on Magnitsky’s death, stated that there was no evidence that Magnitsky had been beaten to death, as Browder claimed. Magnitsky’s mother Natalia believes that her son’s death stemmed from negligence on the part of prison staff rather than murder. Confirming this assessment, a Russian commission that led to the dismissal of twenty-one prison employees, concluded that Magnitsky was never tortured in prison but died likely of a heart condition and the negligence of prison staff, not murder (Walker 2013; Krainer 2017).

Mr. Nekrasov told this chapter’s author in an interview that he spoke off-the-record with a Doctor Kratov from the Mutyrka prison, who was indicted and tried in Russia for negligence in his treatment of Magnitsky (he was acquitted but traumatized by the experience). According to Nekrasov, “Kratov said that in his personal opinion there was a chance that Magnitsky had indeed been killed (he died of a heart attack officially) but that in that case only Browder and Co. could have been behind it. Theoretically it is possible to organize such a killing from outside a jail in Moscow, even if there is no evidence of it in our case in my view. What is clear, however, is that only Browder stood to benefit from Magnitsky’s death, while the authorities needed Magnitsky alive, as a witness against Browder” (Personal Interview with Author, October 2017).

The US embassy significantly had never raised any outcry in the period that Magnitsky was in prison, and Browder never discussed his case or assisted in his defense after his arrest, and Hermitage never had any mention of it on its website, turning Magnitsky into a martyr only later. When I asked why the US embassy never displayed any concern for Magnitsky's case when he was still in jail, ambassadors John Beyrle and Michael McFaul refused to answer.

### 3 A Foreign Version of a Russian Oligarch

Browder's book *Red Notice* provides fascinating detail about how Browder rebelled against his left-wing family by "putting on a suit and tie and becoming a capitalist" (Browder 2015). After receiving his M.B.A. at Stanford University, Browder worked for the investment banking firm Salmon Brothers, where he turned a \$25 million investment in privatization vouchers in Russia into a \$125 million stock portfolio. He then started up his own investment firm, Hermitage Capital, with help from Syrian Israeli banker, Edmund Safra, an owner of the Republican National Bank of New York which had sold tens of billions of dollars in US dollar notes to corrupt Russian banks who also profited from the privatization voucher scheme.

In 2008, *New York Times* reporter Clifford J. Levy described Browder as a "foreign version of the Russian oligarchs who earned their fortunes in the mass privatization after the fall of the Soviet Union" (Levy 2008). A lot of his wealth was obtained through illicit means. He was implicated in a scam, for example, where Hermitage relocated its entities to the Republic of Kalmykia in southern Russia, which offered low tax rates and incentives for hiring disabled employees. Hermitage did the latter but only on paper (Krainer 2017).

Hermitage's parent company was HSBC Bank, a financial partner of billionaire George Soros, who lost even greater sums when Putin took control over Russia's Central Bank and economy and appears to be using Browder as their front man. Told by his mentor Safra "not to shy away from kicking up a scandal to protect his interests," Browder provided financial support to Maryland's Democratic Party Senator Ben Cardin's campaigns through Ziff Brothers, a firm associated with Hermitage, which gave over \$1 million to Democratic Party candidates in the 2016 election (Browder had made stock trades for Ziff in Moscow and was using it to try to purchase shares of Gazprom, the large Russian natural gas company). From 2013–2018, Mr. Cardin also received \$33,7000 from Lockheed Martin, \$20,005 from Northrop Grumman and \$22,500 in 2012 from the Carlyle Group. The source of his funding would plausibly explain his

support for the Magnitsky bill, and a Russophobic Senate study promoting an escalation of the new Cold War.

John Hobson famously emphasized in his 1902 classic *Imperialism* how the British empire was driven by financial elites seeking outlets for new investments and who unduly influenced government policy. With regards to the United States, Hobson wrote that “it is Messrs. Rockefeller, Pierpont Morgan, Hannah, Schwab, and their associates who need imperialism ... because they desire to use the public resources of their country to find profitable employment for the capital which otherwise would be superfluous” (Hobson 2010 [1902], 83).

Mr. Browder follows in the same tradition in this neoliberal era. He and his backers have been extremely successful in using their wealth and political connections to sway public opinion against Putin and in driving forward the new Cold War, of which the sanctions policy is an important cornerstone. At one point, Browder called Secretary of State John Kerry— a lukewarm supporter of the Magnitsky Act— “Putin’s lapdog” and purveyor of an “appeasement policy” (Krainer 2017). This kind of poisonous language suggests that Browder is part of a planned political campaign, driven by powerful financial and “deep state” interests who profited from the plunder of Russia in the 1990s.

#### 4 New Cold War and American Double Standards

During Obama’s second-term, American-Russian relations deteriorated further when the US backed a coup d’état in Ukraine in February 2014 against the pro-Russian leader Viktor Yanukovich, which led to a secessionist drive by the eastern provinces and outbreak of civil war. Russia responded by annexing Crimea after a referendum on the future of the province, and by supporting guerrilla rebels in Eastern Ukraine fighting the American backed Ukrainian regime, which had the support of the pro-fascist Azov battalion (de Ploeg 2017). Russian intervention in Eastern Ukraine and annexation of Crimea became a basis for expanding the Russia sanctions, which targeted Eastern Ukrainian and Crimean leaders. Russian-speaking Ukrainians it should be noted had felt threatened by the post-coup Ukrainian government, which pushed for the use of the Ukrainian language in schools and purged Yanukovich’s supporters and former communists from government (Weir 2014; Arel 2018).

In March 2014, President Obama signed an executive order condemning Russia’s seizure of Crimea and imposed sanctions on individuals and

entities deemed to have undermined Ukraine's "democratic processes or institutions" (Landler *et al.* 2014; Connolly 2018). Further rounds of sanctions targeted two Ukrainian separatists—Aleksy Naydenko and Vladimir Vysotsky—involved in organizing elections in the breakaway East, which the US State Department called a "sham" (*Al Jazeera* 2019). Eastern Ukrainians however felt differently about the elections. Crimeans had meanwhile voted overwhelmingly to rejoin Russia, while the head of the private US intelligence firm Stratfor told a Russian paper that the Obama administration was behind "the most blatant coup in history" [in February 2014] (Chernenko and Gubuev 2015; Sakwa 2016; Kovalik 2018). The lack of democracy in Ukraine was apparent in the banning of the communist party and jailing of Ukrainian-Russian journalist Kirill Vyshinski for conducting a supposed "information war" (Vyshinsky and Bartlett 2019), though sanctions were never contemplated against Ukraine.

Between 2012 and 2019, the Obama and Trump administrations imposed more than 60 rounds of sanctions on Russian individuals, companies, and government agencies. In August 2018, the Treasury Department's Office of Foreign Assets Control listed 491 Russian people and entities who were affected, compared to 146 from China and 335 from Iran (Trojanovski 2018). A key factor underlying these numbers was the fracking revolution and adoption of new methods in horizontal drilling which transformed the United States into a leading energy producer and lessened dependence on Russia and other oil producing countries like Venezuela and Iran, which could now be crushed through sanctions (Bellamy Foster, Holleman, and Clark 2019, Clemente 2019).

In February 2019, Senators Lindsey Graham (R-SC) and Robert Menendez (D-NJ) introduced the Defending American Security from Kremlin Aggression Act (DASKAA), or the "sanctions bill from hell," amidst an escalating climate of Russophobia. The bill called for designating Russia as a "state sponsor of terrorism" for its actions in Syria, and the blacklisting of large Russian state banks and energy firms, restrictions on new Russian sovereign debt transactions and Russian uranium imports, and new sanctions on Russian political figures and oligarchs. Menendez told *Reuters* that the bill was "the next step in tightening the screws on the Kremlin and will bring to bear the full condemnation of the U.S. Congress so that Putin finally understands that the U.S. will not tolerate his behaviour any longer" (Zengerle 2018).

On September 24th, 2020, another harsh sanctions bill titled "Holding Russia Accountable for Malign Activities" was introduced by five prominent Senators—Chris Coons (D-Del), Marco Rubio (R-Fl), Ben Cardin (D-Md), Mitt Romney (R-Utah) and Chris Van Hollen (D-Md) in response to the alleged poisoning of Russian opposition figure Alexei Navalny, though proof of the latter

was never firmly established (Harris 2020, Peters 2020).<sup>2</sup> President Joe Biden followed up by imposing new sanctions on March 2nd, 2021, claiming that a US intelligence finding—which was never made available to the public—had determined Russia’s guilt (Kuzmarov 2021). The “Holding Russia Accountable for Malign Activities” bill generally fits a disturbing pattern in which sanctions are advanced in response to unsubstantiated allegations.<sup>3</sup> In August 2019, the Trump administration passed a round of sanctions in response to Putin’s alleged use of nerve gas to poison Sergei Skirpal, a former Russian military intelligence officer, and his daughter Yulia, which independent investigators believe was part of a set-up orchestrated by British intelligence (O’Neill 2018; Porter 2018). The Skirpals were found on a park bench mere miles from a secret military lab capable of manufacturing Novichok (Kuzmarov 2020). The Obama administration before that had imposed more sanctions after Russian troops supposedly shot down of a Malaysian airliner. A fire near the crash site destroyed key evidence that might have implicated the Ukrainian military, however, and the US withheld evidence from investigators (Parry 2014, 2015).

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## 5 Economic Impact of the Sanctions

The consequences of the economic sanctions have been quite severe on Russia. Thirty-nine percent of Russian business leaders said the sanctions hurt their business and told regional governors they were creating serious problems for the oil and gas sector (Pismennaya 2018; Stubbs and Nikolskaya 2018). Food prices soared, with the price of cabbage doubling, and pork increasing by nearly a third (Birnbbaum 2015). The IMF estimated that sanctions linked to the 2014 invasion of Ukraine cost Russia one to 1.5% of GDP by mid-2015 (Harrell

<sup>2</sup> Doctors in Omsk, Siberia where Navalny was transported after his flight carried out an emergency landing thought he was suffering from a metabolic disorder caused by a drop in sugar levels. Aleksandr Murakovsky, the head doctor of the hospital’s emergency department, told the press they did not find poison.

<sup>3</sup> Another example is North Korea where sanctions were extended after North Korean leader Kim Jung-Un was accused of killing his half-brother Kim Jong Nam at Kuala Lumpur International airport, though a Malaysian investigation did not find any proof that Kim Jung-Un was involved. Yet another round of sanctions was imposed when the North Korean security services were accused of killing an American tourist, Otto Wambier, though again proof that Wambier was tortured was never firmly established, and he may have died from his own health problems. See A.B. Abrams, *Immovable Object: North Korea’s 70 Years at War with American Power* (Atlanta: Clarity Press, 2020).

2019). At a meeting in St. Petersburg, Putin said that Russia lost over \$160 billion due to the sanctions' impact on foreign investment (Bow Group 2015).

Political analyst Thomas J. Wright points out that the sanctions combined with the fall in oil prices contributed to the collapse of the Russian ruble, whose value fell from 34 rubles to the dollar on July 1, 2014 to 69 to one on January 30, 2015. This resulted in significant inflation, which made imports more expensive and depressed incomes and wages. Spending cuts were initiated in health care and education, fitting a pattern in which governments transfer the economic burden of sanctions to the poorest and most marginalized groups. Russian Gross Domestic Product (GDP) contracted by 4.6 percent from July of 2014 to July of 2015—its greatest drop since 2009. Inflation rose to 11.4 percent in 2014 and was at a 15.8 percent annual rate by August 2015. Living standards plummeted for the first time since the 1990s. Stock market returns were reduced by 6.5%. International air travel fell by 20 percent, car sales fell by 36 percent, and shops stopped stocking many Western food products (Bow Group 2015; Wright 2017).

## 6 Putin Responds

Sanctions expert Richard Connolly points out how Putin's administration "used a range of tools and resources to cushion targeted sectors from the worst effects [of the sanctions]." This included a shift towards "greater reliance on domestic resources—or Russification—and forging closer relations with non-Western countries." According to Connolly, the Russian state response to sanctions was "coordinated, substantial and sophisticated" (Connolly 2018, 4). It enabled by the rapid economic growth that was previously achieved, which resulted in a swelling of government tax revenues and rebuilding of state capacity from the Soviet era.

In August 2015, Putin formed a Russian government commission for import-substitution chaired by former president Dmitri Medvedev. Denis Mamturov, the Minister for Industry and Trade, presented a detailed plan that included more than 2,000 projects across 19 branches of the economy with the goal of reducing the share of imported goods. 235 billion rubles (\$4.5 billion) were allocated to be spent directly from the federal budget over the coming five years as a system of tax credits and favorable loans for certain businesses was set up. According to Mamturov, by the summer of 2017, 22 sectors of the economy were receiving state support to stimulate import-substitution.

Putin at the same time began challenging foreign direct ownership over key sectors of Russia's economy targeted under the sanctions. He initiated a process of nationalizing privately owned oil companies, which produced oil production technologies, redefined production sharing agreements that privileged foreign companies, which Putin described as "colonial," and brought back under tight state control major Russia energy giants, Yukos, Sibneft and Gazprom. Through these measures, oil and gas production in Russia remained at or above pre-sanctions levels (Connolly 2018).

Crucial was Putin's support for the development of energy extraction equipment in Russia through direct state funding and subsidized loans, which were used to offset dependence on imports. Russian companies began producing their own intelligent geo-navigational equipment used in drilling, and Putin in October 2014 approved the creation of a state-owned oil services company, RBC, whose aim was to duplicate services provided by Haliburton and Baker Hughes (Kramer 2014). According to Connolly, the strategy of direct state subsidization of the industry "represented a deviation from the previous trajectory of economic policy which had largely left the industry to the vagaries of the market" (Connolly 2018). Annual output in oil and gas equipment grew by four percent in 2015 following the repudiation of neoliberal doctrine and 14 percent in 2016. In 2018, Russia's oil exports totaled \$130 billion, up nearly 40 percent from the year before (Clemente 2019).

A growth pattern was seen in other industries including the pharmaceutical and automotive industries, which produced 79 percent of cars sold in Russia in 2016 (Hellevig 2017). In 2017, 85 percent of Russian household appliances were produced domestically and Russian companies were developing their own cutting edge technological products such as a hydraulic excavator used in mining endeavors, a Thulium fiber laser for surgical application and bulldozers of high technical quality which were affordable in ruble terms. Putin's government also supported development of a new banking card payment system called the Mir to ensure the sovereignty of domestic payments after Visa and Master card ceased to serve some Russian banks, and set up an alternative transaction system called Swift. Russian farmers were a big winner of Putin's import substitution policy as the share of imported food in Russia declined from 25 to 10 percent following the institution of sanctions and the country became the world's top wheat exporter. Russia also became nearly self-sufficient in sugar and meat products; a domestic cheese manufacturer tripled its output and domestic production displaced imports of pork and chicken (Hellevig 2017).

*The New York Times* reported in March 2020 that Russia's newfound self-sufficiency in agriculture combined with lowering of debt and bulging financial

reserves made the country better positioned than most others to withstand the economic shocks bred by the Coronavirus. \$600 billion in gold and hard currency reserves had been built in part through a policy of writing into the budget an artificially low estimate for the global price of oil, with all tax on profits above that level going into the national piggy bank. Because of the country's self-sufficiency in agriculture, the government could now spend it on economic recovery rather than needing to prop up the ruble to keep imported food affordable (Kramer 2020).

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As far as geopolitics, Putin successfully used the backdrop of sanctions to advance his idea of a Eurasian Union tying Central Asian economies with Russia. Gazprom paid a mere \$1 to take control of Kyrgyzstan's gas company, now called Gazprom Kyrgyzstan, in a deal matched by similar Russian state investments in nuclear, hydroelectric and oil sectors across Russia's "near abroad" (Blackwill and Harris 2016). Putin also expanded trading ties with China. In 2018, trade between the two countries grew to \$108 billion (Kramer 2019). When Chinese Premier Xi Jinping visited Russia in June 2019, Putin took him on a boat tour around the historic city of St. Petersburg to solidify the mutual alliance. A jealous United States responded by staging an incident in which the US cruiser *Chancellorsville* brushed a Russian vessel in the Philippines sea while making it look like Russia had engaged in provocative maneuvers (a photo showed two Russian sailors sunbathing, which undermined this claim). The goal of the United States was to skew world opinion against Russia to justify its bellicose policies, however, these policies were not working.

Kirill Dmitriev, CEO of Russia's Direct Investment Fund told CNBC that the "sanctions hurt the United States more than Russia" largely because "a lot of people were moving away from (the) dollar, because lots of dollar transactions were getting restricted" (Ellyatt 2019). These comments epitomize how the sanctions policy has not only failed to achieve its stated goals of weakening Russia and deterring its intervention in Ukraine but backfired and harmed the US economy. Putin's largely effective response to the sanctions prevented his political competitors from gaining ground on him (Leander and Sakhrin 2017). In February 2015, while he was being vilified in Western media, Putin was incredibly ranked the world's most popular politician (Boren 2015). This honor exposes the farcical nature of the sanctions policy whose main accomplishment has been to enflame tensions between the US and Russia and contribute to the dangerous climate of the new Cold War, where the risk of nuclear conflagration grows ever greater by the day.

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## Author Queries

### chapter 17

- AQ1: Please note that the cross-reference “Kuzmarov (2020)” has not been provided in the reference list. Please provide the same. 298
- AQ2: Please note that the cross-reference “Kramer (2020)” has not been provided in the reference list. Please provide the same. 301
- AQ3: Please note that the cross-reference “Boren (2015)” has not been provided in the reference list. Please provide the same. 301
- AQ4: Please note that the reference ““2020”” has not been cross-referred in the text. Please provide the same. 302
- AQ5: Please note that the reference ““2015”” has not been cross-referred in the text. Please provide the same. 302
- AQ6: Please note that the reference ““2017”” has not been cross-referred in the text. Please provide the same. 303
- AQ7: Please note that the reference ““2021”” has not been cross-referred in the text. Please provide the same. 304
- AQ8: Please note that the reference ““2014”” has not been cross-referred in the text. Please provide the same. 305