



# How To Make Russia Pay Over Ukraine: Deploy Every Financial Weapon Possible

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**How to Make Russia Pay** – When asked, after his speech on Thursday, why the United States and its allies weren't then kicking Russia completely out of [SWIFT](#), the global banking communications system, over its [invasion of Ukraine](#), [President Biden said](#), “[It] is always an option. But right now, that’s not the position that the rest of Europe wishes to take.”

Removing Russia from SWIFT – the Society for Worldwide Interbank Financial Telecommunication – is considered a “[financial nuclear weapon](#),” the most severe sanction that the West could take. Since SWIFT is the “cans and the strings by which banks communicate to settle trades and transfers,” [in the words of](#) Marshall Billingslea, a former assistant Treasury secretary for terrorist financing,” removing Russia would cut off its banks from more than 11,000 banks in more than 200 countries.

By late Saturday, the West had partly triggered the SWIFT option; the United States, European Union, Britain, France, Germany, Italy, and Canada [announced](#) that they would remove “selected” Russian banks from the global system.

Before that, the United States, European Union, and individual nations had imposed incremental sanctions that, together, should weaken Russia’s economy, markets, and currency. Washington [targeted](#) Russia’s banking, technology, and aerospace sectors and sought to block key military and industrial sectors from accessing critical technology. The European Union [imposed](#) travel bans and asset freezes on hundreds of top Russian officials, business leaders, and others and barred Russia from raising money in European capital markets by buying short- or long-term bonds. The United States, European Union, Great Britain, and Canada also [plan](#) to freeze the personal assets of Russian President Vladimir Putin, Foreign Minister Sergei Lavrov, and other top officials.

Nevertheless, in their continuing reluctance to impose all possible sanctions on Russia, the United States and its allies were sending a dangerous signal not only to Moscow, but to autocratic leaders in Beijing, Tehran, and elsewhere.

Why the hesitancy? Because in a globalized economy, and one in which [Germany](#) and other European nations are dependent on Russia for energy and other exports, sanctions that punish Russia will cause collateral damage to nations that impose them. Top Russian lawmakers, for instance, have [threatened](#) to retaliate by refusing to export oil, gas, metals, and other products to Europe.

By delaying and then only partly triggering the SWIFT option, the West demonstrated that it will sanction Russia only to the extent that sanctions don’t impose too much pain on itself. And that’s a message that the West should not want its adversaries to receive.

In a February 12 call, Biden [warned](#) Putin that the United States and its allies “will respond decisively and impose swift and severe costs” if Russia invades Ukraine. After speaking with Lavrov, Russia’s foreign minister, that day, Secretary of State Antony Blinken [tweeted](#), “I reiterated that further Russian aggression would be met with a resolute, massive, and united Transatlantic response.”

By limiting its sanctions, the West gave Putin reason to believe he can weather the storm. That’s what happened with Crimea, the southern Ukrainian territory that Russia seized in 2014. President Obama [warned](#) that Washington and the “international community” would impose “costs for any military intervention in Ukraine.” Putin invaded, the West imposed [limited sanctions](#), and Putin annexed the territory.

The bigger problem is that Putin isn’t the only autocratic leader who’s watching from afar and learning lessons.

What’s the likely view from Beijing? President Xi Jinping has said he believes the United States and the West are in decline, and China is increasingly flexing its muscles at home and abroad. It imposed its authoritarian system over the once-free, former British colony of Hong Kong, and it’s holding at least a million Muslim Uyghurs in torturous “re-education” camps in its northwest region.

China is also growing [impatient with Taiwan](#) and seeks unification with the U.S.-backed island through negotiation or, if necessary, force. Washington has long backed Taiwan’s desire to remain independent, and President Biden [reiterated](#) the U.S. commitment to defend it if it’s attacked. Does the U.S. response to Russia’s invasion make Beijing more or less likely to take that commitment seriously?

What's the likely view from Tehran? The United States and other global powers are continuing to negotiate over reviving the 2015 global nuclear agreement. Due to Iran's nuclear progress of recent years, Iran is [reportedly](#) just three to six weeks away from making an atomic bomb, if it chooses to do so.

President Biden and other top U.S. officials have [said](#) that without an agreement that constrains Iran's nuclear program, Washington would consider "other options," presumably including military strikes to cripple the program. Does the U.S. response to Russia's invasion make Tehran more or less likely to take that threat seriously?

Rather than impose sanctions incrementally, the United States and its allies should deploy every financial weapon at their disposal against Russia. The costs of doing so, in higher energy prices and other economic pain, could be greatly outweighed by the turmoil it may prevent down the road.

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