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OPINION | COMMENTARY

## *Use Seized Russian Assets to Defend Ukraine*

Frozen foreign-exchange reserves could help Kyiv fight the war and defray the cost of rebuilding.

By Adrian Karatnycky

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Pedestrians walk past a branch of Alfa Bank in Moscow, April 7.

PHOTO: NATALIA KOLESNIKOVA/AGENCE FRANCE-PRESSE/GETTY IMAGES

As Russia began its war against Ukraine in late February, the central banks of the U.S., Japan, U.K., European Union and others froze more than \$300 billion of Russia's foreign-exchange reserves. These unprecedented actions helped undermine the ruble, which has since recovered due to reduced demand for hard currency resulting from the isolation of the Russian economy.

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Regrettably, these and other important Western sanctions have done little to restrain Russian aggression. Indeed, Russia's brutal war against Ukraine has resulted in widespread war crimes, the deliberate destruction and depopulation of Ukrainian cities, the displacement of some 11 million Ukrainians from their homes, and the deaths of many thousand Ukrainian civilians. As a result, the West recently has intensified its pressure on

Moscow and is seeking new ways to compel Moscow to desist. In this context, Russia's massive hard-currency reserves now frozen in Western accounts are a crucial asset that can be used to protect Ukraine and its sovereignty.

These frozen assets should be confiscated and given to Ukraine to finance its defense, sustain its economy, provide government services, and care for internally displaced and homeless Ukrainians. When peace comes, the remaining assets could be used to rebuild Ukraine's housing and infrastructure.

The U.S. and its allies also should confiscate the assets of Russia's oligarchs and give them to Ukraine. Such immediate use of these vast Russian funds would free Western governments to devote their own aid effort to the prodigious task of assisting the nearly five million refugees, mainly women, children and elderly, who have fled Ukraine for Central and Western Europe.

The confiscation and use of Russian assets would serve as a clear signal to Russia's citizens and its ruling elite that they will be expected to pay for Ukraine's postwar recovery. It is important that the West make clear that a settled peace with Ukraine, Russia's reversion to pre-Feb. 24 borders, the payment of reparations to finance Ukraine's rebuilding, and restitution for the losses suffered by the Ukrainian state and its citizens are the minimal preconditions for Russia's partial reintegration into the global economy. The Russian people must be made to understand not only the costs of their country's brutal aggression, but that there is a pathway for Russia toward normalization of relations.

The use of confiscated state and oligarchic assets would be an unprecedented step, but Russia's war of aggression, with its deliberate focus on civilian targets, is an unprecedented event in post-World War II Europe.

Arming Ukraine and eventually assisting its rebuilding with Russian reserves also would remove financial pressure from America's Western allies. The cost of supporting wartime Ukraine, its refugees and its eventual recovery will be high. And though there is strong public support for assisting Ukraine, over time Western governments might be reluctant to foot the bill for Ukraine's vast needs as it rebuilds.

Transferring Russian cash to Ukraine would require American leadership. The U.S., U.K., Canada and perhaps Japan are most likely to endorse such an initiative. But countries like Germany and France likely would require significant persuasion. This means that the

Biden administration would need to take the first step. And if the administration proves reluctant, the idea would likely resonate among U.S. lawmakers and voters. However, it is not only American taxpayers who likely would salute such an initiative, it would likely find broad-based public approval throughout the West.

Most important, a quick decision to bolster Ukraine with seized Russian assets would strengthen Ukraine's war effort and economy and boost Ukrainian morale. It is the next logical step in the effort to pressure Vladimir Putin into a settlement that ensures Ukraine's sovereignty.

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