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Why the United States Must Stay the Course on Ukraine

The United States must maintain its course on Ukraine because it is essential to America's national security interests and democratic values. A Ukraine defeat would create a more dangerous and unstable world.

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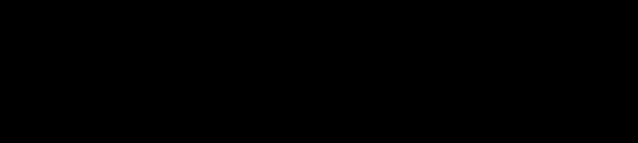
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President Joe Biden delivers a speech in the Royal Castle Arcades, in Warsaw, Poland, February 21, 2022. (Getty/Artur Wozak)

Nearly one year ago, Russian troops invaded Ukraine expecting a rapid victory; little resistance from an overmatched Ukrainian army; and a tepid response from the United States and Europe. Instead, Russian President Vladimir Putin's initial gambit faced fierce Ukrainian resistance backed by game-changing military, financial and diplomatic support from the United States and its Western allies. Putin also underestimated the will of Western nations to remain unified in their support for Ukraine and impose unprecedented economic sanctions against Russia.

Now, after a series of humiliating retreats during the fall, Putin is launching a new offensive and digging in for the long haul—seemingly with the hope to wear down the Ukrainians and force fissures in U.S. and European support. It is more critical than ever for the United States and its partners to stay the course. Even as Ukraine fatigue sets in, the case remains strong that helping Ukraine serves America's national security interests and democratic values. A defeat in Ukraine would be a massive setback for democracy and usher in a more dangerous and unstable world. It could encourage Russian aggression against other neighboring democracies, threaten European allies, and perhaps further embolden China to take action against Taiwan.

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So far, Washington has rightfully focused much of its leadership on securing military support for Ukraine. But locking in a stable, democratic Ukraine capable of deterring future Russian aggression will also require a robust nonmilitary approach. The United States should prioritize steps to enforce greater economic costs on Russia; strengthen Ukraine's near- and long-term political and economic resilience; and further align the trans-Atlantic alliance to counter challenges from Russia and China.

Why Ukraine matters to the U.S. national interests

As the one-year mark of Putin's invasion of Ukraine approaches, the stakes loom large for the United States and the free world. Autocratic regimes are watching the war play out to determine what lines can or cannot be crossed. In his State of the Union address, President Joe Biden made clear that backing Ukraine matters "because it keeps the peace and prevents open season for would-be aggressors to threaten our security and prosperity." Without NATO's support for Ukraine, which has created the quagmire that Russia now faces, the United States could see an emboldened Russian advancing to the NATO border.

As President Volodymyr Zelenskyy put it in his historic address to a joint meeting of Congress, U.S. support for Ukraine "is not charity, it's investment in global security and democracy." Senate Minority Leader Mitch McConnell (R-KY) made a similar argument for sustained U.S. support, saying it shouldn't be viewed in financial terms. But he noted that "even through that narrow lens, our investment in Ukraine is restoring and rebuilding deterrence for pennies on the dollar." Referring to the war's implications for China, NATO Secretary General Jens Stoltenberg stated, "Beijing is watching closely and learning lessons that may influence its future decisions. So, what happens in Europe today could happen in Asia tomorrow."

Deterring Russian aggression has critical implications for peace and stability around the world. Ceding ground to Russia's blatant and illegal aggression against a nonviolent neighbor—as well as Russia's alleged perpetration of crimes against humanity—would be an affront for democracies and universal principles of self-determination and human rights. A failure of resolve would also undermine U.S. credibility with key allies and potentially embolden competitors—such as China—to act further against U.S. interests, with possible grave consequences.

Given what is at stake, we recommend that the United States reaffirm a clear, long-term commitment to support success in Ukraine. This will require continuing to provide robust military and economic support. We suggest the following routes to continue to advance U.S. interests.

Enforce greater economic costs on Russia

The Biden administration and its international partners must ensure even more meaningful economic consequences for the Putin regime and close loopholes that are being used to escape accountability. Continued use of Magnitsky Act sanctions targeting Russian oligarchs, companies, funds, and banks is essential. A more comprehensive and coordinated approach is necessary, however, as it has become increasingly clear that the economic costs of sanctions for Putin's allies have been less onerous than hoped—and evasion has been rife.

There are concrete actions the United States should take to cut off back channels used to stash illicit money (Russian and otherwise) in the United States. For a start, the United States must step up financial transparency in the real estate sector, given evidence that it is a key vehicle for evading sanctions. In this regard, the Financial Crimes Enforcement Network (FinCEN) is finalizing a new rule this year on real estate reporting requirements. But FinCEN, in general, needs far more support and resources to carry out its mandate and curb the flow of dark money to and from Russia. Congress should boost FinCEN's overall budget and staffing to ensure better responsiveness not just regarding illicit Russian finance but also the flow of illegal monies, building on the budget increase in last year's National Defense Authorization Act (NDAA).

Going one step further, Congress should pass the bipartisan ENABLERS Act. The bill would require various crucial financial intermediaries—including private equity, real estate, and trusts—to adopt more robust due diligence and anti-money laundering requirements in line with those already imposed on banks. This would close off key channels for corrupt cash flowing into the United States and deprive Russian kleptocrats and illicit entities of a much-needed haven for their ill-gotten assets. Unfortunately, the effort to include this legislation in last year's NDAA did not succeed, but efforts should be mobilized toward that end in 2023.

The U.S. government has additional means for cutting off Russia from trade and market access, which it has not prioritized compared to other sanctions actions. For example, December 2022 saw \$638 million in imports from Russia, down from the \$2 billion in January 2022. While this is a significant decrease, it is still higher than expected. The administration should use its tariff increase authority to bring this value as close to zero as possible in order to ramp up pressure on Russia, as was deliberately envisaged by Congress in the measures taken soon after the invasion.

As the United States tightens its sanctions regime, it will be important to strengthen coordination with our allies as a key part of effectively isolating Russia economically. This coordination has improved with the start of the invasion of Ukraine, but kleptocrats are still able to exploit uneven legal and regulatory regimes to their own advantage. The Atlantic Council proposed a Trans-Atlantic Anti-Corruption Council to strengthen coordination against corruption and kleptocracy with key allies in Europe, including by mapping and sharing information on the financing structures and facilitation mechanisms of kleptocratic networks. Multilateral efforts will be needed to further cut off Russia from international markets via continued export controls as well as removing remaining Russian banks from the Society for Worldwide Interbank Financial Telecommunications (SWIFT)—a financial messaging network that facilitates international payments and transactions.

Support Ukraine's political and economic resilience

Stabilizing and rebuilding Ukraine's economy and its governmental capacity will be critical in the near term to support Ukraine's capacity to win the war, and, over the long term, build political and economic resilience. Through bipartisan action in 2022, Congress appropriated \$13 billion to help Ukraine "withstand the immense economic, social and political pressures of Russia's aggression and keep basic government services like hospitals, schools, and utilities running." These funds are also designated to strengthen human security and access to nutritious food, safe water, health care, shelter, and other urgent support. Recent reports have reminded us that Ukraine has its own serious challenges with institution-building and corruption, but we must guard against these being used in bad faith as an excuse to scale back support at a time when Ukraine needs it most. Instead, while taking common-sense measures in the short term to safeguard against misuse of allies' financial support—such as the U.S. government's oversight mechanism, a third-party monitoring unit embedded within the Ukrainian government—we must remain laser-focused on Ukraine winning the war so it can also win the peace and rebuild the country in an open, transparent, and accountable way.

The following three highlights provide a successful path to strengthening Ukraine's economic and political resilience.

Energy infrastructure. Russia continues to strike and damage Ukraine's power system, a deliberate strategy of trying to break the will of the Ukrainian people and undermine the government's capacity to protect the safety and livelihoods of its citizens. Their will has not been broken—in part due to U.S. and Western support to quickly backfill damaged parts and equipment to keep homes warm and hospitals operating. The United States should continue to provide material and technical support to Ukraine in countering the impacts of these deliberate and reprehensible attacks on innocent Ukrainians. Rebuilding Ukraine's energy infrastructure is an opportunity to advance an inclusive and green economy to strengthen Ukraine's resilience.

Agriculture. Ukraine's agriculture sector—which once fed more than 400 million people worldwide on an annual basis—has been gutted by Russia. The damage to farmlands; the exodus of farming communities; and the breakdown of supply chains (including Russia's shutdown of Ukrainian export capacity) have not only damaged Ukraine's economy but will also have a significant and lasting impact on the global food market. Within weeks of Russia's invasion, the cutoff of Ukraine's grain exports drove up global food prices dramatically, thrusting hundreds of millions of people into food insecurity. To counter the worst consequences of Russia's actions, the Biden administration released an unprecedented \$9 billion to be distributed among those most vulnerable to acute food insecurity, particularly in Africa. Through innovative partnerships with the private sector, the Biden administration also facilitated the release of Ukrainian seeds. This action helped target food insecurity, while also bolstering Ukraine's crop capacity; creating job opportunities in the agriculture sector; and establishing and renewing partnerships between Ukraine and the private sector.

Humanitarian support. Russia's war has displaced more than 5 million Ukrainians internally and driven more than 8 million across Europe, adding to the risk of instability and economic disruption. In an effort to stabilize internally displaced persons (IDP) and host communities and create opportunities that are of mutual benefit, the United States launched the Economic Resilience Activity Initiative, which focuses on boosting the economic resilience of IDPs, host communities, and other vulnerable Ukrainians through educational, economic, and social services. Low-cost, locally based programs can help address complicated humanitarian problems and on-the-ground community frictions, which can have an outsized impact on social and economic recovery and integration.

The scope and complexity of the economic and humanitarian challenges are daunting. And yet, the United States and allies' huge investment in success on the battlefield should not be squandered by underinvestment in winning the peace. However, at the same time, certain strident voices are calling for retrenchment, particularly on nonmilitary expenditures. But it is the U.S. and European support for the Ukrainian government—including investments in police, education, hospitals, and electricity—that improves Ukrainian citizens' circumstances; sustains public commitment to the fight; and builds a foundation for regular order after the war is over. All of these factors are in the U.S. interest. For all these reasons, Congress should maintain support for the objectives under the nonsecurity assistance priorities. Responsible and influential lawmakers continue to be committed to this view.

Further align the trans-Atlantic alliance to counter challenges from Russia and China

It is now widely recognized that Putin committed a strategic blunder by catalyzing a revived and more unified NATO—exactly the opposite of what he anticipated his invasion of Ukraine would result in. But that outcome was not a given. President Biden's leadership has been and will continue to be the critical factor in sustaining political unity—not only between the United States and Europe but also within Europe in forging continued support for Ukraine and against Russia's aggression. The U.S. government must continue to build on the gains made and, together with allies, invest in critical policies that further counter Russia and, collectively, meet the "pacing challenger" of China. The first priority should be to bolster Europe's security capabilities and strengthen trans-Atlantic coordination toward a more secure, clean energy transition.

The United States should support the EU's ambition and responsibility to increase its own security within the NATO alliance. Russia's aggression must be met with a strong and resolute response in increased NATO defense capabilities, which, in turn, can contribute to addressing an increasingly fraught global geopolitical landscape. The United States and other key members should firmly declare that Sweden and Finland meet the requirements and that it is time for Turkey to accept them as members, as it would strengthen NATO's long-term position.

Europe's pivot from Russian fossil fuel dependency provides an opportunity for even deeper U.S.-Europe cooperation to build a strategic approach on our respective clean energy transitions, notwithstanding frictions on the issue. An opportunity looms large regarding the critical minerals challenge. Critical minerals-related cooperation among major economies in North America, Europe, and Asia has begun under the Mineral Security Partnership, with a focus on project-level initiatives. In the trans-Atlantic context, as each side accelerates its decarbonization strategies, there are important policy, investment, commercial efficiency, and geostrategic questions that both parties are confronting. They should grapple with these issues in partnership.

Conclusion

A year into the war, the battle continues—and the stakes are even higher. United States-led international support remains instrumental for Ukraine's capacity to continue defending itself. A defeat at the hands of Russia would not be the end of further instability but, rather, a new beginning in Europe as well as globally. If aggression prevails, especially as a result of faltering resolve from Ukraine's allies, Russia as well as China will perceive no boundaries to advance their interests. It is not the time, either for the United States, Europe, or Congress to blink regarding support for Ukraine.

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