

Sanctions and the Dead

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Abstract:

Sanctions are often considered a relatively cost-free alternative to military action or other forms of pressure. In recent years America has become ‘addicted’ to sanctions, with one wave following another. Sanctions obviously work best when they offer an incentive to behave in a manner desired by the sanctioning power, but Cold War II is distinctive because ends have typically been decoupled from means. The means has been more sanctions; but the defined end has usually been unclear. What Washington calls ‘malign activities’ are perceived elsewhere as the legitimate defence of national interests. They became part of broader containment strategies applied against countries such as Cuba, Russia, Iran, North Korea and increasingly China. They are no longer connected to a designated cause with a specific outcome but have become part of an enduring war of attrition. They assert US primacy and force adversaries to accept US hegemony. The sanctions against Russia after the invasion of Ukraine in February 2022 have been unprecedented in their scope and intensity. Never before has a major country been hit with such all-encompassing sanctions. They serve not only as the alternative to war but also to diplomacy. Sanctions against Iraq, Iran, Syria and Afghanistan have provoked countless deaths, but when applied against Russia they threaten not only physical suffering but also the death of the whole era of the dominance of the political West.

America has become ‘addicted to sanctions’, with one wave following another. Sanctions obviously work best when they offer an incentive to behave in a manner desired by the sanctioning power, but Cold War II is distinctive because ends have been decoupled from means. The means has been more sanctions; but the defined end has usually been unclear. What Washington called ‘malign activities’ were perceived elsewhere as the legitimate defence of national interests. They became part of broader containment strategies applied against countries such as Cuba, Russia, Iran, North Korea and increasingly China. They are no longer connected to a designated cause with a specific outcome but have become part of an enduring war of attrition. They are designed to help the US ‘trample its rivals’ and ‘accept US hegemony’.¹ The academic Nicolai Petro notes that the ‘high’ provided by sanctions soon wears off, and ‘politicians become desperate for another fix. Friends try to warn Americans that Washington’s increasingly erratic behaviour is beginning to hurt them as well’.² President Donald J. Trump in August 2018 suggested that sanctions on Russia could be lifted ‘if they do something that would be good for us’.³ This raised the fundamental question of

¹ Andrei Tsygankov, ‘Sanctions Serve to Maintain US Global Hegemony’, Valdai Club, 16 August 2018, <http://valdaiclub.com/a/highlights/sanctions-serve-to-maintain-the-us-global-hegemony/>.

² Nicolai N. Petro, ‘America is Addicted to Sanctions’, *The National Interest*, 16 August 2018, <https://nationalinterest.org/blog/skeptics/america-addicted-sanctions-28952>.

³ Steve Holland, Jeff Mason and James Oliphant, ‘Exclusive: Trump Vows “No Concessions” With Turkey over Detained US Pastor’, Reuters, 20 August 2018, <https://www.reuters.com/article/us-usa-turkey/exclusive-trump-vows-no-concessions-with-turkey-over-detained-us-pastor>.

how this ‘good’ could be measured, and how it would fit into the evolving dynamics of Cold War II.

Once imposed, sanctions are hard to lift. Congress and the White House compete to see who can be tougher, a symptom of the larger problem. The postwar balance between hegemony and internationalism is breaking down, eroding the UN as the main source of legitimate sanctions. A radicalised liberal hegemony substitutes for the UN and imposes sanction regimes of its own. Sanctions represent a type of ‘foreign policy on the cheap’, imposed until recently with minimal domestic blowback effects. It allows the functional equivalent of war to replace diplomacy, targeting civilian populations without the restrictive protocols regulating conventional warfare. They are overwhelmingly targeted against countries that challenge the US in one way or another, although their use is not restricted to one country. Sanctions are easy to impose but hard to rescind, and thus become part of the repertoire of ‘forever wars’.⁴ Imposed often in defence of human rights, there is little evidence that they improve conditions, and in some cases only provoke further repression and the exacerbation of the problem they are intended to resolve.

The death of the post-1945 Western economic model of increasingly liberalised and open economies will be gradual but unless policy changes its demise is ineluctable. The Covid-19 pandemic already shifted attention towards shorter supply chains and the domestic manufacture of vital goods, above all in the health sector, but the Ukraine war from 2022 accelerated the process. There is a gradual retreat from liberal economic internationalism towards the greater assertion of the sovereign powers of the state in economic matters. This is accompanied by the bifurcation of the global economy into a Western-centred bloc and one focused on the leading Asian powers. The slow death of the US-led economic order does not mean that the dollar will immediately lose its pre-eminence, but the trend lines are clear. Equally, the sanctions imposed by the European Union, accompanied often by malicious glee at damaging a major neighbour, signals its end as anything approximating a ‘peace project’. Bloc unity in the Ukraine war confirmed the EU’s status as a subaltern to US global power. Above all, the ferocious sanctions of our time reflect the breakdown of the fundamental principles of sovereign internationalism at the heart of the Charter international system established in 1945. Death and renewal are the twin principles in nature, and today we are witnessing the principle at work in international affairs.

Sanctions from hell

The modern era of sanctions was inaugurated with the adoption of the Magnitsky sanctions in August 2012, followed by a pattern of diplomatic expulsions by president Barack Obama. Putin’s ‘cronies’ became an easy although profoundly unspecific target, along with assorted oligarchs and genuine criminals. On 25 July 2017 the House of Representatives voted 419-3 in support and on 28 July the US Senate voted 98-2 to adopt new sanctions, officially called ‘HR 3364 Countering America’s Adversaries through Sanctions Act’ or CAATSA. The CAATSA sanctions limited the president’s ability to ease or lift earlier ones. Obama earlier enacted sanctions through executive order but they were now codified in statute and therefore cannot be rescinded by presidential decree.⁵ The target was no longer alleged Russian crimes but the Russian corporate economy as a whole. This came on top of the cessation of most

trump-exclusive/exclusive-trump-vows-no-concessions-with-turkey-over-detained-u-s-pastor-idUSKCN1L5223.

⁴ Krishan Mehta, ‘Sanctions and Forever Wars’, US Committee on US-Russia Accord, 4 May 2021, <https://usrussiaaccord.com/acura-viewpoint-sanctions-and-forever-wars-by-krishen-mehta/>.

⁵ Obama imposed executive sanctions on 6 March and 18 December 2014, 1 April 2015, and 26 July and 29 December 2016.

military-to-military contacts in the wake of the 2014 Ukraine crisis, with the exception of ‘deconfliction’ procedures in Syria. A reluctant Trump had no choice but to sign the measure on 2 August. CAATSA was a sprawling catch-all law, effectively ‘expropriating’ the management of foreign policy from the White House. It created a punitive dynamic with the potential to poison relations between Russia and the US for generations to come. The law extended sanctions to countries outside Russia (extraterritoriality) where US corporations or persons provided goods, services and technology for certain projects ‘in which a Russian firm is involved’, raising the concerns of European leaders and companies (especially those involved in building Nord Stream 2).⁶ Congress feared that Trump would weaken or even reverse the Obama-era legislation, and hence closed ranks in a bipartisan manner against the president.⁷ The adoption of CAATSA marked a watershed in Russo-US relations and in the management of global affairs in general.⁸

On 6 April 2018 Trump imposed the most devastating sanctions yet seen, in part in response to the Skripal affair and the use of chemical weapons in Douma in Eastern Ghouta on the outskirts of Damascus. They targeted what the US claimed were individuals and companies that aided or benefited from what were considered the Kremlin’s ‘malign activities’ around the world, including the alleged interference in the 2016 US presidential election, supplying weapons to president Bashar al-Assad and subverting western democracies. The US Treasury Department imposed sanctions on seven Russian oligarchs, 12 companies they either owned or controlled, and 17 senior Kremlin officials. Those sanctioned could not do business in the US or gain access to financial markets., Oleg Deripaska, the head of one of the world’s largest aluminium companies, Rusal, was targeted ‘for having acted or purported to act for or on behalf of, directly or indirectly, a senior official of the Government of the Russian Federation’.⁹ The disruption caused havoc in the aluminium market, forcing a partial reversal to allow Deripaska to divest himself of his majority interest in Rusal. The company, like some others, proved ‘too big to sanction’.¹⁰ In December 2019 the US Senate foreign relations committee adopted a resolution calling for ‘sanctions from hell’ to be imposed on Russia for its alleged electoral interference, ‘malign’ actions in Syria and aggression against Ukraine.¹¹

Prime minister Dmitry Medvedev condemned the April 2018 sanctions as ‘outrageous and obnoxious’ but stressed that they forced Russia to rethink its place in the world. In his view, the policy of containing Russia was part of the West’s enduring strategy, and ‘Our international partners will continue to pursue it regardless of how our country may be called. They did this with regard to the Russian Empire, and they did this many times with regard to

⁶ Wolfgang Ischinger, ‘Why Europeans Oppose the Russia Sanctions Bill’, *Wall Street Journal*, 17 July 2017, <https://www.wsj.com/articles/why-europeans-oppose-the-russia-sanctions-bill-1500232733>.

⁷ Mikhail Alexseev, ‘Why Trump’s Bid to Improve US-Russian Relations Backfired’, Ponars Eurasia, February 2018, <http://www.ponarseurasia.org/memo/why-trumps-bid-improve-us-russian-relations-backfired-congress>.

⁸ For an excellent analysis, see Konstantin Khudoley, ‘Russia and the US: The Way Forward’, *Russia in Global Affairs*, No. 4, 2017, <http://eng.globalaffairs.ru/number/Russia-and-the-US-The-Way-Forward-19263>.

⁹ Sabra Ayres, ‘Russia Feeling the Financial Bite of US Sanctions’, *Los Angeles Times*, 10 April 2018, p. A3.

¹⁰ Jeanne Whalen and John Hudson, ‘Too Big to Sanction? US Struggles with Punishing Large Russian Businesses’, *Washington Post*, 27 August 2018.

¹¹ ‘US Lawmakers Pass Russia “Sanctions Bill from Hell”’, RFE/RL, *Russia Digest*, 18 December 2019, <https://www.rferl.org/a/u-s-lawmakers-to-discuss-russia-sanctions-bill-from-hell-/30331992.html>.

the Soviet Union and Russia'. Russia would adapt and respond through import substitution and improvements to its own social institutions. The assumption was that 'sanctions will remain in place for a long time'.¹² This was view shared by the Russian public, with 43 per cent at that time believing that they would not be lifted in the next few years.¹³ President Vladimir Putin noted that 'We are not surprised by any restrictions or sanctions: this does not frighten us and will never force us to abandon our independent, sovereign path of development'. And he went on to declare: 'I believe that either Russia will be sovereign, or it will not exist at all'.¹⁴

Russia imposed a range of counter-sanctions, including those of August 2014 (and later extended) on food imports from sanctioning countries. In June 2018 Putin signed legislation allowing 'counter-measures against unfriendly actions' by the US and other foreign countries, effectively an upgrade of a December 2006 law providing for 'special economic measures'. The new law weakened earlier responses mooted by impassioned deputies in parliament, which would have damaged Russia more than the sanctions themselves.¹⁵ The country's economy was reoriented to ensure greater resilience and autonomy. The role of the state in the economy was further increased, and import substitution was intensified as self-reliance became the guiding principle.¹⁶ The trend towards deglobalisation accelerated as reliance on domestic resources increased through localisation and import substitution to make the economy more resilient and insulated from external threats.¹⁷ Sanctions acted as a form of ersatz war, entrenching the growing hostility between Russia and the West, a process that was later repeated vis-à-vis China. Structured dialogue almost disappeared as the allies closed ranks to prevent Russia from driving a 'wedge' between them – although it also blocked ideas about saving the disintegrating European security order.

With Russiagate hanging over him, Trump bragged that 'there's never been a president as tough on Russia as I have been'.¹⁸ Nevertheless, the draconian 2018 Defending Elections from Threats by Establishing Redlines Act (DETER) was put on hold, and the absence of any demonstrable Russian election interference activity that year lowered the pressure for action. Medvedev warned the US that 'If they introduce something like a ban on banking operations and currency trading, we will treat it as a declaration of economic war. And we'll have to respond to it accordingly – economically, politically, or in any other way, if required'. He added ominously, 'Our American friends should make no mistake about it'. He stressed that Russia has a long history of surviving economic sanctions, and never succumbed to pressure. He accused the US and its allies of employing sanctions to undercut global competition, notably by targeting Russian gas exports to Europe to allow US LNG to

¹² 'Excerpts from Dmitry Medvedev's Interview with Vesti and Subbotu Programme', 28 April 2018, <http://www.publicnow.com/view/>.

¹³ 'Over 40% of Russians Believe Western Sanctions Likely to Remain for Years', Sputnik, 29 April 2018, <https://sputniknews.com/russia/201804291064013398-sanctions-lift-poll/>.

¹⁴ Vladimir Putin, 'Interview with China Media Group', 5 June 2018, <http://en.kremlin.ru/events/president/news/57684>.

¹⁵ Ivan Timofeev, 'Fighting Sanctions: From Legislation to Strategy', Valdai Club, 18 June 2018, <http://valdaiclub.com/a/highlights/fighting-sanctions-strategy/>.

¹⁶ This is analysed by Richard Connolly, *Russia's Response to Sanctions: How Western Statecraft is Reshaping Political Economy in Russia* (Cambridge, Cambridge University Press, 2018).

¹⁷ Richard Connolly, *Russia's Responses to Sanctions: How Western Sanctions Reshaped Political Economy in Russia*, Valdai Paper No. 94, November 2018, <http://valdaiclub.com/a/valdai-papers/russia-s-response-to-sanctions-how-western-sanctio/>.

¹⁸ Quoted by Fyodor Lukyanov, 'Trump May be Leaving, but Russia Sanctions will Stay', Carnegie Moscow Centre, 20 November 2020, <https://carnegie.ru/commentary/83282>.

fill the market.¹⁹ Russia has a limited arsenal of weapons with which to respond, and most measures – for example, banning the sale of rocket engines or titanium to the US – would do more damage to Russia than the target. Any attempt to match American sanctions symmetrically would be disastrous and only weaken Russia. This was well understood, and explains why the country’s military, informational and cyber response was asymmetrical. Overall, the sanctions regime failed to act as a deterrent, and certainly did not prevent Russia from invading Ukraine in 2022. Supporters argue that they should have been even harsher, yet it is unlikely that the outcome would have been any different.

Sanctions undermine the liberal order that they are designed to protect. The US is by far the global leader, responsible for 52 per cent (449 out of 850) sanction events between 5 January 2020 and 10 January 2021. China and Russia were minnows in the field, with China accounting for 12 events and Russia for 16. Remarkably, the UN accounted for only 58 events, even though the Security Council is the only legitimate source of multilateral restrictive measures.²⁰ Most of the sanctions against Russia were associated with Ukraine, often imposed on individuals who had nothing to do with the conflict but who were targeted for political reasons, such as the ubiquitous ‘ties’ to the Russia leadership – it seems that everyone significant in Russia was ‘close to Putin’. A new source of sanctions came from the ‘Protecting Europe’s Energy Security Act’ (PEESA) adopted by Congress in 2019 as part of the 2020 National Defence Authorisation Act and reinforced the following year.²¹ The goal was to prevent the completion of Nord Stream 2, and thus were directed as much against Germany as Russia. Energy-related sanctions hark back to the Cold War days of the early Reagan period, when Europe resisted American pressure and provided the Soviet Union with the technology to complete large-bore energy pipelines to Europe. The European energy crisis from late 2021 was exacerbated by Russia’s refusal to ramp up gas supplies, although contracted quantities were supplied. Russia sought new long-term contracts and regulatory approval of Nord Stream II. Russia’s philosophy since the early 1970s had been ‘meet the contract at all costs’, although its stoppages to Ukraine in early 2006 and again in early 2009 irreparably damaged its reputation for reliability. Ukraine simply diverted supplies destined for Europe for its own needs, leaving Europe in the cold. Russia intensified its long-term strategy of avoiding unreliable transit states.

The so-called Caesar sanctions on Syria in 2019 exacerbated an already grave humanitarian crisis, with rampant inflation, scarcity of goods and over 80 per cent of the population falling below the poverty line. These sanctions repeated those imposed on Iraq in the 1990s, which by some estimates led to at least half a million avoidable deaths, including many children. The US ignored the appeal by the UN general secretary for a general suspension of sanctions during the pandemic. Sanctions against Iran were maintained, with restrictions on financial transactions making the purchase of foreign medicines almost impossible. Washington vetoed a \$5bn emergency loan Teheran requested from the IMF to buy equipment and medicines from abroad. Sanctions remained against Venezuela, threatening the CLAP programme that supplied food and medicines to some 24 million people. Following the Taliban takeover of Kabul in August 2021, Afghanistan’s foreign currency reserves held in the US were effectively confiscated, although the country faced famine and a dire lack of the wherewithal to pay public employees. The sanctions imposed on Russia in response to the invasion of Ukraine are most severe ever applied against a major

¹⁹ ‘Russia to Treat Further US Sanctions as an Open Declaration of Economic War – PM’, RT.com, 10 August 2018, <https://www.rt.com/news/435595-sanctions-economic-war-medvedev/>.

²⁰ Ivan Timofeev, *Sanctions against Russia: A Look into 2021* (Moscow, RIAC Report No. 65. 2021), p. 7, <https://russiancouncil.ru/en/activity/publications/sanctions-against-russia-a-look-into-2021/>.

²¹ Timofeev, *Sanctions against Russia*, p. 13.

country, and in effect imposed a policy of collective guilt, with no attempt made to mitigate their effect on the population at large. They targeted Russian energy, mineral, rare earth and other exports; the financial sector (impounding half of the \$630 billion war chest held in the West that Putin had built up precisely to withstand such sanctions); and individuals allegedly associated with the war.

The diplomatic infrastructure is a particular target of sanctions in Cold War II. In December 2016 Obama expelled 35 Russian diplomats and closed Russian vacation estates in Maryland and New York, which the US side claimed were being used for intelligence purposes. In a delayed response, half a year later Moscow demanded parity and ordered the US to reduce its presence in Russia to 455 employees. In response, the US also demanded 'parity' in the number of institutions and on 1 September 2017 the Russian consulate in San Francisco and trade missions in New York and Washington were closed. The staff in San Francisco had only two days' notice to move out, not allowing time to remove the archive, which was only allowed two months later. Six Russian diplomatic properties in the US belonged to the Russian state (except the leased offices of the trade mission in New York and the Consulate General in Seattle) and enjoyed diplomatic immunity.

Moscow lambasted the American move, citing the Vienna Convention on Diplomatic Relations whereby embassies are sacrosanct. In addition, US officials entered the two West Coast buildings without permission, which is also a violation of the Vienna Convention. In response to the Skripal poisoning, in March 2018 the US expelled 60 more diplomats and closed the general consulate in Seattle, the last vestige of Russia's diplomatic presence on the US West Coast. Russia responded reciprocally and closed the US consulate in St Petersburg. Moscow also closed the British consulate in St Petersburg and ordered the British Council to cease its activities in Russia. The next logical step would be the suspension of diplomatic relations, and the two countries came close to this in early 2021 when both ambassadors were recalled 'for consultations', and embassy staff numbers further reduced. By early 2022 300 Russian diplomatic staff and their families had been forced to leave the US in the previous four years, and the respective embassies operated with skeleton staffing levels. Moscow filed lawsuits in US courts while pushing for redress through diplomatic channels, demanding at least to inspect the confiscated property. The US only established diplomatic relations with the Soviet Union in 1933, so the absence of recognition is not unprecedented. However, the rupture of diplomatic relations is usually the prelude to war, and so it proved in this case.

In May 2020 James Jeffrey, the former State Department envoy to the global coalition against ISIS, allowed himself to describe his goal in Syria as follows: 'My job is to make it a quagmire for the Russians'.²² Diplomacy is no longer an instrument to resolve problems but a mechanism through the struggle is waged. James Der Derian argues that 'the purpose of diplomacy is to *mediate* estranged relations; anti-diplomacy's aim is to transcend *all* estranged relations' [emphasis in original].²³ Democratic internationalism inevitably fosters 'anti-diplomacy', the suppression of difference and civilisational pluralism. The protagonist cannot be taken seriously since they flout the fundamental norms of liberal hegemony, and therefore concessions amount to appeasement. This Manichean division of the world provoked the 'ambassadorial war' between Russia and the West in which over 600 diplomats

²² David Brennan, 'US Syria Representative Says His Job is to Make the War a "quagmire" for Russia', Newsweek, 13 May 2020, <https://www.newsweek.com/us-syria-representative-james-jeffrey-job-make-war-quagmire-russia-1503702>.

²³ James Der Derian, *On Diplomacy: A Genealogy of Western Estrangement* (Oxford, Oxford University Press, 1987), p. 135.

were expelled from host countries by late 2021. The former Russian foreign minister Igor Ivanov noted that ‘We have never seen anything like this in the history of diplomacy’.²⁴

Capitalism in one country

Russia’s invasion of Ukraine on 24 February 2022, termed not inaccurately as a ‘special military operation’ by Moscow, provoked the imposition of a welter of sanctions that have been unprecedented in their scale and intensity. They had long been in the making, with special committees established in Washington and Brussels months before to prepare wide-ranging measures.²⁵ When the SMO was launched, they were swiftly imposed. In the case of the EU by August 2022 seven packages of sanctions had been imposed, while the US constantly ratcheted up the pressure. The sanctions targeted Russia’s financial sector, with most banks deprived of access to the SWIFT payments system, trade relations in a broad swathe of goods, energy imports from Russia, as well as the imposition of sanctions on individuals and in some cases the confiscation of their assets. The formal measures were accompanied by a range of unofficial withdrawal of goods and services to the Russian market. Up to a thousand companies withdrew, including some, such as McDonald’s, that had symbolised Russia’s entry into the age of Western consumer modernity at the end of the Soviet era. On the eve of the invasion the Russian economy had been enjoying strong economic growth, but the net effect of the sanctions was anticipated to be a GDP fall in 2022 of over 10 per cent.

The threat of sanctions failed to deter Russia from launching its military operation against Ukraine. In the second, punitive, phase the goal was to impose unprecedented ‘costs’ on Russia, to compel it to withdraw from Ukraine. Russia responded by seeking alternative trade partners, sanctions busting, and developing domestic offsets. Although damaging, the second phase sanctions also failed to achieve their goal, heralding the third phase, in which we now find ourselves: a long war of economic attrition.²⁶ This period was accompanied by contending interpretations of the data, with a notorious study led by a team from Yale arguing that the damage to the Russian economy was far more severe than the sanguine assessments by Russian and some Western commentators.²⁷ By contrast, Andrew Cockburn argues that sanctions are a blunt instrument and have never worked, noting that the 2022 sanctions against Russia ‘have backfired more spectacularly than usual’. The Russian economy had not collapsed, but the sanctioneers (above all in Europe) found themselves in an ‘economic

²⁴ Igor Ivanov, ‘Time for Diplomacy’, RIAC, 13 May 2021, <https://russiancouncil.ru/en/analytcs-and-comments/analytcs/time-for-diplomacy/>.

²⁵ For an analysis of preparations in the EU, see Michael Sauga, ‘“Moscow is Doing Far Better than Expected”. How Well are Sanctions against Russia Working?’, *Der Spiegel*, 1 July 2022, <https://www.spiegel.de/international/europe/how-well-are-european-sanctions-against-russia-working-a-2c83502d-e64f-43a7-98c8-a8076e5746fc>.

²⁶ Bruce W. Jentleson, ‘Who’s Winning the Sanctions War?’, *Foreign Policy*, 20 August 2022, <https://cgs-bd.com/article/9279/Who%E2%80%99s-Winning-the-Sanctions-War>.

²⁷ Jeffrey Sonnenfeld and Steven Tian, ‘Actually, the Russian Economy is Imploding: Nine Myths about the Effects of Sanctions and Business Retreats, Debunked’, *Foreign Policy*, 22 July 2022, <https://foreignpolicy.com/2022/07/22/russia-economy-sanctions-myths-ruble-business/>; Jeffrey Sonnenfeld and Steven Tian, ‘Don’t Believe Putin – the Russian Economy is suffering a Catastrophic Shock’, *The Telegraph*, 18 August 2022, <https://www.telegraph.co.uk/business/2022/08/18/dont-believe-putin-russian-economy-suffering-catastrophic/>.

downslide' marked by rising inflation, catastrophic rises in energy costs and incipient recession.²⁸

In the event, as so often happens with sanctions, the target country responds and adapts. The initial precipitous decline in the value of the ruble was reversed by swift action by the Central Bank of Russia, including the imposition of foreign exchange and capital movement controls, and later by the forced payment for energy supplies in rubles. By mid-year the ruble in fact had become overvalued, with the exchange rate with the dollar above the historic norm. Energy supplies blocked from Western markets were diverted to Asia and the rest of the Global South. The Russian authorities allowed a range of 'parallel import' schemes which brought luxury and other consumer items, which could no longer be brought in directly, to be supplied from companies based in other Eurasian countries such as Kazakhstan, Belarus and Armenia. The government also lifted restrictions on the resale of goods purchased abroad, known as 'grey market' sales, which by May totalled \$6.5 billion, and are expected to reach \$16 billion by the end of the year.²⁹ The assets left stranded by the withdrawal of Western companies have been taken over by local operators, and outlets operated by companies such as McDonald's and Starbuck now offer similar products. No one seriously believes that brand protection laws now operate in Russia, with Russian courts certainly in no mood to enforce patent rights. In the second quarter of 2022 Russia's trade surplus rose to a record \$70.1 billion. High commodity prices for oil, gas, grain, fertiliser and gold and the expansion of non-Western markets fuelled the rise. The cumulative fall in GDP by the end of the year is anticipated to be no greater than four per cent. This is not to suggest that the Russian economy has not endured major damage, whose profound effects will be increasingly manifested in the years to come. Automobile production has virtually ground to a halt, while aircraft manufacturers rely on crucial components from the West. Restrictions on the import of technology and machine goods will reduce the competitiveness of Russian goods, and lead to a gradual degradation of the Russian economy.

In the immediate term, the Hungarian prime minister, Viktor Orbán, claimed in July 2022 that the EU sanctions strategy against Russia had failed. He gave voice to the aspirations of many when in a speech in Romania on 23 July he argued 'A new strategy is needed which should focus on peace talks and drafting a good peace proposal ... instead of winning the war'. He noted that all four pillars of EU sanctions policy were failing: that Ukraine could win the war against Russia with NATO backing; that sanctions would hurt Russia more than Europe; that the rest of the world would support the West's punitive measures against Russia; and that sanctions will critically weaken Russia. He summed up: 'We are sitting in a car that has a puncture in all four tyres. It is absolutely clear that the war cannot be won in this way'.³⁰ Russia's resilience and resourcefulness was under-estimated, while the 'Euro-Russian energy war [was] an example of how not to exploit politico-economic leverage'. The EU announced imports of Russian crude oil and the gradual elimination of natural gas imports as a way of crippling the Russian economy, a policy long advocated by Washington. In response, Russia reduced the flow of gas to the European market, to which the EU's panicked response was: 'Wait, we won't be ready to cripple you by halting gas imports until 2026! You're blackmailing us!'. As Robert English notes,

²⁸ Andrew Cockburn, 'A Blunt Instrument: Economic Sanctions Have Never Worked', *The Spectator*, 25 June 2022, p. 13.

²⁹ For analysis, see Vladislav Inozemtsev, 'Import Substitution or "Going Parallel"?', *Riddle*, 7 July 2022, <https://ridl.io/import-substitution-or-going-parallel/>.

³⁰ Mark Episkopos, 'Have Western Sanctions against Russia Failed?', *The National Interest*, 19 August 2022. <https://nationalinterest.org/feature/have-western-sanctions-against-russia-failed-204354>.

‘Never pick up a grenade and brandish it at your enemy until you’re ready to use it – it might just blow up in your hand’.³¹

There is another aspect in the litany of failure, notably the ascription of collective guilt to the Russian people. Even in World War II there were attempts to distinguish between the Nazi regime and the German people, but in 2022 distinctions were disdainfully disregarded. Russian culture and sportspeople were proscribed, and travel bans imposed. Sanctions appeared targeted as much against the Russian people as against the leadership. Not only were direct flights between the political West and Russia discontinued, but also train links. Never before in the absence of a declaration of war had this been done. The result was yet another death – that of the respect of the great mass of Russians for the political West. In the Soviet Union the culture and civilisation of the West had been respected, and this continues today, and the political West respected if not admired. This attitude flourished during perestroika, and generated the momentum for post-communist democratisation. Today, this respect has been irretrievably lost, and it will take generations for Russians to forgive the political West for its unmitigated and unrestrained hostility to Russia and everything Russian. As far as Russian commentators are concerned, the EU showed its true colours, and the dream of pan-continental European integration died.³²

The attempt to develop capitalism in one country has registered some major successes. The argument can be made that Russia will merge stronger from the Western sanctions regime. Import substitution and localisation strategies have been pursued by the Russian government for well over a decade, but now have been forcibly accelerated. Iran has long been subjected to fierce sanctions, yet the economy survives. However, survival is not the same as development. After all, Cuba has endured over six decades of almost uninterrupted sanctions, but overall development has been limited. The health sector is a model for much of the Global South, but the all-round development of the economy has been stymied. Will Russia become a new Cuba or Iran, or will it be able to find a pathway, with the support of China, India and other Asian economies, to viable post-Western development?

Universalism appropriated by the particular

Struggles over the legitimacy of the liberal order’s claim to universality underlie the great power conflicts of our time. This takes the specific form of questioning ‘universalism’ – the belief that the normative claims underlying liberal order are of universal validity and hence it is incumbent upon the power system in which these values are embedded to advance and defend these claims – the predicate for democratic internationalism. By contrast, the ‘anti-hegemonic’ powers defend the fundamental Charter principle of sovereign internationalism. The tension between the two modes of conducting international politics provoked some of the sharpest conflicts in the Cold War II era.

A telling example of this was the struggle over renewed membership of the 47-member UNHRC in 2020. The US had withdrawn in 2018, condemning it as ‘hypocritical and self-serving’. Fifteen countries were to be chosen for a three-year term, provoking the argument that China, Cuba, Russia, Saudi Arabia, Pakistan and Uzbekistan were ‘unqualified’ to serve because of their human rights record. The report was politically

³¹ Robert D. English, ‘Western Unity on Ukraine is Fragile, and Russia Knows It’, *The National Interest*, 18 August 2022, <https://nationalinterest.org/feature/western-unity-ukraine-fragile-and-russia-knows-it-204308>.

³² A view expressed, for example, by Timofei Bordachev, ‘Europe’s Myths’, Valdai Discussion Club, 1 July 2022, <https://valdaiclub.com/a/highlights/europe-s-myths/>.

tendentious, although some of the criticisms were valid.³³ However, the point could easily be made that almost no country would escape censure, but the politicisation of UN procedures was worrying, as was the ‘weaponisation’ of the Helsinki agenda. Cold War tools were mobilised against sovereign internationalism. The UN was created at the end of the war to maintain balance between the world’s powers and the inclusion of diverse cultures and ideologies strengthened the UN as an institution. The attempt by a self-selected group of countries to become the arbiters of membership of UN agencies and institutions threatened to undermine the international system in its entirety. Post-Cold War universalism in practice meant the generalisation of a particular system as universal. This gave rise to the great substitution – the US-led ‘rules-based order’ for the impartiality of international law and Charter principles – and undermined the integrity of the Charter international system.

It was against this ‘unipolar’ model of world order which Moscow condemned. In his important speech to the 10th Moscow Conference on International Security in August 2022 Putin outlined his views:

The situation in the world is changing dynamically and the outlines of a multipolar world order are taking shape. An increasing number of countries and peoples are choosing a path of free and sovereign development based on their own distinct identity, traditions and values.

These objective processes are being opposed by the Western globalist elites, who provoke chaos, fanning long-standing and new conflicts and pursuing the so-called containment policy, which in fact amounts to the subversion of any alternative, sovereign development options. Thus, they are doing all they can to keep hold onto the hegemony and power that are slipping from their hands; they are attempting to retain countries and peoples in the grip of what is essentially a neo-colonial order. Their hegemony means stagnation for the rest of the world and for the entire civilisation; it means obscurantism, cancellation of culture, and neoliberal totalitarianism.³⁴

He went on to condemn interference in the internal affairs of sovereign states, and the so-called ‘collective West’s’ undermining European security by NATO ‘crawling East’. ‘They need conflicts to retain their hegemony’ and this rendered the Ukrainian people ‘cannon fodder’ in the struggle. He warned that Taiwan was being used for deliberate destabilisation, condemning US House Speaker Nancy Pelosi’s visit to Taipei 2-3 August 2022 as a ‘thoroughly planned provocation’ to ‘stir up trouble in the Asia-Pacific’. He warned against the extension of the NATO bloc system to the region with the AUKUS alliance. The only solution was the ‘radical strengthening of the contemporary system of a multipolar world’.

These principles are consonant with those of the Non-Aligned Movement formulated in the 1950s and 1960s, and are in keeping with the non-bloc security arrangements that have predominated in the Asia-Pacific region. The political West now sought to ‘blocify’ security arrangements in the regions, leading to the sort of polarisation evident in post-Cold War Europe. Above all, Putin’s vision appealed to the fundamental principle of sovereign internationalism at the heart of the post-1945 Charter international system. Not surprisingly, it enjoyed significant sympathy in the post-colonial Global South. The latter encompasses 80

³³ UN Watch, Human Rights Foundation and Raoul Wallenberg Centre for Human Rights, *Evaluation of UNHRC Candidates for 2021-23*, 5 October 2020, <https://unwatch.org/wp-content/uploads/2020/10/Evaluation-of-2021-23-UNHRC-Candidates-1.pdf>.

³⁴ ‘Address to Participants and Guests of the 10th Moscow Conference on International Security’, 16 August 2022, <http://en.kremlin.ru/events/president/transcripts/69166>.

per cent of the world's population and just over half of global GDP. Despite much intimidation and threats, most of the Global South refused to join the sanctions against Russia. For them, the political West's war was not their war. China had an enduring interest in ensuring Russia's survival, although sought to avoid becoming ensnared in secondary sanctions.

Deglobalisation and post-globalisation

Two processes are now developing in parallel. The first is *deglobalisation*, a process led by great powers such as Russia and China to insulate themselves from Western sanctions and other forms of pressure by 'dedollarising', building alternative payments systems and conducting trades in alternative currencies. Deglobalisation was accelerated by the Covid-19 pandemic, which exposed dependency on long supply-chains and the absence of domestic manufacturing capacity in some essential medical supplies. Other countries, such as Iran, have long built up structures and systems to circumvent and withstand sanctions by the political West, experience that proved invaluable to Russia. By contrast, *post-globalisation* reflects the broader shift away from neoliberal forms of international economic integration, in part as a result of national populist domestic pressures and the technological changes associated with the Fourth Industrial Revolution. Above all, it signals a shift away from ideologies rejecting time and space in favour of more grounded and planned industrial and developmental strategies.

This prompted the anti-hegemonic behaviour of counter-balancing. Western-led globalisation gave way to a type of selective de-globalisation based on regional alignments that dilute the dominance of the US financial system and help insulate economies from Western sanctions.³⁵ This is nested within the larger process of post-globalisation: the shortening of supply chains in response to the vulnerabilities exposed by the pandemic and the sustainability agenda in response to climate change. As international politics became increasingly perilous, production is being re-shored and resilience has become the watchword of the new era.

From a global perspective, deglobalization intersects with post-globalisation trends, which are not the same as the conscious strategy of deglobalisation. Globalisation became the ideology of the post-communist era after 1989, although its roots stretch back into the repudiation of Keynesian demand management from the late 1970s, the liberalization of financial markets, and the general neoliberal trend towards the negation of state activism, including the repudiation of ramified industrial policies. The pandemic accelerated post-globalisation trends, with a new appreciation of the work-life balance, the need for effective state planning to deal with epidemics, the importance of well-funded state health systems to provide enduring support, and much more. Post-globalisation worked to Russia's advantage, suggesting not only that the balance of world power (what in Soviet times was called the 'correlation of forces') power was tipping in Russia's direction, but also that the zeitgeist was shifting in Russia's favour – towards the Putinite model of state activism (although without the political restrictions with which it was accompanied). Globalisation from this perspective would be replaced by healthy economic internationalism.

Russia and China are at the centre of a range of anti-hegemonic alignments, which defend the autonomy of the international system against the universal and implicitly exclusive claims of liberal hegemony. The basic principle of anti-hegemonic alignment is

³⁵ Lorenzo Kamal, 'Has the Russo-Ukraine War Really Changed the Global Order?', *The National Interest*, 14 April 2022, <https://nationalinterest.org/blog/buzz/has-russo-ukraine-war-really-changed-global-order-201835>.

commitment to value pluralism and the co-existence of different regime types. Other countries seek to avoid being drawn into the emerging bipolar ideological and power confrontation. These are grouped primarily in some 'post-Western' institutions such as the Shanghai Cooperation Organisation and BRICS.³⁶ These are part of the broader post-Western anti-hegemonic alignment. These include the ASEAN Plus Three (APT), RCEP, and the more specifically China-centred bodies such as Belt and Road, the 16+1 in Europe, and the AIIB, and the Forum on China-Africa Cooperation (FOCAC), as well as Cross-Border Interbank Payment System (CIPS), an alternative to the SWIFT payment system. They are part of the grand 'decoupling' between the Atlantic order and the Eurasian powers. The US was systemically excluded from most of these bodies, although some of its allies are members, despite US attempts to prevent them joining. A high degree of global interdependence remains at the economic and societal levels, but even here a 'sorting' is taking place that follows the political trend.

Conclusion

The war in Ukraine from February 2022 represents a fundamental tipping point. The old era of globalisation is over, and Cold War II has moved into an intense phase of confrontation. If Cold War I had been marked by several proxy wars conducted in the Global South in pursuit of goals generated in the Global North, now the Global North itself has become the arena for the struggle. The devastating conflict in Ukraine represents a semi-proxy war, with one of the protagonists (Russia) locked in conflict with Ukrainian forces backed by the political West. The war marked the death not only of sold-style globalisation, but also threatens the fundamental viability of the entire postwar Charter international system. International politics since 1945 was always conducted in light of the perceived national interests of the global actors, but the UN system and the framework of international law and norms that it generated represented the essential baseline and framework which constrained the sub-orders, even when they acted in pursuit of their interests in contravention of Charter norms. The bipolar balance between the Soviet bloc and the political West ensured that the other was constantly reminded of the need to respect Charter principles. The balance was disrupted after 1989 and in the unipolar era the ideology of democratic internationalism subverted the autonomy of the Charter international system and undermined its operative codes of sovereign internationalism. Interventions not sanctioned by the UN became the norm, in pursuit of what were framed as higher goals, and justified by the perceived obstructionism of the anti-hegemonic powers in the UN Security Council.

Even before the war in Ukraine from February 2022, Russia and the political West had been locked in an intensifying sanctions and diplomatic contest, accompanied by intensifying ideological and cultural antagonism. In Ukraine this had taken militarized forms, with the Ukraine Armed Forces transformed from a neo-Soviet rag tag military force in 2014 into Europe's largest and best-armed army by 2022. Unlike Cold War I, the 'rules of the game' in this second contest are unknown, although both sides respect certain red lines (above all, avoidance of slipping into World War III) – although these informal constraints are moveable and flexible, ratcheting up the level of confrontation. Sanctions are an intrinsic part of this undeclared war against Russia. The 'sanctions from hell' of the Trump years under Biden's presidency turned into a full-scale effort to crush Russian economic and military power for perpetuity. Support for Ukraine after February 2022 turned into a semi-proxy war (semi because since Russia is directly engaged).

³⁶ Oliver Stuenkel, *The BRICS and the Future of Global Order* (London and Lanham, MD, Lexington Books, 2015).

The predictable outcome is multiple deaths. First, of the imperfect and barely functioning post-Cold War European security order. The years since 1989 had been marked by a 'cold peace', in which promises given in 1990 about NATO enlargement were flouted by the political West. A host of leading Western commentators predicted a harsh Russian response, yet when it came it took the world by surprise. Second, Gorbachevian dreams of a 'common European space' were finally and conclusively laid to rest. Europe will remain divided for our lifetimes and perhaps long beyond. Third, Russian respect for the political West, and vice versa, were destroyed, and along with it the trust essential for even a minimal diplomatic process. Fourth, the Russian economy was forcibly decoupled from that of the political West, forcing it into self-reliance and elements of autarchic development, although supported in part by non-Western countries and access through neighbouring countries. Fifth, deglobalisation processes were accelerated as post-Western modes of economic integration thickened. Sixth, the US-led 'rules-based order' was exposed as setting its own rules and thus permanently generating double standards. Finally, the entire architecture of the post-1945 Charter international system was threatened. However, rather than death, in this case the Global South along with Russia stand in defence of Charter sovereign internationalism. The political West prided itself on its unity and solidarity during the Ukraine crisis, but this may well represent the last gasp of an exhausted and bankrupt political order.