



# Sanctions and Russia

## Lessons from the Cold War

by Nicu Popescu

The public debate around the effectiveness of sanctions is divided between those who believe that sanctions do not work; a more diffuse camp of lukewarm supporters arguing that sanctions are either a necessary evil or a way to preserve the credibility of the EU and US; and a smaller group of true believers who are convinced of their political and symbolic worth.

This debate is centred on a few key questions. Can sanctions change Russian policies in Ukraine? And if so, will they? Are they effective foreign policy tools or simply blunt instruments which harm the West as much as Russia?

As it is still too early to offer definitive answers to these questions. But given that much of the current crisis is shrouded by Cold War memories, symbols and fears, a look at some related episodes from that part of history might prove useful when attempting to assess the impact of current Western sanctions against Russia.

That said, parallels between Russia and the Soviet Union should not be overstated. Russia is less ideologically and economically rigid than the USSR was. It is less autarkic, but also more open to the world, which increases its levels of adaptability.

### Plus ça change?

In 1982, George W. Ball, who had been under-secretary of state in the 1960s in the Kennedy and Johnson administrations, wrote an article in *The New York Times* entitled 'The Case Against Sanctions'. In it, he argued that US sanctions on the USSR, introduced after the invasion of Afghanistan in 1979 and the imposition of martial law in Poland in 1981 'could never prove more than a marginal nuisance.' He went on to say 'To be sure, the country faces economic troubles, but so does the West, and, though the Soviet Union's problems are aggravated by an inherently inefficient economic system, there is little reason to think it will not survive for many years[...] We will never weaken the Soviet will or capacity for aggression through economic pressures publicly announced. That would offend an elementary principle: no government of a great power can ever appear to yield to overt pressures. American sanctions are more likely to strengthen the aggressive tendencies in Soviet policy than to impel the leadership toward greater docility and arms reduction.'

These arguments against sanctions from 1982 are strikingly similar to those heard today: that they may have hurt Russia economically, but



have also failed to change its behaviour, made Putin stronger domestically, and been counter-productive for the West. According to this interpretation, they have simply strengthened the *siloviki*, hawkish members of Russia's security services, given the Kremlin an excuse to blame pre-existing economic woes on a hostile West, and hurt ailing Western economies.

Yet there is a problem of perspective, because restrictive measures can have both short- and long-term effects. Ball's 1982 article might have looked persuasive at the time of publication, but was proved wrong only a few years later. It is likely that anyone offering firm predictions about the effects of sanctions may find themselves equally wrong-footed by history.

### The volatility of popularity

One of the main arguments against sanctions is that they have bolstered Putin domestically. The belief propagated by the Russian media that the country is at war, is reinforcing the rally-round-the-flag effect and ensuring that the Russian president's approval ratings remain high – at least for now.

Yet this is nothing unusual. International crises often strengthen leaders in the short term only to doom them at a later stage.

Examples abound: in 1913 Russia celebrated with great pomp and much public display of unity 300 years of the Romanov dynasty. Within less than four years, the Tsar was toppled and, one year later, shot.

Or take the case of Serbia's former president Slobodan Milosevic. The bombing campaign by NATO against Yugoslavia in the spring of 1999 led to a brief boost in his popularity, and he even called an early presidential election in 2000 with the hope of cementing another term. But he lost, refused to acknowledge defeat and was eventually ousted amidst street protests.

Wars themselves, not just politicians, can also be popular, particularly in their initial phases. The outbreak of the First World War was heralded with a wave of jingoism in many European states. Some of them – including the Russian and Habsburg empires – collapsed just a few years later. The war in Algeria of the 1950s and 1960s was backed by many in France in its

early days, as was the 2003 US invasion of Iraq by much of the American public. But popular support for these conflicts also quickly evaporated once the consequences became clearer.

While the examples above are more dramatic than today's tensions between Russia and the West, they nevertheless serve as useful reminders that the popularity of politicians can fluctuate dramatically. In other words, international crises can act like steroids for a sportsman – boosting performance in the short term at the expense of long-term health.

The Russian people have shifted their political preferences a great deal in recent decades. Between 1980 and 2000, public sentiment has morphed from passive acquiescence of Brezhnev's stagnating USSR, to anti-Sovietism, to a yearning for greater democracy and closer relations with the West, and finally to a longing for a 'strong hand' and increased anti-Western sentiment.

Interpreting Putin's current approval ratings as an indicator of sanctions' ineffectiveness

therefore falsely assumes that Russian politics is static. The fact is, however, that the economic effects of the international crisis provoked by the annexation of Crimea and the incursions

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into the Donbas are radically altering Putin's contract with the Russian people. The winning formula of Putin's 15 years in power was based on delivering increased stability and prosperity at the expense of certain freedoms.

Now that this formula seems to be broken, the Kremlin is attempting to replace it with a new one whereby 'great power' ideology forms the foundation of Putin's legitimacy. But the transition from one time-tested formula for popularity to another is not a straightforward one. Whether a strategy based on ideology, rather than rising living standards will ultimately be successful remains to be seen.

But if the history of the USSR is any guide, Communism was much more attractive in the when the Soviet economy was experiencing double-digit growth (particularly against the background of Western economic troubles). But once the Soviet economy stagnated in the 1970s and 1980s, the Communist ideology lost



its appeal rather quickly, well before the USSR collapsed.

### Even worse alternatives?

Another recurring case levelled against the current sanctions is that they strengthen Russia's hawks, and that any alternative to Putin would only be worse, i.e. more nationalist, more anti-Western, more authoritarian and possibly more aggressive internationally.

While it cannot be ruled out that Putin's potential replacement might be worse, this assumption is far from guaranteed. Russian history is full of leaders who built their political reputation by rejecting the legacy of their predecessors. Reformers were often followed by reactionaries, and vice-versa. Putin himself has, for example, carefully crafted an image of himself as the man who rescued the country from the chaos of the Yeltsin era.

Going further back, when Stalin died, millions of Soviet citizens cried in mass displays of public mourning: three years later, the process of destalinisation began. Nor was Stalin succeeded by someone worse: it was not Stalin's henchman Lavrenti Beria, head of the Soviet security apparatus, who took over the reins of power, but Khrushchev, who turned out to be one of the more moderate Soviet leaders.

In the 1970s and early 1980s, Gorbachev rose through the ranks of the Communist Party thanks to support by Mikhail Suslov, a hard-line Communist ideologue, and Yuri Andropov, a former head of the KGB and backer of the suppression of both the Hungarian uprising in 1956 and the invasion of Czechoslovakia in 1968 (he was also the Soviet leader between 1982 and 1984). Yet Gorbachev followed his own path, pursuing a more open form of politics rather than advocating outright repression.

Moreover, it is often the case that after phases of centralised rule, political elites tend to opt for 'weak Tsars'. After Stalin and Khrushchev (who, despite his pursuit of destalinisation, continued to rule in an personalistic manner), the Brezhnev's era was characterised by a collective Soviet leadership in the Politburo.

Beyond Russia, China is another case in point. The post-Mao Communist leadership hands over power every ten years and rules in more collective manner than the founding father of

the People's Republic of China. While these examples do not prove that another *perestroika* will follow Putin, they do illustrate that whoever succeeds him may not necessarily be worse.

Russia might have weak institutionalised mechanisms for the transfer of power – there is neither a functional democracy nor a Chinese-style, party-led transition arrangement – but it does have a strong bureaucracy and a decent history of relatively smooth transitions from one (Soviet) leader to another. In other words, fears surrounding the total collapse of the Russian state appear somewhat overblown, at least at this stage.

### History repeating?

It is true that sanctions are rarely strong enough to fundamentally alter the course of great powers. But restrictive measures are rarely the only factors at play. Instead, they tend to have a cumulative effect in combination with other events and developments, mostly of a domestic nature.

The Soviet Union did not break apart because of sanctions alone. It collapsed partly, but not exclusively, due to two key factors. One was an obsession with defence. In the second sentence of his classic text, Sun Tzu points out that the art of war can be 'a road to either safety or ruin'. In the case of the Soviets, it was wrongly assumed the security of a state was ensured by the sheer number of tanks or missiles available. Excessive militarisation doomed the Soviet economy, which did not find the right balance between overall economic functionality and effective armed forces.

The second important aspect was the Soviet Union's relationship with the West, of which sanctions were just a minor part. Hostile bipolarity led to an expensive arms race, and an imbalanced economy and lack of access to credit conspired to cause the country to collapse.

Today's Russia is also susceptible to such dangers, though admittedly to much a lesser degree and in a setting of 'hostile multipolarity' instead. Once again, it is the overall negative relationship with the West, of which sanctions are just one aspect, which may harm Russia in the long term.

In addition to sanctions, Moscow is hampered by restricted access to international capital and

is being denied the equipment needed to maintain and develop oil and gas fields. The cumulative effects of all these factors might indeed prevent Russia from achieving the safety it desires, especially given the fact that its economy already showed signs of bad health and chronic mismanagement even before the current crisis.

## The scope of sanctions

It is also argued that Western sanctions have failed to persuade Russia to withdraw its military support for separatists in the Donbas. But that begs the question: to what extent were the sanctions designed to have immediate effects?

In an ideal scenario for the EU, US and Ukraine, Russia would return Crimea and cease its meddling in the Donbas. Yet it is doubtful that anyone in the West truly believed that the limited asset freezes and travel bans introduced in March 2014 would force Russia to backtrack. Thus even though a return of Crimea is a stated goal, the linkage between the peninsula and the wider sectoral sanctions on Russia is a 'soft' one, since the West also has other Russia- and Ukraine-related policy goals.

The sanctions' secondary, semi-declared, goals were focused on limiting Russian policy options in Ukraine in the future. Preventing an outright invasion of Ukraine by Russia, and subsequent destabilisation of the government in Kiev is as, or even more, important than the return of annexed territory. The implication is that the 'sanctions highway' has exits: an improvement in the situation in Ukraine can lead to a relaxation of the sanctions regime even without solving the problem of Crimea.

The reality is that the longer Moscow's policies remain unchanged, the more bite sanctions are likely to acquire, for they have in-built multiplier effects. The structure of the sanctions is quite telling in this respect. The hardest-hitting Western measures are not even designed to work in the short term: the restrictions on long-term access to capital markets for major Russian companies are a case in point, as are the limitations on the sale of Western technologies needed to develop deep-water energy resources in the Arctic or shale gas and oil in Russia.

These measures, by their very nature, are likely to yield long-term results, especially since the timeline for such projects is measured in years and even decades, not months. This suggests that the point of sanctions is, at least in part,

to deter potential Russian hostile action in the future, primarily in other parts of Ukraine or the post-Soviet space.

## The normality of sanctions

Sanctions produce different effects at different points in time and, in this, they are far from unique. Sanctions are in fact like many other public policies, in that they can have uncertain or unintended consequences and generate a wide variety of effects. Consider policies on climate change, bailing out the banks, investing in infrastructure or even shaping demographic trends. They all impose short-term costs in the service of what is hoped will be, longer-term benefits.

In essence, then, sanctions are similar to other public policies: more or less well informed and plausible bets that medium- and long-term benefits will outweigh short-term costs. But public policies are almost never based on strict mathematical formulae whereby A leads straight to B. Success can, therefore, never be guaranteed.

In other words, assessing the effectiveness and usefulness of sanctions against Russia, or indeed any other target, is not, alas, an exact science. But what is certain is that too much emphasis on short-term effects of sanctions overlooks their long-term potential in bringing about a real change in Russian foreign policy.

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