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THE TAMING OF THE BEAR?
EXPLORING THE EFFECTIVENESS OF
THE SANCTIONS AGAINST RUSSIA

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Ayıyı Evcilleştirmek? Rusya'ya Uygulanan Yaptırımların Etkililiği

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FOREWORD

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ABBREVIATIONS

BRICS – Brazil Russia India China South Africa

EaP- Eastern Partnership

EEU – Eurasian Economic Union

EU – European Union

GDP – Gross Domestic Product

IMF – International Monetary Fund

NATO – North Atlantic Treaty Organization

RIC – Russia India China

RSFSR – Russian Soviet Federative Socialist Republic

UkSSR – Ukrainian Soviet Socialist Republic

UN – United Nations

US – United States

USD – United States Dollar

USSR – Union of Soviet Socialist Republic

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ABSTRACT

The ongoing sanctions against the Russian Federation by Western states led by the United States with a view to hamper the Putin administration's capability to rule through suppressing oil and commodity prices and limiting Russia's trade activities have been a subject of debate in the geopolitics and sanctions literature. A key dimension of these debates has to do with the effectiveness of sanctions. The main purpose of this study is to evaluate the effectiveness of sanctions against Russia through a three-layered analysis that thinks together the macroeconomic, the geopolitical and the social by utilizing Robert Cox's critical theory or the Neo-Gramscian approach. The argument is that the sanctions did not produce the intended effect and failed to weaken Russia's geopolitical posture, macroeconomic stability and domestic sociopolitical order. This study develops this argument by showing how Russia's abrupt transition to capitalism and the exploitation of Russian civil society through financialization and privatization reinforced the ability of Putin's historical bloc to remain in power with the help of patriotic anti-Western rhetoric and statist approach after the sanctions. Coercive policies to prevent business elites from getting involved in political decision-making and state control particularly in energy industry further contributed to Russia's recovery. This would have been possible with the decline of the US-led World Order that enabled the Russian Government to diversify policies and establish a pivot to Asia, particularly to China, which ultimately enhanced military and economic relations.

Keywords: Critical Theory, Sanctions against Russia, International Political Economy, Russian-Western Conflict over Ukraine, Neo-Gramsci.

ÖZET

Petrol ve emtia fiyatları üzerinde uygulanan baskılarla ve Rusya'nın ticari aktivitelerini kısıtlamak vesaiti ile Putin yönetimini zayıflatmayı amaçlayan, Amerika Birleşik Devletleri liderliğinde Batılı devletlerce Rusya Federasyonu'na uygulanan ambargolar hem jeopolitik hem de ambargo literatürüne konu olmaktadır. Bu tartışmaların önemli boyutlarından birisi ambargoların verimliliği konusudur. Bu çalışmanın ana amacı Rusya'ya uygulanan ambargoların verimliliğini Robert Cox'un eleştirel teorisini yani Neo-Gramsci yaklaşımını kullanarak; makroekonomik, jeopolitik ve sosyal alanları bütünlük halinde kabul ederek bu üç katmanda araştırmaktır. Bu tez ambargoların amaçlanan etkiyi göstermediğini ve Rusya'nın jeopolitik duruşunu, makroekonomik dengesini ve sosyo-politik düzenini zayıflatmadığını iddia etmektedir. Çalışma bu savını Rusya'nın kapitalizme ani geçişinin, finansallaşma ve özelleştirme uygulamaları üzerinden Rus Halkı'nın sömürülmesinin Putin'in tarihsel blok'unun güçlenmesini ve batı karşıtı devletçi söylemlerle ambargolar sonrası iktidarını sürdürmesini sağladığı argümanı üzerinden geliştirmektedir. İşadamlarının zorlayıcı politikalarla siyasi karar alma süreçlerinin dışında bırakılması ve özellikle enerji endüstrisindeki devlet kontrolü Rusya'nın toparlanmasına katkıda bulunmaktadır. Bunların tamamı ABD liderliğindeki Dünya Düzeni'nin zayıflamasından faydalanan Rus Hükümeti'nin politikalarını çeşitlendirmesiyle ve Asya'yla özellikle de Çin'le askeri ve ekonomik ilişkilerinin gelişmesi ile mümkün kılınmaktadır.

Anahtar Kelimeler: Eleştirel Teori, Rusya Ambargoları, Uluslararası Ekonomi Politik, Rus-Batı Anlaşmazlığı, Yeni Gramsci

INTRODUCTION

On February 19, 1954, when the Supreme Soviet of the Union of Soviet Socialist Republics (USSR) confirmed the transfer of Crimea from Russian Soviet Federative Socialist Republic (RSFSR) to Ukrainian Soviet Socialist Republic (UkSSR) (Sakwa, 1999), they certainly could not comprehend the possible consequences of that decision, which might arise 70 years later. Nikita Khrushchev, the first secretary of the Soviet Union, 1953–1964, was paving the way to strengthen the chains between Russia and Ukraine after Stalin's death with this nonessential gesture. However, 70 years later, the annexation of Crimea by Russia in March 2014 proved quite the opposite. The tensions between Russia and Ukraine escalated dramatically. In the eastern and southern Ukraine, where Russian population density is high, pro-Russian separatist movements emerged. Until the temporary ceasefire in September 2014, it is claimed that around 15,000 people from both sides died or wounded seriously (Kuzio, 2015).

Why did Russia use the iron fist once again? Although the roots of the crisis go back to the dissolution of the Soviet Union, the triggering issues came to surface when Russia figured out that Ukraine was not only having a proverbial affair with the European Union (EU), but also was getting prepared to sign the marriage agreement that would take it apart from the Eurasia Union (Stent, 2019) and from Soviet heritage accordingly. That was the red line of Russian geopolitical strategies and a turning point for the relatively developing West – Russia relations.

The consequence of the annexation was the reluctant deterioration of Russian liberalization with the support of the sanctions particularly imposed by the European Union (EU) and the United States (US). From the instrumental perspective, the actions against Russia could be implicitly considered as “structural violence” (Galtung, 1969). However, it has turned the page of international relations explicitly.

In March 2014, the US, and the EU along with Japan, Australia, Canada, Baltic countries and other major and minor players of the world imposed three fundamental type of sanctions to Russia. These involved financial sanctions to Russian banks, and energy and military companies, export embargo to products and services related to military and energy operations, and travel restrictions to some executives and government officers (Council of EU, 2014). Alleged Russian invasion of Crimea was regarded as a violation of Ukrainian territorial integrity by both the US and the EU. Moreover, Russian interference in Ukrainian internal affairs was considered as a threat to the sovereignty of Ukrainians. These two fundamental assertions formed the base of the sanctions. It was stated by the president of the US (Obama, 2014) in his executive order that Russia was not only undermining the institutions of Ukraine, but also threatening the foreign policy and national security of the United States. Inherent tensions with the West combined with antagonistic developments in the political arena pushed Putin to readjust international policies and strategies. On August 6, the president of Russia imposed an import ban to most of the agricultural products that were originated by sanctioning countries.

The alienation of Russian Federation was crowned by further restrictions in the same year following the shooting of Malaysian airplane in the east of Ukraine. Western alliance led by the US and supported by the EU extended the scope of the sanctions so that more Russian companies and individuals were affected. Although the US-framed sanctions lead us to hegemonic discourses, main purposes of the US world order in sanctioning Russia requires deeper investigation. What was the expectation from the Russian Federation? On one side, there was Russia claiming that the Crimean Region voted for joining them; and on the other side, there was Ukraine backed by Western countries asking for respect for its territorial integrity. Initially, from a neo-realist point of view, returning Crimea by using military power and further establishing a dialogue might be a possible solution. Neo-liberals might use economic sanctions and financial abilities in order to preserve the global stability of the market. In retrospect, the US

might picture the problem from those angles, but it was obviously more sophisticated than that.

Despite the stark actions of the West, China, the second biggest economy of the world, rejected freezing ties with Russia. The alienation project orchestrated by the US was taking the major blow from the United Nations meeting gathered to vote for the territorial integrity of Ukraine (United Nations 80th Plenary MTG, 2014). While 11 countries like China, India voted against, South Africa abstained, Israel -inherent ally of USA- was absent in the assembly. There were some disagreements within the European Union as well; however, these were not officially put forward during the voting. The question that comes to mind is whether the US took into account whether some of the major players would support its sanctions or not.

When it comes to sanctions, the United States is by landslide the first country in the list of countries using this tool. According to the study *Economic Sanctions Reconsidered*, 109 of 174 sanctions, documented from the end of World War 1, were either unilaterally or with allies deployed by the US. Not a country but an institution, the United Nations (UN), is following the US with only 20 sanctions (Hufbauer, et.al., 2007). This is one of the most, if not the most, comprehensive study in the sanctions literature. They are measuring the success of the sanctions from economic and political perspectives by using several variables calculated in accordance with their assumptions. All those calculations and methodologies are identical for all states and results that are classified within the range of success and failure. There are several shortcomings associated with problem solving attitude and generalization of cases by ahistorical approach but foremost state based analyzing which lacks society at all. Their statistics demonstrate the foreign policy aim of the sanctions explicitly in parallel to the statements of politicians, which in most cases do not reflect the real purposes; it also lacks the motivations and social reality, which must be deeply analyzed within the dynamics of time and place.

Sanctions have always been a fundamental and controversial instrument of foreign policy. Though its effectiveness has been widely questioned, it has been gaining popularity as an international policy arsenal with the rising conservative waves. There are numerous studies (Davis and Engerman, 2003; Wallenstein and Staibano, 2005; Drezner, 1998) analyzing the methods and outcomes of this tool of punishment. Furthermore, there are researchers like Ilieva, Dashtevski and Kokotovic (2018) who question the basis of the sanctions from an International Law perspective. Particularly in the light of recent events, the international legality of the sanctions has received much attention in recent years. However, the aim of this thesis is not to determine either the effectiveness of the sanctions in general or the legal infrastructure beneath it. The aim of this work is to broaden the current knowledge of Russian sanctions and raise the question why the sanctions against Russia remained ineffective.

Soviet Union and -after 1991- Russia have been playing a significant role in the history of sanctions. More frequently after the World War II, they have deployed 13 embargos. Considering the fact that European Union / Community used them 14 times, the Soviet Union could be considered as one of the major supporters of this arsenal (Elliot, et.al., 2007). On the one hand, the US was trying to construct its hegemonic power and weaken the political affiliations behind the iron curtain; the Soviet Union was aiming to ensure the political alignment with this instrument. It is therefore predictable that, Soviet Union was also the aggrieved party in most of the circumstances. After the 1970s, with neo-liberalization, the West led by the US implemented economic and political restrictions to the Soviet Union. In order to change their political approach and weaken the central government, practically the same tools that are utilized today were used. US sanctions including grain embargos between 1979-1981 (Paarlberg, 1980), Soviet pipeline embargo in 1981 (Perlow, 1983), which aimed at preventing construction of a pipeline between Western Europe and Siberia, were related to military intervention in Afghanistan and political interference in Poland of Soviet Union. Sanctions have been a tool for the establishment of US authority on Soviets the same

as now in the Russian case. Sanctions aiming to hamper gas and oil trades between Soviets and Europe was also a significant sign of restraining their power on oil and gas industries. In this context, Contemporary Russia has the same both weak and strong feature inherited from the Soviet Union; the significant role of oil and gas incomes in economy. Although neither then nor in 2014 oil and gas price control was not - officially- done, oil prices decreased with an artificial excess of petrol production right after the sanctions which then created a huge budget deficit in Russia.

After the dissolution of the Soviet Union, Russia implemented official economic limitations to former Soviet States in order to maintain central political power and preserve welfare of Russian minorities in those countries. Particularly after the 2000s, Russia used its gas supply and military power as negotiation leverages or bargaining chips within the former Soviet borders. Russia did not and does not simply stand for a single state; rather, it represents a greater purpose of unifying and to some extent moderating post-Soviet states. This initiative has materialized with the Commonwealth of Independent States by the alliance of Russia, Ukraine, Belarus and later joined Kazakhstan, Armenia and 6 other post-Soviet states in 1991 (Mostafa and Mahmood, 2018). This concept has formed the Eurasian Union idea which was first expressed by a Soviet technocrat and president of Kazakhstan Nazarbayev (Raikhan, 2013). Creation of Eurasian Economic Union (EEU), in 2014, intended to encourage free trade, establish standards on quality and tariffs and attract international investors. Although fundamental framework of the EEU has been established for economic purposes, Russia aims to reinstitute and reinforce the historical and cultural allegiance within the CIS. Russia's policy on Ukraine was shaped within this perspective. If Russia was the fundament of this structure, Ukraine was considered to be one of the central load bearing columns. Although the former is likely to continue, there is not much possibility left for the latter.

The relations between Ukraine and Russia as two separate states have started after the dissolution of Soviet Union. Apart from social destructions stemmed from similar

historical and cultural binding between two societies, being officially departed created economic and political problems as a natural consequence of a sudden dissolving of Soviets. In this context, it was unavoidable to face security issues as well. Therefore, Nuclear weapons and black sea fleet in Crimea became one of the major discussion points. Overnight Ukraine became world's third biggest nuclear power and thus concerns in Europe escalated. In this sense, the US decided to further communicate only with Russia and back them to resolve the issues within the former Soviet states. The big brother role was stitched to Russia, hence Russia was responsible for the transfer of all the weapons to Moscow and dismantling them. Demobilization of nuclear weapons and promoting peace between US and Russia, at least in theory, should have de-functionalized North Atlantic Treaty Organization (NATO), a military alliance under the leadership of US aiming to confront the Soviet Union. However, on the contrary, in a few years the enlargement of NATO and EU to the post-Soviet countries has begun, which then triggered the Russian Ukrainian conflict.

The main purpose of this study is to evaluate the effectiveness of Russian sanctions within the dynamics of Russia's state-society complex in Robert Cox's words. In this context, this thesis sheds new light on Russian-Western conflict and its consequences by investigating sanctions with a critical stance of Cox's Neo-Gramscian approach. In order to evaluate the consequences of the sanctions, it is mandatory to analyze the reasons of the conflict. The interrelated contradictions include but not limited to the increasing alienation of Russia from the United States, domestic rise of conservative ideas, political volatility in relations with Ukraine and the weakening authority of the US-led World Order over Russia. One of the significant reasons causing the problem labelled as the Russian-Ukrainian conflict. However, it is in fact the failure of establishing a pluralist and collective world order (Sakwa, 2015). The coercive tendency of the policies of US-led World Order - even after the collapse of Soviet Union- caused ambiguity. The humanitarian rhetoric of using power in the course of time unveiled as of serving American political and business elites. Promoting NATO

in order to avoid weakening of global control particularly in Europe abraded relations with Russia. In this context, inclusion of Ukraine to the alliance, albeit rhetorically, exacerbated the relations. Annexation of Crimea was just a small reflection of all these inputs. Now with the sanctions and escalated tensions, the circumstances created a polarized world fueled with antagonism.

As a result of the above-mentioned developments, a growing body of literature has investigated Russian sanctions in the recent years. Economic effects have been one of the major study areas. Kholodilin and Netsunajev (2016) indicate that the average annual decrease of the GDP of Russia was 1.97 % after March 2014. Hoffman and Neuenkirch (2015) remarked in that respect that the escalation of the conflict created a downturn in Russian stock markets. Correspondingly, Romanova (2016) highlighted the economic and financial difficulties created by the deteriorated trends. A key problem with much of the literature on economic consequences is its limitations. Material capabilities are in a reciprocal relation with ideas and institutions. Economic activities emerge from domestic and international social interactions within the societies. Therefore, economic evaluation of the sanctions is an integral part of a solid sanction investigation, but it has to be encompassed with other mentioned concepts. Consequently, alone it only reveals a picture of the economic structure from segmented and fragmented data huddle. Although this is a useful tool in natural and social sciences, not to consider the cultural background and the irrationality of human beings and hence state-society complex would create misconstruction of arguments.

The boundaries of the above-mentioned studies and vast majority of the literature significantly stem from theoretical perspectives. The fundamental paradigm of the realist theory is the rational will of the state to gain military and economic power. From the natural sciences perspective, empirical studies reinforced with statistics would be the most proper way to highlight the unknowns. However, for international relations, this simplifying process of several input in a dynamic environment would lead to miscalculations. To be more concise, for instance; restrictive measures have been

imposed to Russia for a specific reason: to defend the international security, international law and to change the behavior of the targeted country (Russell: European Parliament, 2018). In our case, the so-called behavior is the artificial or real occupation of Crimea. As of today, Crimea is still in Russian soil, and Russian fleet is still there. As a consequence, sanctions were not effective. Yet, it is not that simple.

Furthermore, several authors (Morrison, 2008; Connolly, 2015; Crozet and Hinz, 2016) have attempted to determine the ramifications of sanctions with the neo-liberal approach. However, neo liberal perspective was the reason of the Russian conflict in the first place. Market revolution –the path to free market economy– created by the West in Russia has been a complete failure. The implication was oversimplified; moreover, the social and historical background was considered irrelevant. As a result, like Stiglitz (2017, p. 225) mentioned, “in Russia, it has fallen far short of what the advocates of the market economy had promised or hoped for. For the majority of those living in the former Soviet Union, economic life under capitalism has been even worse than the old Communist leaders had said it would be”. Certainly, Russia would need economic reforms after the Soviet Union. However, to believe in the Western orchestrated neo-liberal theory for the political and social transformation –to put it mildly– was too naïve. As Polanyi observed in his famous *The Great Transformation*, “instead of economy being embedded in the social relations, social relations are embedded in the economic system” (1944, p. 60).

Taking into account the above-mentioned limitations of the mainstream approaches, it is vital to determine the most appropriate method to investigate the Russian conflict. Problem solving theories are practical and useful for calibration of the status quo. Critical theory, on the other hand, presents a broader perspective and shifts the paradigm.

“Periods of apparent stability or fixity in power relations favor the problem solving approach. The Cold War was one such period. In international relations, it fostered a concentration upon the problems of how to manage an apparently enduring relationship between two superpowers. However, a condition of uncertainty in power

relations beckons to critical theory as people seek to understand the opportunities and risks of change. Thus, the events of the 1970s generated a sense of greater fluidity in power relationships, of a many faceted crisis, crossing the threshold of uncertainty and opening the opportunity for a new development of critical theory directed to the problems of world order.” (Cox, 1981, p.90).

As a natural consequence, this paper sets the framework with the Cox’s Neo-Gramscian approach of the critical theory.

The past few years have witnessed many developments in international relations, and Russia has been playing one of the lead roles. Russia is once again becoming a center of attention with the long-lasting leader Putin. However, is that an artificial illusion or does this image have a solid ground? Did the sanctions diminish their economic capabilities and narrow political locomotion? Is the Russian elite asking for a Westernized change, and is Putin losing the popularity among the neo-Soviet proletarians? It is a broadly accepted fact that Russia is pursuing the hierarchical authority that the Soviet once had in interstate relations. Questioning the construction of a Russian hegemony at this stage can only be considered as fantasizing, yet the subject establishes a common ground among Russians along with Putin supporters and the Soviet fans with various nationalities. The scope of this research does not include hegemony arguments, but the analysis of major consequences of American hegemony in Russia. This thesis aims to call into question the effectiveness of Russian sanctions from the perspective of Russian state-society complex. It intends to validate that Russian sanctions are not successful enough to achieve targeted goals. It is argued in this thesis that, these goals are; to cut Russian interference in Ukraine including Crimea and to weaken the influence of Putin’s bloc in the post-Soviet countries. A broader aim of fueling the conflict and sanctioning Russia is to change the behavior of the Russian political elites and demonstrate the strength of the current hegemon and world order. Throughout the study, the interrelations of the state and society along with the world structure are examined. Moreover, as Cox (1981) suggested, a study that uses the critical approach would use the subjective outcomes of the problem solving theory. Thus, this paper aims to benefit from the empirical studies conducted within a time

frame for a certain purpose. In this respect, the thesis seeks to establish a well-grounded analysis of the effects of the sanctions for Russian state and society complex.

To this end, this paper divided into four sections: In the first section, a macroeconomic analysis of Russian state is carried out. A conservative analytical framework is developed through the guidance of neo-classical thought. Those conventional methods falls under the rubric of orthodox-mainstream economics. As mentioned earlier, problem-solving method will as well be used to enrich the ideas in this work. The section is designed to provide a picture of economic growth, unemployment, inflation, monetary and fiscal policies, and the trend in export-import activities.

The next section investigates the shift of geopolitical strategies of Russia through the relations with the states and institutions. It is a common view that Russia was and is being treated unfairly by the West, and hence, is not comfortable with the US dominated world order. Furthermore, the promises that were made to Gorbachev regarding the Enlargement of NATO to Baltic countries were broken, and the Ukrainian conflict was the final straw that broke the camel's back. A pivot to East has begun, and the strategies are reshaped. In brief, second section puts forward a detailed outlook of the Russian Geopolitical Strategies with a holistic approach.

The effects of sanctions in terms of society and social classes are discussed in the third section. In the beginning of Soviet times, there was a multinational environment united under the umbrella of Marxist-Leninist thought. However, as the time went by, the distinct difference of proletarian's sovereignty rhetoric and social reality rose to the surface. High members of the communist party, the Soviet Elites, had considerably better life standards (Stent, 2019). After the collapse of the Union a new elite class called oligarchs had emerged. Putin not only created a central power to gather the oligarchs in his sphere of influence but also eliminated the noncommittal ones and instead created new businesspersons. This social section of the study mainly concentrates on the effects of the sanctions on the most targeted Russian elite and the

new proletarians. Moreover, cultural identity and national identity are analyzed in the social section to anchor the hypothesis that the sanctions had a very limited negative impact.

Although the thesis is divided into four parts, all the sections are interrelated. Therefore, in the discussion, the fourth part of the thesis, the social, political and economic perspectives which construct a complex structure are handled as a whole. Significantly, the continuous change of history is the fundamental source to shed a light on the Russian conflict and its consequences.

Once in the Victory Park (Park Pobedy) in Moscow, a Russian woman who is in her 60s told that, she lost her uncles in the Second World War and her father was a veteran. Moreover, they suffered a lot when she was a child. She then stated that, “Russians never want war because we know how painful it is. However, sanctions will do nothing but to unite us since we resisted far worse than that” (A. H. Basar, personal communication, May 9, 2015). The central argument of this thesis is the ineffectiveness of the Russian sanctions. The author is aiming to provide an accurate and comprehensive picture to show that they did not weaken Russia at the extent it was intended initially and therefore did not serve the purpose. As Putin acknowledged, “Russia managed to offset all losses from sanctions” (Putin, 2020).

LITERATURE REVIEW AND THEORY

The utility of the sanctions has been a controversial topic, and the debates about its effectiveness have continued to this day among the researchers and politics. From the skeptical perspective, the dramatic impact of the sanctions on the general population and sufferings underpinned by them have generated a crucial question: are the sanctions really working?

Economic Sanctions Reconsidered (Hufbauer, et.al., 2007) has been one of the guiding studies that contributed to this work and presumably much of the literature about sanctions. It is considered to be one of the most cited books on this topic. A comprehensive analysis of sanctions was provided by researchers starting from 1982 to 2009, and in its third edition, 174 cases were examined. In this book, researchers try to draw our attention to the economic and political effects of the sanctions on targeted countries by using a numerical model. Their specific aim is to enhance the applicability of the sanctions as a foreign policy tool. Their findings show that 34% of the documented sanctions were successful on changing the policy of the sanctioned country including government and regime changes. However, it is important to realize that, they are using a method of scoring from 1 to 16. Sanctions that get more than 9 points are accepted as successful ones. Therefore, some might have a modest effect on changing behavior, yet considered effective. Their results highlight that autocratic regimes are more resistant to embargos. In the end, they also accept the fact that, their summary can only bring a general understanding, and every case is unique within its dynamics.

Although the literature review in this thesis moves from general effectiveness analyses to individual country cases, the lawfulness of the sanctions has also been a particular area that attracted attention. Since international law is accepted as one of the pillars of safe globalization, it needs to be investigated as a part of general effectiveness literature. According to Joyner (1995, p. 242), “sanctions under international law

generally refers to coercive measures taken by one state or in concert by several states which are intended to convince or compel another state to desist from engaging in acts violating international law”. Several studies have been performed to investigate whether the economic sanctions are lawful or not (Dashtevski, Ilieva and Kokotovic, 2018; Waldorf, 2014; Koh, 1998; Joyner, 1995). In their book, *International Sanctions* Wallensteen and Staibano (2005) contribute to legal issues and human rights perspectives as well. However, basically, the book is another general analysis of this foreign policy tool and aims at figuring out the drawbacks to increase the effectiveness notably for the use of UN.

One of the groundbreaking books inspiring many researchers is *Sanctions Paradox* written by Daniel W. Drezner (1999). In this book, Drezner criticizes the lack of theoretical understanding and carries out a systemic study by using game theory and statistical analysis. Although this is one of the general sanction studies, Russia plays an important role in this book, yet as a sanctioner. The book demonstrates that contrary to the general thought, sanctions do not always fail. By using a mathematical modeling, it measures coercions and concussions induced by the sanctions. It argues that the more cross-cutting interests and overlapping trade relations there are, the more effective the sanction is. Therefore, the implication on adversary nation states usually fails. In other words, when economic and political aims clashes and states confront in several ways, the interdependence between countries never occurs or diminishes. Without worthy trade activities or concerted policies between the sender and the target country, sanctions do not work. Although the study aims at making the theoretical basis distinct from realist or liberal thought, its nation-state-based perspective and game theory analysis could not carry it far from mainstream schools.

Contrary to Drezner, in “Neither War Nor Peace”, Davis and Engerman (2003) investigate trade relations and macroeconomic outcomes and come to the conclusion that sanctions are becoming more common but less effective in the last decades. They

argue that globalization has created alternative trade windows for the target countries and increased their maneuver abilities against sanctions.

In all above-mentioned sanctions literature, motivations and outcomes are investigated within the whole structure of their research. Yet, in some studies, motivation underlying sanctions has particularly been called into question. While Lowenberg and Kaempfer (1988) claim a domestic political motivation for them, Mansfield (1995) asserts the opposite, and in most cases, the latter author states that they are aiding the world order in achieving global foreign policy goals. In *International Sanctions as International Punishment* (1989), Nossal claims that sanctions are punitive instruments; thus, punishment purposes must not be overlooked while investigating the effectiveness of them. He states that vast majority of existing studies are based on rational measurable outcomes. In contrast with Nossal's work, Nikolay Marinov (2005) conducted an interesting but shallow study concentrating not on motivations, but the outcomes of sanctions. In this zero-sum oriented research, "Do Economic Sanctions Destabilize Country Leaders", he calculates the number of the country leaders that have retired from the office and analyzes the success of the sanctions on this basis. However, motivations and outcomes individually do not portray a clear understanding. Punishing, deterring or coercing could be possible motivations for sanctions. However, only together with outcomes like policy and regime changes, they might give a complete understanding.

Many attempts have been made with the purpose of analyzing the effectiveness of the particular sanctions with modelling economic indicators and financial instruments. These studies focused on cases like South Africa (Black and Cooper, 1987, Hazari, 1978), Iran (Dizaji and Bergejik, 2013), and Iraq (Alnasrawi, 2001). Baldwin is one of the few who criticizes the way of understanding sanctions. In "The Sanctions Debate and the Logic of Choice" (1999), Baldwin mentions a key problem with much of the literature and puts forward that sanctions are not zero-sum games. One of Baldwin's major assertion is whether the sanctions need to be used or not in the first place. For

the researcher, this is the key dilemma and the root of the problem. Baldwin questions the theoretical perspectives of sanctions and analyzes various methodologies by investigating Iraq embargos. These sanctions were raised by the US and levied by the UN after the Iraqi invasion of Kuwait. With these sanctions, all imports and exports of Iraq were limited. Oil export, the most significant income item of Iraq, was banned and limited with the quantities approved by sanctioners. For these Iraq sanctions, Baldwin claims that they needed to be implemented to avoid war and were actually successful on weakening Saddam Hussein. Although the sanctions seemed useless in the beginning, together with diplomacy and military force, they brought down ex-Iraqi government. Although Baldwin's critical perspective and skeptical approach align with the view held by this thesis, the study falls short on explaining effectiveness. Without analyzing relations between different frictions of society both at domestic and international level, study could not reveal clear perspectives. Therefore, similar to the majority of effectiveness literature, it also lacks an analysis of state-society complexes and historical investigations.

Although the Soviet Union has been a popular study area for sanctions, Russia became popular particularly after 2014 conflict. Empirical studies neglecting social and cultural heritages entrenched in society contributed to Russian sanctions studies as well. In his article "Can Russia survive economic sanctions" La Garda (2017) employs a model of macroeconomic indicators inspired by Auerbach and Kotlikoff (1987). This has been repeated by several researchers for 2014 Russian sanctions (Romanova, 2016; Hoffmann & Neuenkirch, 2017; Kholodilin & Netsunajev, 2016) through the evaluation of financial markets, stock markets, energy industry and macro economy. While majority of studies in the first years of Russian sanctions (Connolly, 2015; Kholodilin & Netsunajev, 2016) mention the negative impacts, later studies (Nelson, 2017) questioned the effectiveness of sanctions against Russia.

In the last few years, Russian academics (Kortunov, 2019; Chebankova, 2015; Kazantsev, 2017) also studied this issue. One of the several studies that draws our

attention to the historical background of the US-Soviet and the US-Russia relations is “Anti-Russian Sanctions”. In this article, Kazantsev fundamentally focuses on the outcomes of the sanctions and investigates the ways to cope with them. He alleges that the encountered rigors induced by the sanctions can only be managed with the state’s policies. According to Kazantsev, the state is a separate institutional entity, distinct from society. Therefore, trade market and business people cannot persevere in such circumstances. Kazantsev is correct to argue the role of statecraft. However, this argument refers to a limited nation state doctrine, lacks social basis and focuses only on economic and financial outcomes.

As mentioned above, a growing body of literature has investigated the effectiveness of the sanctions in recent years. Various approaches have been put forward to find an answer to this very problem. Obviously, questioning whether the sanctions work or not is a multidimensional and tremendously subjective inquiry. Moreover, time interval plays a significant role, meaning: sanctions that succeeded in one study may fail in the future analysis of the same theoretical structure. As the founder of existentialism Kierkegaard puts it “life can only be understood backwards, but it must be lived forward” (Journals of Soren Kierkegaard, 1844; 2009).

This thesis surveys the literature on Russian politics, economy and history to construct a theoretical and practical bridge between the sanctions and social forces in Russia following Cox’s critical theory approach. Richard Sakwa’s studies examine international relations of Russia with an intersubjective and historical awareness. Angela Stent in *Putin’s World* (2019) discusses the formation of the new elite bloc and international relations surrounding Russia in the last 30 years, yet the study is in the sphere of American subjectivity as the mainstream sanction studies. Although these studies shed a light onto Russian sanctions discussions, it is not their particular focus. Sakwa, in *Frontline Ukraine* (2015) attempts to evaluate the reactions of Ukraine after the Russian crisis yet the outcomes for Russia falls outside the scope of the inquiry.

Vast majority of the studies have sought to provide a general understanding of the sanctions and conflicts. They have aimed at guiding the foreign policy makers and attempted to discover the outcomes of the conflicts in general. Traditional studies focused on the effectiveness of the sanctions; however, they limited themselves to the neorealist and later neoliberal schools. At this point, it is vital to mention that, this study assumes mainstream capitalist approach, which particularly dominated the world system after 70's, as neoliberal perspective. These result-oriented studies, therefore, engender different methodologies to analyze whether sanctions are effective or not by investigating various cases. These rationalistic and highly positivist approaches induced two key problems with the much of the literature: subjectivity to world order and nation state perspective. To put it in a different way, vast majority of the studies portray perspectives on the basis of the ideas formed by the US-led World Order and of territorial nation state institution that constitute the groundwork of the US hegemony. Considering that each approach is designed for a friction, those views should not create a problem; however, they may shallow perspectives. On the other hand, in the sanctions literature, there are various studies investigating the sanctions for particular cases. Russian sanctions and Ukrainian conflict, which is the focal study area of this research, were also analyzed by some researchers, yet they share similar vantage points with the mainstream sanctions literature mentioned above.

There are two main limitations of mainstream approaches. The first one, as mentioned above, is neglecting historical specificity, and the other one is the problem-solving attitude. As Cox (1985) mentions, problem solving approach generates a programmed understanding by generalizing particular cases. However, critical method deals with particulars and their dynamic structure. While critical theory presents a dynamic analysis of the situation, problem solving gives a static snapshot. "All theories have a perspective. Perspectives derive from a position in time and space" (Cox, 1981, p. 87). Obviously while examining questions, problem-solving approach accept states and

institutions as is. On the other side, critical theory questions their structure by examining social power relations from a historical perspective.

Physics, particularly dominated by Newton's rules, has underpinned the positivist approach that engenders problem-solving attitude in social sciences as well. It has embodied a realist structure that focuses mainly on power struggles and searches for certainty with lack of understanding of history. Therefore, historical approach has been labelled as unscientific by some researchers. "The troublesome part comes when some scientific enterprise claims to transcend history and to propound some universally valid form of knowledge. Positivism, by its pretensions to escape from history, runs the greater risk of falling into trap of unconscious ideology" (Cox, 1985, pp. 56-57).

Mainstream international relations theories neorealism and neoliberalism tend to degrade the events into a structured dimension of military and economic abilities of states. Not to mention, "Neorealism... appear ideologically to be a science at the service of big power management of the international system" (Cox, 1985, p. 57). Cox's approach; however, underpinned by the insights of Gramsci provides a widened perspective of the relations by analyzing dynamic social powers with a historical materialist stance.

"It – Cox's neo-gramscian perspective– appears as an expression of broadly based consent, manifested in the acceptance of *ideas* and supported by *material resources* and *institutions*... hegemony within a historical structure is constituted on three spheres of activity: *the social relations of production*, encompassing the totality of relations in material, institutional and discursive forms that engender particular social forces ; *forms of state*: consisting of historically contingent state-civil society complexes and *world orders*." (Bieler&Morton, 2004, p. 87).

Social relations of production play a significant role. However, unlike Marx's production, Cox conceives of productions as generating not only consumable goods but also ideas, knowledge, relations that engender the core of physical production (Cox, 1989).

Consequently, this research problematizes the effectiveness of Russian sanctions and the consequences of Ukrainian conflict in light of Cox's Neo-Gramscian approach focusing on the Russian state-society complex. Within the framework of this context, this paper is organized into four sections: macro-economy, geopolitics, social and lastly discussion. Notably in the macro-economy section, reader may considerably witness ambiguity due to the frequent use of problem solving approach. However, as Cox (1981, p. 90) mentions "Critical theory contains problem solving theories within itself, but contains them in the form of identifiable ideologies." With that in mind, the writer aims to validate that Russian sanctions are ineffective. Nevertheless, rather than a result oriented study on thin ice, this research highlights different perspectives and attempting to transcend the subjectivity caused by the time and space.

1. MACROECONOMIC INDICATORS

Macroeconomic indicators are the building blocks of neo-liberal thought and have a substantial impact on designing and implementing policies of the states. Neoclassical economics paradigm stands upon the idea of profit maximization and capital accumulation. It is, therefore, obvious that Gross Domestic Product (GDP) of countries are the most significant data set to determine the success of the country in the mainstream approach. Thus, the cardinal objective of economic policy is to raise GDP growth. However, there are certain drawbacks of this perspective in both theory and practice. Aleksandr Solzhenitsyn (Sakwa, 1999), one of the most influential philosophers of the Soviet Union, acknowledged in his letter to the Soviet leaders in 1974 the following:

Society must cease to look upon 'progress' as something desirable. 'Eternal progress' is a nonsensical myth. What must be implemented is not a 'steadily expanding economy' but a zero growth economy, a stable economy. Economic growth is not only

unnecessary but ruinous. We must set ourselves the aim not of increasing national resources, but merely of conserving them (p. 378).

Growth approach does not prioritize concerns related to human well-being, inequalities in society and the sustainability of the environment. In this respect, gender based approach, widely known as feminist approach, has generated variety of critical studies that shed light onto this section as well. In the study *The UN Women Gender and Economics Training Manual* (UNW, 2017), it is mentioned that there are four major shortcomings of GDP and related indicators. First of all, by simply dividing GDP to population, it is impossible to determine the real distribution of wealth. Second, it neglects the environmental destruction created by the industrial growth. Moreover, the quality of life and well-being of citizens are not considered significant in these calculations. According to neoliberals, the idea of profit maximization generates growth. Hence, well-being must be an inevitable outcome although in practice the opposite proved to be the case. Similar insights were provided by Giorgos Kallis (2015) who had a valuable contribution to a growing body of degrowth literature, which concisely stands for the idea of equal and prosperous world without economic growth. In the “Degrowth Alternative”, Kallis claims that “Redistribution, not growth, is what improves well-being...Growth can never quench the desire for positional goods; only redistribution and new values can.” (2015, p. 3).

Lastly, accuracy and calculation methodology have been criticized. Several modifications were made like Real GDP, Purchasing Power Parity GDP etc. On the other side, according to the current policies, the cardinal objective of states is to generate growth that ought to decrease unemployment. In accordance with the common practice, it is well-known that, this simple formula does not usually work efficiently. In the 1890s, the annual growth rate of the Russian economy was around 8 %. Moreover, the average increase of industrial production between 1885-1914 was annually 5,72 % which is above the United States, Britain and Germany. Nevertheless, within 3 years’ time, one of the most remarkable reform in the world, The Great Socialist Revolution took place (Wade, 2017). Furthermore, there are certain critiques

related to the calculation method and the inputs of the unemployment itself that this thesis aims to discuss in the related section.

One can argue then, why despite all shortcomings this very thesis includes a macroeconomic analyses section mainly based on GDP and the unemployment in Russia. Although profound alternatives have been asserted, still the above-mentioned indicators are the most influential elements in world economy. They are, therefore, paramount instruments to evaluate the performance of the countries. Essential institutions of the world order, IMF and World Bank, financial consultancy companies that initiate direct and indirect investments to the states rely on these data conglomerates (Vandenbergh, 2009). Distinctly, with a balanced interpretation, one can criticize the effectiveness, accuracy and integrity of them, yet accept their tremendous effect on conventional policy making.

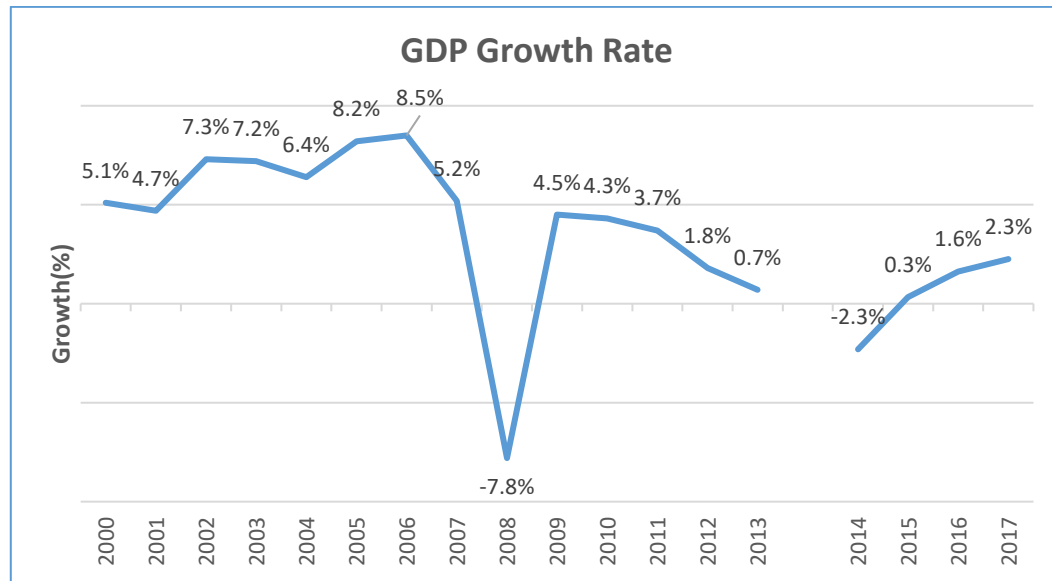
Macroeconomic analysis seeks to address three major indicators: GDP, inflation and unemployment. This first section gives a brief review of Russia's economic status from notably neo-liberal perspective. Inflation and additionally exchange rate are counted as tools to sustain growth; hence, it is presented within the GDP part of the study. As for the subsequent geopolitical strategies section, foreign trade that has a substantial importance for the Russian economy are added to this section. Lastly, theoretical and empirical analysis of unemployment is aiming to establish a harmony with social analysis section of this thesis. This section seeks to reach an understanding of the recovery of Russian Economy despite continuing sanctions. One note has to be mentioned here that in the figures ,a gap was put between 2013 and 2014 in order to draw attention to the time when first sanctions were imposed and to make the distinction more apparent for the reader.

1.1. GDP

GDP is the fundamental instrument to determine the aggregate value of goods and services in a country within a certain timeframe. Simon Kuznets, an important economist crowned with a Nobel Prize, was considered the founding father of this indicator. It has been a popular measurement tool since Bretton Woods agreement in 1944; however, the latest version was drawn up in 1993 in The System of National Accounts (IMF,2020).

After the dissolution of the Soviet Union, the neo-liberal experiment failed and Russian GDP drastically declined. ‘One-size fits all’ model of economic thought neglected the historical and social backgrounds; thereby, GDP fell approximately 60% until the end of the 1990s. Guidance of IMF paved the way to privatization and financialization without supporting institutions; hence, Russia ended up as a mafia state. The 1998 crisis was the last straw that broke the camel’s back. Beginning from the 21st century under Putin’s leadership, GDP increased substantially due to rising oil prices and political stability. The rise continued until the 2008 crisis when Russia was among one of the hardest hit economies and GDP fell 7.8 % in 2008 (Figure 1.1). Although recovery started in 2010, it did not last long. Cold War got heated and served once again in 2014 in the form of the Ukrainian Conflict. With the sanctions and declining commodity prices, Russian economy was experiencing a new version of the old shocks.

Figure 1. 1. Percentage Growth of Gross Domestic Product Russia 2000-2017 Period



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

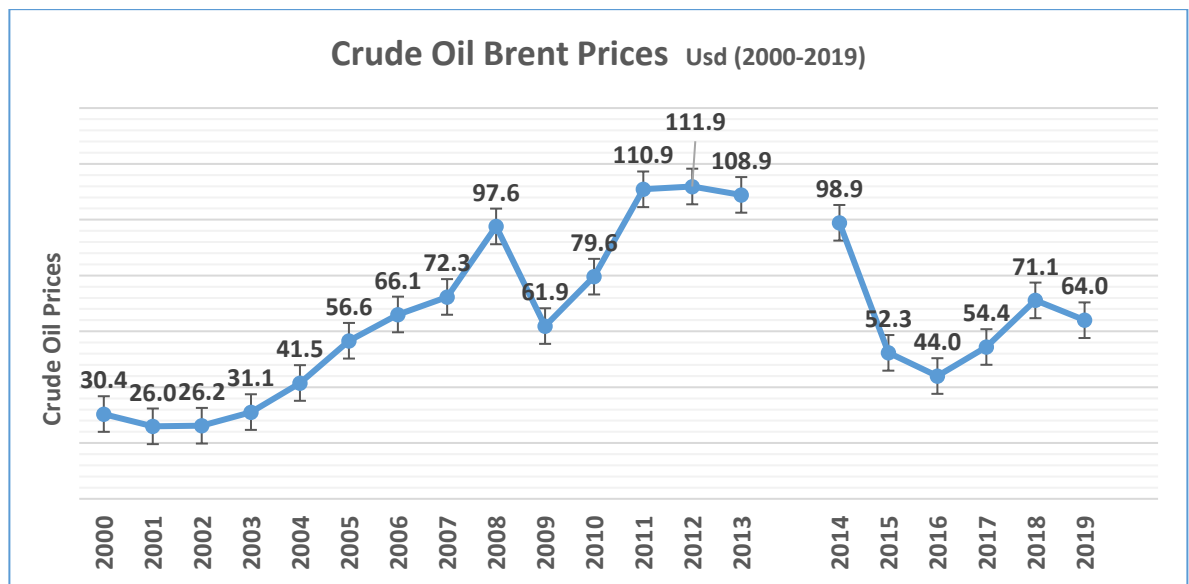
Inherently, Russia is one of the biggest commodity producers in the world. In his Supreme Soviet elections speech in 9th February 1946, Stalin was laying the foundations of this structure explicitly.

“As for the more long-term plans, then the Party intends to organize a new powerful development of the economy which will allow us to raise the level of our industry, for example, three times in comparison with the pre-war level. We must ensure that our industry can produce annually up to 50 million tons of pig iron, up to 60 million tons of steel, up to 500 million tons of coal and up to 60 million tons of oil. Only if this is achieved can we consider that our Motherland is guaranteed against any eventuality for this no doubt three five-year plans, if not more, will be required. But this can be achieved and we must achieve it” (Sakwa, 1999, p. 282).

Coal, fuel oil and gas have been playing a significant role in Russian economy since then. With the 2000s, oil and gas have become a more significant instrument for

economic growth whereas Stalin's strength became Russia's weakness as well. Certainly, falling oil prices would harm the relatively fragile economy. Along with official sanctions, crude oil prices plunged as well. Although officially there were no price controls on these items, implicitly they were part of the sanctions. In 2015, crude oil Brent price was 52.3 \$, the lowest in 10 years (Figure 1.2).

Figure 1. 2. Crude Oil Brent Prices (\$) 2000-2019.

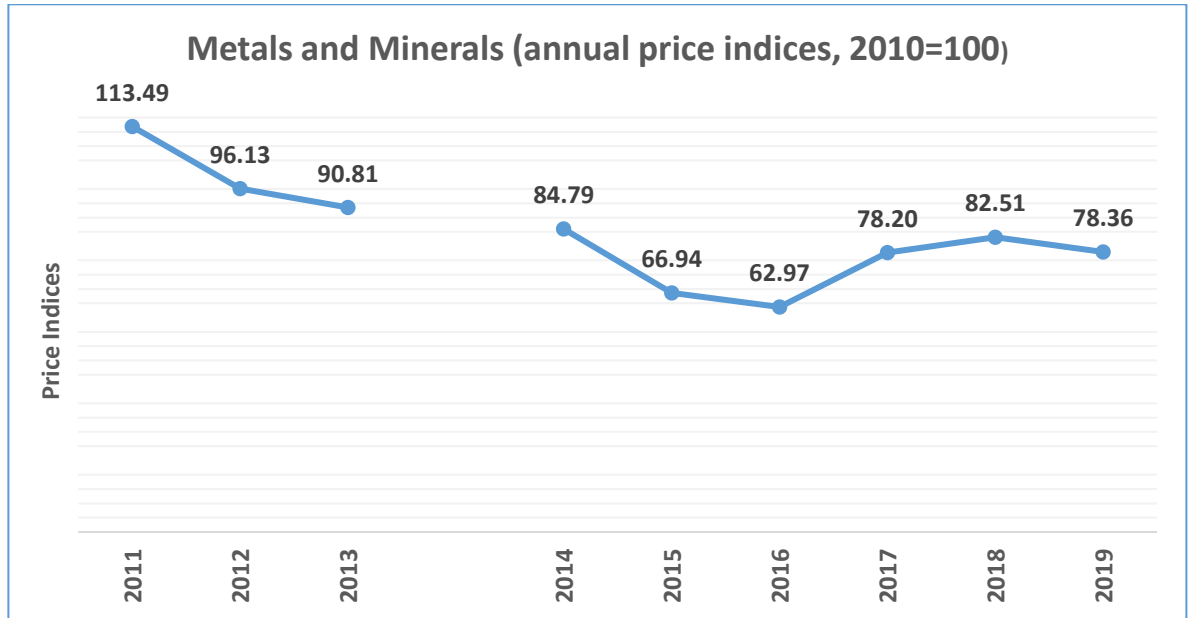


Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Moreover, as planned, Russia has become one of the lead exporters of metal industry. Somehow, after the Ukrainian Conflict, liberal trade mechanism that works by the supply demand principle started working against Russia. According to the World Bank Commodity Price Data (2019), price indices of metals mainly consisting of copper, aluminum and iron ore were declining to 66.94. That presents a 25 % decrease annually in 2015 right after the sanctions (Figure 1.3).

Figure 1. 3. Metals and Minerals Annual Price Indices 2011-2019 (2010=100)



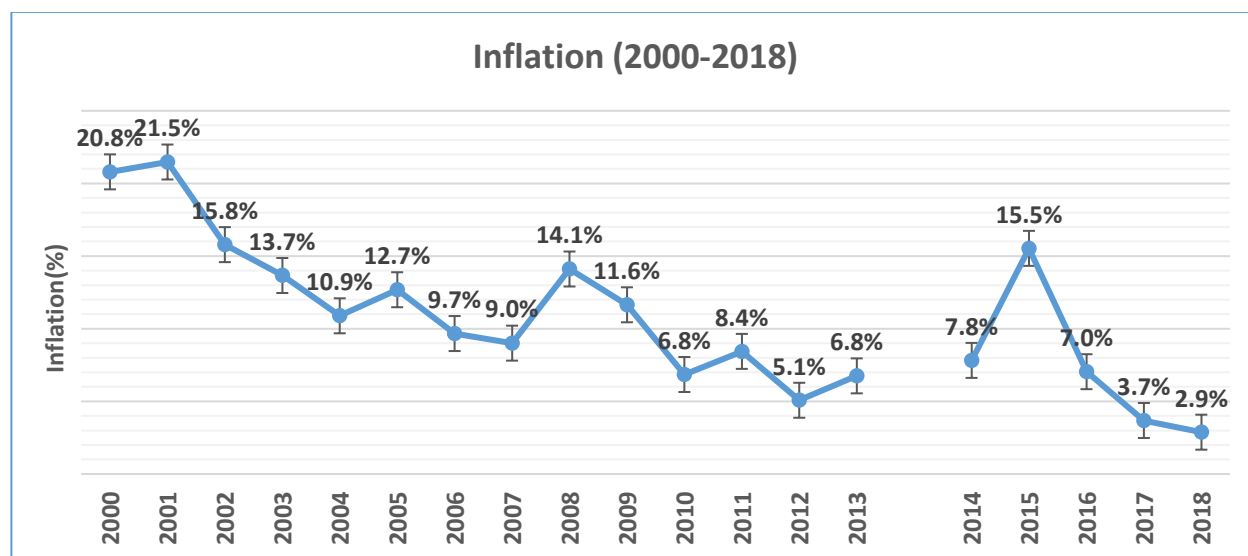
Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Bursting global tensions have confronted Russia with the steepest economic downturn since 2008. Diminishing Russian ruble with the evaporation of foreign investments and panic in the financial markets caused a peak in inflation rates. Inflation increased to 15.5 % in 2015, which was even more than the 2008 crisis and the highest in the last 13 years (Figure 1.4). Whilst official exchange rate was climbing to 60.9 ruble/usd (Figure 1.5), investment appetite was evaporating. Correspondingly, real effective exchange rate sank to 2005 levels (Figure 1.6). De-facto sanctions along with official sanctions were apparently successful whereas there were certain overlooked values. It has been a known fact in Russia since Soviet times that world capitalism harbors crisis

and military catastrophes. The increasing role of financialization in recovering and reinforcing the US hegemony accompanied with coercive actions in order to provide the security of financial activities has initiated structural changes in macroeconomic regimes and policies of all states. Financialization was buttressing the fundamental need of capitalism: in Wood's words the 'separation of economy and politics' (2003). However, indeed, it was one-step further. Financialization did not even support reel economy, but instead stock markets rose dramatically distinct from industrial activities (Stockhammer, 2010). Ultimately, sudden capital outflows from domestic stock markets destructed countries and dragged people into poverty. Russian people who were optimistic about capitalism, initially after the collapse of the Soviet Union, faced such crisis in 1998 right after Asian crisis and in 2008 Great Recession, which caused sharp declines of exchange rates and GDP and made even daily needs unaffordable. Therefore, eventually, 2014 crisis was an expected or in other words prepared one for Russians in a way.

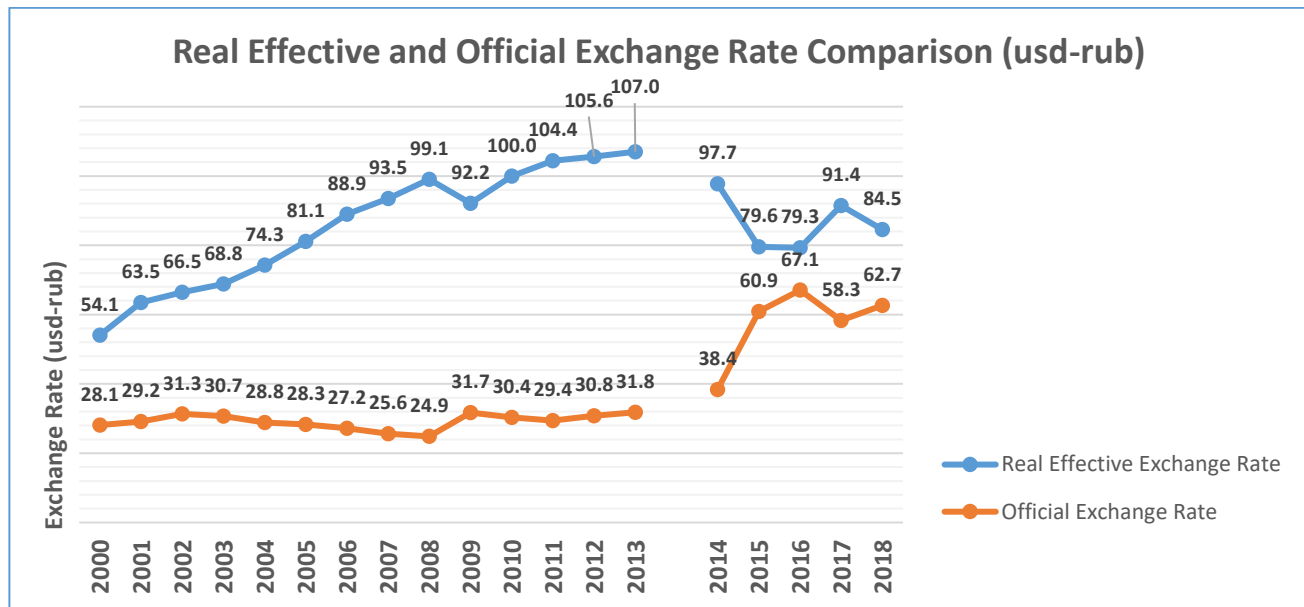
Figure 1. 4. Russian Inflation Rate 2000-2018 period



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Figure 1. 5. Real Effective and Official Exchange Rate USD-RUB 2000-2018 Period



Source: Calculated from World Bank Data. Retrieved from

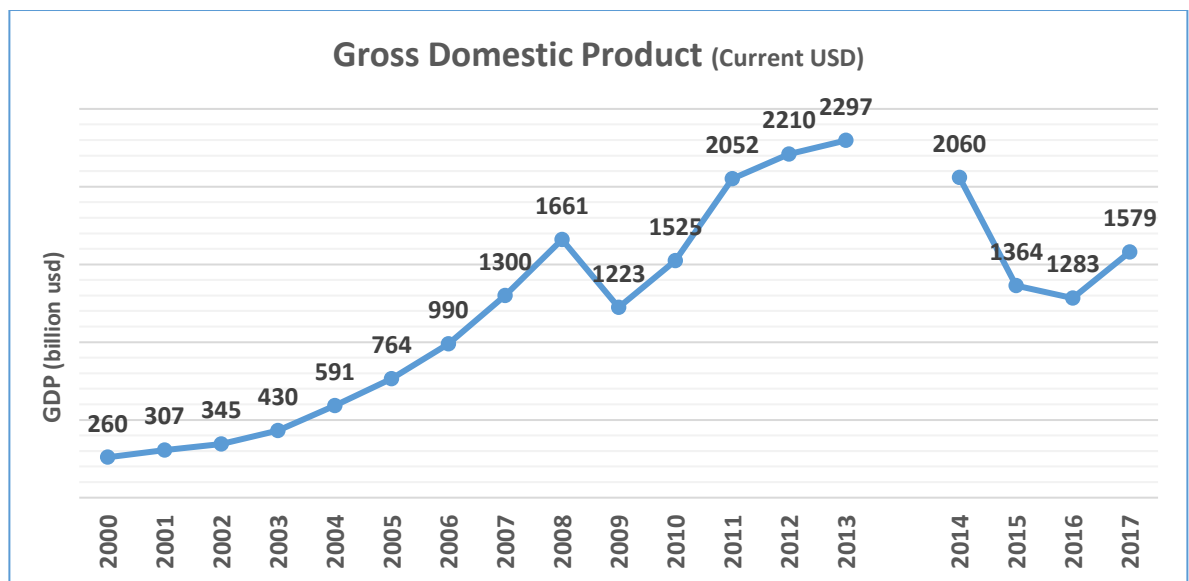
<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Figure 1.6 exhibits what is mentioned in the above sentences. Beginning from 2014, the GDP had been declining to \$ 1.28 trillion almost matching the 2008 crisis levels. However, 2017 seemed to be the year initiating recovery process. By merely analyzing these figures, one can argue the accuracy of the recovery. As claimed in the first paragraphs of this section, there were certain critics regarding the methods of GDP. Considering that the official currency of Russia is Ruble, then why should we make all our calculations based on US dollar? To some extent, that is entirely a legitimate argument whereas to present the real situation in Russia, it is not the right one. Ultimately, it is the official fiat currency of the United States valued by the system that

is basically designed by the hegemonic world order. There are numerous studies (Feige and Urban, 2008; Feldstein, 2017) on this very topic, but it is beyond the scope of this thesis. However, to achieve a deeper understanding, the differences of current and constant GDP must be comprehended.

Current series are actually nominal values affected by the inflation. On the other side, constant values present the true growth with the adjusted inflation. Therefore, analyzing the constant local currency GDP exhibits the real snapshot of the aggregate production in the country. Figure 1.7 shows clearly the downwards and upwards movement of the economy between the years 2013 and 2018. In the year 2018, one can observe that the economy is back on track and economic depression is over.

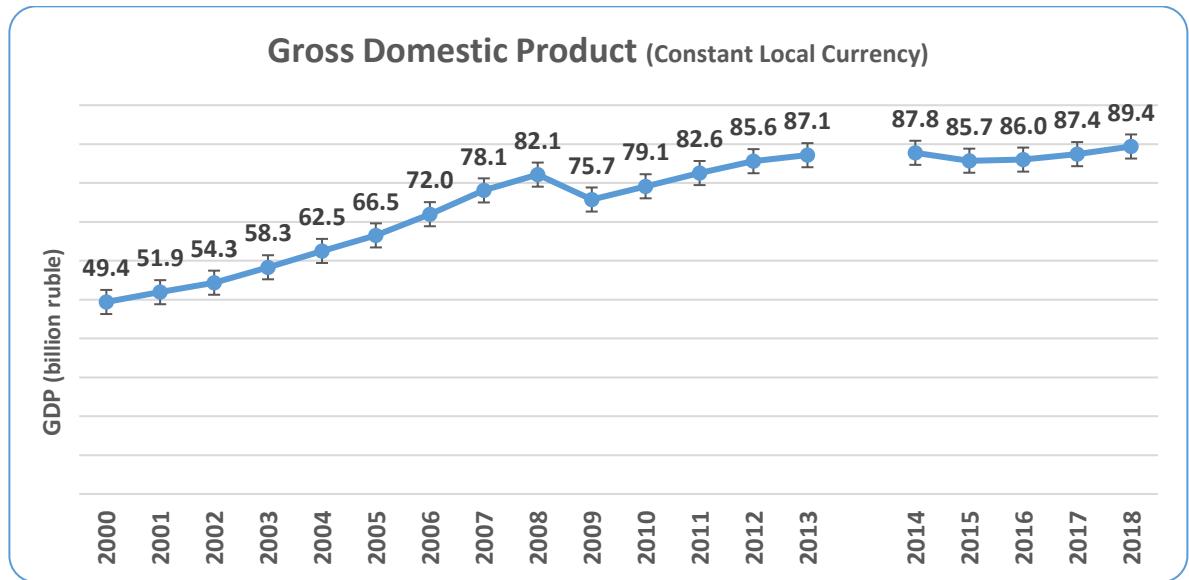
Figure 1. 6. Gross Domestic Product of Russia (current usd) 2000-2017 period



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Figure 1. 7. Gross Domestic Product of Russia (constant local currency) 2000-2018



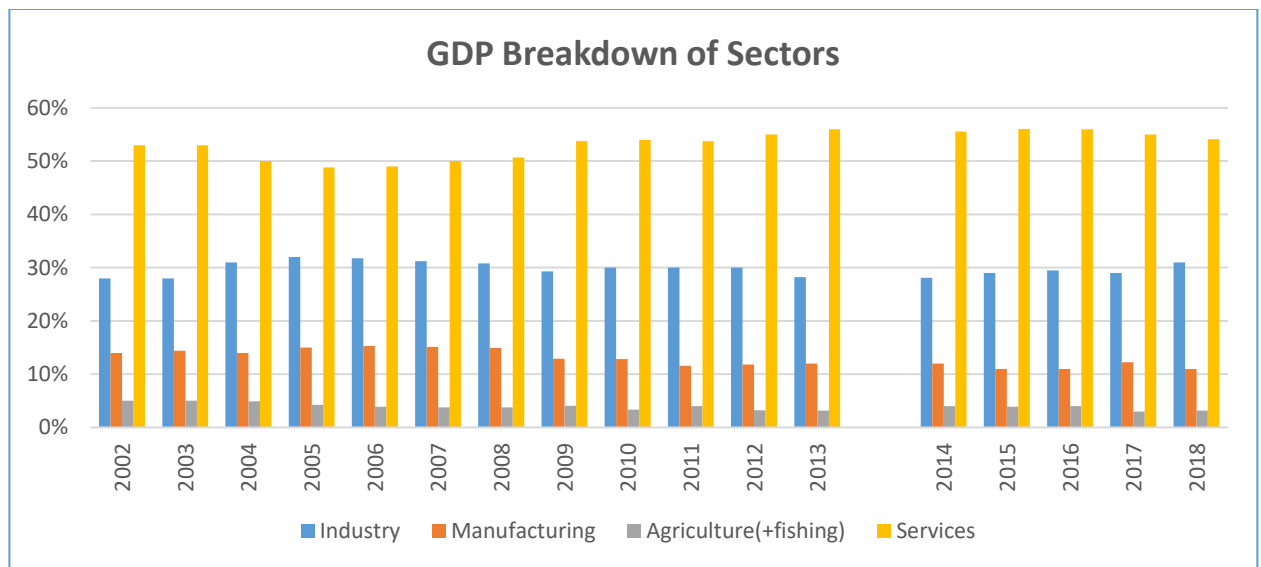
Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

A comparative analysis of the main sectors constituting GDP would provide a deeper understanding of the real effects of the sanctions. One can expect an industrial revision to alter the crisis. Considering the sharp decrease of oil gas and commodity prices accompanied with the sanctions to limit the operations of the companies and business people in the related industries, it would not be a surprise to observe a transition of capital accumulation to other sectors like services and/or agro. Contrary to expectations, there were no remarkable shifts in the sectors' shares of GDP. Figure 8 highlights the shares of industrial, manufacturing, agricultural and services between the years 2002 and 2018. As mentioned above, even after the implications of the sanctions, no significant finding related to industrial revision arose which led us to the

point that Russia might have cooperated with other states without a remarkable change of the industries of production. Despite the fact that this is a broad snapshot of the whole picture which must be combined with the findings of the next section, it still supports the idea of the limited effects of the sanctions to Russian economy.

Figure 1. 8. Russia GDP Breakdown of Sectors 2000-2018.



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

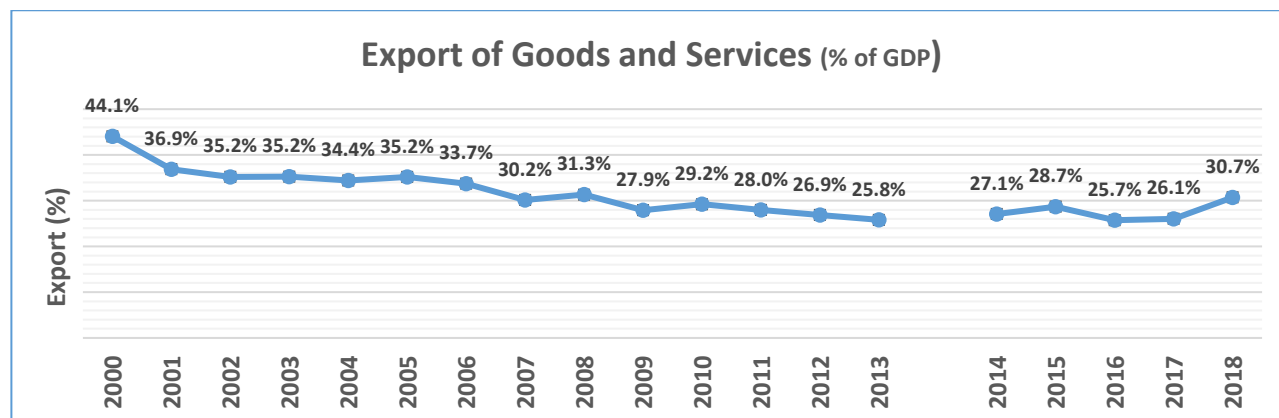
1.2. EXPORT – IMPORT

Export has always been the backbone of Russian economy. The amount of the exports has been approximately 30 % of the GDP in the last 10 years and even higher before that (Figure 1.9).

From the international perspective, Russia is one of the leading exporters in the world. According to Russian Statistical Institute (2020), three leading industries account for

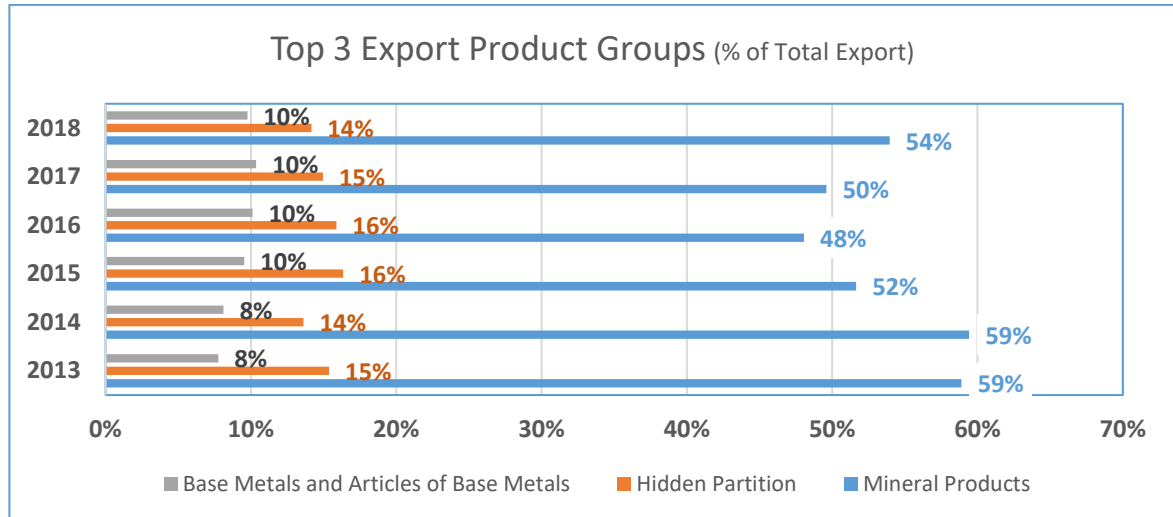
more than 80 % of its whole international trade. These are mineral products such as fuels, oils, gas etc., hidden partitions that are exported with a secret code, therefore, presumably military equipment and related items, and lastly metals. Expectedly, the values in Figure 10 correlate favorably with oil and metal prices in the previous pages (Figure 1.2). Therefore, with the sanctions, we observe a decline in the weight of mineral products from 59% to 48%. However, it comes back to 54 % in 2018 once again. Here as well there were no certain changes in top 3 products after the sanctions. This demonstrates the validity of the argument above regarding the ineffectiveness of the sanctions. Although the amount of exports decreased to Usd 450 billion in 2018 from Usd 526 billion in 2013, which was expected considering the decrease in value of the Ruble. Moreover, Figure 11 demonstrates the upside trend beginning from 2015.

Figure 1. 9. Russian Export of Goods and Services (% of GDP) 2000-2018 period.



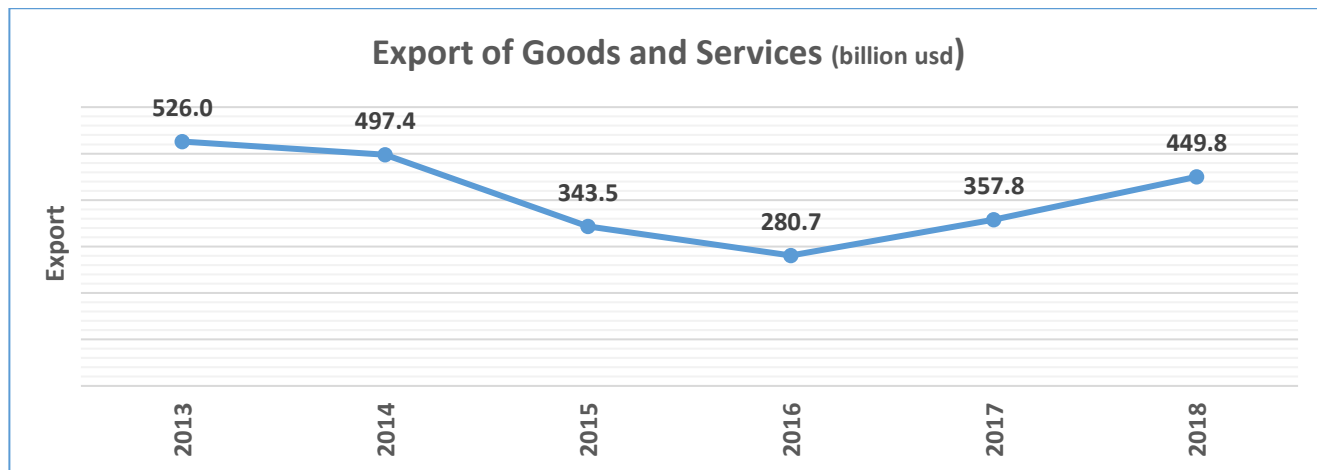
Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

Figure 1. 10. Russian Top 3 Export Product Groups (% of total export) 2013-2018



Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

Figure 1. 11. Russian Export of Goods and Services (billion usd) 2013-2018 period.



Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

My findings appear to be well supported with Figure 1.12 showing the diversity of the exports by country between 2013 and 2018. In this list, top countries were chosen until

the amount of the total percentage reaches to more than 50 % and then the US, the UK and Ukraine were added. The most striking outcome emerging from this data is the pivot to China. The losses from the sanctioned countries are covered with Chinese exports, which will be investigated in details in the geopolitical section. Expectedly, there is a sharp decline in terms of exports in Ukraine, a balance in Turkey and an increase in Belarus presumably due to the alternative European export channels. Surprisingly, contrary to the expectations, Germany and the US, the countries that initiated the sanctions in the first place had kept their positions. Even the amount of exports to the US increased whilst the total export amount declined (Table 1.1).

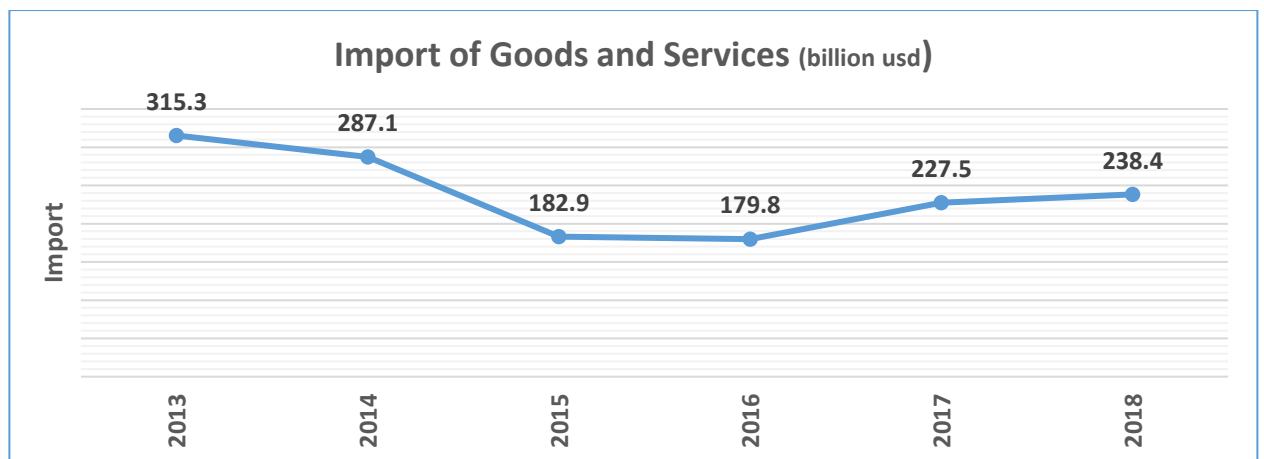
Table 1. 1. Russian Export Comparison of Countries 2013 vs 2018

Export Comparison of Countries				
	2013		2018	
	Total export (billion usd)	% of total	Total export (billion usd)	% of total
China	35.6	6.8%	56.0	12.4%
Netherlands	70.1	13.3%	43.5	9.7%
Germany	37.1	7.1%	34.2	7.6%
Belarus	20.3	3.9%	22.0	4.9%
Turkey	25.4	4.8%	21.4	4.8%
South Korea	14.9	2.8%	17.8	4.0%
Poland	19.6	3.7%	16.6	3.7%
Italy	38.8	7.4%	16.4	3.6%
Kazakhstan	17.7	3.4%	13.0	2.9%
United States	11.1	2.1%	12.5	2.8%
United Kingdom	16.4	3.1%	9.7	2.2%
Ukraine	23.8	4.5%	9.5	2.1%
TOTAL	330.8	62.9%	272.6	60.6%

Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

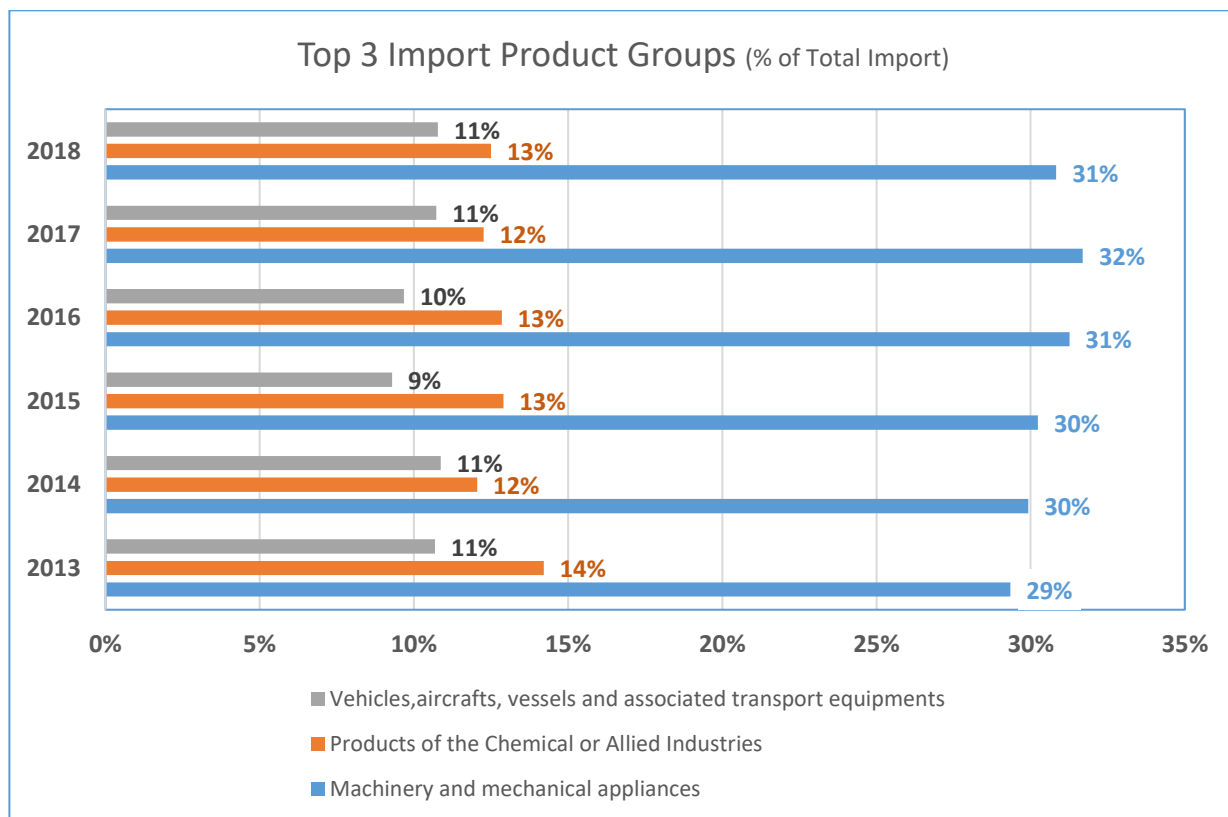
After the Ukrainian Conflict, Russia has also limited the import of luxury food and drinks from Europe. Figure 1.12 illustrates approximately 40% plunge in 2015 with the sanctions and above-mentioned counter sanctions. However, these results as well share a number of similarities with the previous ones considering the upward trend from 2015 onward. On the other side, in contrast to the export revenues of Russia between the years 2013 and 2018 when we observed a decrease of 14%, import revenues slumped approximately 24% in the same period. Nonetheless, this slight discordance does not give a warning signal for the economy due to the import substitution policies in the sanctioned industries. Therefore, rather than diversifying the sanctioned imports, Russia has chosen to produce domestic alternatives in some industries. Figure 1.13 demonstrates leading industries of imports and parallel to the exports. There are merely slight changes.

Figure 1. 12. Russian Import of Goods and Services (billion usd) 2013-2018 period.



Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

Figure 1. 13. Russian Top 3 Import Product Groups (% of total import) 2013-2018.



Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

Russia's strategic partner China has the leading role in Table 2 and as anticipated, is covering part of the sanctioned import losses. As might have been expected, there is a steep fall of imports from Ukraine, Germany and other Western partners. However, interestingly, the loss from the US products are limited.

Table 1. 2. Russian Import Comparison of Countries 2013 vs 2018.

Import Comparison of Countries				
	2013		2018	
	Total import (billion usd)	% of total	Total import (billion usd)	% of total
China	53.1	16.8%	52.2	21.9%
Germany	37.9	12.0%	25.5	10.7%
United States	16.5	5.2%	12.5	5.2%
Belarus	14.3	4.5%	12.4	5.2%
Italy	14.6	4.6%	10.6	4.4%
France	13.0	4.1%	9.6	4.0%
Japan	13.6	4.3%	8.8	3.7%
South Korea	10.3	3.3%	7.0	2.9%
Ukraine	15.8	5.0%	5.5	2.3%
United Kingdom	8.1	2.6%	4.0	1.7%
TOTAL	2210.2	62.5%	2166.1	62.1%

Source: Calculated from Russian Statistical Institute Trade Data. Retrieved from <https://en.ru-stat.com/analytics/> Access date 7th April 2020.

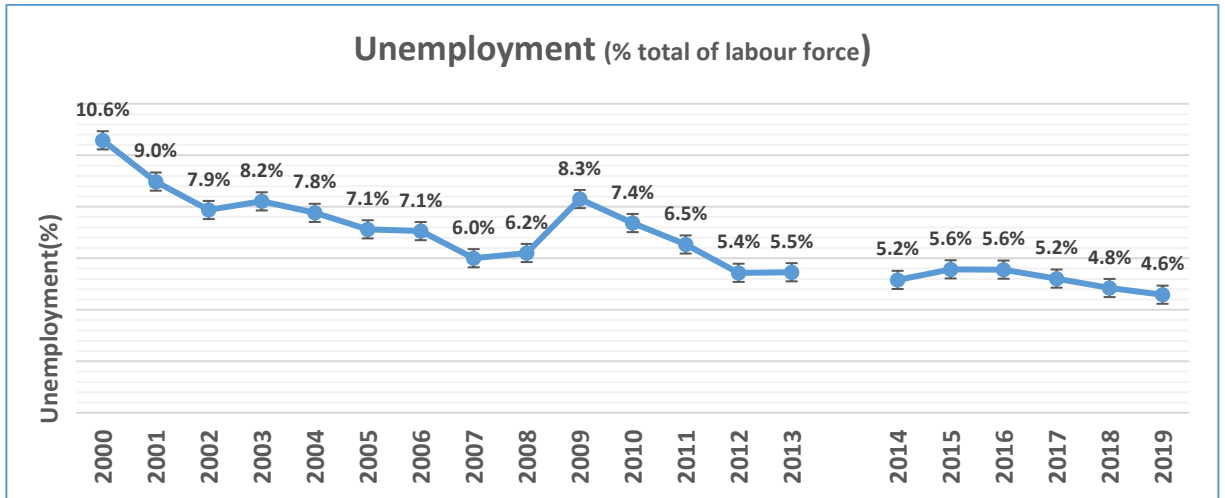
1.3.UNEMPLOYMENT

Unemployment rate is the essential basic labor market workforce indicator. Conventional neo-classical approach fundamentally aims for economic growth and assumes that it will generate jobs. Therefore, providing employment is an implicit policy objective of neo-liberal thought. Correspondingly, decreasing unemployment stands for economic growth and/or stability. However, there are numerous shortcomings of unemployment rate (Ilkcaracan, 2017; Sengenberger, 2011). To achieve a deeper understanding, the definition of the term must be given. Unemployed is the one who is not working, but looking for a job and ready to start within 15 days

(UNW, 2019). Although we assume that all the needy ones apply for jobs, there are still certain arguments. First of all, the accuracy of the calculation is in the hands of the local governments. Secondly, the quality of the jobs is ignored. That is, a doctor might be working as a construction worker and does not count unemployed. Moreover, an hour work within a week is considered employed. Lastly, women doing unpaid works at home are not in the scope of labor force. Despite the drawbacks, parallel to GDP, unemployment is also one of the significant indicators of the current economic model.

Russia inherited a socialist state established by the so-called Bolsheviks. They represented working classes. One of the building blocks of socialist idea was to create full employment on collective basis to create prosperity for each and every member of the society. Consequently, industrial facilities were designed to generate more jobs, and unemployment was not an issue that bothered individuals until transition to capitalism. The unemployment rate in 2000s still presents a reasonable rate of 10.6 % considering the economic depression that Russia was going through. Following 2008 crisis, while the rate rose up to 8.3%, we do not observe a similar increase after the Ukrainian Conflict and a positive trend is seen in the following years (Figure 14). Although Figure 15 demonstrates the declining number of the labor force in total, this does not change the big picture. This finding along with the others reinforces the argument questioning the effectiveness of the Russian sanctions.

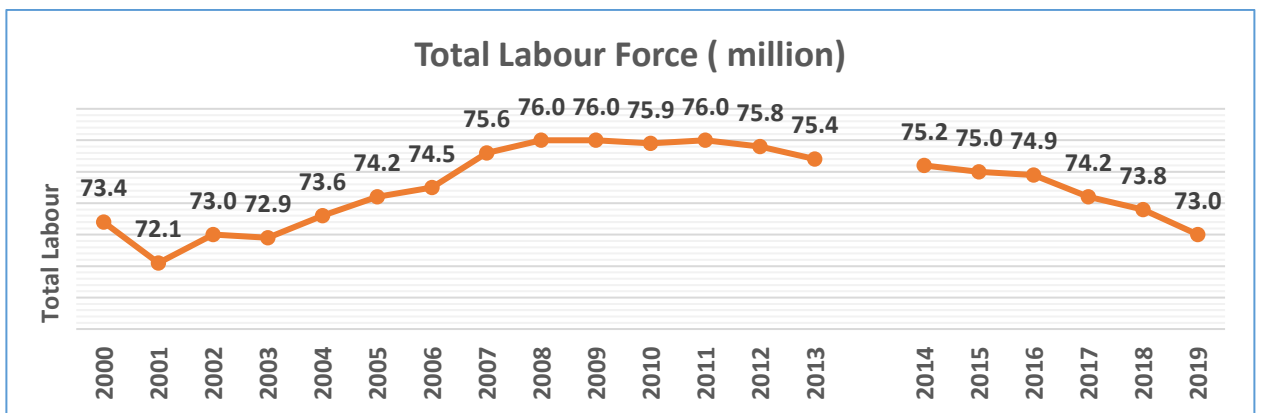
Figure 1. 14. Unemployment Rate of Russia (% total of labour force) 2000-2019



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

Figure 1. 15. Total Labour Force of Russia 2000-2019 period.



Source: Calculated from World Bank Data. Retrieved from

<https://data.worldbank.org/country/russian-federation?view=chart>. Access date 6th April 2020.

1.4.CONCLUSION

To sum up, certain risks challenging the Russian economy includes weakening global economy, rising trade wars between the US and China, and domestic factors. Although World Bank Group (2019) claims that economic sanctions create a negative impact through limiting private foreign investments, it does not list them as one of the major confrontations of the economy. As mentioned in the same report, foreign direct investment has decreased from an average of 54.5 \$ billion between 2011 and 2013 to 19.2\$ billion in 2015-2018 period (World Bank, 2019). However, some contractions force states to find out alternative solutions. Research outcomes have further strengthened the confidence that Russian economy recovered after the Ukrainian Conflict in 2014. From an objective comparative perspective, one can explicitly observe from this very study that the sanctions have created a limited effect on the economy.

Findings of this chapter, therefore, provide the following insights. Firstly, there is a significant recovery in Russian macroeconomic indicators. Secondly, despite the constraints in particular industries caused by the sanctions, there is no certain change in the industrial breakdown of GDP. Thirdly, a correlation was observed between the economic rebound and the strengthening trade relations between China and Russia. Lastly, although Russian economy is still highly dependent on oil and commodity industries, there is a hike of oil and commodity prices in the last years. Taken together, these results led this study investigate geopolitical climate to further analyze the effects of the sanctions.

2. GEOPOLITICS

In 1945 Stalin, Roosevelt and Churchill met in Yalta – one of the regions of Crimea– to establish peace and to discuss the future framework of international relations. In 2014, the same Crimea once again would take the central stage, this time, however, to break the peace. After reasonably constructive discussions in Yalta, the West made some concessions on Eastern Europe border issues and the Soviet role in the new world order in exchange for the Soviet support of the United Nations inauguration, international synergy and Japanese war. While in 2017 in his United Nations Speech the American President, Donald Trump was presenting the importance of protectionism and claiming that America should come first, the Russian President, Putin (2017), was asking for solidarity and highlighting the significance of globalization. It is of peculiar importance to comprehend the unprecedented policy shifts before emphasizing the last point. In Yalta, there were heated debates over Poland, and Churchill argued that Poland is a matter of honor for them. Stalin confronted this benign approach and did not make further compromises since it was not only a matter of honor for the Soviet Union, but a matter of life and death (Sakwa, 1988). Not to mention, the total number of Soviet deaths in the war were over 20 million (Zemskov, 2013) whilst it was below 1 million for the United Kingdom and the United States (Mc Farland, 2002). After 69 years, as Poland case, a similar problem, Ukrainian Conflict arose. Hence, parallel to past debate, Ukraine as well was conceived not only as a matter of honor, but also a survival for Russia. Therefore, it is obvious that, Russian state-society complex was ready to suffer the consequences of the conflict from the beginning.

Modern capitalism has been established by a neoliberal historical bloc implementing an authoritarian policy at an international level (Gill, 1995). From the Neo-Gramscian perspective, hegemony entails cooperation and willingness of the States. As asserted in the theory section, the state at issue is a dynamic idea interrelated with society. Above mentioned historic bloc is a transnational society dominating international

relations in the pursuit of their well-being. After the Second World War, whilst efficient mass production lines were underpinning social forces, Keynesian forms of state inaugurated and Pax Americana world order was put into effect (Cox, 1981). The United States' military and economic dominance after the War provided a hegemonic position to construct a unipolar world order. Pax Americana symbolized the leadership of the United States outside the Soviet field by the ideological framework and pillar institutions (Layne, 2012). A great number of valuable studies have been done on hegemony discourse, yet this thesis is not aiming to be one. However, through the discussion of Russian sanctions and geopolitics, it is vital to have a comprehension of the current world order, how it was established and how it is transforming. Within the framework of these criteria, this section presents the policy analysis of Russia and highlights the consequences of the revisions of geopolitical strategies after the sanctions. Like the double headed eagle logo of the Russian State that represents east and west, this section is organized in two sections: The West – Europe and USA and The East - China. Considering the significance of the relations with current hegemon and anti-hegemonic structure, the United States and China are particularly emphasized during the discourse. This part of the thesis claims that the sanctions did not reduce or limit the geopolitical influence of Putin's bloc. On the contrary, the conflict between the West and Russia consolidated and strengthened similar frictions of international society who suffers from the West-led globalism.

2.1. THE WEST – EUROPE and USA

The lack of inclusiveness in Europe's vision is one of the major causes of the Second World War. Restructuring of the international order after the war ended up in polarization between the East and the West, which was underpinned by the contest of socialism and capitalism. After the demolition of the 'Iron Curtain', Europe once again missed the opportunity to provide a broader ideal of prosperity through the integration

of Russia. Instead of transforming the world order, the West cemented the righteousness of its policies and inaugurated an enlargement plan (Sakwa, 2018). Taking an interpretive approach, one can claim that Russia is too proud and big to be assimilated by the Euro-Atlantic bloc. As a result, the expansion strategy of NATO ultimately faces one of the oldest conflict-solving techniques in the history of states: the military confrontation of the erstwhile Cold-War rival.

The inadequate analysis of the motivations and reasons ending the Cold War caused the systematic chain of mistakes in the subsequent policies. The Western alliance questioned neither the fundamental architecture of NATO nor its expansion policies after the dissolution of Soviet Union. Clinton was repeating the same problem which was created at Versailles in 1919 by excluding Russia in the decision-making process of the NATO expansion to the former Warsaw Pact countries (Sakwa, 2016). The message in that action was twofold; first, there are no significant revisions in the World Order and it is merely the continuation of the existing one with a greater role for the United States. Second, Russia can only be a regional power, but not a global one anymore. However, several subsequent events highlighted the misunderstanding that the collapse of the Soviet Union was not accomplished against Russia, but with the significant effort put in by Russia. Therefore, one can expect a fairer outcome from the Russian perspective.

Russian revisionist paradigm, however, aims not to change the existing world order but to be an integral part of it whilst ensuring the power of Russian historical identity (Sakwa, 2019). The cardinal argument is the asymmetrical implementation and the governance of liberalization, not the liberalization itself. After the Cold War, instead of a political transformation, the enlargement of NATO continued with the primary objective of the US to control all strategic relations particularly in Europe (Wallace, 2017). In the end, Russia had two paths to follow: either to play a subaltern role as a distant relative in Europe or to be a part of the anti-hegemonic alliance and confront the conventional world order. Putin tried to avoid the latter by revising the former. Yet,

the expectation of institutional recognition, forming new bodies and/or encompassing Russia with the current order whilst asserting its leading power status failed permanently after the Ukrainian Conflict. As Richard Sakwa (2019) argues, “There is no evidence that, this was the Kremlin’s preferred option, and in fact all the evidence points the other way; and neither was it the policy option desired by most of the historical West’s leaders” (p.5.).

Ukrainian Conflict was the inevitable consequence of the accumulation of the confrontation between Russia and the West-Atlantic bloc. Color revolutions in Georgia and Ukraine, which have been labeled by Russia as coups without any constitutional props, are the reflections of certain structural problems in interstate relations (Lane, 2008). Furthermore, Russia quite bluntly condemns the military interventions in Serbia, Iraq, Libya and describes them as provocative actions against international law (EU, 2017).

According to Richard Sakwa (2017) there are integral countries that Russia inherited from the Soviet Union. He notes:

“The tension between spatiality and normativity is particularly stark when it comes to the six Eastern Partnership (Eap) states- Belarus, Moldova, Ukraine, Armenia, Azerbaijan and Georgia. Here Russia’s historical gravitational pull is enhanced by the increasingly intense logic of competition with the EU. The EU remains an ambitious transformative agent in what are increasingly contested neighborhoods. It is this which brought the EU into confrontation with Russia” (Sakwa, 2017, p.5).

While addressing the European Youth on March 26 in Belgium, Barack Obama (2014) stated:

“For decades, this (a shared Europe) vision stood in sharp contrast to life on the other side of an Iron Curtain. For decades, a contest was waged, and ultimately that contest was won -- not by tanks or missiles, but because our ideals stirred the hearts of Hungarians who sparked a revolution; Poles in their shipyards who stood in Solidarity; Czechs who waged a Velvet Revolution without firing a shot; and East Berliners who marched past the guards and finally tore down that wall”.

Vladimir Putin’s addressing to the United Nations a year later in 2015 was like an answer to Obama’s statements. He argued that:

“We all know that after the end of the Cold War the world was left with one center of dominance, and those who found themselves at the top of the pyramid were tempted to think that, since they are so powerful and exceptional, they know best what needs to be done and thus they don’t need to reckon with the UN, which, instead of rubber-stamping the decisions they need, often stands in their way”

He was also reminding the Yalta agreement and the Soviet role in the Second World War while Obama was slurring over this issue.

Putin’s core policy was presented by Richard Sakwa (2008) as follows:

“Arriving into presidency in 2000, Putin declared his goal as the ‘dictatorship of law’, and indeed this principle was exercised in the attempt to overcome the legal fragmentation of the country in the federal system; but when it came to pursuing regime goals, it appeared more often than not that the system ruled by law rather than ensuring the rule of law. This is just one example, and there are many more, the revival of the party system, the development of civil society, international integration where the declared principle was vitiated by contrary practices.”(p.879).

There are certain values like patriotism, autocracy and statism that are preserved from the Russian Empire times. One would plainly be mistaken while arguing ‘Putin is aiming to establish the Soviet Union once again’. He is aware of the shortcomings, and witnessed the ramifications of inaccurate policy implications at first hand while he was in East Germany. Therefore, his goal is to architect the framework of a neo-Russia that embraces the inherited values and derives lessons from the old mistakes (Nicholson, 2001).

Inheriting centuries of relationship experiences between the East and the West, Islam and Christianity, Orthodoxy and Catholicism, liberalism and socialism make Russia an integral part of international relations (Morozova, 2009). Combining those heritages with military flavor, Russia would play a problem solver role in the international relations and satisfy the great power ambitions once again. Throughout that path though especially in the Middle East, it was vital to have a partner; Turkey. Turkey basically plays a subaltern role in the broader plan, acts like opposition in particular cases, however, serves Russia’s ultimate goal in the end. Syrian scene has been a demonstration of fundamental policy shifts of Russia and Turkey. They have been

sharing common structures embedded by the empires and states remarkably influenced historical world orders of their times. The deterioration of status throughout the years led their current leaders to establish a framework to gain the lost great power role in the international arena (Rüma & Çelikpala, 2019). Both Turkey and Russia have played an integral role in the development of European Society. On the other side, categorically, they have been considered ‘others’, and ‘Europe’s in-law’. The reflection of this ambivalent approach to the policies have occasionally caused exacerbation of tensions.

From the Russian point of view, the marginalization of the world order was undermining the core ideals of the freedom of states. The military operation in Iraq despite Russian opposition had demonstrated the recklessness of this view. Was it the galvanization of the hegemonic power or the structural demolition of antidemocratic dictator for the freedom of Iraqis? The cover of the book was the latter and the content has been a controversial topic, yet it is presumably the former.

The US-led globalization could serve the purposes of Russia’s ruling bloc if it did not undermine their existence and role in establishing the new world order by demolishing socialist the Soviet Union. While Russian business elites were reaping the fruits of international trades, political elites made room for policies with economic stability and low inflation. However, technocrat background of the vast majority of the ruling society caused resistance to the subaltern international roles and the US hegemony. Without new institutions and Greater Europe idealism, they found themselves in press of current players, institutions and ideas. The West, which even accepted Germany after the Second World War, could not accept Russia even it was not a defeated country.

Ukrainian Conflict and sanctions aimed at diminishing the authority of Putin’s bloc in geopolitics as well. However, while low commodity and oil prices are one of most influential tools for punishing Russia, it is difficult to keep them undervalued in the

long term. The significant reason for that is the strong position of business elites in the current historic bloc who are fed principally from commodity and oil industries. Gas industry is another area, which is needed by the European society as a whole. Therefore, any restrictions in this particular area may create huge problems to the political elites of Europe especially Germans who play the leader role after the Brexit phenomena. These trans-national relations actually explain why we observe no serious decrease in trade relations particularly with the US and Germany. Consequently, the geopolitical resonance of the economic sanctions has a limited effect in reality. Countries like Italy, Spain and Greece questioning globalization and the role of European Union not surprisingly do not support Russian sanctions in rhetoric. The slippery ground that they have placed themselves on weakens the hegemon on isolating Russia.

All the above-mentioned explanations coalesce around one certain fact that the sanctions did not weaken Russian geopolitical strategies. The connections between European and Russian political elites and societies complicate the conflict. Moreover, the trans-national business relations further connect Russia's political elite with the current ruling bloc of the US and beclouds the situation. Through a geopolitical analysis, a real threat to the current hegemon and world order cannot be observed, rather a demand for a more inclusive and multipolar polar system can be found. With the decline of the US-led world order and a weakened NATO, Russia aims at establishing strategic relations with Europe and Asia to construct this model. Therefore, the sanctions may not end up in isolating Russia from the West, but encompassing it with new terms and ideas. However, the biggest threat to the US-led hegemony, China, plays a significant role in the latter arguments. Following section focuses on Russia's relations with the East, but mainly with China.

2.2. THE EAST – CHINA

The sanctions accompanied by trade wars fostered the strategic partnership between Russia and China. The sanctions undermined the productive social forces and dismantled the Russian business people from the dominant trans-national business society. Deterring liberal thought and eroding international institutions like IMF and World Bank accompanied by new technologies of production relations such as artificial intelligence and digitalization induced a renewed questioning of the current world order. While China allegedly had no intention of being a dominant force, it is nonetheless nominated as a prospective one. In this context, the sanctions reinforced the strategic partnership of the two countries and cemented the anti-hegemonic alliance (Bolt&Cross, 2018). However, everything is not as smooth as it seems in the international relations.

Sino-Russia relations have been volatile for centuries and the last century is no different. Although the Soviet Union and the socialist idea deeply propped the establishment of China's current system, their relations were not always peaceful (Rostow, 1955). Despite the peace agreement that was signed after the Second World War, in 1956, Chinese leader Mao distinguished the ideological paths of the two countries (Laruelle, 2017). Their contest on the leadership status of the socialist thought, and the territorial and political conflicts notably in Mongolia and Vietnam brought two nations to the brink of the war. With the end of Cold War, the experiment of the transition of Russia from Soviet socialism to American liberalism was a rehearsal for China. Soon after, Russia comprehended the ambiguity of the situation, and Yeltsin inaugurated the strategic partnership with China in 1996 (Suslov, 2017). Although certain steps had been taken to improve the relations, it was not until 2014 that it literally became a strategic partnership. Thus, the sanctions induced a substantial momentum in Russia's pivot to China.

Asia has always had a constitutional importance in Russia's foreign policy; however, particularly the former foreign minister Yevgeny Primakov's initiatives, which suggested close relations notably with China and India, paved the way for better relations (Laruelle, 2017). Particularly after the Western-Atlantic sanctions, Russia's pivot to Asia gained momentum, and foreign policies were redefined remarkably. One does not have to be a genius to foresee that the hubristic implication of the Western power oblige Russia to turn her head to the East. Therefore, along with the Eurasian Economic Union, Russia aimed to establish the grounds of a stable and cooperative institution in Asia where Russia would play one of the leading roles, which to a certain extent serves Russia's constant desire of being a key player in international affairs as well. However, the antagonistic behavior of Europe was aiming to build a block on the way of being a global power for Russia.

Ukrainian Conflict is merely a small part of a broader problem. Ukraine was one of the founders of the Soviet Union and was historically bonded with Russia (Auer, 2015). Therefore, the strategic loss of Ukraine would leave Putin with only two options; resist or obey. Ultimately, Russia chose the former. With the sanctions, this gained a theoretical ground and inaugurated the anti-hegemonic movement led particularly by Russia and China (Goddard, 2018). Trump's America-first policies, and trade wars with China along with several problems due to the asymmetric implications of world order by the current hegemon, the US fueled the spread of anti-hegemonic ideas. It is supposed that Russia's struggle with the sanctions is just a reflection of the fight against the so-called American liberal thought dominating the international relations. The world turned upside down. While the United States was calling for patriotism and protectionism, historically connected strategic partners Russia and China emphasized the importance of the global unity and peace.

Opposing the interventions backed by the United States in Iraq, Kosovo, and Libya, and resisting the interferences in domestic politics of the countries under the name of democracy and equality constructed a common premise for the anti-hegemonic alliance

lead by Russian-Chinese partnership. Yet, there were certain drawbacks for Russia while establishing the Chinese policy until 2014. First of all, Russia is not a candidate for a subaltern role in any international arena and by no means in Asia. Moreover, China both in terms of population and in terms of economic capabilities are by far ahead of Russia. Therefore, economic and political influence on international relations are considerably on the China's side. Lastly, by forging closer ties with Kazakhstan and Turkmenistan, China threatens the authority of Russia in the former Soviet periphery. One of the examples of this fear have been witnessed in the financial market. Asian Infrastructure Investment Bank was established by China to finance the projects in Asia and ensure the political power of Beijing. Although several Asian and even European countries including Germany and France became a founding member through investments in the Bank, Russia reluctantly became one of the latest members of the Bank.

Energy relations have been one of the core areas that shape the geopolitical strategies of Russia and China. While Russia was looking for some market diversity for its energy products, China was searching reliable suppliers for the tremendously increasing demand (Skalamera, 2016). In this respect, the sanctions became a turning point for their energy relations as well. Surprisingly, in the same year, with the sanctions, the United States climbed to the top of oil producing countries list, which made Russia more aggressive in energy sector. However, Russia was not eager to be dependent on Chinese market demand in the beginning of 2000s. In fact, famous Khodorkovsky-Putin conflict was a reflection of this particular issue. While the former was planning to construct a pipeline from Russia to China, the latter accused him of jeopardizing Russia's standpoint in international relations (Sakwa, 2014). Furthermore, Chinese energy relations with Kazakhstan and Turkmenistan affected the monopoly of Russian gas and policies associated with energy relations. After 2014, the situation noteworthyly changed. With the initiatives of Putin and Xi, Gazprom and China signed a \$400 billion deal to deliver gas for 30 years (Skalamera 2018). Accordingly, in terms of oil, Russia

become the leader oil supplier of China in 2015 (FT, 2015). Moreover, they significantly focused on a financial partnership to abandon the dollar dominance in bilateral transactions. Therefore, after the sanctions, swap and alternative swift mechanisms were developed for inter-company money transfers and Union Pay-Mir Cards were issued to ease the payments.

With enormous borders accompanied by multi-ethnic population and historical conflicts with neighborhood states, the military is of utmost importance for both Russia and China. In 2015, the military expenditures of China was \$214 billion, Russia's \$66 billion and the United States' \$634 billion (SIPRI, 2020). While Chinese military forces are inexperienced in combat fighting, Russia's army demonstrated their ability in hybrid wars in Ukraine, Georgia and Syria. Moreover, with the increasing production of fighter jets and defense missiles, Russia became one of the main arm exporters in the last couple of years. Although Russia was reluctant to sell them to China considering their, to put it mildly, technology transfer capability which would jeopardize each one of the future sales after the sanctions' military cooperation stemmed (Korolev, 2016). The US noticed the approaching storm and at the end of 2018, after the delivery of the SU-35 fighter jets and S-400 anti-craft system from Russia, they sanctioned the related department and personnel of China (RIAC, et al.2019), but it was too late.

The partnership between China and Russia flourished in terms of both quality and quantity. In 2018, Russia-China trade amount increased by 27% and reached a record amount. Both countries' governments experienced the shortcomings of having non-flexible, contrarian foreign policies underpinned with ideologies. Bitter ramifications of isolation canalize them to maintain diversified international relations and assure contact with current world order (Eder, 2014). Apart from the relations between the two states, Russia India China (RIC) Project, Shanghai Cooperation Organization, Chinese Belt and Road Initiative and the Eurasian Economic Union are enhancing the institutional ground of the cohesion policies (Libman, 2018). 2018 was a landmark year

for Shanghai Cooperation due to the fact that India and Pakistan joined the association with full membership status. It is noteworthy that at the same year Peace Mission military exercise took place with the participation of the mentioned countries. However, while the development of Shanghai Cooperation and RIC project has gained momentum (Korolev, 2016), the sensitive historical contradictions and the current complication of the bilateral Sino-Indian relations limit further progress. On the other side, the popularity of the BRICS, which is basically the improved version of the same partnership by adding South Africa and Brazil, are eclipsed from time to time due to protectionist policies and fundamental differences of interests. Still, Ukrainian Conflict has remarkably encouraged Russian strategists to concentrate on those issues heavily.

Russian sanctions have made one point clear that Gorbachev's Greater Europe project will not materialize any time soon, and Russia will not become a key player in Trans-Atlantic Union either. With that in mind, Russia and China inaugurated the improved solidarity project. They both resist the unipolarity and the idea of equality of American scales on 'everybody is equal but some are more' basis, ironically like George Orwell (1945) a Soviet opposition writer once claimed. The question that comes to mind then is: what are the common grounds of this rapprochement? Firstly, they both criticize the current hegemon the United States and demand a polycentric world order where their legitimate right of playing a central role is considered. Secondly, Russia and China are the two of the five -privileged- permanent Security Council members of the United Nations and strive to ensure the continuity of this mechanism even though they are critical about institutions like IMF and World Bank established after Second World War. Lastly, they are allegedly against protectionism and aim to foster the global cooperation with their Western partners (RIAC, et al., 2019).

While Nikolay the Second surprisingly became the emperor at the end of 19th century, Russia was one the last empire states led by an emperor. Despite the common democratic and secularist thought, Nikolay the Second chose to embrace nationality, orthodoxy and autocracy (Rex, 1917). This not only gave rise to a revolution and ended

the Russian Empire but also caused thousands of deaths including that of Romanov family. On May 24, 1945, in his victory toast, Stalin thanked to Russian people for their great effort in the war. He was the one cementing the nationality idea and attached a priority to patriotism with his autocratic management. He was the one beginning the end of the Soviet Union with the already-failed ideologies (Sakwa, 1999). Now in 2000s, Putin is reinforcing the same approaches despite the multi-ethnic structure, cultural diversity, and the variety of beliefs within Russia and beliefs which are still attached to post-Soviet CIS area.

2.3. CONCLUSION

After the dissolution of the Soviet Union, Russia was assigned to subaltern roles in the US-led World Order. Further expansion threat of NATO to the post-Soviet countries pressured even the regional authority of Russia. Lack of a solid framework to establish an inclusive geopolitical climate in Europe created polarization which resulted the confrontation of Russia and the West. However, sanctions could not weaken Russia's effectiveness in the international scene. The strategic partnership with China and reinforcing relations in Eurasia has created a momentum to further neutralize the impact of the sanctions.

Political miscalculation of trans-atlantic, the declining hegemony of the United States, the support of the newly formed alliance against world order and the rising nationalism balloon underpinned Russian recovery after the sanctions. However, a more sustainable strategy is required for further development. Not surprisingly, our study provides support to the idea of inefficiency of the sanctions. With bold initiatives of Putin's bloc, Russia demonstrated some great power abilities notably in the Middle East, generated confidence in Eurasia and embodied a solid alliance against the current hegemon, at least in the short term. Further analyzes in the next chapter enlightens the relations

between the social forces and generates a clear understanding of the sanctions through investigating Russian society and Putin's bloc.

3. SOCIAL

Social forces embody ideas, institutions and material capabilities that determine politics within the state. Social interactions induce actions and form the layers of reality in a particular time and space. To establish a broader perspective, relations within a society, ethnicity, religion, culture and their historical evolution must be examined properly in line with the critical theoretical approach that is adopted in this thesis. In accordance with this, throughout this section, the social effects of the sanctions are investigated by arriving at a deeper understanding of Russian identity through ethnic, religious, and cultural basis, and their interactions with the governing bloc of Russia. This part essentially sheds a light on the roots of the conflict, inherited sentimental problems with the West and their effects on the formation of a new Russian ruling class. Thereby, it clarifies the consequences of Ukrainian Conflict and the sanctions. Furthermore, this study examines one of the leading figures of Russian history: Putin along with his administration and their reactions to sanctions. The term Putin's bloc, which is inspired by Gramsci's historic bloc, refers to a dominant social force in Russian state-society complex. Cox's Neo-Gramscian approach facilitates the understanding of the historical dynamics of Putin's bloc and its relations with production processes. Subsequently, the crucial role of Putin's bloc in establishing a state order through the exploitation of national identity leveraged with antagonism from and to the West has been investigated to figure out the ramifications of the sanctions. In this section, although Cox's approach covers all required perspectives, as well benefited from constructivist understanding (Clunan, 2009) that focuses on society and

state relations. Although it lacks historical framework and notably neglects culture, it fortifies the social analysis performed in this thesis. A short-sighted realist view oversimplifies the issue and reduces it to a financial and military basis. Hence, rather than presenting power relations, this paper introduces the evolution of Russian identity from Russian Empire to Russian State from a critical perspective and highlights the fulcrums of state-society relations. In this vein, it argues that Western conflict and sanctions do not create the targeted impacts on Russia. First subsection begins by examining identity, religion and the formation of Russian identity while exploring Ukrainian Conflict and its effects on society. In the second part, Putin's bloc and their methods of competing with the West are examined. The reciprocal relation of ideas made it difficult to classify and structure the section. In this regard, main empirical analysis has been carried out in the preceding sections, so this section avoids repeating the same sort of statistical information. Yet, it can still demonstrate the consequences of the conflict and the sanctions.

3.1. RUSSIAN IDENTITY AND UKRAINIAN PROBLEM

To figure out the unique features of Russian identity and the consequences of the Western-Russian conflict, this section first seeks to explore the Russian identity and the Russian state complex. For an profound understanding of Russian nation, it is vital to focus not only on rational binding elements like constitution and territory, but also cultural and ideational characteristics of the people. Post-Soviet Russian society has three integral parts: ethnicity, which evolves to Russian nationality; an imperialist state that is strongly centralized and maintains a great power status (Torbakov, 2017) and the Orthodox religious belief (Kelly, 2012). These notions were inherited from the Russian Empire and the Soviet Union; however, while the Union lacked nationality and religion, the Empire was short of central power status and systematic management abilities (Sakwa, 1999). Putin's bloc has both created a hybrid model combining

characteristics of the historical era and aimed to unite the nation with the help of Soviet system while prioritizing ethnicity and religion in the background. From Cox's Neo-Gramscian perspective, the social relations of production include not only commodity production but also cultural, moral and knowledge production (Bieler, 2004). Hence, this structure embodied by Putin's bloc engenders a Russian state model reproducing ideas through inherited or newly formed institutions.

In the 18th century, when Russian Empire emerged, it lacked efficient bureaucratic institutions (Vogler, 2019) and without bourgeoisie, it could only form an imperial nationalist identity (Condee, 2012). The main purpose was to canonize the grandeur of the throne and strengthen the imperial state. People of these lands had long been struggling with eastern powers like Mongols and could not catch up with and/or integrate into European revolution patterns at all times. However, defensive models and harsh geography gave rise to united and inclusive behaviors and policies rather than destructive ones. Nevertheless, this could not prevent Lenin to destroy the throne, diminish the religion and cut off the nationalist identity (Suny, 2012). The great endeavor of the Bolsheviks was to design a supra-nationalist and to some extent supra-religious state. However, during and after World War II, Stalin initiated Russian nationalist approach and used it to legitimize and consolidate his power. His industrialization and collectivization goals caused severe damage within the society by weakening the peasantry and early intelligentsia that orchestrated the Bolshevik revolution in the first place. One of the deepest wounds that Stalin opened between Ukrainians and the Soviet Union is Holodomor, a famine occurred in 1933 (Dietsch, 2006). According to the first five-year plan in 1928, the integration of peasantry to the state's economy was aimed through collectivization in agro-industry. Therefore, every region must have met the targeted amounts of grain to support the countries' food demand. In accordance with this policy, Communist Party officials punished the regions that did not meet the requirements and supply budgeted amount of grain. This approach of farming and ruling people led to famines and mass deaths in Ukraine and

resulted in millions of people's starving to death in 1933 (Kulchytskyi, 2020). This is the most symbolic historic event that established the foundations of the discrimination argument for Ukrainian-Russian conflict. The spreading of this patriotic idea within the society separated the people of various ethnicities and religions. While Russian identity was encompassed by the nationalist ideas, Ukrainians and to a lesser extent Belarussians felt alienated. Paradoxically, the Kiev city that Russia was born in, the Ukrainian country that formed the roots of motherlands' identity in the first place, and the territory that is home to most adorable artists who contributed to Russian cultural formation like Bulgakov and Gogol were isolating themselves from Russia.

Ethnic Russians, or to be more precise, legally documented Russians in the Soviet Union were around half of the whole population in 1989 (Anderson and Silver, 1990). Approximately twenty percent of the Russian Soviet was not Russian citizens, which has been similar to this day. With the dissolution of the Soviet Union, some twenty-five million Russians remained beyond the borders of the Russian Federation. This alone caused a devastation in national identity and some ambiguity for the politics of the Soviet Union in the Russian society. After the communist experiment, it was unavoidable to rely on national heritage and patriotism while forming new states. Nomenklatura –the elite group of Soviet Communist Party members– officials were successful to hold the reins of power in Russia with Yeltsin, in Belarus with Lukashenko, in Ukraine with Kravchuk and in Central Asia with Nazarbaev, Karimov and Niyazov (Sakwa, 2008). However, there was no consensus on the new identity or the historical base upon which the state must be built. Radical movements did not end until Putin's era. However, from a sociological perspective, Ukrainian Problem would fundamentally even be considered one of those conservative nationalist movements.

Xenophobia has been one of the most severe contradictions Russia has been facing after the dismantling of the Soviet Union. It is definitely unavoidable for a multi-ethnic and multi-religious society to confront such a crisis when two main pieces forming the trivet of the state is Russian patriotism and orthodoxy. Although an inclusive rhetoric

was employed, that did not prevent tensions particularly in the regions like Dagestan and Khanty Mansi where a considerable number of Muslims live. However, visual media or researchers did not pay adequate attention to the concerns of these minorities. The problems faced by migrants in big cities like Moscow and Petersburg were also overlooked by most of the academics and press whereas some movie directors implicitly put emphasis on this issue (Dvortsevov, 2018). However, the detrimental effect of Ukrainian Conflict in Russia suppressed the internal nationalist tensions and emerged a united anti-Western nationalist alliance within the country. Therefore, patriotic narrative gained an inclusive rhetoric within Russia and ethno-religious conflicts declined by thirty five percent in 2014 (Malashenko, 2014). Russian nationalist approach, which is one of the main ideologies of the institutions like the United Russia ruling the country (Reuter, 2010), has systematically injected patriotism to society. Patriotism gained momentum in that society twenty percent of which is ethnically not Russian and ten percent of which is Muslim. Additionally, more than one hundred fifty different ethnicities exist in the very same society. Therefore, while the anger against the sanctions and Ukrainian Conflict have overshadowed this problem, it is rooted deeply into the society. Presumably, in the following years when the effects of the sanctions and the Conflict diminish, rage will be directed to minorities once again, and Russia will face crisis with surrounding countries and multi-cultural regions within borders.

Russians and Ukrainians, despite patriotic propaganda in both countries, think of each other well. According to the study conducted by Olga Onuch (2015), a vast majority of Russians and Ukrainians do not view one another in an antagonistic way and believe that two states must preserve peaceful relations. Nevertheless, their opinions on each other's politicians are hostile, and the perception of the conflict varies dramatically in both countries. While most of the Russians think that this is an internal conflict of Ukraine orchestrated and supported by Western powers, Ukrainians believe Russian political and military interventions created a hostility, which in the end created

irreversible consequences for two brothers. The channels people receive information from greatly differ, thereby, create some divergent perception. Russians claim that Ukrainian media and politics mislead them with polluted and pro-Western information. Therefore, mutual trust between societies was separated from politics. Ukrainians' confidence on Putin for managing world affairs plunged after the sanctions. While Ukrainians with no confidence to Putin's policies were only 12% in 2007, it rose to 57% in spring 2014 (Onuch, 2015). Nonetheless, two societies whose lives are interpenetrated in many ways do not have a hostile attitude towards each other. However, for their view of politics and propaganda, it is not possible to claim the same. On the contrary, Russian's support for Putin and his bloc tremendously increased after the sanctions. Particularly, a cause and effect relation between the annexation of Crimea and levying of the sanctions frustrate the society. Consequently, in 2018 presidential elections, Putin's support rose to 76% from 63% in 2012 elections (BBC, 2013). However, rather than increasing support for Putin's bloc, a collective stance against Western powers was taken by different fractions of society. Therefore, a skeptical minority against the incumbent president showed less hostility against the sanctioners, yet supporters and floating voters bolstered the nationalist propaganda and gathered around the flag (Kolesnikov, 2018). However, the basic problem here is the alienation of Russia with fueling Ukrainian nationalism that ends up with radical extremist violation between the two countries. Pogrebinskiy (2015) states that the percentage of mono-ethnic Russians in Ukraine fell sharply from 8.3 in 2013 to 4.8 in 2014 after Euromaidan protests. Therefore, Russia as a state and Russians as individuals are suffering from this conflict physically and morally.

Another profound element structuring Russian identity is Russian Orthodoxy. While forming the national character, these spiritual features functioned as a binder of patriotism and devotion to homeland. Together with the challenges and pressure from the Catholic Church, Orthodox stance embodied distinctive characteristics of independence and revolt against external forces (Chistyakov et al., 2019). Predictably,

freedom came with a price and to defend it, a strong, centralized body had to be established. Russian Empire, Soviet Communist Party, and Putin's Bloc were all using the same methodology with different characteristics, the same book with different covers. It is obviously not adequate to conclude as such for a timeframe that played significant roles in shaping the lives of Russian people. Orthodox ethics, therefore, consolidated power and formed an autocratic state idea to provide justice and freedom to the society. Although the Soviet Union undermined and eliminated the authority of religion notably in the first thirty years, a vast majority of the Union consisted of Slavic people uniting around spiritual historical traditions of Orthodoxy like Russians, Ukrainians, Serbians, and Bulgarians. Therefore, to analyze Russian identity and the structure forming Russian ideology, it is vital to comprehend some key elements of Orthodox culture and its dynamics.

Conflicts between Ukraine and Russia initiated crucial changes in the framework of the Orthodox Church. In the last quarter of 2018, Patriarch of Constantinople Bartholomew –for many, the most powerful man of Orthodox Church– gave Ukrainian Church a tomos, signifying independence from Russia. Thereby, Ukrainian Orthodoxy was separated from the authority of Russian Church. In return for this, Russian Church cut the ties with Constantinople and drifted Orthodox doctrine to a deadlock. Much of the literature has neglected the role of religion in Russia and the effects of the Ukrainian Conflict on this basis. Nonetheless, Putin has always given a significant importance to the role of the Church and seen it as a fulcrum of great power status for his sphere of influence; in other words, his voters.

This cultural heritage planted in Kiev more than a thousand years ago is shared by both Ukrainians and Russians. This conflict is one of the most influential crises that Christianity faced after the Orthodox Church declared its division from the Catholic Church (Financial Times, 2019). The paramount contribution of religion in Russian social and political structure is making this conflict deeper. In the Russian Empire, religion has been one of the three pillars that carried the empire identity. During the

Soviet Union, church suffered from prohibitions and interferences. The Soviet Union was established as an atheist state diminishing –if not destroying– the role of religion in the daily life and political decision-making. The penetration of Nomenklatura to the Church carved out a new religion out of Orthodoxy that was ruled by the state (Sakwa, 2008). Under Putin's autocracy, however, the idea of religion consolidated under the institution Russian Orthodox Church and rose from the ashes of Tsarist times. After the destruction experiment designed by the Soviet Union to erase this institute from people's minds, Putin was rebuilding its structure in line with the historical traditions of the 19th century. While the popularity of the institution supporting orthodoxy was gaining momentum amongst people, Putin was winning a new fulcrum for his great power idea and the confidence of the political elites.

The conflict with Ukraine and Western powers have created severe damages not only for Russian Church, but for the whole orthodoxy itself. After several years of destruction in spiritual ideas, society began to unite around the peaceful school of thoughts of Christianity. Moreover, Russian patriarch Kirill rebuilt the Church on the pacific foundation of all post-Soviet countries. It was one of the key elements that formed the strength of the institution. However, the annexation of Crimea and conflict with Ukraine caused several deaths, and many tangible and non-tangible losses created deep wounds in the supporter's minds. That shook the authority of Moscow's Patriarch who was supporting Putin and promoting him as a gift from the God. Consequently, the territorial unity of the Russian Orthodox institution was under threat after the conflict in Ukraine. When it declared loyalty to the atheist Soviet regime in 1920s, it initiated vigorous debates undermining the authority of religion. The recantation of this decision in 2003 opened a new era for the idea of peaceful consolidation (Sakwa, 2008). However, the separation of Russian and Ukrainian Church together with severing ties between Constantinople and Moscow revealed the political intervention in spiritual authorities that used to be the problematic issue in the first place. Therefore, the alienation of Russian Church created a moral damage in society and weakening the

authority of religion over people pushed Putin's bloc to re-design its strategies in order to persevere the institutions and ideas reciprocally shaping the material capabilities of social forces.

3.2. PUTIN'S BLOC

For many, Vladimir Vladimirovich Putin was the savior of the Russian state. His competent manner and coherent hybrid policies combining Soviet and Russian heritages were supported by various classes of society. Increasing welfare, developing healthcare, and liberalization without damaging social benefits of average citizens flourished his popularity (Sakwa, 2013). Enhancing central government inside and bullying Western politicians outside made Russians feel the great power status once again. Supporting Russian Orthodoxy, galvanizing patriotism and attempting to find common grounds with some of the post-Soviet countries are some key features that provided him with the power to rule the society for two decades (Cannady, 2014). For a deeper understanding of the problems with the West and the conflict with Ukraine, which is merely the tip of the iceberg, it is vital to scrutinize Putin's bloc and Russian identity that they were aiming to create. Putin critics from society gathered under the idea that all the policies were aiming to serve an elite class, which we name Putin's bloc, and consolidate their power (Dawisha, 2015). In this context, they weakened democratic institutions, undermined the constitution and caused corruption in all parts of society even in the post-Soviet countries. These highly subjective ideas were supported by Western powers as well. This was articulated by several leaders (Obama, 2020; Biden, 2017) in various occasions and became one of the arguments in Ukrainian Conflict.

How was Putin's bloc formed and how did it gain power? On which social forces did they establish their hegemony? Which fractions of society supported their ideas, and

on what basis did they construct the social relations of production? The answers to those critical questions will shed a light on the dynamic analysis of Russia and will further reinforce the understanding of the conflicts with the West. Firstly, when Putin arrived at Kremlin, he was aware of the sufferings of society. The dissolution of the Soviet Union left more than 20 million Russians abroad with irremediable damages (Heleniak, 2004). The people within Russian territory were facing an identity crisis and struggling with economic difficulties. The Soviet Union that was rooted in socialist ideas was gone. The mainstream liberal thought was spreading all over the world. Russians were new to both nation-state idea and liberal economy. Neither theoretically with ideas and classes nor practically with institutions and constitutions were they ready for such a mass transformation (Lane, 2008). Nonetheless, their desperate situation became the motivation to hold on to the new ideas and to accept leaders as their guru. However, this was not a new development for these lands and the society would soon have found out this mistake. As Pushkin (1831; 1999), one of the most famous Russian poets, puts it in his letter to Chaadaev;

“At first the sovereign and a few specially selected individuals abjured oriental ways, and turned themselves into Europeans by adopting their ideas, their politics, language and clothes. By degrees, during the end of the last century, the upper classes impulsively followed this example. So with Russia, made up as she is of many utterly dissimilar elements, by turns attracted by opposite poles, repeatedly thrown against Europe.”

As mentioned above, the end of the Cold War with the West and the dissolution of the Soviet Union destroyed the social class structure and particularly the ruling class was restructured. Oligarchs and business elites with political powers emerged during the privatization, and bureaucrats, notably the regional ones, in relation with Oligarchs casted a shadow on the central governing framework and blocked the power of military and security officers. However, Putin unleashed the so-called Siloviki and statist to begin the re-establishment of a ruling elite class (Volkov, 2016). While they gradually strengthened the central administration with a statist approach, Putin’s inner circle removed the obstacles on that path. Nationalization of energy industry that contributes

to the economy the most was declared as a matter of security. To this end, in 2003, Khodorkovsky, the oligarch who owned Yukos oil company, was arrested and the company was dismantled (Sakwa, 2013). The company was launched in the 90s when chaos and force dominated the private sector rather than efficiency or profit maximization as suggested by the textbooks of liberal thought. In the following years, oligarchs who made profits from privatization became the spearheads of modernization, liberalization and free trade. Yet, Putin's new elite class began demolishing the structure constructed by those oligarchs at some point. On the one hand, financialization and privatization with lack of institutional basis of the state created oligarchs on the one hand. On the other hand, it pressured political elites and civil society. Therefore, more conservative policies emerged and radicalism rose. That resulted in the increase in the gap between the authority ruling the country and the state. The recruitment of former security and military personnel to the upper echelons of governing positions (Kryshtanovskaya and White, 2006) and encouraging policies to generate new businesspeople directed by the state formed an autocratic government model. Although all the actions seemed to be within the boundaries of the law, the discretion of the constitution, almost in all cases, was sided by the political organs. Ultimately, the influence of business elites on policymaking weakened and with the nationalization of energy companies, political elites strengthened their authority over social forces.

On the other side, ideological backbone of Russian identity –orthodoxy, patriotism and statism– was strengthened by Putin's bloc by means of political and military power which in the end formed a strong support from different frictions of society (Sakwa, 2008). However, corruption has always been one of the most detrimental problems of statist and patriotic ideas in the eyes of all fractions (Karhunen and Ledyeva, 2012). Still, the regime somehow managed to bridge the gap between the justice rhetoric and reality. Notably, Russian workers believed the policies of Putin's bloc that prioritized them by increasing social benefits, welfare and by protecting them from the mental and

physical pressure of oligarchs. Putin explicitly illustrated the importance of working class by his actions and words. In 2009, he visited Pikalyova upon the complaints of factory workers that their wages were halted and factories stopped production. In his meeting with managers and influential oligarchs, the words of the Russian leader were very harsh and strict “You have made thousands of people hostage to your ambitions, your lack of professionalism or maybe simply your greed.. Where is the social responsibility of the business?.. If you cannot agree among yourselves, complexes will be restarted anyway without you” (Reuters, 2009). The question that comes to mind is whether that was a fiction organized by Kremlin’s public relations or reality. Yet, in either case, this conflict targeted to strengthen the state’s role, maintain the centralized power status of Putin’s bloc on production processes and gain the trust of working class, which established the backbone the Soviet system.

While generating trust from ordinary citizens, new Russian elite class initiated and orchestrated by incumbent leader and his closest sphere of bureaucrats emerged fundamentally from security establishment of the Soviet Union (Remington, 2012). Their nepotistic attitude resulted in the formation of mid- and lower elites from similar roots as well. Therefore, the ones who basically hold the financial and political power in Russia inherited a bipolar world memories from the Soviet times. The more they became trans-national business people, the more they needed to suppress their views towards dominant Western counterparts. Similar to their country in the political arena, they were not treated as equal partners and had difficulties defending their opinions as well. The respect they thought they deserve has never been shown, and their legitimate interests have not been protected in the business world. The Crimean Conflict brought in those tendencies both in ordinary Russian people and Russian elites (Volkov, 2016). Anti-Western attitude and complexes were shared by most of the population including the Russian elite. Their struggle for liberal market and the efforts that they had put into Western integration were undervalued. Western allies broke their promises and launched the second cold war as a result of their populist internal promises and the

preservation of current hegemony. Thereby, the directly sanctioned Russian elite and the inner circle of Putin's bloc gathered around the idea of betrayal together with Russian people. Complexes stemmed from the loss of the status of great power and the sudden collapse of the Union supported their ideas that united them against West. Most business people declared their loyalty to the regime and demonstrated their patriotism (Prokopenko, 2018). Obviously, it would be a mistake to ignore the fact that some of the business people are motivated by the fear of autocracy; however, patriotic feelings and cooperation with political elites in order to secure existing material capabilities are certainly playing an important role in Russian business world. On the other hand, with the exacerbating tensions between the West and Russia and the inauguration of military confrontation, Putin's bloc gained more power and legitimized the use of force where necessary. Therefore, fear of autocracy will gain more importance in sustaining patriotic embracement of Russian elite in the following years of the sanctions. To ensure some continuous support and to mute the sound of oppositional elites, coercive measures would always remain as an option. Moreover, sanctioning Russian technocrats that are presumed to be instrumental in political decision making has also made a boomerang effect. As Volkov (2016, p.13) puts it,

“the outlook of today's technocrats is similar to views held by the so-called bourgeois specialists during the early days of the Bolshevik regime. They realize that they cannot change the government's course and are ready to do their job as directed in order to minimize risk to themselves...While the feelings of technocrats are important in their own right, there is no reason to assume that they are making key political decisions”.

Extremely centralized Russian governmental model was finalized in the second term of Putin, and the country has turned into a managed democracy (Krastev and Holmes, 2012). The electoral autocratic behavior of the system gradually weakened governors, and notably regional ones lost control over the house of Russian Parliament. A vast majority of the seats in Federation Council were replaced by new elites who are close to Kremlin. Hence, even though the sanctions would have been chosen and applied properly, they would not severely damage the authority. Financial deterioration and

media pressure on behalf of the West were managed and fended off by the Russian elite and government by use of the ideas and institutions established beforehand.

3.3. CONCLUSION

The present Russian identity firstly desires to deserve the status of great power that was enjoyed by the society in the Soviet and Tsarist times. Furthermore, statist approach inherited from the Empire has always been an integral part of Russian society and contributed to the formation of their identity. The patriotic central government has been demonstrated in different contexts, yet with the same intention. Ethnic and religious ideas and institutions influenced social life especially after the collapse of the Soviet Union. The suppression of religion and ethnicity, albeit ordinarily theoretically, supported populist and nationalist ideas that fulfilled the social gap after the dissolution of the Union. Democracy and liberalism, which had basically never been demonstrated in any Russian territory before, were not tailored well enough for Russian people. Ukrainian Conflict and problems with other post-Soviet nations were fueled by nationalist attitudes and lack of orientation to those Western ideas. This section highlighted the close relations of Ukrainian and Russian people and presented the positive behavior that both nations display towards each other despite the political crisis. Unexpectedly, our study identified that Ukrainian Conflict, allegedly orchestrated by Western powers, damaged Russian society and values constituting their identity. On the other hand, the sanctions and the Conflict strengthened the power of military and security driven Putin's bloc. It fostered the consolidation of society with religious and ethnic motivations supported by an anti-Western idea. Moreover, the Conflict legitimized the use of military power in necessary circumstances; thus, strengthened the hand of Putin's bloc in various areas. However, this policy has had fundamental shortcomings such as radicalistic movements of other nations and other believers within the Russian territory. This marginal attitude may lead Russian society

to alienation, which may escalate violence and ultimately entail armed attacks. Therefore, in the long run, the study expects to witness ethnic and religious tensions within the Russian society and with its neighbors which implicitly stemmed from the Western conflict. In the short term, however, the results of this section support the idea that the sanctions are not effective. The increasing political support of Putin's bloc through exploiting religion and patriotism underpinned by Western antagonism created a consolidated authoritarian regime. The politicized mode of production disabled business elites to influence political decisions. Therefore, within the limits of this thesis, after the sanctions, no serious problem which may initiate a resolution within Putin's bloc caused by trans-national business elites has been detected.

4. DISCUSSION

In 1992, in the United States Congress, Russian President Boris Yeltsin mentioned their desire for democracy and liberty. "Acting on the will of the people of Russia I am inviting you ... to join us in partnership in the quest for freedom and justice in the 21st century... It is the tradition of Russian people to repay kindness with kindness." are the words of the leader that received a standing ovation. Somewhere along the path, things have changed dramatically. We are now witnessing how Russian people repay not through kindness but the sanctions. The ramifications of the sanctions as a foreign policy instrument are highly complex and subjective. The biased opinions vary depending on the stance, time and perspective. Interactive relations within the integrated components of state-society complex compose of a highly social framework which do not basically present solid black and white results. Rather, it highlights the effects on various different elements forming the structure. In scrutinizing the Ukrainian Conflict and the Russian sanctions, the point of departure in this thesis was the problem-solving stance of the sanctioner countries. Discussion section of the thesis

argues that their principal goal was to coerce Russia to change foreign policies, withdraw from Crimea and leave Donbass and Lugansk. Subsequently, the expectation from the targeted country was a shift to a subaltern role and was to be aligned with the path drawn by the current hegemon. Deterring Russia or signal punishment – just to show the world that these actions are unacceptable- can only be the secondary aim of levying sanctions. Considering the lack of coordination between senders, missing tangible evidence that relates the sanctioned businesspersons or companies to the Ukrainian war, and the ambiguity of rhetorical justification and real implementation show the neglect of social dimension throughout the sanctioning process. In this vein, as expected from the world hegemon, the sanctions were designed with a problem solving attitude; however, the ramifications will be presented with a holistic understanding by examining state-society complex.

In an interview in 2013, Putin acknowledged the fundamental difference between Russian and American society from his perspective. He stated that “The foundation of American consciousness is the idea of individualism and the foundation of Russian consciousness is the idea of collectivism”. As mentioned by Hayek (1944; 2006) in his famous *Road to Serfdom*, collectivism was the pillar of socialist school while individualism was paving the way to liberal thought. However, what does this have to do with the sanctions? It is highly likely that the senders planned to provoke the business people against Putin with individual sanctions on the basis of self-interests, yet their social-cultural characteristic surpassed the economic phenomena of liberal assumption profit maximization, and they rallied around the flag. Expecting a significant change of policies by sanctioning Putin’s inner circle and/or so-called oligarchs was simply a naive mistake. Kirill Shamalov, Putin’s son in law, Igor Rotenberg, the son of Arkady Rotenberg who is a childhood friend of Putin, Oleg Deripaska, Suleiman Kerimov and a couple of other businessmen have been punished due to their malign activities in Ukraine (NBC, 2018). Yet, the sanctioners have declared no tangible proof; thus, the obvious reason of being in Putin’s sphere explicitly

became the one and only reason of punitive actions. However, the role of oligarchs in Kremlin's decision making severely weakened after the 2000s. It is a well-known fact in Russian society that many of rich businesspeople carved their wealth out of the Soviet state resources after the dissolution. Allegedly, many of them did that in illegal ways and/or without carrying any social responsibility towards the people of Russia. With that power, they played a significant role in policy making in the 1990s. Yet, this wrecked Western understanding of oligarch's role in Putin's bloc not only weakened the effectiveness of the sanctions, but also strengthened Putin's hand in political and economic fields.

In spite of the sanctions, the fundamentals of Russian economy preserved their stability. Although the point of departure for the embargos was the alleged malign activities in Ukraine, at some point they strayed from the subject. Thereby, in Russian society, they galvanized the antagonistic doctrine of 'America against the development of Russia'. Moreover, it is far from certainty that the orientation of the middle class to Western culture could persevere considering the highly depreciated Ruble. While ordinary Russians are becoming distant from the Western society, particularly farmers benefited from the counter sanctions banning the import of agricultural products. With the subsidies of the government and advantageous exchange rates, the sanctioned oligarchs and the backbone of the Soviet revolution, i.e. farmers, flourished, and Russia became one of the top agro-countries with increasing exports. On the other hand, to prioritize the stability of the state, part of export incomes was funneled to national funds. In 2018, while Central Bank's international reserves exceeded \$460 billion, gold reserves reached \$80 billion (Troianovski,2018). This bestowed the state with the ability to manage geopolitical tensions and society along with mental confidence to cope with uncertainties. This conflict certainly strengthened the skills of Putin's bloc to tackle with complex situations. After the conflict, Russian business elites inevitably turned to the opportunities in the East. As mentioned in the sections about economy and geopolitics earlier, China played a significant role in Russia's resilience against the

sanctions. Their interests coincide in many dimensions, and they both suffer from the Western intervention into their statist approaches; therefore, following the sanctions, relations between two countries enhanced significantly. By the initiatives of political elites, business opportunities were put on the table. Although numbers showed a drastic increase, Russian business world was reluctant to do business with China (Bolt & Cross, 2018). They were familiar and experienced to work with European partners, and the cultural barrier in China made things difficult for them. Moreover, Russian society was not deeply acquainted with Chinese culture. It is indefinite that, in terms of state-society complex, the relations with China will enjoy the level of European-Russian relations any time soon. Through political maneuvers and good relations of two presidents, short-term economic and political returns can be achieved; however, to develop a sustainable entrenched relationship in the long run seems problematic.

From a realist perspective, imposed measures could not even coerce Russia to a simple modification of foreign policies. On the contrary, Putin's team gained an upsurge in popularity worldwide. In Syria, and in Libya, Russia became the strategic decision maker. Furthermore, despite all the efforts put in by the USA, with the cover of NATO, to prevent the arm deals, Russia signed agreements for exporting fighter jets and/or anti-aircraft missile systems to China, India and Turkey. Not surprisingly, the support for Putin in Russian public skyrocketed. While the West continued to broaden the scope of the economic sanctions, autocratic regime was gaining more power by state interventions in business activities. While the state-society complex was fed with the political power and rage against the West, economy was faded into background. Yet, the pillars of economy were as well managed professionally, so that it could not affect daily lives of Russian public, thereby strengthening the sustainability of Putin's bloc to remain in power and preserving the harmony of business and political elites that form the framework of the state-structure. Levada Center (2018), one of the most respected research organizations in Russia, conducted sociological surveys regarding the effects of the sanctions. According to the results of the research in 2018, only 18% of Russians

stated that the sanctions caused a serious damage for their daily lives. On the other hand, only 37% of the society thought that the isolation of Russia from Western community is annoying. However, 56% considered that the West was excluding Russia. Even for an opposition research center that was formed by Gorbachev to eliminate the disconnections between society and communist party, there seems to be no silver lining for the sanctions. The resonance of the Western measures in state-society body was a fostered 'great nation idea' and a 'superior imperial complex' entrenched with 'Russia against the West' narrative. Certainly, these narratives had gained steam with other crisis before the sanctions as well. 2008 world financial crisis and increasing Russo-phobia in Western economy policies enabled Russia to develop a more saving-based conservative economic framework. Moreover, throughout the years, Russian society gained immunity to economic downturns. The business elite and political elite created numerous different variations of policies that bridge the gap between economy and politics in order to fulfill their leader's ultimate goal of ensuring the economic independence of the Russian state. At least to a certain level, these monetary restrictions would not severely affect the political authority in Russia and their geopolitical decision-making. Thus, increasing pressure on Russians could only make minor damages; on the contrary, it strengthened the connections between society and state. The loyalty of the sanction victims was rewarded by credits, contracts without tendering and new business opportunities created by government. The more the pressure, the stronger the ties between society and the state.

Edward Fishman (2020) who served on the team that formed the Russian sanctions after Crimean invasion also mentions that sanctions are ineffective. At the same time, however, Fishman continues to examine the sanctions from a narrow perspective by neglecting social components of the state and thereby, state-society complex. By the means of Western economic power, it is not always easy to achieve targeted goals in shaping countries political behavior. The dynamic state-society organism, like in the Russia case, can react very differently from liberal or realist expectations. Obviously,

there is a possibility that Western measures prevented further Russian invasion in Ukraine and clearly exhibited their stance. Yet, this particular moderate benefit cannot make the sanctions effective, but only meaningful. In the following years, the same rhetoric of expelling Russia by coercive economic measures continued without any tangible justification. Moreover, considering society and state as two separate pillars of Russia put the boot in. To justify this behavior, accusing Putin of frauds in elections as well opened wounds in the heart of Russians. With the terms used by Fareed Zakaria, this could be an illiberal democracy but a democracy anyway.

On the other side, it should definitely be taken into account that Russia is one of the greatest nuclear powers and even with a not-so-modern army, it is still one of the most effective forces in the world. Moreover, with large borders and resources, it remains as a key player in commodity, oil and gas markets even after the collapse of the Soviet Union. Therefore, a stiff opposition between the West and Russia can never contribute to world's peace or stability. As a consequence, sanctions were designed without virtually damaging the current activities of companies like Gazprom that provides natural gas to most of the European countries. The difference between the rhetoric and the implementation also created insincerity in the eyes of Russian public and of elites, which resulted in a fading trust to Western partners. Therefore, sanctions caused a lose-lose situation for the trans-Atlantic alliance. While polarization and antagonism strengthened Putin's ability to consolidate his power and increase his popularity, it also created a conservative economic framework and monetary system, which can easily be controlled by the state. In this context, through the centralization of political and economic management, world power status that stemmed from the superiority complex of the society and imperial idea, which reflects the orthodox roots of Russian identity, can easily be represented by the state.

Consequently, the findings presented in macroeconomic and geopolitical sections coalesce around the weakness of the sanctions, yet the social analysis leads to an unanticipated result. The deterioration of relations between the Russian and Ukrainian

societies, sharing common cultural backgrounds and the abrasion of Greater Europe idea, created by embedding Russian people into European society, produced controversial results to the argument of the thesis. Although above-discussions supported the fact that Russian state and society not only survived, but also became stronger after the Conflict; it is probable that the pivot to Asia and social damages will have certain negative effects. In order to facilitate an elaborate discussion and reason the overlaps of economy, politics and culture within the complexity of state and society, our theoretical pillars would be helpful.

The interaction between the state and society was tremendously weak in the 18th and 19th centuries. With the turn of the 20th century, whilst the branches connecting political and civil society increased in the West, they were lacked in the East. Thereby, the state occupied the principal role for determining the fate of the people. This was certainly the case in the Russian Empire despite several attempts of social fractions to have a say in decision-making. After the Bolshevik Revolution, the new political elite took the central power and with a statist approach, formed the new framework on the basis of a similar structure, yet with a different idealism. After the dissolution of the Soviets, the interpenetration of societies has increased. Therefore, the dynamics between civil and political society in Russia would easily be understood through a historical materialist lens, a lens which Western alliance had probably never look through. The civil society in Russia encouraged political elites to form a new Russia that brings prosperity and wealth, a Russia that integrates into Greater Europe while preserving her own identity. However, the reality was in stark contrast with their hopes. The transition to market economy brought poverty and inequality. While in 1989, 2% of the population was living in poverty; in 1998 it was around 24%. Middle class as well had a hard hit. Prices soared, wages melted, and inflation increased (Stiglitz, 2017). While idea and material capabilities remained, lack of institutions created a greater problem. By privatization, new business elites --later called oligarchs-- were formed, who were as well influential in politics. The existing state from the Soviet Union transformed into a structure that is

controlled by former politicians and new business elites. Contrary to people's expectations, civil society still had almost no influence on policies. Although the ultimate price had been paid by the Russian people, the West-controlled World Bank continued to make critical decisions on the basis of skew economic principles that served the interests of a few Western elites. These outcomes had also been mentioned by Putin (2007) in his speech in Munich, and the stance of both political and civil society had been declared to the whole world. Therefore, until the sanctions, this new Western-supported business elites were eliminated or disintegrated from politics by a social force formed by statist technocrats and former military personnel. Subsequently, the privatization process was re-investigated, and particularly commodity production facilities were re-nationalized. With new elites transferred to business from technocrats that served official state for many years or people directly related to Putin's past, a new bloc was formed.

This new business political elite formation has been one of the most instrumental defensive force against the sanctions. Firstly, levying economic sanctions against some individuals and their companies could not induce any political shifts considering their limited role in countries' policy-making structure. Secondly, political elites designed economic subsidies until and after the sanctions for the businesses that serve to both civil society and Putin's bloc. Another significant unprecedented resilience was through civil society. Non-inclusive policies of Western supported institutions and the exclusion of Russian society both in political and economic dimensions created a unity within Russian political elites and civil society. In this context, economic sanctions could not effectively transcend the cultural reality of a nation; on the contrary, fueled the betrayal idea and thus, strengthened the cohesion between state and society. Rather than being a part of a so-called democratic and liberal state with a free market, which they have also further experienced the unpleasant consequences in 2008 when money flew out overnight, society chose to be an autocratic state ruled by Soviet technocrats. Together with the sanctions, democracy and liberalism lost their popularity, not

because of the ideas that they stood for, but due to the poor management and the misguiding of the Western allies. As Lenin stated in 1921, when the revolution could not take place in Europe, “we did not know how to translate revolution into European languages” (Thomas, 2009, p.239), now Europe could not translate liberalism into Russian. Another aspect that retarded the abilities of economic restrictions was the geopolitical power of the Russian state. One of the central pillars that bonded political and civil society was the state’s power out of borders. Western conflict induced an inevitable convergence to the East. Becoming a leading figure, albeit rhetorically, against the asymmetric distribution of power and wealth attracted the attention of society. Thereby, state’s policies created a common ground to unify against economic restrictions that resulted in political and social accomplishments.

Although this thesis fundamentally focuses on the Russian side of the conflict, throughout the study, some findings related to the sanction senders have come to the surface. It is obvious that the complexity of society and state relations in Western countries is at advanced levels. Despite they lacked an historical understanding, the sanctions still would have been more persuasive if they had not designed them according to the political interests of the privileged few. Antagonism creates a political strength for rightist conservative politicians, and it is probable that the continuous conflict served that aim. Yet, they still have to consider the interest of business elites; therefore, they weakened the sanctions accordingly. As mentioned above, these findings need further evaluation; however, it contributes the understanding of some perspectives of this thesis.

From a broader perspective, without taking the content of the sanctions into consideration, the ramifications of sanctions could be within the combination of possible future world order scenarios generated by Cox (1981). On this basis, neo-mercantilist attitude of central powers might be creating an opposition against the current world order. The expected fundamental resistance force is formed by the technocrats, statist and/or military based elites like in the Russian case. The isolation

of those social forces by the hegemon would be one of the possible scenarios and the sanctions certainly serve that purpose. However, the power of Putin's technocrat bloc without Putin himself and their trans-national spread would probably show the ramifications of the sanctions. Considering that they do not provide marginalized ideas or new institutions to pose a threat against the hegemon power, finding a solution within the current system is mainly the expectation of Russian political elites as well. Yet, the threat which might emerge within the society through the erosion of civil society with conflicts of ethnicity or religion particularly within middle class could trigger economic downturns as well. Therefore, the sanctions and conflicts can be effective if they enact the social forces that have the ability to challenge the current bloc or at least force them to make concessions. Under current circumstances, this could only be the long-term scenario for the American world order.

CONCLUSION

This thesis problematized the effectiveness of the sanctions on Russia; and thereby, investigated the ramifications of Russian-Western conflict. The findings of this thesis pointed towards the idea that Western alliance was beating the air while pressuring Russia to withdraw from Crimea. In light of the research findings, it can be concluded that a strategic partnership with a rising China and the minimized interference of business elites in statecraft were the first set of barriers towards the economic and financial restrictions. Moreover, maladministered transformation of Russia to capitalism by Western institutions and particularly 2008 crisis entailed the rise of antagonistic behavior in civil society, which ended up fueling nationalist propaganda towards America. Putin's bloc embraced the social revision; thereby, juxtaposed and integrated the interests of his bloc and society. With the consolidated power in state-society complex, the sanctions became obsolete.

When Putin took control in 2000, he inherited an autocratic regime with contradictions and conspirations. I argue that his bloc reluctantly or willingly aimed to be a part of capitalist world order and a strategic partner of Western alliance in the first years. Although they were well aware of the conservative realist behavior of America which was demonstrated in Serbia bombing in 1999, they still struggled to keep the cooperative relations. This Western engagement policy eroded with the West's political interactions in Ukraine, Georgia and Kazakhstan accompanied with the enlargement policies of NATO. Obviously, Russian political elites were under no illusion about American capitalist world order and its capabilities. However, they comprehended the ambivalence of the hegemon, which emerged after the sudden and unexpected collapse of the Soviet Union. American hegemony was constructed on the idea of capitalism with the consentingly formed alliance of territorial nation states and the institutions in a bipolar world. NATO was one of the paramount institutions representing the defensive apparatus and significantly responsible for the containment of the Soviet Union. Therefore, the collapse of bipolar world system created an obstacle in the path towards sustainable capitalist world order.

Conservative friction in American historic bloc sought to eliminate this risk by maintaining the international police role. Playing peacekeeper, creating threats worldwide and exacerbating tensions with Russia to foster military confrontation were some of the significant pillars to preserve the hegemonic status. 9/11 attacks, in particular, strengthened the role of conservative nationalists in the political decision making of the US. Their long pursuit of coercive foreign policy implications found the basis to materialize with this terrorist action. This highly unipolar and assertive path ended up with failure in Iraq, Afghanistan and Syria; but above all, it abraded the American capitalist world order and derogated from the reliability of its institutions and ideas. The decline of America and the newfound influence of China on international relations provided Putin's bloc with the ability to aggressively confront clashing interests with the US first in Georgia and then in Ukraine (Cemgil, 2015).

Hence, military confrontation in Ukraine in 2014 was punished by levying economic, financial sanctions and travel restrictions to the political and business elites.

This thesis argued that the problem-solving attitude of realist and liberalist schools limits the understanding of military and economic power struggles between nation states neglecting cultural and historical structures embedded in society, and thereby, in the state. Therefore, critical theory embracing the historical change of praxes of various social agents has been chosen to investigate the effectiveness of the sanctions. Particularly, Robert Cox's Neo-Gramscian approach considers state and society as two integrated and interpenetrated notions, which enabled this thesis to transcend the classical nation state perspective of international relations. With placing state-society complex in the basis of international relations, the ramifications of conflict have been presented beginning with macro-economic indicators.

After the dissolution of the Soviet Union, Russian economy with the guidance of a profound institute, International Monetary Fund, which is serving the US-led capitalism, initiated privatization and financialization. While serving the interests of Western business elites, Russian economy and society pushed to poverty. 1998 crisis was the first sign of misguidance and mismanagement. Being a part of global market, economy came with high price tags. 2008 was another collapse for both Putin's bloc and for civil society. While US business elite who caused the crisis in the first place were increasing their wealth, a Russian worker was being fired and could not find money to feed his family. Therefore, until 2014, state-society complex woke up from the American dream and realized the shortcomings of globalism and the US hegemony. Our findings highlighted that together with the sanctions and decreasing commodity prices, major economic indicators dropped sharply. While crude oil prices and commodity prices were falling, foreign indirect investment slumped. Diminishing value of Ruble and increasing costs caused inflation. Panic in financial markets accompanied by the devastation in the real economy indicated an effective sanctioning in the beginning. However, in the following years, the findings of thesis point at slight

increases in crude oil prices and swift recovery in commodity prices. Parallel to these results, a rise in exports, imports and thereby GDP are observed. Contrary to the expectations, I do not find a sharp decrease in exports particularly to Germany and United States. While the decrease in exports to Germany between the years 2013 and 2018 was less than 10%, numbers presented even an increase in exports to America. Yet, imports from both countries declined around 30%. On the other hand, exports to China increased approximately by 60 %. These results supported the argument made in this thesis that Putin's bloc pivoted to China with state companies, motivated business elites with subsidies and promoted national products in society to support their companies. The increase in commodity prices, crude oil prices and trade volumes with the United States albeit insignificantly presented a unique finding that may also contribute to American decline literature. The US-led capitalism maintained its hegemony through internationalization of production and state. Trans-national business elites in the US-led historic bloc are in pursuit of maximizing their profits. With the support of international administrative institutions and liberal idea, states willingly join their alliance. Yet, political elites have to consider the motivations of the society in their own state. The sanctions possibly served the purposes of political elites whereas business elites did not fully support them in the following years, and again concentrated on their own interests that ended up increasing commodity and crude oil prices.

Regarding unemployment and sectoral breakdown by GDP, the analysis did not detect a significant fluctuation after the sanctions. Further analysis showed that total labor force was also in decline in correlation with unemployment. Therefore, together with the supporting policies of Putin's bloc to the business elites, decreasing numbers of new workers contributed to the fine figures. To expect a remarkable breakdown would be a naive thinking, yet due to the supporting policies, an expected increase in agro industry surprisingly did not emerge.

The evidence from the macroeconomic indicators suggest that Russia was expecting such an approach from the West eventually. Considering that noteworthy changes in economic policies are very limited, a probable reason could be the trust in China and the rest of the anti-hegemonic alliance. China has become the leader exporter and leader importer of Russia after the sanctions in 2018. They have abandoned Usd in financial transactions and established alternative swift mechanisms to foster bilateral trade. This led the discussion in thesis to geopolitical analysis to configure the set of information that was gathered from the economic analysis.

The presumable decline of American hegemony generated motivation to integrate Eurasian states. The endeavor to establish the basis for the coalescence of the Asian states engendered institutions like the Eurasian Economic Union and Shanghai Cooperation. Western conflict had placed Russia to the heart of anti-hegemonic alliance. Shanghai Cooperation is one of the major organizations that sought to form a unipolar world order. In 2017, with the integration of India and Pakistan, it represented more than 40% of the world population. After the sanctions, Russia crafted a policy of a United Eurasia. The strategic partnership particularly with China generated a rigid status for Russia in the most developed and potential region. Unlike the subaltern roles entitled in the Western alliances, Russia plays key roles in Asia and is accepted as a global power against the US capitalism.

As mentioned in the paragraphs above, after the conflict, China became the most significant strategic partner of Russia with record gas deals, military purchases and various business agreements. Together with China, despite the sanction threats of the United States, India and NATO member Turkey purchased S400 missile system from Russia. Iran as well became one of the candidates for military cooperation. Despite the jet fighter crisis with Turkey, the relations were re-established and picked up steam. Russian interference in global decisions particularly in Middle East has fostered. While confronting Western alliance in Syria, Russia explicitly supported Iran against the US. Although Russia executed assertive policies even before the sanctions, 2014 conflict

marked a substantial year with steady rise in direct political clashes between the hegemon and Russia. Creating contradictions and polarization have been one of the tools to legitimize the coercive actions of the US world order. To preserve and strengthen one of the pillar institutions, NATO, oppositions and terrorist figures have been embodied. The promises given to Soviet leader Gorbachev on halting the expansion of military alliance were forgotten in a few years after the dissolution. The liberal thought bolstered in Baltic countries and post-Soviet states by the organic intellectuals was accompanied with military support from America. European Union has always been a reliable partner and supporter of the US-led capitalist world order; therefore, military presence of NATO has gained a significant importance to ensure the continuity of its policies. However, in theory, the dissolution of the Soviet Union should have left NATO dysfunctional. In this context, even European business elites and political elites questioned American hegemony. Coercive actions particularly in Serbia to demonstrate imperial power in Europe and military operations in Iraq to secure crude oil sources were both vetoed by the UN. All core institutions of the hegemonic power were disgraced; material capabilities were challenged and ideas were called into question. This thesis came to the conclusion that Putin's bloc was capable of understanding the decline of America. The set of policies emerged after the sanctions including strategic partnership with China was pre-planned. It is probable that trans-national business elites within the historic bloc were as well reflecting their individualistic ideologies to Russian business elites. On this basis, the coercive practices of hegemon were a threat to the global trade relations. Moreover, failed policies of the US encouraged the actors to challenge its material capabilities and policies. Putin's bloc was aiming to position Russia within the Western alliance. However, the threat from the US put up a wall between Europe and Russia. All in all, it is observed that the geopolitical influence of Russia has flourished even after the sanctions.

Political elites to some extent were able to manage the ramifications of the conflict. This research obtained accurate findings with regards to the shocks stemming from the sanctions and found out that particular business elites were protected by the state. Yet, an important question still stands: how come the rest of the business elites and society did not put pressure on them to shift policies?

The emergence and the development of Putin's bloc was in a way a counter movement against the antagonistic, coercive and unipolar implications of American capitalism. One of the fulcrums of administration, inherited from the USSR, was the centralist and statist approach. Communist Party had the ruling role and had constructed an institutional framework to embrace and/or speculate society. New political elites of Russia took over the autocratic statecraft model bolstered by the oil gas production. Privatization and financialization guided by international institutions of Western alliance created an ambiguity in society. Liberalization and globalization could not create wealth; on the contrary, brought poverty to the civil society. Therefore, domestic and international interactions in society-state complex entailed a change in ruling bloc. When this change threatened the interests of capitalist world order, confrontation was inevitable.

In pursuit of international engagement, Russian state-society complex was pressured by the means of various agents serving the world order. Russian identity, which is formed with orthodoxy, patriotism and an ideal of great power status, has not been taken seriously. To some extent, business elites achieved to figure out ways to collect the fruits of globalization, but they as well did not see the equal treatment from the Western world. Exacerbating tensions with Georgia and Ukraine supported by capitalist world order damaged the cultural, historical and economic relations rooted throughout centuries. Rising international antagonism, and increasing welfare with the policies of the current political elite enhanced the engagement of civil society and policy makers. This thesis obtained findings indicating the in-effectiveness of sanctions in civil society. Moreover, parallel to the argument put forward in this thesis, the

popularity of Putin has increased. As mentioned in the geopolitics section, the opposition against the hegemon is rising both at domestic and international levels. Putin's bloc did not only consolidate power on the basis of their inherent capabilities but also by using the counter-movement against the Western alliance, especially the hegemonic power US.

On the account of the fact that this was not only an attempt to argue the consequences of the sanctions, conflict itself has been investigated deeply. Contrary to the argument of the thesis, the separation of Russians and Ukrainians by all means initiated a disintegration within the society. The separation of churches, the suspension of business elites and deterring measures of the states led to ambiguity. On the other side, becoming distant from the Western ideas and material capabilities endangered the traditional framework for prosperity in society. However, these ideas did not materialize or institutionalize; and therefore, did not pose a challenge for Putin's bloc. Yet, this is one of the prospective future scenarios that should be taken into consideration.

It is plausible that due to practical reasons a number of limitations emerged including a deeper understanding of the motivations of each sanctioner and their particular interests. This study mainly concentrated on the perspective of Russian state-society complex. Yet, a hegemonic discourse was an inevitable consequence of a sanction effectiveness study in which the US is playing one of the leading roles. Investigations made in search of some evidence suggest that American hegemony is in decline and Putin's bloc has benefited from it. Moreover, with the internationalized material capabilities, trans-national business elites created contradictions in the American ruling bloc, which as well served implicitly to the purposes of Russia. It is even possible to claim that cracks within the Western alliance, between Europe and the US is getting wider. Beyond all these, there is a strong possibility that nation state system interpenetrated with the current hegemony is under threat. However, all these findings

require extensive analysis, which has been carried out by invaluable researchers for long.

This thesis came to the conclusion that the sanctions and Western-conflict did not severely damage Russian state-society complex and could not coerce the ruling bloc to change policies in accordance with the expected interests of the sender countries. With pacified business elites in policy-making and anti-hegemonic rhetoric, Putin's bloc intensified relations with civil society and consolidated power. With the identical rhetoric and domestically generated momentum, ruling class developed strategic partnerships in Asia particularly with China and exerted influence at an international level. Constrained capabilities of the US-led world order not only insufficiently managed the conflict but also left Putin with diverse set of tools to cope with the turbulence.

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