

UKRAINE WAR AND THE US HEGEMONY: A NEO-GRAMSCIAN
ANALYSIS OF ECONOMIC SANCTIONS

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ANALYSIS OF ECONOMIC SANCTIONS**

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ABSTRACT

UKRAINE WAR AND THE US HEGEMONY: A NEO-GRAMSCIAN ANALYSIS OF ECONOMIC SANCTIONS

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This thesis explores the impact of the economic sanctions and political-diplomatic moves imposed on Russia by the West in the wake of the 2022 Ukraine War on the reproduction of the US-led neoliberal hegemony within the West. The theoretical framework that sheds light on the study is a neo-Gramscian perspective in the general context, and specifically proceeds from the argument of Lockean and Hobbesian state-society complexes, which Kees van der Pijl calls two different state-society complexes in the development of global political economy. In this thesis, which makes a chronological and detailed examination of the economic sanctions imposed on Russia, the English-speaking West represents the Lockean West, as the ability and effectiveness of sanctions to be implemented are caused by the US-led neoliberal hegemony and the hegemony of the dollar. According to the results obtained from the sanctions imposed on Russia by the West, the main argument of the thesis is that the US-led neoliberal hegemony has been consolidated in the West through the Ukrainian crisis because of the US resolving differences within Europe regarding the implementation of sanctions and the West applying sanctions in a harmonious and stable manner. On the other hand, it is among the conclusions reached by the thesis

that Russia, which has been excluded from the Western financial system, especially through financial sanctions, has strengthened its contender state position due to its increasing commercial and financial ties with China, but the impact of these developments on neoliberal hegemony is open to research in the future.

Keywords: sanctions, the Ukrainian War, critical political economy, neo-Gramscian Hegemony



ÖZ

UKRAYNA SAVAŞI VE ABD HEGEMONYASI: EKONOMİK YAPTIRIMLARIN NEO-GRAMSCIAN ANALİZİ

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Bu tez, 2022 Ukrayna Savaşı'nın ardından, Batı tarafından Rusya'ya uygulanan ekonomik yaptırımların ve siyasal-diplomatik hamlelerin ABD liderliğindeki neoliberal hegemonyanın Batı içinde yeniden üretilmesine olan etkisini araştırmaktadır. Çalışmaya ışık tutan teorik çerçeve genel bağlamda neo-Gramşiyen perspektif olup, spesifik olarak ise Kees van der Pijl'in küresel ekonomi politiğın gelişimi içinde iki farklı devlet-toplum kompleksi olarak adlandırdığı Lockçu ve Hobbesçu devlet-toplum kompleksleri argümanı üzerinden ilerlemektedir. Rusya'ya uygulanan ekonomik yaptırımların kronolojik ve ayrıntılı bir incelemesini yapan bu tezde, yaptırımların uygulamaya konabilmesi ve etkinliği, ABD-liderliğindeki neoliberal hegemonyadan ve doların hegemonyasından kaynaklandığı üzere İngilizce konuşan Batı, Lockçu Batı'yı temsil etmektedir. Finansal yaptırımlar, petrol ve doğal gaz ticareti üzerinden uygulanan yaptırımlar ve Rus milyarlerlere ve politikacılara uygulanan yaptırımlardan ulaşılan sonuçlara göre tezin temel argümanı: ABD'nin yaptırımları uygulama konusunda Avrupa içindeki farklılıkları çözmesiyle Batı'nın bir

uyum içinde ve istikrarlı bir biçimde yaptırımları uygulaması, ABD-liderliğindeki neoliberal hegemonyanın Batı içerisinde Ukrayna krizi aracılığıyla konsolide edildiğidir. Diğer taraftan, özellikle finansal yaptırımlar aracılığıyla Batı finansal sisteminden dışlanan Rusya'nın, Çin ile artan ticari ve finansal bağları sebebiyle rakip devlet konumunun güçlendiği, ancak bu gelişmelerin neoliberal hegemonyaya olan etkisinin gelecekte araştırmaya açık olduğu tezin ulaştığı sonuçlar arasındadır.

Anahtar Kelimeler: yaptırımlar, Ukrayna Savaşı, eleştirel ekonomi politik, neo-Gramşiyen Hegemonya





To my daddy...

I love you so much...

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CHAPTER 1

INTRODUCTION

1.1. Main Research Question and Focus of the Thesis

Russia's war on Ukraine in 2022 is an extension of the West-Russia conflict that has been going on for many years in the context of the crisis of global capitalism, and indeed has become the beginning of a new era in international relations. The war, which came so close to the European borders for the first time since the Second World War, brought many questions to the fore from the threatening possibility of the start of a third world war to the future of Western global hegemony. Western countries today unanimously oppose Russia's war on Ukraine by underlining the importance of, thus defending, Ukraine's sovereignty. However, this response has been interpreted in the Global South as hypocrisy as the 2000s saw many historical occasions in which the US-led Western bloc embarked on wars that destroyed the sovereignty of Iraq, Afghanistan, and Libya in the name of establishing liberal democracy (*The Economist*, 16 April 2022). That's why many countries in the Global South have been rather reluctant to impose sanctions on Russia, and either voted against or abstained from the resolution condemning the Russian invasion of Ukraine in the UN General Council. "In an emergency session of the UN's general assembly, 141 of the 193 member states voted for the resolution, 35 abstained, and five voted against. The only countries to vote no in support of Moscow were Belarus, North Korea, Eritrea, and Syria. Longstanding allies Cuba and Nicaragua joined China in abstaining." (Borger, 2022). This reluctance the Ukrainian War revealed might be considered, at first glance, as a sign of the weakening ideological hegemony of the West.

Moreover, the quoted statement below (quoted also by *The Economist*, 16 April 2022) made by the President of Argentina Alberto Fernández following his lunch with Putin in Moscow after the invasion started tells us that the Ukrainian crisis is being questioned within a wider political economy context in the Global South despite the West's obsessed reactions over the rise of a military confrontation in Europe while

people elsewhere pass through manifold crises all the time: “I am determined that Argentina has to stop being so dependent on the Fund and the United States, it has to open the way to other countries, and Russia has a very important place there.”

While the reactions coming from the Global South have been rather controversial, the same cannot be said for the Western states. Before the Ukrainian War, there used to be various concerns in the West on the dependency of European powers to Russian energy resources, or intensifying relations between Europe and China. The rather contentious relations among Western countries during Iraqi War after 2003 were yet in living memory. However, the War has given way to a re-orientation within Western politics where dedication to Western political values and traditional security concerns have apparently acquired priority in the evaluation of different policy options. Hence, Finland’s and Sweden’s membership to NATO, or as will be discussed in detail in this thesis, coordinated imposition of economic sanctions on Russia by the West, despite the ongoing concerns on the negative and differentiated implications of economic sanctions on individual countries, can be noted in this regard.

Diverse responses coming from the Global South and North to the Ukrainian crisis imply that the War might have important implications on the state of the Western neoliberal hegemony within global capitalism with crucial repercussions on international power relations. Indeed, so far, the military and geo-strategic consequences of the war have been intensively questioned with specific interest on questions of global hegemonic shift from the West to the East in general, and of the current state of US hegemony in world politics in particular. This thesis aims to contribute to these debates from a different angle. It will try to problematize the impact of the Ukrainian War on the reproduction of US-led Western neoliberal hegemony within the context of the economic sanctions imposed on Russia by the West, and with a specific focus on the intra-Western relations. Hence, it will try to answer the question of whether the US-led Western capitalist hegemony has been consolidated or shaken within the West by the Ukrainian crisis by the imposition of economic sanctions.

Posing this question makes sense as the Ukrainian war began at a time when US-led Western neoliberal hegemony was in a problematic phase due to prolonged 2008 global capitalist crisis, and the deteriorating implications of the COVID-19 pandemic on the West in general. Wray (2022) has argued, for instance, that the crisis, which

came just a year after the US and NATO withdrew from Afghanistan in the summer of 2021, provided the United States with the chance to restore its global hegemony through this war. While this is an important claim to be checked within a wider scale, this is a very hard task to tackle with as the Ukrainian crisis is an ongoing one with many possible contingent implications on different parts of the world. Hence, rather than questioning the general state of the US neoliberal hegemony over the whole globe, this thesis will partially deal with this question by limiting itself to the investigation of its reproduction within the Western context.

1.2. Theoretical Framework

Hegemony is of course a contested term in international political economy. While mainstream theories of IR and IPE mostly consider “hegemony” as state-centered military and economic domination, this thesis will endorse the neo-Gramscian approach to the conceptualization of global hegemony. Put briefly and following Robert Cox, it will define global hegemony “as the penetration of a dominant mode of development into all countries through the activities of ruling classes” (Bedirhanoglu, 2008: 92), effected within a triangle of states, institutions, and norms. Hence, while the crucial role played by the US in the constitution of current Western hegemony will be recognized, this role will be contextualized within the development of a neoliberal capitalist order, shaped in response to the 1970s crisis by the demands of the transnational capitalist class. In other words, while it is true that the US has maintained its hegemony ideologically, politically, economically, and militarily since 1945, this has not been the hegemony of one state only (the US), but the hegemony of different capitalist modes of development, the main contours of which have been persistently defined by the transnational capitalist class (TCC) interests affecting the priorities of the US state as well. As the Ukrainian War took place within the context of the neoliberal mode of development, the hegemony to be problematized here will be the US-led Western neoliberal hegemony which has been reproduced via various crises and struggles from the 1980s onwards.

1.2.1. Hegemony in IR/IPE and Neo-Gramscian Theories

The concept of hegemony was included in the IR/IPE debates in the context of the liberal international economic order (LIEO) established in the post-1945 period, and

was developed by Robert Gilpin, who got the inspiration from Charles Kindleberger's "hegemonic stability theory" (HST). Gilpin associated the LIEO with the establishment of the Bretton Woods order, sustained primarily by the material power of the USA. This order started dissolving due to the weakening of the US hegemony (economic power) in the late 1960s and 1970s (Saul, 2010). The point that should be emphasized here is that what the theory argues is not that there would be no stability in the absence of a hegemon, but that the "liberal" international economic order cannot be maintained; the rules of the liberal international economy were established by the US hegemonic power, and with the weakening of the hegemon, the liberal economic order also experienced a shake-up (Gilpin, 1987).

Another view related to the HST is neoliberal one which was developed by Robert Keohane and Joseph Nye. Main argument of these neoliberal thinkers is that even in the absence of a hegemon with material power and political superiority, order, stability, and cooperation can be sustained by the help of international economic regimes.

Here it is also necessary to clarify the concept of hegemony. While the concept of "hegemony" in realist and neorealist perspectives is understood within the context of coercion and force, there is a consent-based concept of hegemony in neo-Gramscian theories (Özçelik, 2005). For realists, hegemony is the superiority of one state over other states in terms of material capacities; and, for the control of the international system, the dominant state or states must first have superiority in terms of economic power and then direct its/their economic resources to military spending (Gilpin, 1981). Therefore, in hegemony debates, we see that realists exclude ideological and cultural hegemony by prioritizing economic and military power and covering up its class content by associating hegemony specifically with states. Robert Cox is the name who takes hegemony in international relations beyond the meaning of military and economic superiority; global hegemony is established, for Cox, primarily by consensual acceptance of ideas of the leading social forces within the dominant state while supported later with material resources (including institutions), and ultimately reproduced within the international arena (Bieler and Morton, 2006).

Gramsci's intellectual contributions should be duly mentioned here. Gramsci emphasized that hegemony refers to the unity of structure and superstructure, as

opposed to economic deterministic claims that assume the determination of superstructure by structure. It is based on ideological hegemony as well as domination in the field of production is based on the compromise/consensus between capitalists and wage labor as well as between dominant and subordinate groups (Cox, 1977). Moreover, the dominant groups may grant material concessions to the subordinate groups when it is required to maintain its hegemony, but this is to the extent that this will not shake its domination (Cox, 1977). Gramsci argues that superstructure includes two levels: the first being “civil society” which is the community of organisms called as “private”: and the second being the “political society” or the “state”, and while the area where the hegemony of dominant groups over society is established is civil society, “direct domination” and coercive functions take place in political society (Gramsci, 1971).

According to the Gramscian approach, bourgeois hegemony refers to the current and future-oriented management and leadership of a bloc of social forces that presents its own interests as if they are the interests of the entire society and ensures this by gaining the consent of the subaltern classes (Gill and Cutler, 2014). As Gill (2008) explains, Gramsci’s use of hegemony finds its response both within the state and interstate relations; in other words, social forces or states that are hegemonic acquire both moral and intellectual leadership within their allies as well as domination over subordinate groups.

Robert Cox argues that hegemony is established in three different areas of human activity within the historical structure (Bieler and Morton, 2006); (1) ‘the social forces’ generated by the production process, therefore, by the social relations of production, (2) ‘forms of state’ to be understood in the context of state-society relations, (3) ‘world orders’, which is a state of war or peace determined by what Cox calls certain configurations of forces, namely material capacities, ideas, and institutions (Cox, 1981). Changes in the organization of production would lead to the emergence of new social forces; these social forces transform the form of the state and at the end the world order. As Cox (1981) argues with reference to E. H. Carr (1945), the emergence of industrial workers as new social forces in the western capitalist states had caused the nationalist economic policies, precipitating a change in the form of the state as well as inducing imperialist competition (conflict among states) as the new state of world

order. However, such configurations do not only progress from the inside out, but transnational social forces also transform the form of state. For example, the military-industrial complex of the Cold War period legitimized itself by using the conflict environment in the international order and fed militarism in the periphery together with the social forces of those countries (Cox, 1981).

Transnational social forces have an important place in neo-Gramscian theory. Neo-Gramscians highlight the emergence of TCC as the owners of the most developed means of production who are positioned within transnational corporations and international financial institutions. In addition to that TCC gained enhanced opportunities for enrichment and power since the 1970s with the increase in FDIs, rise of financialization in the global economy, and spread of transnational corporations (Robinson and Harris, 2000).

1.2.2. Kees van der Pijl's Heartland/Contender Argument

Among the neo-Gramscian authors Kees van der Pijl is known by his analyses on historically specific state forms shaped by different state-society complexes. Van der Pijl identifies in global political economy the development of two different state-society complexes, the first of which is the liberal West which he calls the "Lockean heartland". Main features of this state-society complex are liberal constitutionalism, a developed and vibrant civil society, and more importantly, its giving way to the development of capitalist classes with transnational capability to subordinate alternative social relations (van der Pijl, 2007). The second state-society complex, van der Pijl defines, has developed around the Hobbesian contender states; the defining feature of such state-society complexes is the strong state as the initiator of capitalist social development and with the capability to transform the society from above via state classes that hold power over society with their control on the state apparatuses and resources (van der Pijl, 2007).

According to van der Pijl (2006b: 2-9), the Lockean state-society complex emerged as a result of the struggles against the absolutist monarchy and feudal-aristocratic rule in the 16th and 17th centuries. The Religious Reformation and Enlightenment ensured the transformation of the form of the state "suiting the needs of the commercializing

landlords, merchants and the artisans of the towns” while in France, the bourgeoisie was subordinated to absolutist state.

Kees van der Pijl associates the emergence of the Lockean state with the Glorious Revolution of 1688 in England, which formed the moment of the development of a globally mobile capital that materialized its power over the state and civil society via the liberal constitution. For him, this liberal heartland is an Anglophone settlement that stretched in time on the two sides of the Atlantic, integrated the English and American ruling classes, and gave way to the North Atlantic society (van der Pijl, 2012). In the Lockean heartland, the civil society was dominated by the private property-owning classes while the state took the form of constitutional monarchy. Van der Pijl (2006b: 8) thinks this state form is the “true bourgeois political formation; a state that ‘serves’ a largely self-regulating, ‘civil’ society by protecting private property at home and abroad.” The expansion of the Lockean heartland included both the transnationalisation of civil society and international socialization of state functions in a global context in which there is a competition between states over their improvement of these functions; thus, the transnationalisation of the heartland means sustaining capital on a global scale with specific arrangements like the separation of state from the economics, protection of individual freedoms by under the law, and rule of law (van der Pijl, 1998). The transnational presence of the Lockean state-society complex had started with the Pax Britannica when Britain shaped and intervened in global stability on behalf of private property owners, a function which was later transferred to the US, which on a similar basis has shaped Pax Americana through hegemonic processes such as humanitarian intervention, or financial liberalization (van der Pijl, 1998).

According to van der Pijl, capital always tends to expand new areas, while the liberal West as the mainstay of the global ruling class tries to move the Lockean state-society complex and its historically specific forms of capitalist relations of production out of the heartland, but the contender states, which initially used to be the continental European monarchies in the 18th and 19th centuries, function like a nerve that makes this expansion difficult (van der Pijl, 2012). In the 17th century, France was the European contender state against Britain under the absolutist state of Louis the XIV. Louis the XIV fought many wars against England and Netherlands from 1688 to 1713

while in the 18th century, Anglo-French confrontation continued in the wars between 1792-1815. France, which was defeated in all these wars, suffered great losses in its colonies in North America, and the expansion of imperial Britain accelerated (van der Pijl, 1998). In the Lockean West, capital needs the coercive power of the leading states (like 19th century Britain and 20th century USA) when it cannot penetrate to new markets and societies by other means, thus the actual violence defined by military power is one tool of expansion while economic compulsion and diplomatic “negotiation” are others (van der Pijl, 2007). What makes it difficult for the West to spread capital to contender states is the specific association of the states to social forces there. Specifically, social forces are shaped by the state in contender states instead of being defined by social development and production processes in that domestic capital in these states relates primarily with the state first instead of the market. Hobbesian authoritarianism also sets limits on attempts to reconcile the interests of the capitalists of the contender state with the ruling class of the liberal West (van der Pijl, 1998).

If we rethink the hegemonic struggle between the West and Russia over Ukraine with these concepts, it can be argued that the contender-Russia which resists being fully integrated into the heartland with its Hobbesian state-society complex, constitutes a resistance to the neoliberal transformation carried out by the Lockean West in Ukraine in particular, and to the spread of neoliberal capitalism in general.

The liberal West makes its entrance into the contender states by dissolving the Hobbesian state-society complex; and in the neoliberal era, this has been happening with the disintegration of the welfare states in Western European contender states, because the heartland ruling class defines human rights on the basis of individual rights, and in particular to the right to property, so that when necessary, the individual’s right to property should be protected against the state and the state’s intervention to education, healthcare and housing in the name of making citizen access to these public services (van der Pijl, 2006). But it is important to highlight that for the Lockean heartland, neoliberal globalization has not been an ethical choice of good or bad, but a global process driven by material interests of global capital (van der Pijl, 2006), and indeed there have been always converging or even highly overlapping interests between the privatization-oriented capitalists of the contender states such as China or Russia today and dominant transnational capitalist classes of the liberal West (van der

Pijl, 2007). Today, the states within the BRICS (Brazil, Russia, India, China, and South Africa) bloc represents the contender states, but “the oligarchic- capitalist strand that must still pay homage to the state class [in those countries] wants nothing more than being included into the Atlantic ruling class and rule through its own retainers” (van der Pijl, 2017: 29).

1.3. Main Argument and Structure of the Thesis

This thesis will utilize these analytical tools proposed by neo-Gramscian approach in general and Kees van der Pijl in particular, and will argue that the Ukrainian War has so far operated as a crisis that has helped the reproduction of US-led neoliberal hegemony within the West by consolidating the Lockean heartland with the Western European contender states within a global context of multiple crises, given the fact that the relationship between these two has always been a contested one. This consolidation will be problematized through a detailed investigation of particularly the economic sanctions imposed on Russia by the neoliberal West, including the Lockean heartland (namely the US and Britain) and the continental contender states. In this investigation, the focus on the economic sanctions will be particularly illuminating as the common political stand taken by the Western countries against Russia can easily be observed while an assessment on their economic response requires a much more careful evaluation. For, the imposition of economic sanctions, even though in differentiated speeds and scales among Western countries, has still required the coordinated action of the West in general, and indeed have aimed to create fractures within the Russian state class specifically by excluding its members’ access to established Western financial services and networks.

The thesis will utilize mainly secondary academic sources in its historical and conceptual investigations, while the parts on the ongoing Ukrainian War, Western political responses to the crisis and economic sanctions imposed on Russia will be prepared through a comprehensive and systematic reading of weekly journals and daily newspapers in an attempt to make an original contribution to the relevant academic literature.

The structure of the thesis is as follows. After this first introductory chapter, political and economic transformations in global capitalism and its founding element, the US

hegemony, from the Bretton Woods system to the present, will be problematized. The selection of the post-1945 period was deliberate, for the dollar-centered global financial system and global trade formed in the post-war period is also the basis for the sanctions imposed on Russia during the Ukraine war. Thus, it is not a coincidence that the first way that Western countries have tried to damage Russia with economic sanctions was to freeze the foreign currency reserves of the Central Bank of Russia (as will be explained in the fourth chapter). Again, in the second part, it will be emphasized how the US hegemony was reproduced with the initiation of the neoliberal project, despite the end of the fixed exchange rate system due to the problems experienced in the US economy in the 1960s and 1970s. The rise of finance capital and the accelerated spread of neoliberal capitalism to the whole globe after the fall of the USSR will be discussed through the 1990s. The discussion on the 2000s will look at the crises of Western neoliberal hegemony including the challenge posed against it by the emerging economies of BRICS as the rising contender bloc – even though it cannot yet be defined as a coherent bloc like the Lockean heartland.

The third part will follow the neoliberal transformations in Ukraine after the Maidan events of 2014 in order to show the historical background of the 2022 Ukrainian crisis. Contrary to the narratives that see the Ukrainian War as a purely military struggle, NATO's attempt to include Ukraine in the Atlantic bloc had no exclusively military purpose. On the other hand, the Atlantic ruling class' aims to open Ukrainian product and labor markets to international capital have been obvious, and indeed Russia - as another capitalist state today- has aimed to contest this project by even an open confrontation.

In the fourth part, the effects of the sanctions imposed by the West on Russia under the leadership of the US and the UK on the Western neoliberal hegemony will be examined from a political angle. As will be discussed, the political initiatives taken by the West have aimed to exclude Russia from international organizations and summits while counter-hegemonic steps have also been taken by the BRICS in return. Although Western ideological hegemony has tried to be strengthened via a discourse of autocracy *versus* democracy – of which the Ukrainian leader Zelensky has been making frequent use-, such discourses no longer hold much value for the Global South due to the problems neoliberalism have precipitated there.

The fifth part will discuss the more controversial pillar of the Western sanctions imposed on Russia, namely the economic sanctions. These will be studied in detail by focusing on financial sanctions, sanctions imposed on oil and natural gas trade as well as on politicians and individuals one by one. The chapter's main conclusions will be that financial sanctions imposed by the West on Russian institutions such as the Russian Central Bank or the Sovereign Wealth Fund, and on Russian oligarchs and politicians could be imposed rapidly and with more unity, while oil and gas related sanctions have been put into practice gradually and in consideration of Western countries varying levels of dependency on Russian energy resources. The latter does not however mean their failure as strategies to impose oil and gas related sanctions have been defined collectively and in coordination among the Western countries. The fact that compromises on this category of sanctions have been possible on the basis of the US' monetary, resource-related and technological capabilities implies the strengthening of US hegemony within the West.

The conclusion will summarize the main findings of the thesis and try to discuss how different directions the Ukrainian would war take might affect the future of Western neoliberal hegemony both within and globally.

CHAPTER 2

US HEGEMONY: FROM BRETTON WOODS TO THE PRESENT

2.1. Views on the Post-War Global Economic Order Before Bretton Woods

Problematizing the hegemonic implications of the Ukrainian War and Western sanctions imposed on Russia requires a thorough understanding of the historical and contested development of US hegemony since the end of the Second World War. Even though the hegemonic rise of the US against the British Empire dates back to the late 19th century and the First World War, the decisive transfer of hegemony took place after 1945 within a rather uncertain post-war political context in which liberal Western order faced significant challenges from both the militant Western working classes and the victorious Soviet Union as both had resisted successfully against the fascist threat. Thus, in the post-1945 period, the USSR emerged as the new contender state against the Lockean heartland.

This challenge forced the US to base its hegemony on not only military dominance but also on economic and ideological superiority, materialized in various international institutions and in tension with the priorities of the former hegemon. For liberals though, the Bretton Woods Conference and the discussions that preceded it were about how to achieve a peaceful post-war order. According to them, the long crisis from the 1930s to the Second World War had been an outcome of the protectionist policies pursued by European powers. That was why international free trade, which was said to be carried out with a reliable currency, was promoted as the most prominent feature of the new era (Kiely, 2005). This view of freeing the international trade regime from all restrictions was a policy that particularly the United States insisted on to contest the colonial territorial control exerted by the British and French over the globe. Indeed, for the liberals, the reason for the failure of the League of Nations was this missing economic component (de Vries, 1996). According to the program presented to Keynes, who came to Washington in July 1941 to discuss the terms of US defense assistance to Britain, there was the condition that the US or the UK would not discriminate in imports from any country after the war. Given the challenges this condition posed to

the already shaken British imperial supremacy, the war-torn Britain did not prefer to leave the country at the mercy of market competition. The mismatch between the British proposal in favor of Keynesian social policies dominated by monetary and tariff controls and the US one that advocated the establishment of the new system, based on open competition and anti-protectionist policies was compromised on a middle ground shaped by the views of the British working class and the disempowered capitalist classes (Brett, 1985).

On February 11, 1942, with the proposal of International Currency Union, Keynes suggested that the IMF should work like a central bank, the accounts of which should be made open both for the creditor and debtor countries, develop a new common international currency, and apply interest to both debt and credit accounts, so that money could be transferred from countries with a balance of payments surplus to countries with deficits (Kiely, 2005; de Vries, 1996). On the American side, a draft called the White Plan was prepared for the “United Nations Stabilization Fund” and the “Bank for Reconstruction and Development of the United and Associated Nations”, which would later be referred as the IMF and the World Bank. According to the White Plan, Keynes’ proposal regarding deficit countries was not accepted as the US was not willing to provide resources to deficit countries: rather, the US was giving great importance to exchange rate stability. For the US, money to be collected in the Fund should be created from national currencies and gold; in addition, the US was in favor of lifting the exchange controls. Contrary to this, Keynes’ plan called for the implementation of capital controls (de Vries, 1996).

2.2. Bretton Woods Conference: The Establishment of the IMF with the Fixed Exchange Rate Regime

From 1821 until the Bretton Woods conference in 1944, the reliable and commercial currency in the world was the British pound sterling, which was pegged to the gold, deriving its strength from the UK’s collecting the world’s largest gold reserves in its central bank (Zwanenberg, 2023). The economic superiority of the USA after the Second World War was formed, similar to the UK, by its national currency (dollar) being fixed to the gold and made the world commercial currency. However, the American hegemony has become much more than that since then. Not only has it become the world’s largest capitalist economy, it has also established political

dominance over the entire capitalist center, and on this basis, it has gained the advantage of shaping the conditions of international capital accumulation (Gowan, 2003). There were some material and political conditions that made this political supremacy of the USA possible. Europe was financially bankrupt because of the war; the French and Italian capitalist classes were threatened by socialist movements; and the entire continent needed dollars and products from America. While they united around the fear of communism, the USA shaped its hegemony with the task of protecting Europe against the Soviet Union (Gowan, 2003).

In this context, when we look at the main purpose of the IMF's establishment, an institution was needed to provide loans to countries with balance of payments deficits, so that countries with deficits would not turn to protectionist policies (Brett, 1985; Kiely, 2005). Funds in the IMF would be created from resources that each member country would put forth within certain quotas; 25% of the quota would be convertible currency, which was gold (this is the source of the loans to be provided to the deficit countries) and the remainder would be the national currency. IMF loans were offered to the borrowing countries with several conditions, so the policies deemed appropriate by the IMF were imposed on the countries with the conditions set before the loans were given. This provided the Fund with a significant political power, besides economic, due to its intervention capability in domestic policies (Brett, 1985).

The IMF has adopted extremely orthodox policies for deficit countries. For instance, the IMF maintained that deficit countries should reduce their spending, lower their subsidies and salaries to the low-income groups, so that profits would increase, imports would decrease, and with this surplus private capital would invest in productive sectors and increase exports (Brett, 1985). Of course, the credits to be provided by the IMF and the contribution of the USA to the reconstruction process of Europe with Marshall Aid were not free of charge. The USA, which needed new markets for the sale of mass-produced goods accumulated during the war, wanted access to European markets, and while doing so it would have to prevent the spread of communism as well as block its access to potential markets (Kiely, 2005). According to van der Pijl (2006b: 36-37), the Marshall Aid not only aimed opening the closed European economies but also integrating them into the liberal bloc under the leadership of the English-speaking West. The Fordist mass production/consumption economy, which required

improvements in workers' salaries to find buyers for the mass-produced goods, became the main economic model in the post-war European market. However, this transformation was not immediately accepted by the West German ruling class, making West Germany the contender state in the 1950s (van der Pijl, 2006b: 38). It was in the early 1960s that the managerial cadre which supported Fordism, found representation in Western German parliament and the emergence of a "self-regulating civil society" took place thereafter. The USA and Germany agreed that German product markets would be open to the industrial products from the US and the labor market would be open to American investments. While the European Economic Community was established in 1957, the United States had indeed followed a similar path, forcing the community to open its doors to American capital as if it were local, that is European, and the same opportunity would not be provided to other foreign capitals (Gowan, 2003). The Marshall Plan and the transformation it brought along the line of Fordism was also accepted by the French state as it saw this was the most suitable way to prevent the spread of socialism in Europe. Moreover, for France, European integration was also a way to prevent the resurrection of military industry in West Germany (van der Pijl, 2006a).

One of the most important issues discussed in the Bretton Woods was the exchange rate regime. For, the biggest concern of the USA in 1944 was that in the 1930s, states manipulated the international value of their currencies to become profitable in international trade and combat balance of payments deficits. In the post-war context, this devaluation route had to be prevented (Brett, 1985). In addition to the protectionist policies in trade which the United States opposed the most, "competitive devaluations" and "exchange restrictions" were also now being put on the ball on the grounds that they caused or deepened the Great Depression in the past (Ghosh, 2021). The fixed exchange rate regime in the Bretton Woods ensured that the US dollar's value was fixed to the weight of gold and the other nations' currencies were fixed to the dollar with a determined value; thus, a predictable convertibility was established between the dollar and gold, as well as between the dollar and other national currencies (Brett, 1985; Costabile, 2022). In the new order, the price of 1 ounce of gold was fixed at \$35, so foreign governments could buy gold from the US with dollar reserves in their central banks or buy dollars with gold (Costabile, 2022; Ghosh, 2021).

The condition that member states keep their exchange rate at a constant parity against the US dollar would be valid only if there was no “fundamental disequilibrium” in the balance of payments, and for a state to make changes in the exchange rate, it had to be an IMF member and receive the IMF’s authorization (Brett, 1985; Ghosh, 2021). As a matter of fact, Keynes listed the issue of being able to change exchange rates (only in case of structural imbalance) among the advantages obtained by the British, and the most important point agreed by both sides was the implementation of capital controls that would ensure price stability, and most importantly, high employment (Cesanaro, 2006).

2.3. Post-War Reconstruction and Development: The World Bank

The purpose of the World Bank when it was founded in 1944 can be explained by the functional division of labor identified for the Bank and the IMF. The Fund was designed to solve short-term macroeconomic problems, mainly the balance of payments deficit, while the World Bank focused on the reconstruction of post-war Europe and the development programs of middle-low-income countries (Chatzky and Masters, 2019). In 1942, the adviser to the US Treasury secretary, Harry White, announced his proposal which laid the groundwork for the World Bank, as the “[p]roposal for a United Nations Stabilization Fund and a Bank for Reconstruction and Development of the United and Associated Nations” (Asher and Mason, 1973). The main purpose of the Bank was defined as to provide the capital needed by private capital to make profitable investments abroad. However, it was also necessary that the public or private institution that would borrow money could not obtain the loan it needed from another source, and it was also imperative that the government of the debtor gave a guarantee for the repayment of the debt (Asher and Mason, 1973).

2.4. The Collapse of the Bretton Woods

The Bretton Woods system, established after the Second World War, was based on the financial power of the United States, which had 60% of the world's gold reserves in 1945 and 75% in 1949 (Cesanaro, 2006). The weakening of the US economic and military hegemony towards the end of the 1960s brought ultimately the end of the fixed exchange rate system. In the system in which gold was pegged to the dollar, American central bank lent dollars to the central banks of other countries. The United States had

almost unlimited resources to do this and the biggest advantage of this system for the U.S. was that the country did not need to issue a current account surplus (Kiely, 2005; Zwanenberg, 2023). However, by the 1960s, the US foreign debts exceeded the country's gold reserves and there was a balance of payments crisis (Costabile, 2022; Rizvi, 2022). If the US could sell its products to the European market, as it initially aimed, the dollars in the international market would return to the US; however, this did not happen and a large dollar abundance arose in the international economy while these dollars got accumulated in European banks, shaking the credibility of the US dollar (Kiely, 2005).

The US budget deficit was also shaped by the expansionist monetary policy in the USA to finance the social programs and military expenditures for the Vietnam War, thus, inflation and budget deficit continued to worsen in the late 1960s. Unable to control the value of its own currency under the fixed exchange rate regime, The US ended in 1971 the fixing of the dollar to gold with the decision known as the Nixon Shock in order to regain control over global monetary matters (Diepenbrock, 2016).

Due to falling American foreign aid in the 1960s, foreign governments also started looking for ways to meet their needs with private credits (Panitch and Gindin, 2005). This led to the preservation and even increase of the importance of the dollar with the financial liberalization initiated by the US in the 1970s, because what was mentioned here was the expansion of 'private dollar denominated credit' (Diepenbrock, 2016). In addition to the Eurodollars accumulated in European Banks due to the impact of Japan and Germany's exports to the United States, rising oil prices due to the impact of the 1973-1974 oil crisis greatly increased the profits of oil exporters, and these 'petrodollars' were deposited in European and North American banks. This monetary abundance in European and American banks opened up space for low interest-loans to developing countries, to especially the Latin American countries. These loans were used for long-term projects in some countries, for financing corrupt governments in some others, causing ultimately a debt crisis in Latin America and bringing the lending American banks on the brink of bankruptcy in between 1980-1982 (Kiely, 2005).

On the other hand, the oil shock of 1973 caused the questioning of the international legitimacy of the English-speaking West and triggered the contending forces to put forward their demands and get united: the states in the Soviet bloc and the Third World

coalition were among them (van der Pijl, 2006b). In Libya, the regime under Colonel Qaddafi put pressure on foreign capital to obey the demands and priorities of its state and this encouraged New International Economic Order program which was a typical response of the state classes of contender states against the Lockean West. The democratization demands of the NIEO states stemmed from their desire to have as much say as the Western ruling classes had in global political economy (van der Pijl, 2006b).

All these developments of the 1960s and 1970s carried global capitalism to the neoliberal era which will be discussed under the next heading.

2.5. The Reconstitution of US Hegemony via the Neoliberal Project after the 1980s

The 1960s and 1970s not only witnessed the relative decline of the US hegemony but also the rise of social movements and protests in the European countries and the US. Thus, the communist surges in France and Italy, rising power of trade unions even in the United States, and social movements' (including those by labor as well) push for anti-corporate reforms. All these motivated "the corporate capitalist class" to search for "a new political project" that would undermine the power of labor, which was shaped in time as neoliberalism (Harvey, 2016: 2-3). While the welfare state policies and state monopolistic elements had been taken from the contender states of the post-1945 period, neoliberalism has been different from corporate liberalism. It has been the product of the Lockean West and introduced capitalist discipline in all spheres of social life (van der Pijl, 1998).

Global capitalism was also in crisis in the late 1960s and 1970s as capitalists of developed countries were experiencing a crisis in profitability (Vakulabharanam, 2009), the first world was experiencing low growth rates, high rates of inflation, and unemployment paving the way for social struggles. In these years, the fact that the US broke the fixed relationship between the gold and the dollar facilitated the turn towards financial liberalization. The US' provision of easy credits to developing countries in this period precipitated the debt crisis in Latin America in the 1980-1982 period, together with major changes taking place in the role of the IMF (Kiely, 2005). In 1982, when all Keynesian advisors were removed from the IMF, the IMF intervened in the

debt crisis with its structural adjustment policy. Austerity policies implemented to “save” Mexico, which was struggling with the debt crisis in 1982, caused a 25% decrease in the standard of living of the population, while the New York investment banks that the IMF wanted to really save became the real beneficiaries of the austerity programs (Harvey, 2016).

The bourgeoisie of the contender states were integrated into the Lockean West by overcoming the crisis of corporate liberalism through neoliberalism in the early 1980s (van der Pijl, 1998). This has been ensured via three pillars of neoliberalism, where all have been introduced to increase the profits of the capitalist classes. The first one is privatization, which means the appropriation of public assets by capitalists by the transfer of these assets from state to the market, leading ultimately to the dispossession of subordinate classes (Vakulabharanam, 2009). That’s why this process was defined by David Harvey (2005) as “accumulation by dispossession” with reference to Marx’s “primitive accumulation”.

The second pillar is deregulation. Deregulation has represented the move towards the “free market” in general. But the central aim has turned out to be freeing the capital markets with “controls over banking, currency exchange, and capital movement” either loosened or abolished. One country after another has come under influence of neoliberalism after the late 1970s, and a global financial space has emerged in which national and international markets are intertwined with stocks, currencies and financial derivatives functioning in complex and interlinked processes (Connell, 2010: 23). While the fixed exchange rate regime of the Bretton Woods was sustainable with the capital controls implied by states (except the US), after the end of the gold standard, it was seen that the fixed exchange rate system and capital mobility were incompatible with each other (Panitch and Gindin, 2004).

The last leg of neoliberalism is liberalization, which has meant openness in international investment and trade (Kiely, 2005). All these developments, after the initial decline of American economic power in the 1960s and 1970s, have implied the reproduction of American dominance on a new basis. The “new imperial bond” has been established through the proliferation of foreign direct investment as a way of capital export, and this has become a sign of the deepening of integration in global capitalism. For instance, American companies in Germany together with the German

companies voiced some concerns about the rising price of European steel. In other words, the fact that American capital found representation in European countries meant that local capital could no longer be comprehended in a national way, because in the neoliberal era, the national governments would treat foreign capital like domestic capital by passing necessary internal transformations and facilitating the accumulation of international capital (Panitch and Gindin, 2004).

As a result, the neoliberal hegemonic project, developed in response to the multiple crises of global capitalism in the 1970s, has also precipitated a “transnational neoliberal revolution”, which has helped restructure the conditions of capital accumulation and realize this not only in the heartland, but also in countries such as Chile and Argentina outside the Lockean West (Overbeek and van der Pijl, 1993). Overbeek and van der Pijl have used the concept of neoliberalism to explain phenomena also known as “The New Right” or “Thatcherism”, which combine liberal and conservative elements. In this conceptualization, while the liberal leg of the neoliberal project has referred to individual freedoms, *laissez faire*, and minimal government; the conservative leg has meant ‘strong government’, a disciplined society and obedience. On the other hand, to ensure the neoliberal hegemony through consent, the US foreign policy started to “democracy promotion” in the 1980s as a way of sustaining its dominance – but also the dominance of the Lockean West- over the peripheral regions (Robinson, 1996).

2.6. Broadening and Deepening Phases of Global Neoliberal Capitalism: The 1990s

While analyzing global capitalism in the 1990s, it must be highlighted that this era was dominated by ‘Washington Consensus’ which was introduced by the two American-led international financial institutions the IMF, the World Bank, together with the US Treasury Department. The Washington Consensus was coined by John Williamson as a development path for the developing countries (Eagleton-Pierce, 2016) with ten major policies, some of which can be mentioned as privatizing state-owned enterprises, allowing market to determine interest rates, removing the barriers which against foreign direct investment, and cutting the state subsidies etc. (Irwin and Ward, 2021). The most striking aspect of the 1990s in the history of global political economy

is the collapse of the USSR and the restructuring of global capitalist hegemony under more comfortable conditions. But this process produced deep social inequalities and economic crisis on the post-communist states and beyond, since the 1990s was a period in which monetarization and commodification permeated every aspect of social life (Gill, 2008). In the 1990s, the tension between the Lockean West and the European contenders continued. The collapse of the Soviet bloc facilitated the European Union's attempts in introducing market reforms on the one hand but revealed on the other the contentious relationship between France, which has a long history of state interventionism, and the English-speaking West, which practices the liberal market discipline. For instance, in 1991, Economic and Monetary Union discussed at Maastricht was ratified in France without broad support (van der Pijl, 2006a: 11).

Neoliberalism has also been shaped with the logic of "money dealing capital" (van der Pijl, 2018) in the 1980s and mostly 1990s, reflecting "the triumphant ascent of speculative finance capital at the expense of productive capital and, of the public sector" (Giesen and van der Pijl, 2006: 6); in the 1980s "proprietary trading in financial and other assets" became a popular trading activity among both investment and commercial banks with the help of removal of capital controls and domestic financial liberalization which opened up other nations to American trading groups or more precisely, to Wall Street banks, as these banks began lending to other institutions for use in trading financial and real asset (Gowan, 2009). The commercial and investment banks engaged in such trading activities to make profit by creating price differences through the purchase and sale of these assets, in other words, they started conducting "speculative arbitrage" and in the 1990s, the Wall Street banks made huge speculative profits from the stock markets of the emerging economies by creating price bubbles (Gowan, 2009).

The 1990s also witnessed the changing role of the IMF and the World Bank. While the IMF's structural adjustment policies had to be repacked in response to the challenges posed by the 1997 East Asian Crisis to take care of the concerns of the global capitalism and continue putting conditionalities to the states receiving IMF loans (Panitch and Gindin, 2004), the World Bank started to make emphasis on "effective states" which meant that states should create conditions that would ensure the functioning of competitive markets (such as reducing taxes on private sector but

collecting taxes from citizens in the form of VAT, so the state should not redistribute economic prosperity) as well as the independence of central banks with a conservative manager and implementation of anti-inflation economic policies (Panitch, 1998).

The changing of the World Bank can be seen also in structural adjustment loans – SALs- which were offered to countries experiencing balance of payments problems (the first applications of which had already been seen in the Latin American debt crisis of 1982). SALs were given under stricter conditions when it came to the 1990s and involved much more than trade liberalization and reducing state intervention, for example, cutting state subsidies offered to poor citizens (Eagleton-Pierce, 2016). However, the emphasis on the retreat of the state from the market has proved to be just an illusion for given the legal transformations of states, it seems that, the power of states has been consolidated rather than challenged in the neoliberal project (Eagleton-Pierce, 2019).

2.7. Global Neoliberal Capitalism in the 2000s and, the Rise of China and Russia as the New Contender States

In the early 2000s, the most conflictual issue among the Western capitalist states was the 2003 Anglo-American war against Iraq. But the differences between the US and contender states about the Iraqi question had emerged since the 1990s. The sanctions imposed on Iraq since the 1990s were the main issue that France and Russia opposed, because due to the sanctions, Iraq could not pay its debts to these countries. When their interests in Iraqi oil were also added, from 1997 onwards, contracts were signed between Iraq and Russian Lukoil, French Total and Chinese National Petroleum Corporation to develop Iraqi oilfields (van der Pijl, 2006b). The 2003 Anglo-American invasion of Iraq witnessed US interventions that reversed these steps of the contender states. The occupation of Iraq dispossessed the Sunni state class with the privatization of Iraqi state enterprises which ensured 100 percent ownership of these enterprises by foreign companies. The contracts made by foreign companies since 1997 were thrown aside, and BP and Shell made long-term contracts for the extraction of Iraqi oil (van der Pijl, 2006b). While France and Germany opposed the UN resolution approving the invasion of Iraq at first, they gave green light to it later after the US proposal to erase Iraq's debts to France and Russia (van der Pijl, 2006b). After the fall of the USSR, the Lockean West had the ability of setting the rules of global political economy both

economically and militarily despite the burst of the 2008-09 global capitalist crisis, while on the military terrain the NATO started its plans of expanding towards post-Soviet space as it was seen in its promises of NATO membership to Georgia in 2008. With these encouragements Georgia started a military operation in South Ossetia in August 2008, but faced with Russian response. This was indeed a sign that there might be an end to the West's mastery of setting the rules (van der Pijl, 2010). These years did not only see the rise of China and India as emerging economies but also the crashing down of the manufacturing capacities of American and EU economies due to their inability to penetrate into the Russian, Chinese and Iranian labor markets to exploit the cheap labor. In the previous decade, Lockean West had transformed the state-society complexes of the Hobbesian heartland with military interventions through the foreign policies of the Democrat Party in the US under the pretext of democracy promotion (van der Pijl, 2010).

The Atlantic bloc started to develop some strategies against the challenges coming from the BRICS, one example of that being the "Transatlantic Trade and Investment Partnership" (TTIP) negotiations between the US and EU that started in 2013. The main aim of TTIP was to further liberalize the trade between the two sides of the Atlantic by making the labor and product markets more open. On the other hand, the US pursued the goal of determining the rules of world trade under its own leadership in such a way as to exclude BRICS, and then to oblige the BRICS bloc to comply with its rules (Cafruny, 2016). But the TTIP faced protests and domestic opposition from the NGOs, trade unions and other civil society groups especially in Europe due to its aims like further liberalization in agriculture and the liberalization of public procurement as a way to privatize of some sectors of welfare state (health care, education etc.) (Cafruny, 2016).

The break of the Covid-19 pandemic in 2020 in a global context in which the recessive implications of the 2008-09 global capitalist crisis continue brought about additional challenges to the US-led Western hegemony. The pandemic did not only display the weakened state of European health systems due the neoliberal assault on Western welfare regimes, but also manifested the initial advantages of non-Western autocratic/authoritarian states in responding quickly to such extra-ordinary global threats. Fundamental transformations in working conditions with the extensive use of

artificial intelligence and distant-working technologies have also taken place since the break of the pandemic, signaling further restructurings in state-business-labor relations in global capitalism.

It is thus within such a polycrisis context that military tensions culminated in the break of the Ukrainian War in February 2022, a confrontation that besides other implications have tested the effectiveness of the US-led global neoliberal hegemony.



CHAPTER 3

THE 2022 UKRAINIAN WAR: HISTORICAL BACKGROUND AND DEVELOPMENT

Following the previous chapter which has overviewed the development of global capitalism since 1945 under the US hegemony, the aim of this chapter is to provide an overview of the developments that led to the start of the Ukrainian War as well as its course from the mid-2000s onwards. Such an overview will help one understand multi-level controversies that the War has freed, specific resolutions of which would have important impact on the US-led global hegemony of the West over the rest of the world.

3.1. The 2014 Maidan Uprising and Its Aftermath

This section aims to focus on the neoliberal transformation carried out in Ukraine by the Lockean West after 2014, which needs to be understood within the framework of the heartland/contender conflict between the West and Russia. For, the war that Russia launched against Ukraine in 2022 has manifested not simply the unequal military capabilities of the two warring sides, but the socio-political differences between these two—Lockean vs. Hobbesian- state-society complexes.

The fact that today Ukraine has become the object of a proxy war between the USA and Russia can be historically contextualized within the tensions developing between the West and Russia since 2008. The significance of the year 2008 comes from NATO's announcement of Ukraine and Georgia as potential new members at the Bucharest summit. This meant a big crisis for Russia as NATO's informal promise to Russia in the 1990s used to be not to expand the organization to the east of Germany (Nye, 2022). One of the most important reasons why Russia has wanted to keep Ukraine out of NATO is the Russian Sevastopol naval base in Crimea. Russia continued paying Ukraine an annual rent for Sevastopol until the Russian annexation of Crimea, thus gaining control of the Sevastopol base, in 2014. Furthermore, the Euromaidan uprising that started following the EU-Ukraine Association Agreement

planned to be signed in November 2013 constituted another important source of controversy between the Lockean heartland and Russia. When ultimately the then Ukrainian President Viktor Yanukovich refused to sign the agreement, this decision was interpreted as a response to the pressures coming from Russia and as Ukraine's desire not to break commercial ties with Russia (Baysha, 2023). The escalation of the clashes resulted in Yanukovich leaving the country in February 2014 and being overthrown from power. For the pro-Russians, it was a US-backed "coup" in contrast to those who called the 2014 Maidan protests a "revolution" (*Donbass Insider*, 2023).

The demonstrations were held to protest the corrupt and repressive policies of the Yanukovich regime. While these criticisms were not baseless, the fact that the groups that clashed with the police consisted mostly of far-right people, members of the nationalist party Svoboda and other right-wing extremists has retained commentators from defining the protests as democratic (Baysha, 2023). Russia's response came immediately after the outbreak of events in Ukraine, and when the people voted in favor of secession from Ukraine and unification with Russia in the referendum held in Crimea on March 16, 2014, Putin annexed Crimea (Salushev, 2014).

Yanukovich had consolidated his power by making the oligarchs of the so-called "Donetsk bloc" the dominant forces in the country, while the 2014 uprising became the ticket to power for oligarchs excluded by this bloc (van der Pijl, 2018). What happened after the Euromaidan is that the old oligarchs were replaced by new ones; after the overthrow of Yanukovich, there was no change in the class structure of Ukrainian society or the political structure of the Ukrainian state, because what happened was the struggle between different factions of oligarchic capital (Ishchenko, 2022). While the oligarchs outside of the Donetsk bloc filled the non-revolutionary void inside the Maidan events by exploiting nationalist sentiments, civil society forces which wanted to put the neoliberal agenda into action shaped instrumentally the social opposition to the corruption and authoritarianism of the Yanukovich government (Ishchenko, 2022).

It is possible to say that the Ukrainian capitalist classes got divided between the more developed eastern industrial pro-Russian zone and the agricultural western zone which was supported by the EU, NATO, and the US. The Ukrainian middle class in the west started a struggle against the oligarchs especially after the Maidan events in 2014

established a “nationalist neoliberal bloc” with Western states and multinational capital (Bailey, 2023). Indeed, as a demonstration of this pressure, after the June 2014 elections, Petro Poroshenko, a pro-Western oligarch, took the presidential chair in Ukraine; and the first thing he did when he came to power was to sign the association agreement between Ukraine and the EU. This agreement, which Yanukovich had refrained from signing, established the “Deep and Comprehensive Free Trade Area”, and allowed not only the European trade and capital but also the transnational capital to penetrate Ukraine. Together with law that the Ukrainian government passed to privatize 49% of oil and gas pipelines and their sale to foreign investors, this agreement became an example of shock therapy as a sudden transition of Ukraine to neoliberalism (Cafruny, 2016). Furthermore, a \$17.5 billion loan signed between Ukraine and the IMF in 2015 meant the imposition of structural adjustment conditionalities to Ukraine such as reducing government spending by eliminating the social welfare provisions of the state, narrowing the budget reserved for pensioners, and making changes to the labor code and tax regulations (Cafruny, 2016). Coming to Ukraine’s political and military engagements, while the 1996 Constitution of Ukraine had identified the country neutral, the law that was passed by the parliament in 2018 after Poroshenko’s coming to power mentioned NATO and EU membership as a strategic goal for the country (Ishchenko, 2022).

Post-Maidan period in Ukraine accelerated the opening the Ukrainian agricultural lands to transnational capital/multinational corporations as well. In January 2014, the US based multinational corporation Cargill bought five percent of UkrLandFarming’ share and the firm invested 200 million dollars for this purchase. Even though small in percentage, this purchase enabled Cargill’s entry into Ukrainian agricultural lands and paved the way for further purchases (Oakland Institute, 2014). Indeed, the conditions for the penetration of transnational capital to the Ukrainian market were prepared before 2014, in 2012, with a program that had allowed long-term leases to foreign companies, according to which a company that rented agricultural land for \$200 million in the first instance would be granted large concessions that increased its profits such as tax reductions, quota exemptions for exports and free use of land. Although it is not clear how this program was implemented, it is known that the transfer of the ownership of agricultural lands to foreign investor in Ukraine acquired

a huge impetus after 2014. Even by 2014, 1.6 million agricultural lands were already in the hands of foreign companies (Oakland Institute, 2014).

The neoliberal transformation that the West wanted to realize in Ukraine after the 2014 Euromaidan uprisings progressed through the state of emergency that started after the break of the war in 2022 (Bailey, 2023). An example of this can be the amendment to the labor law: a bill approved by the Ukrainian parliament in March 2022 made it possible to “suspend employment” enabled the *de facto* laying out of the workers without their official dismissal, freeing the employers from the legal implications of the latter. According to another draft law, small and medium-sized businesses with up to 250 employees were allowed to make individual employment contracts with the people they would hire. All these amendments in the country’s labor law regarding individual contacts and informal dismissals caused more than 70% of the workforce in Ukraine to suffer from the precarious working conditions imposed on them (Guz, 2022; Jikhareva and Surber, 2022).

3.2. Neofascism and Anti-Maidan in Eastern Ukraine

The Western support to the Ukrainian government and the Maidan coup which included neofascist elements caused riots against Maidan in eastern and southern Ukraine especially among ethnic Russians. This is indeed the region where Russia provided military support to its operations and clashes turned into a civil war making thousands of people die and millions flee to Russia (Cafruny, 2016). Comparison of the social forces participated in Maidan and anti-Maidan events tells that the former pro-Maidan group includes the pro-Western middle classes and far right groups, while the others are anti-oligarchic lower classes as well as Russian nationalists (Sakwa, 2014).

In January 2015, Russia, Germany, France, and Ukraine met in Minsk to suppress the violence and ensure the status quo in the region (Cafruny, 2016). The first Minsk Agreement was signed in September 2014 and the second one in February 2015; generally both agreements aimed to ensure a ceasefire, ending the use of heavy weapons and providing humanitarian aid to the region but the most attention-grabbing development was the holding of a constitutional referendum in Ukraine, as well as the provision of permanent special statuses – autonomy – to some regions of the Donetsk

and Luhansk oblasts in an entrenched legal framework (Lord, 2022; Mankoff, 2022). However, this settlement of these regions as autonomous as a part of Ukraine remained still on paper, because Russia and Ukraine could not resolve the issue of how this could be affected. The “law on special status” for the Donetsk and Luhansk oblasts implied that Russia would increase its influence over Ukraine’s foreign policy (Mankoff, 2022). However, even these solutions were proved to be not enough for Putin, because he was arguing at every opportunity that he did not see Ukraine as a separate state from Russia historically and culturally, and that Ukraine emerged due to the developments after the Bolshevik Revolution (Mankoff, 2022).

3.3. Immediate Causes and Developments of the Russia-Ukraine Conflict

The conflicts in Ukraine since 2014 have been more than just a civil war between Kiev and Donbas, turning into a proxy war between the US/NATO and Russia. Besides the explicit Western sympathy to Maidan events and the subsequent US military support to Ukraine reaching \$2.4 billion, during the Obama administration Azov Battalion and other neo-Nazi paramilitary organizations were trained to fight against Russia by the CIA. Moreover, it is known that the United Kingdom and Canada which are part of the Lockean West, have also trained 55,000 Ukrainian military forces (MR Editors, 2022). Azov had a highly organized structure while his ties with the state were also strong; as a matter of fact, he was integrated into the National Guard structure under the Ministry of Internal Affairs, and Arsen Avakov, an oligarch who was a supporter of the Maidan, was the chairman of this structure (Ishchenko, 2022).

Along with the transfer of military resources by the US-led Western bloc to Ukraine, the Ukrainian state has also undergone significant military transformations. The Ukrainian government increased military spending while reducing social welfare spending with the military budget increased by more than \$6 billion from 2015 to 2019 (Foster et al., 2022). One of the important reasons for the US’ indirect military conflict with Russia in Ukraine has been associated by Foster et al. with the decline of the US in the global economy in recent years and its attempt to substitute this weakness with its military power. They argue that while the share of the US in world GDP was close to 28% in 1950, this share has decreased by about 15-25% since the end of the Cold War; furthermore, this decline in the economic power of the USA was triggered by the rise of China, and China was at the level of 28.7% against the USA which had a 16.8%

share in world manufacturing production in 2019 (Foster et al., 2022). This critical comment is to be noted here as an important axis of discussion even though its economic reductionism should also be duly noted.

As one of the immediate reasons of the 2022 war in Ukraine, the US-Ukraine Charter on Strategic Partnership was signed on November 10, 2021. This Charter aimed to develop Ukraine's path for membership of Euro-Atlantic institutions, deepening US' cooperation with Ukraine in areas of cyber security, intelligence against Russia, touching however upon the red lines of Russia as well due to its ultimate aim of moving Ukraine towards NATO membership (TASS, 2021).

In the late 2021, NATO increased its military deployment especially in Poland and three Baltic states and as a response, Russia demanded from NATO its withdrawal of multinational battalions from Poland, Lithuania, Latvia and Estonia. In addition to that, Russia demanded from US the removal of its nuclear weapons from Europe while the most crucial point was again Ukraine. The US and NATO were asked for a legal guarantee that Ukraine would never become a NATO member (Tétrault-Farber and Balmforth, 2021). These demands were presented as two draft treaties by Russia and sent to Biden administration. However, this draft, which included Russia's wishes that NATO should not expand to the east by accepting either Ukraine or any other new member, was immediately rejected by the United States. In the same days, the Russian army with thousands of soldiers approached the borders of Ukraine. With the NATO military forces in Eastern Europe and Russian troops in Ukrainian border mutually intimidating each other, the war started loading (Reevell, 2021).

3.4. Major Developments during the Ukrainian War

Russia's war in Ukraine started officially with Vladimir Putin's speech on 24 February 2022, in which he highlighted that he started a "special military operation" to protect Russian people in Donbas from the attacks of Ukrainian military. He furthermore said this operation aimed to "de-militarize and de-nazify" the region, which had been a problem since 2014 (CNN Special Report, 2023). But, since the beginning of the war the Russian forces did attack Kyiv with the aim of overthrowing the Ukrainian government and acquiring Kharkiv which is the second largest city. However, with the resistance of Ukraine, Russian forces had to withdraw from these areas capturing

Kherson region in southern Ukraine to control Ukrainian costs (Bigg, 2023). In the early days of March 2022, next to the Kherson region, the Zaporizhzhia region where Europe's largest nuclear power plant is located, also passed into the hands of the Russians (PBS Associated Press, 2023). Besides other nuclear threats, this occupation deteriorated working conditions in the nuclear power plant. The workers in the power plant started working under the control of Russian forces without however the necessary occupational health and safety measures, while they were forced to join Russian trade unions and sign employment contracts affiliated to Rosatom – the Russian atomic energy company (ILO, 2023).

On the other hand, the war has increased NATO's popularity with Sweden and Finland applying NATO for membership on 18 May 2022 after 70 years of its establishment. Even though Finland's 1,300 km border with Russia was initially considered as a potential source of conflict to exaggerate tensions between the West and Russia, Finland ultimately joined NATO on April 4, 2023. Sweden's application could not progress due to Turkey's objection on the argument that Sweden supported the groups which Turkey considered as terrorists (Emmott and Devranoglu, 2022), though this objection was ultimately withheld with Sweden as well launching the formal process of membership.

While the expansion of NATO has caused unease for Russia, there has also been an important development on the frontline that shows Russia's vulnerability; Russian military forces have a Saky airbase in the Russian-occupied Crimea, 47 or more Russian warplanes were damaged in the attack carried out by Ukraine on August 9, 2022, and a very significant loss due to the fact that it corresponds to one-fifth of the warplanes lost by Russia from the beginning of the war to that date (Sabbagh, 2022). It seems that Russia tried to balance its weakness by organizing referendums in Donetsk, Luhansk, Kherson and Zaporizhzhia regions. In September 2022, referendums were held on whether these four regions wanted to join Russia, and then Russian President Vladimir Putin approved the law on 5 October 2022 incorporating Donetsk, Luhansk, Kherson and Zaporizhzhia to Russia while Russian forces were not completely controlling these regions at that time as Ukrainian forces were resisting (Hart, 2022). The US tried to initiate a resolution at the UNSC to condemn these referendums, but because of the Russia's veto power in the UN Security Council, the

Council's 20 meeting could not reach a concrete resolution since the start of the war (Psaledakis and Lewis, 2022). In fact, in September 2022, the resolution condemning Russian lead referendums in Ukraine was vetoed by Russia, but the crucial point is the abstentions of China, India and Brazil which are the countries within BRICS bloc (Yuruk, 2022). In the face of the strict political, military, and ideological unity of the West, their abstention rather than a veto vote on resolution points to the divisions within the BRICS.

In November 2022, it appeared concretely that Russia was really in a weak situation in Kherson – the only “provincial capital captured by Russia”- when Russia announced it withdraw from city. It is a strategic city for Russians in terms of being a port city in southern Ukraine (Arhirova, 2022).

One of the most important developments during the war was the ‘grain deal’ which was signed between Ukraine and Russia with the mediation of Tukey and the UN. This deal aimed the transportation of tons of grain to world market accumulated in Black Sea ports of Ukraine since the start of the war. Accordingly, Russia guaranteed that it would not attack ships carrying grain and Ukraine would allow them to be checked whether these ships were carrying weapons (Amos, 2022). But in July 2023, Moscow ended the grain deal since sanctions on Russian individuals and Russian state agriculture bank were preventing export of Russian foods and fertilizer even though the West had guaranteed that foods and fertilizer were out of the scope of sanctions. However, the exclusion of Russian agriculture bank from SWIFT inevitably made this exemption ineffective for Russia. Indeed, this deal had begun to lose its meaning even before Russia ended the grain corridor because the amount of exported grain was decreasing every passing month and there was no ship registered in the June-July 2023 period (Savage, 2023).

One of the most current and striking events throughout the Ukrainian War was the Wagner uprising; as a mercenary group, Wagner became to be famous in support of the aggression of the oligarchs in Syria (Organization of Communist Internationalists, 2023). The Wagner Group's soldiers were used by Russian elites to achieve their geopolitical goals in different regions of the world without the direct involvement of Russian army (Marcetic, 2023). The reason for Wagner's troops advancing in Moscow, seizing military bases and demanding the dismissal of Russian military

leaders is that the Russian defense ministry wants to connect Wagner directly to ministry (Marcetic, 2023). Although it is still not known what kind of conflict of interests there is; this rebellion revealed the conflictual interests between different fractions of capital/oligarchs, because in this conflict the one side is the Prigozhin as an oligarch who uses his close ties with Putin and making contracts with Ministry of Defense, and on the other Russian ruling class showing clear support to Putin after Wagner rebellion (Organization of Communist Internationalists, 2023). In general, the reason that led Prigozhin to the uprising is that if Wagner was connected to the Ministry of Defense, he did not want to lose his fortune from the wars he fought on behalf of Russia in Ukraine, Africa, and many parts of the world. Kees van der Pijl (2017) will shed light to us in this crisis, Wagner rebellion can be read as an uprising against the state class by a certain faction of the oligarchy, which is uncomfortable with the state's grip on the economy and wants to somehow integrate with the Atlantic ruling class.

CHAPTER 4

WESTERN POLITICAL INITIATIVES AGAINST RUSSIA AND THE STATE OF US-LED WESTERN NEOLIBERAL HEGEMONY

One of the most important manifestations of the Ukrainian War regarding the US-led Western neoliberal hegemony has proved to be the relatively quick and well-coordinated political responses the West organized within itself against the Russian occupation of Ukraine within itself. This chapter will provide a brief overview of these responses. It is important to note that these political initiatives, together with the economic sanctions to be discussed in next chapter, have had important implications at domestic, international, and global terrains which themselves have been indeed subject to neoliberal transformations since the 1980s in differing levels and scales.

The West's immediate reaction to the Russian invasion of Ukraine has been to isolate Russia both politically and ideologically by exerting pressures in various international platforms to this end besides manipulating political and military support to Ukraine without directly becoming part of the military confrontation. These attempts have registered differing levels of success or failure within the politically and economically contested post-2008 crisis atmosphere in the world. In this section, firstly Western initiatives to exclude Russia from various international organizations will be briefly discussed to underline the non-uniform attitude of the Global South in the Ukraine War. Then more coordinated Western political and ideological reactions will be overviewed to show how the Ukrainian War has served to consolidate neoliberal hegemony within the West.

4.1. Exclusion of Russia from the International Organizations by the West

The decision to terminate Russia's membership and then the withdrawal of Russia from membership was first seen in the Council of Europe and the UN Human Rights Council (Buscemi, 2022). On 25 February 2022, the day after Russia declared war on Ukraine, the Committee of Ministers of Council of Europe adopted a joint decision that Russia could no longer be a member of the Council; on March 15, Russia informed

the Council of its intention to terminate its participation in the European Convention on Human Rights, culminating in its decision to withdraw from the Council of Europe, of which it has been a member since February 28, 1996 (Council of Europe, 2022).

An even more interesting development than Russia's expulsion from the Council of Europe was the decision taken at the UN General Assembly to expel a permanent member from the UN Human Rights Council for the first time. The meeting, in which 93 members voted in favor of the resolution, 24 members voted against, and 58 members abstained, ensured a two-thirds majority to decide on the expulsion of Russia from the Council for its human rights violations in Ukraine (Smith, 2022).

Russia was the second country to be excluded from the Council after Libya, which was excluded in 2011. The decision on Russia was interpreted by the Russian deputy ambassador Gennady Kuzmin as a decision to protect the dominant position of the United States (Smith, 2022). On the other hand, by bringing such diplomatic and political decisions to the agenda, the USA has been practicing its agenda setting power regardless of success or the failure of the initiative.

For example, in April 2022, the demand for not inviting Russia to the G20 summit held in Indonesia in November 2022, but inviting Ukraine, which is not a member of the G20, first came from the USA while the Indonesian government preferred to remain neutral on this issue (*Al Jazeera*, 29 April 2022). At the G20 summit, a declaration was adopted condemning Russia's war in Ukraine, referring also to the problems it caused in global economy like inflationary pressures, rising energy prices and food insecurity. Russian Foreign Minister Sergey Lavrov, who attended the meeting instead of the Russian leader Putin, condemned the "politicization" of the meeting – while indeed the G20 has always been a political platform in its own right (Reuters, November 16, 2022).

Russia's weakness on such platforms has been due to the fact that Russia-China axis does not constitute a bloc that ensured integration among its allies contrary to its Western counterpart. For instance, within the BRICS, India has had a more neutral stance towards the West and the US when compared to Russia and China. India has not been willing to criticize the US-led Western states about the Ukraine war besides also being part of the Quad (defined as "Asia's NATO" by Russia and China), a

security platform which is established by the US, Australia, India and Japan (Pandey, 2022). This is an indication that the BRICS group, which is composed of a new set of contender states, is far from forming a historical bloc in contrast to the relatively more harmonious unity of the Lockean West. From a more general perspective, the fact that the Global South, which could not find a place in the global “governance” dominated by the Global North and was excluded from international institutions (Stetler, 2023), has behaved rather reactionary in the international initiatives on the Ukrainian war, as can be seen especially in the voting at the UN General Assembly. Syria, North Korea, Belarus, and Nicaragua voted against the vote held in the UN General Assembly for the withdrawal of Russia in October 2022 even after Russia announced that it had annexed the four regions of Ukraine, while China, India and South Africa within the BRICS voted abstaining (Askew, 2023).

The 2023 BRICS summit which was held in August was a new phase for the emerging economies as the summit considered six new member states - Argentina, Egypt, Iran, Ethiopia, Saudi Arabia, and the United Arab Emirates- to be included in BRICS. The summit underlined the commonalities of the current members such as their opposition to the US leadership in setting the rules and norms of the world order while the developing and emerging economies have their own dynamics of development. Vladimir Putin’s statements were very important in this regard as he said: “neoliberalism posed a threat to both traditional values in developing countries and to the emergence of a multi-polar world where no one country or bloc dominated” (Granville, 2023).

Putin’s implicit reference to the US is to be noted here as it is impossible to say that all members of the union are anti-American, with India and Brazil holding relatively more cautious stands in this regard. Similarly, the emphasis on neoliberalism is important as Russia’s non-neoliberal position does not guarantee anti-imperialist position. Simply, Russia -together with China and other BRICS countries- displays resistance to the discipline exerted by Western neoliberal form of capitalism, favors an alternative statist capitalist development path, and thus positioning itself in the hegemonic rivalry within, but not against global capitalism.

4.2. NATO and Western Military Aid to Ukraine during the Ukraine War

The military and economic hegemony of the USA has been based on the firm dependence of Europe on the US and NATO in ensuring its military security since the Cold war period. After the end of the Cold War, NATO's purpose of existence began to be questioned with NATO trying to identify new rationale for its existence such as global terrorism in the early 2000s. Russia's new position in the post-Cold War world was somewhat problematic due to the US' reserved attitude towards Russia, whose application for NATO membership was rejected four times. Ping (2022) interprets this as the US' need for an enemy at all costs to maintain its hegemony. Within such a historical context, Russia's war on Ukraine in 2022 has given NATO a new and strengthened reason for existence. EU countries from south to north have agreed that they need NATO's protection against Russia's imperialist actions, legitimating in a sense NATO's accelerated enlargement in the making since the 1990s which has been itself being criticized as an imperial act by critiques. Finland's and Sweden's application for NATO membership have furthered this legitimation as a direct impact of the Ukraine war (Sinkkonen, 2022; Zwanenberg, 2023).

It can be argued that Russia's attempt to put an end to US' unipolar hegemony after the end of the Cold War has led to contrary results (Bailey, 2023; Hoff and Vergara, 2023). While the war in Ukraine created a new base of legitimacy for NATO, it also provided an opportunity for the USA to claim its leadership within the West, consolidating the Western neoliberal hegemony despite the rise of the Chinese alternative (Sinkkonen, 2022).

NATO's rising importance did not however lead to the direct involvement of NATO in the war in Ukraine despite Ukraine's persistent pressures on the opposite direction. In March 2022, for instance, Ukrainian president Zelensky demanded the establishment of a no-fly zone over Ukraine from the US President Joe Biden, but as this would mean a war between the West and Russia, it was neglected (Liptak, 2022). But, in the first month of the war, the United States provided Ukraine with military ammunition worth \$ 1 billion, consisting of anti-aircraft systems, anti-armor weapons and drones; furthermore, at the NATO summit which was held on 24 March 2022, the leaders announced that they would increase their deployment especially in the Eastern

flank of NATO and four new battle groups were established in Slovakia, Hungary, Romania and Bulgaria (U.S. Mission Italy, 2022).

4.3. The Ideological Aspect of Western Neoliberal Hegemony

The rhetoric used by the West during the Ukraine war is not different from the “human rights” and “democracy” framework put forward by the US when it intervened militarily in many countries after the Cold War. Now the emphasis has moved more powerfully though to the struggle between democracy and autocracy (Carnelos, 2022; *The Economist*, 26 March 2022). Even though the authoritarian character of neoliberal states has now become a reality almost closed to interpretation, authoritarianism is presented by the West as a form of regime that exists only in non-Western states. Indeed, today’s anti-democratic, autocratic Russia is under oligarchic rule, created also by the neoliberal shock therapy transition to capitalism in Russia by an alliance of the West and former Soviet bureaucrats after the collapse of the Soviet Union: in other words, it is neoliberalism’s own crisis (Cooper, 2023).

The human rights violations committed by the West in Iraq in 2003, Afghanistan in 2001, Syria in 2015 and Libya in 2011 under the leadership of the USA have shaken the credibility of the Western capitalist bloc, which is proved to break its own rules. Indeed, the Global South and the BRICs, oppose that if a new world order is to be established, the US should not have the privilege to intervene in its making since it is the economic inequality and governance problems created by neoliberalism that harms democracy (Carnelos, 2022). Moreover, the reason why the Global South does not find the democracy and human rights rhetoric used by the West over Ukraine convincing is not only the destruction created in the post-Cold War Middle East. Europe’s colonial past is also constitutive of this skepticism, especially in the sub-Saharan Africa (Askew, 2023; Piskorska, 2023).

Russia has indeed tried to legitimate its invasion of Ukraine in the international arena through such references to European history while in the domestic context legitimization has been based on the claim that Russian people in Ukraine were subjected to genocide and that the 'special military operation' was launched in response to this. So, Putin ignited Russian nationalism as a counter-hegemonic strategy to Western hegemony. But nationalism here has been based on Russia's attempt to protect the interests of

Russian capital in Ukraine, while the American-led West on the other side aims to open Ukraine to international capital. Thus, what we see is Russia acting on behalf of the Russian capitalists, and trying to keep Russian oil and natural gas are under the control of Russian oligarchs, not of multinational companies (*Socialist Appeal*, 2022). Putin uses the war in Ukraine as an opportunity to gain the power he lost in the recent years due to the economic crisis as well as deterioration of workers' rights and welfare services in Russia (*Socialist Appeal*, 2022).

On the other hand, Ukrainian President Zelensky also used the populist discourses of us vs. them in parallel with Western hegemonic discourse. He argued that Ukraine is part of a transnational civilization which is based on European democracy and human rights while Russia represents despotism and tyranny (Baysha, 2023). In domestic politics, Zelensky's popular support decreased below 30 percent in 2021 because of the neoliberal policies and the opposition controlling television channels such as NewsOne, 112 Ukraine and ZIK. These were ultimately shut down in order to silence opposition channels expressing public discontent with these policies, and as a justification, it was argued that the opponents were spreading terrorism in the region due to their economic ties with Donetsk and Luhansk, that's why they were punished (Baysha, 2023).

CHAPTER 5

WESTERN ECONOMIC SANCTIONS ON RUSSIA

It is important to underline that Russia began deploying its troops to the border with Ukraine in late 2021, and sanctions were announced by the West immediately after Russian President Vladimir Putin declared the recognition of the independence of the Donetsk and Luhansk on 21 February 2022 and sent troops to these regions. Economic sanctions were hence implied not only against Russia but also against the two separatist regions of Ukraine (Bown, 2023).

5.1. Financial Sanctions

Among the economic sanctions, those considered as the most effective were those targeting the Russian Central Bank (RCB). The UK announced that it will prevent RCB's access to its foreign exchange reserves in the UK; on 28 February 2022, with its third sanctions package, the EU blocked all transactions with the RCB, and applied assets freeze for the international reserves of the bank and again in the same month the US froze all assets of the RCB in the US (Konecna and Voloshin, 2022). With these sanctions, half of Russia's \$600 billion foreign exchange reserves have been frozen, its most important banks have been excluded from the global payment system – SWIFT- and its access to global financial markets has been severely curtailed (Kazak, 2023). The ruble had lost value by 28% due to capital flight from the country caused from the war, and as a response to the sanctions, in March 2022, RCB raised the interest rate from 9.5 % to 20% to prevent the depreciation of the ruble and increase in inflation (*The Economist*, 5 March 2022). The Russian Central Bank also bought rubles from currency markets with its own foreign exchange reserves to protect the value of the ruble, but this meant only a temporary solution as the ruble continued to lose value (Shakhnov, 2022).

There are also other countermeasures taken by Russia like capital controls, from 1st of March. Selling 80% of their foreign currency earnings was made an obligation for Russian exporters while Russian residents were banned from having foreign currency

in their bank accounts and deposit money in foreign banks (Konecna and Voloshin, 2022). Such measures have meant Russia's desire to become more self-reliant as the sanctions bite; other counter-hegemonic mechanisms like diversifying its sources for the goods to be imported were put into effect as Russia could no more use dollar in trade and was forced to engage in bilateral arrangements (Marquina, 2022). The main contradiction of imposing economic sanctions on Russia is that while the West has tried to force Russia to withdraw from Ukraine, hence, to come to terms with Western political position, it has been pushing Russia towards undoing neoliberal deregulation reforms such as abolishing capital controls, and therefore strengthening the grip of the Russian state on the economy.

In the meantime, both Russian and Belarusian banks were excluded from SWIFT, an international financial messaging and a secure system for banks to send and receive foreign currency abroad. Exclusion from the SWIFT mechanism meant that it has been both difficult and costly for Russia to conduct currency transactions (Girardone, 2022), forcing Russia to turn to the use of yuan with Russian banks becoming part of "China's Cross-Border Interbank Payment System (CIPS) for international payments" (Prokopenko, 2022). Currency traded on CIPS with 103 countries involved had already reached 80 trillion yuan by 2021, equivalent to 13 trillion US dollars and when the West excluded Russia from the SWIFT, this led to the further expansion of CIPS which was something that the West did not really want (Kolodko, 2023). According to Marquina (2022), Western economic sanctions against Russia have brought about advantages for China by making its alternative payments systems more attractive than before. Chinese payment systems as well as credits have become crucial for Russia to overcome the problems of its dependence on the dollar and the debt problems that this brings.

On 24 February 2022, Sberbank also became a target of US sanctions. Sberbank is the most important bank of Russia as about 33 % of the bank accounts in the country are in Sberbank and it is the main financial institution for the credits. The US Treasury banned any transaction with the bank and blocked its accounts in the US financial institutions (U.S. Department of the Treasury, 2022b). The second largest bank of Russia, the state-owned VTB Bank was also sanctioned with the SWIFT ban imposed and the UK freezing all the assets of the bank (gov.uk., February 2022). As Girardone

(2022) underlines, “in December 2021, Sberbank was Europe’s second most valuable bank by market capitalization (US\$88.3bn) after HSBC (US\$122bn), with record profits exceeding 1.2 trillion rubles (US\$16.4bn), up 60% from the previous year”, thus it becomes the target of Western economic sanctions was not a coincidence.

Russian President Vladimir Putin and Minister of the Foreign Affairs Sergey Lavrov were also in the list of sanctions. On 25 February, both the EU and the UK froze their assets, while sanctions on the 351 members of Duma followed since they supported the independence of the Donetsk and Luhansk regions (Konecna and Voloshin, 2022). Immediately after these sanctions, the ruble fell from 70-75 to 140 against the dollar. In order to manage the negative effects of the sanctions on the Russian economy especially in February and March 2022, the Russian government started implementing more conservative fiscal policies like capital controls and high interest rates in March, increasing the value of ruble to its pre-war levels in April and decreasing interest rate from 17% to 14% (*The Economist*, 7 May 2022; Kazak, 2023).

Income generated from the energy sector has been one of Russia’s most important advantages in tackling with the consequences of economic sanctions. Russian current account surplus reached to its highest level in the second quarter of 2022 as imports to Russia decreased due the Western sanctions while Russia’s revenues from energy exports increased due to the price increase in oil and natural gas (Inman, 2022). In energy trade, Russia found a way to challenge not only the economic sanctions but also the implications of the US led financialization that had helped strengthen the hegemony of both the dollar and the US after 2000s, thus offered trade in ruble rather than dollar to those countries willing to buy Russian oil and natural gas (Sial, 2022). This was interpreted as a sign of a shift from Western imposed neoliberal multilateralism since it required bilateral arrangements (Patnaik, 2022). But for other countries or companies which are engaging in export to Russia, selling their goods in ruble has not been very convenient option; they continued to demand payments in dollar because international trade is still dominated by dollar and exporters prefer to use the reserve currency rather than national currency to be able to pay for the goods to be imported with dollar (Prokopenko, 2022). In this tough situation, Russia tried alternative ways to escape from the dollar. Bartering in trade emerged one of these ways, even though exchanging goods which have the same value has not become a

very preferred method. The other alternative has been using crypto currency in transactions, but restrictions implied by the US against Russia in this sector have made this option ineffective as well (Prokopenko, 2022).

In addition to sanctions against Russian Central Bank, the Russian Sovereign Wealth Fund has also been targeted by the Western economic sanctions and made unable to sell assets abroad (Cygan, Disney and Szyszczak, 2022). On 28 February 2022, the U.S. Treasury sanctioned the Russian Direct Investment Fund (RDIF) which is one of Russian Sovereign Wealth Funds' most important fund. Just like in the case of the Russian Central Bank, American individuals and institutions were prohibited from conducting any transactions with the RDIF (Xinhua, 2022). When RDIF was launched in 2011 under the administration of then Russian President Dmitry Medvedev with the purpose of attracting foreign investments to Russia as the RDIF mediated foreign firms willing to invest in Russian companies. At that time, isolation of market from government intervention had been defined as a mission of the RDIF as a policy to modernize Russian economy (Hyatt, 2022). With Putin's return to the presidency in 2012, the purpose and functions of the RDIF began to change; the Fund was now focused on reducing financial and technological dependence on the West. For this reason, instead of attracting foreign investment to the country it started providing financial support to Russian oligarchs. At the end of 2012, the RDIF poured \$1.75 billion pension money to Sibur company from country's National Welfare Fund with low interest rate (Hyatt, 2022). Thus, sanctions imposed on the RDIF have aimed to cut a significant source of revenue provided by the Russian state to such companies. At the beginning of March 2022, besides the United States, the United Kingdom, the EU, the Bank of Japan for International Cooperation and the sovereign funds of Italy and France started imposing sanctions on RDIF and announced that no new investments would take place (Hyatt, 2022; *Times of Malta*, 2022). In addition to this, in conformity with the EU's sanctions package on 15 March 2022, credit rating agencies in the EU were banned from rating Russian companies (Habertürk, 2022).

According to the Institute of Economic Forecasting of the Russian Academy of Sciences (IEF), an institution which conducts regular research on Russian economy, "Russia's GDP growth in April 2022 was -1.7% compared to April 2021 and -4.5% compared to March 2021" (Kovalin, Zinchenko, Lavrinenko, 2022: 697). However,

this decline did not have very serious and jarring implications for the Russian economy. The IEF research further found that the proportion of businesses that were concerned that the sanctions against Russia would create difficulties in attracting foreign investors was only 1.6% in April-May 2022. This was due to the fact that the dependence of Russian enterprises on Western capital was mostly in the field of high technology and advanced equipment rather than finance. Moreover, Russia experienced a current account surplus of 1.6 billion rubles between January-May 2022, while the requirement of converting revenues into rubles for the exporters was reduced from 80% of their revenues to 50% in May 2022. This policy increased the demand for the ruble in overall leading to its appreciation, while also showing that the contraction in the foreign exchange supply was not as big problem as in previous months (Demertzis, 2022; Ivanova, 2022).

The current account surplus was due not only to the increase in export revenues, but also to the decrease in imports caused by the sanctions imposed on Russia by the West. At the same time, apart from the interventions made to protect the value of the ruble, Putin introduced a 10% increase in pensions and the minimum wage in order not to lose political support from poor families (Demertzis, 2022; Inman, 2022). According to the figures provided by the Bank of Russia, there was also a significant amount of capital flight from Russia; before February 2022, shares worth of 50 billion rubles were purchased by individual investors on the Moscow Stock Exchange, while in April 2022 this amount decreased to 10 billion rubles per day (Dubinin, 2022). January-June 2022 period saw a decrease of about 40 billion dollars in foreign investments going to Russia, and according to the research made by Kiev School of Economics, most of the companies decided to leave the Russian market were from Lithuania, Finland, and Poland. On the other hand, Turkish, Indian, and Chinese companies mostly decided to stay (Simola, 2022). As a countersanction, Russian Deputy Finance Minister Alexei Moiseev announced in July 2022 that until the situation in the branches of Russian banks abroad would improve, government decided not to allow foreign banks to sell their assets and subsidiaries in Russia. This was a reaction to the sale of foreign company assets in previous months such as that in May 2022, the Russian bank Home Credit which was owned by Home Credit, a subsidiary of Czech investment group PPF Group, had been sold to a group of Russian investors (Vedomosti, 2022).

With all these capital controls and tight monetary policy, financial panic in Russia was prevented and in June 2022, the interest rate declined to pre-war levels with 9.5% while the restriction on remittances in dollar terms was also relaxed with residents in Russia allowed now to send monthly remittances of up to US\$ 50,000 to foreign bank accounts (Shakhnov, 2022). The Moscow Exchange was also taking several measures; trading of the Swiss franc and US dollar against the ruble was banned, a measure followed by the suspension of Japanese yen trading on the currency market from August 8. These measures were applied to the Japanese yen-Russian ruble, and the US dollar-Japanese yen spot and swap instruments (Reuters, 2022; TASS, 2022b).

However, the implications of these countermeasures were proved to be short-lived. Thousands of companies decided to withdraw from Russia, which caused a labor shortage especially in the IT sector. The conscription of about 300,000 men as part of the mobilization in September 2022 added a new wave to the migration from Russia, so much so that the labor loss among 1 million men reached a ratio of 3 out of 4 (Pifer, 2022; Smith, 2022). January-November 2022 saw a contraction of 2.1% in the Russian economy (compared to the same period of last year) according to the Central Bank of Russia statistics, while the loss of qualified labor became one of the important obstacles to the growth of the Russian economy (Trading Economics, 2022).

The sanctions against Russia continued to increase the demand for the Chinese yuan in foreign exchange trade in the country; as of the end of August 2022, a more than 40-fold increase was observed in yuan trading on the Moscow Stock Exchange while in October 2022, Russia ranked 4th among yuan paying countries after Hong Kong, the United Kingdom and Singapore (Simola, 2022; *The Japan Times*, 2022). Russia's turning to the currencies of China and India to escape from the dominance of the dollar meant that it could not achieve high quality in the products it needed to import while its export markets were narrowing down. Indeed, until the sanctions began, dollars were accounting for 88% of Russia's global foreign exchange transactions (Rosen, 2022) and there was a widespread belief that the yuan would not be preferred as a reserve currency due to some restrictions imposed on capital transactions on China. However, it seems that the internationalization process of the yuan accelerated with the sanctions, and according to the figures released by the Central Bank of Russia,

Russian companies do half of their international trade in rubles or yuan (Prokopenko, 2023a).

With a decision in February 2023, the Russian government completely removed the euro from the National Wealth Fund, increasing the yuan's share in the Fund to 60% from 30%. This was again interpreted as a decision to strengthen the trends towards the internationalization of the yuan and de-dollarization (GT Staff Reporters, 2023). The share of yuan in foreign exchange trading on the Moscow Stock Exchange reached 48% in November 2022, reflecting the increasing trade volume between China and Russia. According to a study made by the Chinese Academy of International Trade and Economic Cooperation, the main reason for the accelerating de-dollarization was the declining confidence on the US dollar due to geopolitical competition and the weakening of the US economy.

In the meantime, Russia was trying different ways to circumvent Western sanctions. In September 2022, the use of Russia's Mir national payment system was at the stage of widespread use in Turkey, a development which was negatively received by the West in that warnings were made to Turkey. VakıfBank, Halkbank, Ziraat Bank, İş Bank and DenizBank had been the members of the Mir, and after the US Treasury warned these banks to not to help Russia to evade sanctions, Deniz Bank (UAE owned) and İş Bank announced in September 2022 that they cut the transactions made with Mir (Dönmez Ersöz, 2022; *Financial Times*, 2022). Ziraat Bank, Halkbank and VakıfBank followed them in a week, and withdrew from Mir on 27 September (*Gazete Duvar*, 2022). The usage of Mir between Turkey and Russia had become critical after the ban of Mastercard and Visa usage to Russians, that was why restrictions on the Mir had serious repercussions. The Russian tour operators' association ATOR advised Russians travel with cash as they could have trouble paying by card (Dönmez Ersöz, 2022). It is interesting to note that while the West was uncomfortable with the use of the Mir system, it was still involved in some actions that contradicted itself. Some Western-based banks for instance were continuing to lend to Russian companies; in the fourth quarter of 2022, UniCredit's revenue from transactions with Russia increased by 88% in comparison to the same quarter in 2021, and reached \$380 million (Vogl, 2023). With all these developments, the positive picture for the Russian economy in the first half of 2022 turned negative in 2023. Rising military expenditure

and falling energy revenues led to a deficit of \$ 25 billion in January 2023. The Western sanctions and price cap on Russian energy eliminated Russia's ability to feed its National Wealth Fund and Russia started selling Chinese yuan from NWF to make up for the shortfall, which ultimately fed inflation in the country. At the start of 2023, the Central Bank of Russia was warning about this inflationary tendency and the risk of its causing a rate hike (Marrow, 2023). However, despite all these developments and sanctions, the banking system in Russia did not collapse, and there are important retrospective reasons for this. As a result of the crisis of Russian private banks in 2017, the Russian Central Bank spent about \$ 20 billion to bail out banks while hundreds of private banks were closed. Otkritie, one of the largest private banks in Russia, which was experiencing a major liquidity crisis at that time, was taken over by the RCB (Rapoza, 2023).

Before the Ukrainian war, due to Otkritie's debt crisis, the RCB wanted to dispose the bank, a process which led to Italian UniCredit's plans to buy Otkritie in January 2022. But the situation changed with the outbreak of the war, and at the end of 2022, the RCB which was a 100% shareholder of Otkritie, completed the sale to the state bank VTB in a \$ 4.7 billion deal (Summerfield, 2023). In other words, the increase in state control over banks seems to have made the banking system stronger against the sanctions. Russian administration in Moscow made similar comments by arguing that state's already increasing control over the banks was proved to be beneficial for the country in a time when Russia was getting excluded from the global financial system under the influence of sanctions (Tan, 2023). However, since there was almost no possibility of borrowing from global markets, ultimately Russia started spending from its Sovereign Wealth Fund to close its budget deficit and support companies struggling with sanctions (Ribakova, 2023). Russia could do this due to the monetary power of the Fund of course. For, although close to \$28 billion was used from the Fund in about a year after the war began, there was still \$147 billion in the NWF in March 2023 (Gershkovich and Kantchev, 2023). Coming to the fiscal balances, Russia's fiscal deficit in the first quarter of 2023 was about 30 billion dollars, which was 80% more than the government's targets for the 2023 budget (Ribakova, 2023), while according to the Ministry of Finance's data in June 2023, Russia's budget turned to surplus for the first time in a long time on a monthly basis in May 2023 (Arris, 2023).

In overall, the West has performed rather well and in a coordinated way while imposing financial sanctions on Russia. Russia has tried to develop various short-lived counter measures against these sanctions for these counter sanctions could not prevent loss of reserves in Russia's rich Sovereign Wealth Fund, and Western companies leaving Russia.

5.2. Sanctions Related to Oil and Gas Trade

The first sanction against Russia in the energy sector came not from a country but an international company, the British Petroleum (BP), reflecting the internationalized state of Russian production sector. The BP had been a shareholder in state-owned Rosneft since 2013, and on 27 February 2022 the company announced that it would part with its 19.75% stake in Rosneft (BP, 2022). On the other hand, Shell, ExxonMobil, and Norway's Equinor also announced their decision to withdraw from Russia. Shell, as one of the oldest Western companies in Russia, was involved in the 1990s in the Sakhalin-2 Project which was launched to build the first LNG plant in the region. However, near the end of the project, the Putin administration opposed the previously agreed terms and Shell with its Japanese partners had to sell the 50% stake of the Sakhalin-2 Project to state-owned Gazprom (Zhang, 2022)

Following these withdrawals by Western companies, on 8 March 2022 the US Treasury announced that the United States banned the import of Russian oil, LNG and coal with the aim of damaging Russia's capacity to finance the war in Ukraine and in the announcement published on the Treasury's website, it was also clearly stated that they wanted to exclude Russia from the global financial system (U.S. Department of the Treasury, 8 March 2022).

The sanctions were supposedly designed to make it harder for Russia to finance the war, but rising oil and gas prices had the opposite effect, with the Russian federal budget's revenue increasing by 34% in the first four months of 2022 compared to the same period in 2021 (Martin and Maduro, 2022). When 2021 and 2022 compared, it is seen that most of the increase in oil and gas revenues was due to increases in mineral extraction taxes. The comparison of the data of January-September 2022 with the same period in 2021 says that the increase in tax was around 55-56% (Tabata, 2022). The EU's energy sector bans came within such a context with the Union's decision to cut

coal imports. Since the EU's dependence on Russia in terms of coal was quite low, it was easier for the EU to stop coal imports than oil and natural gas. The coal the EU imported from Russia in 2022 cost the EU \$20 million per day, while oil and natural gas costed \$850 million. However, the inflationary pressure already experienced in the energy market increased with the war in Ukraine and the sanctions served to the continuation of this trend (especially in countries with high dependence on coal) (*The Associated Press*, 2022). Besides, while there was the possibility of finding a new provider for oil imports, the same was not the case for natural gas imports. For this reason, the sanctions that the European Union might impose on Russia regarding natural gas remained quite soft. As quoted from the press release of the Council of the European Union, the EU reached a consensus on restricting natural gas demand by 15% (Perdana, Schenckery, Vielle, 2022) while Russia used all its cards in return. In April 2022, Russia rejected exporting natural gas to Poland and Bulgaria as these two countries refused to pay in rubles for natural gas (*The Economist*, 30 April 2022). The decree related to payments for Russian gas into rubles was introduced on March 31, 2022, and according to this decision the buyers were demanded to open two accounts in Gazprombank. One of these accounts would be a foreign currency account and the other one a ruble account. The buyer would make a transfer to the foreign currency account, after which this money was exchanged for rubles on the Moscow Stock Exchange and credited back to the buyer's ruble account, so, the payment was made in rubles (TASS, 2022a).

The Europe's sixth package of sanctions which was introduced on June 3, 2022, required phasing out an import ban on Russian crude oil and petroleum products. The crude oil restrictions were scheduled to take effect on December 5, 2022, and the embargo on petroleum products on February 5, 2023. Moreover, the ban included only the seaborne oil since Hungary had a significant dependence on oil transported by pipelines from Russia. For, the Druzhba pipeline, inherited from the Soviet Union, was still used for oil trade between Hungary and Russia (Babina et al. 2023; European Council, May 2022; *The Economist*, 4 June 2022). This EU package would also be applied by Switzerland against Russia and Belarus (The Federal Council, 2022). For most European countries, the routes reaching Europe from Asia, Africa and the Middle East were also important options for replacing Russian crude oil Ural, and the oil

already stocked from Russia was at a level that would be sufficient for some time more (Perdana, Schenckery, Vielle, 2022). In the meantime, both Europe and Russia tried to find new markets for oil imports and exports respectively. For instance, Russia's exports started to flow toward China and India while Europe's imports from Latin America and West Africa increased. The Baltic Primorsk and Black Sea Novorossiysk ports, which Russia used to export oil to Europe, would be operational, but it was expected that it would not be very profitable, since crude oil reaching Europe in two weeks would be transmitted to new markets in 60 days (Vakulenko, 2022). China, India, and Turkey turned the contraction of Russia's market for crude oil exports into an opportunity and started to buy Ural crude oil at a discounted price. Oil exports to Asia rose to 54% in June 2022, and Ural crude sold at \$76 per barrel in August 2022 at a time when oil costed over \$100 per barrel in global markets (Umbach, 2022).

Sanctions imposed on Russian gas and oil caused a contraction in global energy supplies, which led to price increases and inflationary pressure. The first of the sanctions that would cause a reduction in gas supplies in Europe was the suspension of the Nord Stream 2 pipeline project, which was launched at the beginning of the war, and was to connect Russian gas directly to Germany. In June 2022, energy prices in Europe increased by 50% due to this time Russia's reduction of gas supplies to Europe via the Nord Stream 1 pipeline (Hausmann, 2022; *The Economist*, 25 June 2022). Gazprom announced that the interruption in the gas flow would be by 60% and due to a technical problem with the equipment, a pretext used to explain the cause of this interruption to the European countries. In addition to buyers in Poland and Bulgaria, Russia stopped selling gas to customers in Denmark, Finland, Germany and the Netherlands as they refused to open up accounts in Gazprombank (IntelliNews, 2022). The contraction of natural gas supply to Europe also necessitated the substitution of gas from Russia with another alternative but the share of Russian gas in the natural gas imports of EU members in 2021 was 46.8%, which clearly demonstrated the dependence of Europe on Russian gas (Welfens, 2022). Even though this dependence in the EU was 100% for Bulgaria, in March 2022 it was reported by the Bulgarian government that there would be no new contract with Gazprom (Welfens, 2022). The EU was turning to LNG despite the LNG's much higher price compared to natural gas. Before the Russian-Ukrainian war LNG was almost five times more expensive than

natural gas while after the war began, the cost of LNG more than doubled (Chellaney, 2022).

Table 1: Russia’s Share in National Non-EU imports of EU Member State, H1 2021; share (%) of trade by value, sorted by gas share and alphabetically Share (%) of Russia in national non-EU imports.

Country	Oil	Gas
Bulgaria	75-100	75-100
Finland	75-100	75-100
Slovakia	75-100	75-100
Hungary	75-100	75-100
Romania	25-50	75-100
Czech Republic	25-50	75-100
Estonia	0-25	75-100
Austria	0-25	75-100
Latvia	n.a.	75-100
Slovenia	n.a.	75-100
Poland	50-75	50-75
Germany	25-50	50-75
Sweden	0-25	50-75
Lithuania	50-75	25-50
France	0-25	25-50
Greece	0-25	25-50
Italy	0-25	25-50
Netherlands	25-50	0-25

Belgium	0-25	0-25
Ireland	0-25	0-25
Croatia	0-25	0-25
Malta	0-25	0-25
Portugal	0-25	0-25
Spain	0-25	0-25
Denmark	0-25	n.a.
Cyprus	0-25	n.a.
Luxembourg	n.a.	n.a.

As the Table 1 above prepared by Welfens (2022) on the basis of the Eurostat database (Comext) and Eurostat estimates indicates, Bulgaria, Finland, Slovakia, and Hungary made more than 75% of their international trade with Russia to import oil in the first half of 2021. When it comes to natural gas imports, these rates applied to a larger number of countries. Bulgaria, Finland, Slovakia, Hungary, Romania, Czech Republic, Estonia, Austria, Latvia, and Slovenia for instance made more than 75% of their gas imports from Russia alone (Welfens, 2022).

Despite the EU's dependence on Russian natural gas, some authors argue that imposing import tariffs instead of sanctions against Russia was a more effective method of undermining Gazprom's revenues (Hausman, 2022; Gros, 2022). The counter view is that import taxes would bring price increase by almost half of the tariff, and the reduction of gas supplies reaching Europe and Germany from Gazprom would increase the demand for other suppliers, and therefore prices would again move in an upward trend (Welfens, 2022). This means Europe was harming itself while trying to damage Russia's economy, and indeed how much the sanctions were harming Russia was also a matter of debate. After the EU's sixth package of sanctions which was related to the ban on Russian crude oil, in July authors from Politico wrote that "[o]il deliveries in physical terms sank by 13 percent from May to June, from 18.9 million tons to 16.5 million tons, but revenues actually increased from €10.2 billion to €10.5 billion, and

[were] higher than for the same period in 2021” (Jack and Aarup, 2022). Alexander Gabuev stressed that it was important whether the sanctions ensured Russia's withdrawal from Ukraine, and in this sense, it was very clear that they did not work (Jack and Aarup, 2022). In this case, the persuasiveness of the theories on sanctions arguing that the main purpose of sanctions is to achieve policy change in the target country becomes questionable.

On 2 September 2022, the G7 countries reached an agreement on imposing a price limit on Russian crude oil and petroleum products. According to this, purchases would not be possible if oil and petroleum products to be imported from Russia by sea were above a certain price (Bown, 2023). This price cap was a procedure that allowed service providers to deliver crude oil and petroleum products sold only at the agreed price or below that price by sea. The G7 countries invited all countries importing Russian oil to implement the price limit (G7 consented to this sanction with the argument that it would protect low- and middle-income countries from high energy prices in particular) and emphasized that their goal was to prevent Russia from financing the war in Ukraine (gov.uk., 2022b). On September 5th, as a response to G7's price cap plan, Russia announced its decision to shut down Nord Stream pipeline as long as the Western sanctions went on. The closure of the pipeline caused another 30% price increase (Mitrova, 2022; *The Economist*, 10 September 2022). Before that, Moscow announced it had stopped the flow of gas through Nord Stream 1 due to routine maintenance on 31 August 2022, and in the following days it was unable to restart the flow, citing a leak in the pipelines. While the shutdown of Nord Stream 1 caused a jump in natural gas and electricity prices, Gazprom also stressed that the shutdown was indefinite (Staff, 2022).

After the closure of Nord Stream 1 pipeline, the gas flow from Russia to Europe started to take place via the TurkStream pipeline and Ukraine. However, as of mid-September, the Russian gas flow to Europe was less than a quarter of the 2021 average (Mitrova, 2022). When compared with the 2021, the Russian gas exports to Europe decreased by 70% by the end of August 2022 while the decrease in Russian gas exports to Germany was 90%. After the Nord Stream 1 crisis, only Hungary, Turkey and Serbia could continue importing Russian gas through two TurkStream pipelines (Umbach, 2022). On 6 October 2022, the EU governments agreed follow the G7 countries in

implementing a price cap regulation for Russian crude oil, but the details were released in the upcoming months (Eliassen and Matthews, 2022). However, the ships of companies belonging to European countries continued to carry tons of oil from Russian ports. After the war began, four ships of Norwegian Viken Shipping made more than 20 deliveries from the Russian ports and on 19 August 2022, Viken's last delivery at the end of the month was made from Russia to Poland (Matthews et al., 2022). The talks about the level of the price cap continued a few months as Poland, Estonia and Lithuania demanded a lower price cap (\$ 30-40 per barrel) and for a while the EU could not reach an agreement. But, with the involvement of the US -as the first proposer of the price cap- and its negotiations with the Eastern European states, Poland secured from Brussels that the new sanctions would be imposed on Russia and the price cap negotiations came to an end (Kijewski and Cooper, 2022).

Both the EU's seaborne crude oil embargo and the EU and G7's price cap entered into force on December 5, 2022. The logic underlying the start of the price cap mechanism, rather than completely blocking the transportation of Russian oil, was that Russian oil would be kept on the market, thus preventing a global energy price increase, while Russia's revenues would be reduced (Hilgenstock et al., 2023). Accordingly, Russian crude oil would be transported by EU and G7 companies if the price of oil per barrel was \$60 or less. In the pre-war period, 30% of Russia's crude oil exports were made to the EU. However, as of December 5, when the embargo began to be implemented, there was a significant decrease in the products going to Europe from the Russian Baltic coast, and on January 1, 2023, the EU's imports from Russia via the Baltic Sea were terminated (Babina et al., 2023).

Russia's response to the price cap was explained by Deputy Prime Minister Alexander Novak, who said that Russia was planning to ban oil and petroleum product sales to the countries which implied price cap against the Russian crude oil, and contraction of oil production by 5-7% was within the projected countermeasures (*Hellenic Shipping News*, 2022; *The Moscow Times*, 2022). A decree about the ban of sale of Russian oil to the countries adhering to the price cap was signed by Vladimir Putin while the ban to start from February 2023 was planned to last five months. As a result, China, India, and Turkey accounted 70% in the total Russian seaborne crude oil exports (Miller, 2023). As for Europe's natural gas problem, there were some advantageous situations

in the winter of 2022. A relatively mild winter and the shift from Russian natural gas to LNG allowed Europe to somewhat protect its natural gas supply. Nevertheless, there was a 13% annual contraction recorded in production in energy-intensive sectors in Europe in November 2022 (Cooper, 2023). The European countries replaced the 80% natural gas coming from Russia through pipelines with LNG by establishing infrastructure for liquid gas. For instance, the Netherlands doubled its LNG storage and reduced domestic demand, so much so that it exported natural gas to Germany, France and Czech Republic (Oltermann et al., 2023). This process has increased solidarity between European countries and enabled them to maintain the functioning of the European economy instead of protectionist policies (Oltermann et al., 2023). The LNG imports made from the US and Qatar, so the sanctions increased the EU's dependency on the US (Dutta, 2023).

On the other hand, Russian nuclear sector was kept out of Western sanctions. In January 2023, demand for sanctioning Rosatom-Russian state-run company- came from Poland, Latvia, Lithuania, and Estonia but this suggestion was rejected by Hungary's rejection since Hungary's nuclear power plant Paks was powered by Russia's nuclear fuel. Finland and Bulgaria were other fuel receivers from Rosatom (Jack, 2023). Ukraine also demanded the sanctioning of Rosatom from the EU as, in March 2022 Russia occupied Ukraine's nuclear power station Zaporizhzhia and in October 2022 Putin transferred the control of the plant from the Ukrainian energy company Energoatom to a subsidiary of Rosatom with a decree. Kyiv administration said that this was theft and should be punished (EURACTIV, 2023).

But for the oil, after the implementation of the price cap and the demand from Europe decreased, there were price drops in the Russian oil. Russia was selling oil for \$66.5 per barrel in November 2022, and an average of \$50.5 in December (Clemens, 2023). Russia's Ural crude oil was sold at an average of \$44 per barrel in January 2023, decreasing 48 percent below the Brent price. It should also be noted that this figure is also well below the \$70 per barrel that Russia had projected for the 2023 budget. Russian projections as announced by the Deputy Prime Minister Alexander Novak were that if oil production would fall by 7-8 percent compared to 2022 levels in 2023, and if the average Urals price would become 50 dollars per barrel, Russia would be deprived of 23% of its estimated oil and gas revenues for 2023 (Stognei, 2023).

Thus, between January-February 2023, Russia experienced a loss of \$2.7 billion in revenues from oil exports (Meredith, 2023). Although Russia now exports most of its oil and gas to China, there is only one pipeline between Russia and China that can transport natural gas, and it would take time and cost to build a new one. For natural gas to be supplied by sea, it must be liquified, which is also a costly process (Clemens, 2023).

In early 2023, Europe took a step further in its oil sanctions against Russia and on February 5, 2023, banned the imports of Russian petroleum products – diesel, gasoline, and jet fuel. Furthermore, the European Commission also recommended that the price cap for Russian crude oil be applied to petroleum products as well (Cooper, 2023). In line with this recommendation, price cap restriction of \$100 per barrel for products such as diesel and \$45 per barrel for products such as fuel oil and naphtha were introduced. Additionally, Western shipping companies were no more allowed to deliver Russian oil products if their price would exceed the set price.

On the other side, the US has profited from the sanctions imposed on Russian oil and oil products, because the EU now imports oil from the US and at high prices, which will feed stagflation beyond inflation in the EU in the coming period (GT Staff Reporters, Feb 05, 2023). Despite these policies, which the United States has profited from, there are also developments that calls into question the effectiveness of the price cap. For example, Japan requested an exception from the United States because it has almost no fossil fuel resources and is dependent on energy imports and continued to buy Russian oil at over \$60 per barrel. At the same time, this dependence causes Japan, unlike other G7 countries, to not to support Ukraine with lethal weapons (Betz, 2023). In the first two months of 2023, Japan imported about 750,000 barrels of oil from Russia, the total value of these imports was \$52 million, which corresponded to about \$70 per barrel (Betz, 2023; Bosnic, 2023). Thanks to this exception granted to it until September 30, 2023, Japan will be able to import oil from Russia through the Sakhalin-2 Project without a price cap. While the main product transported through the Sakhalin is natural gas, it is also transported liquified, thus Tokyo now imports 10% of its LNG need from Russia (Bosnic, 2023).

The West has also been evading the sanctions it itself imposed indirectly. For example, for India, which imported only 1% of its oil imports from Russia before the war, this

rate increased to 40% - 45% after the sanctions. More importantly, oil refined in India together with other petroleum products began to be exported to Europe. The value of Russian petroleum products imported by the European Union through other countries has now exceeded 17 billion euros and Australia, USA and UK follow Europe with 8, 6.6 and 5 billion euros respectively (Newsroom, 2023). On the other hand, the European Union could have forced the Russian economy by lowering the price cap even further, because some countries including Poland were demanding that the price cap be reduced from \$60 to \$25-30 per barrel (Ferris, 2023). However, this did not happen and some developments in the global markets seem to be working in favor of Russia. At the beginning of April 2023, OPEC+ (which includes Russia) announced that it would cut 3.66 million barrels per day in production which led to a rise in oil prices and rising oil prices were interpreted by Vladimir Putin as positive indicators for Russian economy (Jones, 2023).

On the other hand, the EU continued to deal with the natural gas supply problem. Even in Germany, which is the most dependent country on natural gas from Russia, positive developments took place in the winter of 2023. By reducing the natural gas usage in 2022, it entered in February 2023 with gas stocks 80% full (Oltermann et al., 2023). This partially caused from Germany's natural gas imports from France; in May-October 2022, France imported electricity from Germany to use in maintenance and repair of its nuclear power plants and in return, Germany imported natural gas from France. In January 2023, France' nuclear stations have started working and it regained the status of EU's largest electricity exporter (Oltermann et al., 2023).

To conclude this part, oil and gas related Western sanctions on Russia have been imposed gradually and in recognition of differing dependency levels of Western countries on Russian energy resources. However, this should not let one neglect the fact that strategies to implement these sanctions in coordination have been agreed on by Western countries even though after tough negotiations. One of the important implications of these sanctions has been the redefinition of European energy dependency from Russia towards the LNG-rich US.

5.3. Sanctions Imposed on Russian Oligarchs and Politicians

Apart from the sanctions imposed in financial and energy sectors, the West has also applied sanctions to politicians and billionaires who were close to Putin. In this section, sanctions imposed on Russian oligarchs and politicians by the EU, the United States and the United Kingdom will be examined under separate headings in chronological order. Measures taken by Russia and the countersanctions will also be discussed.

5.3.1. Sanctions of the EU and European Countries

The EU came first in applying sanctions to Russian oligarchs and politicians immediately after Russia's recognition of independence of Donetsk and Luhansk oblasts in eastern Ukraine. On 23 February 2022 the first sanctions package of EU was passed, and it included asset freeze and travel ban to some individuals. Besides the 351 Russian Duma members who voted for the recognition of two oblasts as independent republics, the defense minister of Russia Sergei Shoigu, Putin's chief of staff Anton Vaino and some businesspeople like Yevgeny Prigozhin were on the list (Lawler, 2022). On 25 February 2022, Russian President Vladimir Putin, and Foreign Minister Sergei Lavrov were also sanctioned by the EU and the United Kingdom with their assets frozen (Basu, 2022). In the middle of March 2022, not surprisingly, Abramovich was added to the EU sanctions list along with many other names. Tigran Khudaverdyan is a well-known figure who is close to Putin and thus was blacklisted as the managing director of Yandex (Pop et al., 2022). On 8 April 2022, by stating that they were targeting the ones who support the Russia's war in Ukraine, the EU sanctioned Putin's two daughters Maria Vorontsova (a medical researcher) and Ekaterina Tikhonova (a gymnast) with the fifth sanctions package (Epstein and Frias, 2022).

Russian oligarchs responded to these sanctions by suing the Council of the European Union. Abramovich, Aven, Fridman and Usmanov were some of the important names who took this road from the end of April to the end of May 2022. In the lawsuits they filed, they demanded an end to the freezing of their assets and the removal of visa barriers (Hastings, 2022; Kijewski, 2022). There are different views on the outcome of these cases. As Inozemtsev (2023) pointed out, these cases filed by more than 60 people are not hopeless according to some European lawyers, however finalization of

such cases would take a very long time, and there is a very high probability that the oligarchs will not get their money back even if they win the cases. For example, Yanukovich's assets were frozen for his embezzlement of state funds even though the former Ukrainian president had been filing several lawsuits for years; and the European Union continued to impose sanctions despite a lawsuit that was settled in his favor in June 2021 (Kijewski, 2022). While the oligarchs were dealing with the lawsuits, the EU was planning to take steps beyond sanctions: the European Commission is now investigating legal ways to confiscate the frozen assets of Russian Central Bank and of the oligarchs to be used in the reconstruction of Ukraine. However, according to various international decrees concluded between the EU countries and Russia, these assets are considered as foreign investments and protected against expropriation, and Central Bank assets cannot be interfered with without Russia's permission (Tamma, 2022). For the frozen assets to be confiscated, Western courts must prove criminal charges that the oligarchs' revenues were illegally earned. Moreover, the total value of Russian assets confiscated by February 2023 does not even exceed 1 billion dollars (Vogl, 2023). When the idea of using the confiscated assets of oligarchs for the reconstruction of Ukraine was put forward, Dmitry Pumpyansky's luxury yacht *Axioma*, which was confiscated in March 2022, was sold with an open auction in August 2022 to American bank JP Morgan for \$20 billion, instead of going to Ukraine (Kolodko, 2023). Finally, on April 13, 2023, the European Commission decided that the frozen reserves of the central bank of Russia will not be confiscated for use in the reconstruction of Ukraine, so the European Union authorities have agreed to return the frozen assets to Russia if the war ends (Margulies, 2023).

Those who were known to be in the opposition to Putin administration in Russia had some words to say regarding to sanctions. In a letter dated October 2022 and signed by Leonid Volkov, the jailed opposition politician Alexei Navalny's chief of staff, EU sanctions against Fridman, Ave, Khan and Kuzmichev were demanded to be lifted as these frozen assets were claimed to be acquired in honest and open ways, thus unjustified. It was also emphasized that Fridman, one of the shareholders of Alfa Group, had liberal views and was a close friend of the murdered Russian dissident Boris Nemtsov (*The Bell*, 2023). In the letter, it was written that Alfa Group did not have close relations with Putin, invested in Ukraine and furthermore provided support

for Ukrainian refugees (*The Bell*, 2023). On the other side, there were also developments that made it easier for the Russian oligarchs to escape from the sanctions. In November 2022, the European Court of Justice ruled that the legal obligation for companies to share information about who their owners were with public was invalid on the grounds that it would cause a breach of privacy. However, this obligation has also been criticized on the grounds that it has indeed specific functions such as preventing oligarchs from avoiding taxes (Tax Justice Network, 2023).

5.3.2. Sanctions Imposed by the UK Government

On 3rd of March 2022, the UK government announced the asset freeze and travel ban for two Russian oligarchs, Alisher Usmanov and Igor Shuvalov. Usmanov is the founder of USM Holdings which works in telecommunications and extractives, furthermore, Usmanov has important assets in the UK like Beechwood House which is estimated to cost £48 million and 16. the century-made Sutton Palace (gov.uk., 2022c). Shuvalov has two luxury apartments in London, estimated to be worth £11 million. The assets of VEB, the bank where Shuvalov has been the chairman of the board of directors since 2018, were recently frozen. He is politically important as he is from the Putin's inner circle. He served as the First Deputy Prime Minister of Russia, Chief of the General Staff of the Government, and twice Vladimir Putin's deputy (gov.uk., 2022c). In March 2022, Roman Abramovich became one of the most important names whom the British government-imposed sanctions. In addition to freezing the assets of the Russian billionaire, the assets of the Chelsea football club, which he owned, were also frozen. Abramovich has owned the club since 2003 and was planning to sell Chelsea for £3bn prior to the sanctions. The British government-imposed sanctions, banning the sale of the club as well as match tickets and shop sales meant however that fans would not be able to watch Chelsea games unless they buy tickets from the opposing team and the club suffered a depreciation (Reade and Singleton, 2022). In May 2022, the sale of Chelsea FC to the Todd Boehly/Clearlake Capital consortium -a US based investment firm- for £4.25 billion was realized and the problem was resolved (Hastings, 2022; Olley, 2022). In June 2022, Vladimir Potanin, the chairman and largest shareholder of Norilsk Nickel, was sanctioned in the form of a travel ban and asset freeze. The company, which was an important nickel supplier, an input used in electric vehicle batteries and palladium for catalytic

converters, used to dominate global markets in this field. After the sanctions imposed on Potanin, the price of nickel on the London Metal Exchange increased by 9% (Hume and Payne, 2022).

Following the informal referendums held by Russia in Ukraine in September 2022, further sanctions were imposed on some important Russian businessmen and members of the board of directors of state banks such as God Nisanov and Zarakh Iliev, owners of Kievskaya Ploshchad Group, one of the largest construction companies in Russia; Igor Makarov, the founder of Itera, Russia's first independent gas company which was later acquired by Rosneft. Among the sanctioned businessmen, there were 23 people, who worked on the board of directors of Gazprombank and 16 people on the supervisory and board of directors of Sberbank (*The Hindu Businessline*, 2022). The West hoped that with these sanctions the oligarchs would put pressure on Putin and change the course of the war. But this is defined as a "naïve assumption" by some commentators (McGlynn, 2023) given the fact that in contrast to the Yeltsin-period oligarchs who became rich by purchasing state assets well below their value in the 1990s, Putin era-oligarchs, once their power was cut by Putin, could keep their wealth only if they stayed out of politics (McGlynn, 2023). While this is to some extent true however, it is problematic to say that this wealthy elite has had an external relationship with the state administration. For Putin strengthened St Petersburg oligarchs - who formed his own support base- compared to others and what he did was to separate the "autocratic presidential state bureaucracy" from the class he continued to serve (Amin, 2006). This is why, in one way or the other, the Western sanctions imposed included state officials as well as oligarchs.

In September 2022, Putin's decision to mobilize about 300,000 troops caused many young Russian male citizens to flee the country. On the top of that, it was decided to conscript those convicted of crimes such as murder and drug trafficking and this resulted in the UK government announcing new sanctions in November 2022. It should be noted that many of these criminals were essentially included to the private mercenary group Wagner rather than to the state military. Among the 22 people that were sanctioned was Arkady Gostev, the head of the Russian prison system who supported this decision as well as Dmitry Bezrukikh, the head of the prison service of

the Rostov region which is known to be the region where Wagner Group has recruited its members the most (Stacey, 2022).

Russian state, in order to deal with the budget deficit in 2023, announced that it planned to receive a one-time payment of 200-300 billion rubles on a voluntary basis from the business world. However, this was met with concern by businesspeople because the designation of the payment as voluntary meant that they would be accused of directly financing the war. On their demand, the payment was made mandatory with an increase in income tax (Prokopenko, 2023b). This has been indeed a very good example of how the Russian oligarchs are concerned about punishment by both the West and Putin administration simultaneously.

5.3.3. US Sanctions

The United States sanctioned Russian businesspeople immediately after the February invasion of Ukraine, the first announcement made on 24 February 2022 and the other one on the 3rd of March 2022. Similar to the UK government's decision, the sanctioned individuals and their families were excluded from the US financial system, their US assets were frozen, and their property were barred from use (U.S. Department of the Treasury, 2022b; Wice, 2022). Among the prominent people sanctioned were Sergei Sergeevich Ivanov, who is the CEO of the Russian state-owned company Alrosa, which does business in the field of diamond mining, and a member of the board of directors of Gazprombank. Igor Ivanovich Sechin, who was the CEO of Rosneft, one of the world's biggest oil companies, was also sanctioned. His son Ivan Igorevich Sechin was holding the position of vice president of a department at Rosneft (U.S. Department of the Treasury, 2022b). The list of oligarchs sanctioned in March 2022 grew longer, and in addition to the freezing their assets together with the assets of their families, a travel ban was adopted as a sanction, as the one imposed by the UK government. Alisher Usmanov was again on the list: his property was blocked by the US with reminder that his superyacht was seized by Germany. Dmitry Peskov, one of the most important political figures in Russia and one of Putin's inner circles, also received his share of American sanctions (The White House, 2022). Another striking target on the list turned out to be Transneft, a Russia-based oil and gas pipeline transportation company and the world's largest company in this field. The number of

Russian billionaires and their relatives, who were sanctioned along with the Transneft's boss Nikolay Tokarev exceeded 50 (Smith, 2022).

In April-May 2022, Russian oligarchs started to return to their countries due to the hardships Western sanctions created for them. They started to register their assets in their homeland in order to save them from foreign judicial bodies. This process is defined by Inozemtsev (2023) as the 'expropriation' of Russian oligarchs because the share of assets of the Russian business elite in Russia and their dependence on the country's politicians has increased. Even though the assets and properties frozen in Western accounts amounted to \$30–35 billion, some names have managed to save their assets by transferring them to their relatives: Abramovich to his children; Mordashov, head of Severstal, and Melnichemko, head of EuroChem to their wives. Moreover, names like Potanin began to buy the assets of foreign companies leaving Russia (Inozemtsev, 2023). On the other hand, returning to Russia while escaping from Western sanctions has not been a totally good idea since Russian government started capital controls as a counter measure to sanctions of the Western countries. This caused Russian billionaires to flock to Turkey with suitcases full of dollars, and not only that, but they also docked their yachts to Turkish waters. Another way to escape the sanctions was to buy houses or various properties in Turkey. It is already possible for foreigners to gain citizenship in Turkey by making an investment of at least \$250 thousand (Sassounian, 2022). So much so that the requirement for foreigners to obtain a residence permit before opening a bank account in Turkey has also been relaxed for the Russian rich, as the Russians opened more than 600 accounts in a single bank in İstanbul in a few weeks until April 2022 (Sassounian, 2022).

As the war progressed, Western sanctions were extended. In the new US sanctions that came into force on 2 June 2022, Alexey Mordashov, one of the richest names in Russia and even the world, was placed on the sanctions list along with his wife and two adult children. Mordashov has a fortune of \$19.6 billion, making him the 82nd richest person in the world. He is the head of, for instance Severstal, which is one of the biggest steel manufacturing companies in Russia; Nord Gold, a gold mine company that has operations in Russia, Africa, North America and South America; Severgroup, an investment company in different areas in technology; and lastly Algoritm, a technology company. All these companies were sanctioned with their chairman

(Blinken, 2022; Halpert, 2022). Maria Zakharova, spokesperson of the Russian Ministry of Foreign Affairs, was added to the list on 2 June, on the argument that sanctions were previously imposed on her by the EU, the UK and Japan (Blinken, 2022). In August 2022, Russian dissident Navalny criticized the US failure to impose sanctions on Abramovich and stressed that the oligarch's companies supply metals to Russian Defense Ministry, and he questioned how Gazprom chairman Alexei Miller was not on the EU's sanctions list (Hastings, 2022). If the purpose of the sanctions imposed on the oligarchs has been to put pressure on Putin and to ensure Russia's withdrawal from Ukraine, it seems that this still has not happened and it is not easy. Hastings (2022) argues that this may be because Putin's political power is structured in different centers such as the government, military, and security forces within the state.

One of the countries the Russian oligarchs chose to move their assets to was Hong Kong, a destination which was highlighted by US officials when Mordashov's luxury yacht – Nord – anchored in Hong Kong ports in early October 2022. Hong Kong officials said they would not seize the yacht following the examples of Italy, France, and Spain, while American officials said they would impose secondary sanctions on Hong Kong if they did business with sanctioned Russian businesspeople or companies (*The Standard*, 2022). Another destination for Russian billionaires to transfer their assets and escape from sanctions has been the United Arab Emirates (UAE). For instance, Roman Abramovich's ultra-lux jet Dreamliner was taken to Dubai. The UAE, which is also a suitable destination for money laundering, has been placed on the grey list by the Financial Task Force, the international standard-setting body headquartered in Paris (Guyer, 2022). There are many factors that make the UAE so attractive for billionaires; there is no income tax while the value-added tax was introduced only in 2018 and the corporate tax in 2023. Hence, the country's loose tax system and financially free zones are quite compatible with the ultra-liberal free trade understanding (Guyer, 2022).

Vladimir Potanin, previously sanctioned by the UK government, was also sanctioned by the US in December 2022 when the US froze his assets and blocked his yacht called Nirvana. It is known that the billionaire is the 36% shareholder of Nornickel as well as managing Interros investment holding. In addition, the commercial bank Rosbank

that Potanin bought in early 2022, and 17 of the subsidiaries of VTB, Russia's second largest bank, were also blacklisted. This meant American citizens were prohibited from making financial transactions with blacklisted institutions or banks (Saul, 2022; *VOA News*, 2022).

While Russian oligarchs enriched under the Putin administration were subject to sanctions by the West, businessmen who criticized Russia's war were subjected to sanctions in Russia. Putin's inner circle was rewarded with the assets left over from such Western companies: Oleg Tinkov, who criticized the war in Ukraine via Instagram, sold -or was forced to sell- his 35% stake in Tinkoff Bank to a company owned by pro-Putin Vladimir Potanin. For oligarchs sanctioned by the West, Putin made an exception and arranged for no income tax to be levied on frozen assets (Omelicheva and Sukharenko, 2023).

In overall, Western countries have systematically subjected Russian oligarchs and politicians to various economic sanctions by freezing their assets and limiting their financial activities. The rejection of proposals to confiscate these assets altogether in the name of reconstructing Ukraine has affirmed, on the other hand, the Lockian character of Western hegemony due to its emphasis on rule of law and the protection of private property.

5.4. Import- Export Embargoes

Sanctions imposed on Russia by the West were accompanied by the prohibition of exports in many different fields such as technology, military, pharmaceuticals, textiles, and luxury consumer goods. The EU's first sanctions package which was introduced on 23 February 2022, just after Russia recognized Donetsk and Luhansk People's Republics as independent states. The first sanctions package was also specific to these two regions. Accordingly, no imports would be allowed from these two oblasts that were not controlled by the government; tourism services offered by the EU would come to an end; investments in various fields would also be stopped (Council of the EU, 2022; *White&Case*, 2022). On the other hand, Russia's dependence on Western software and components in the military industry, automotive and IT sectors became the target of sanctions by Western countries. These were indeed the products that Russia was trying to produce through import substitution strategies since 2014 to

reduce its dependence on the West (Bogdanova, 2022; Shagina, 2022). For example, although the “strategy for the development of the information society” was planned to be completed in 2017-2030 with the aim of technological independence by using local software, hardware, and components; according to some analysts it was not very likely that Russia would achieve self-sufficiency in modern technology in the near future (Bogdanova, 2022). As a matter of fact, the Ukraine war also delayed the implementation of this strategy, and with the sanctions imposed by the US on February 24, 2022, the export or transfer of products to Russia produced abroad and with equipment or software provided by the US were prohibited (Oswald, 2022; Shagina, 2022). The main products limited by the US were as follows: laptops, modem and similar telecommunications related tools, parts and components used in aircraft, semiconductors, lasers, sensors, etc. (Morgan and Leach, 2022; The White House, 24 February 2022). Immediately after, on 25 February 2022, the EU announced second package of sanctions against Russia, mainly on the export of products and technologies used in oil refineries. On the other hand, a wide range of products such as textile products, waterproof shoes, jewelry, agricultural tools, microphones, sound recorders and speakers were also included in the scope of the export ban (*Global Trade Alert*, 26 February 2022).

The sanctions included bans not only on products to be exported to Russia, but also on products imported from Russia. With an executive order signed by President Joe Biden on 11 March 2022, imports of seafood products, alcohol products such as vodka, and non-industrial diamonds originating from the Russian Federation were prohibited while the export of luxury goods and dollar bills from the US to Russia was also banned (Bhala, 2022; International Trade Administration, 2022; The White House, March 2022). As another example of export ban, while aluminum accounted for a significant part of Russia’s export revenues, Russia was importing a crucial component of aluminum, that is alumina, from Australia at a rate of 20%. Thus, when on March 20, 2022, Australia stopped alumina exports to Russia, this meant a significant export revenue loss for Russia (Bhala, 2022).

On March 15, 2022, Russia announced that as a self-protection measure, it decided to stop exporting barley, wheat, rye, and corn to the countries included in the Eurasian Economic Union until 30 June, and white and raw sugar exports until 31 August.

Normally, export quotas and current taxes were not applied in grain exports from Russia to the union consisting of former Soviet countries, but Russia decided to export within quotas until these dates (Reidy, 2022). The export of sunflower seeds and rapeseed was completely banned from April 1 to August 31, 2022, while sunflower oil exports were limited to 1.5 million tons from April 15 to the end of summer. All these measures were taken by saying that Moscow was aiming to protect the food stock in Russia in the face of international sanctions (Kumenov, 2022). The negative impact of the war on grain trade was greater for Ukraine as about 20-30% of the crops planted in the country in the winter of 2021 could not be harvested due to the war, and exports could not be made due to the damage or occupation of Black Sea ports during the war. The sale of agricultural products abroad used to be made from these ports at a rate of 90% before Russia's military intervention (Rose et al., 2023). Ukraine was also the world's largest supplier of sunflower oil, but since planting could not be done in 2022, global sunflower oil prices increased, and food shortages were experienced in the Middle East and North Africa as these regions depended on Ukraine for their grain needs (Rose et al., 2023). With the Black Sea Grain Initiative, approximately 10 million tons of grain were exported from Ukraine, trying to overcome the supply shortage and price increase, but a large part of the grain reached Spain, Italy, and Turkey rather than dependent countries in the Middle East and North Africa (Ahn et al., 2023). While these were happening in Russia, with a decision taken by Europe on April 1, 2022, marine fuel sellers on European coasts were prohibited from selling fuel to ships carrying Russian flag, which created great logistics problems for Russian tankers carrying oil from the Baltic ports to Asia (Bhala, 2022).

Sanctions in the export field included not only the blocking of the supply of a product, but also those aimed at preventing the export of a service. According to a sanction decision taken on May 8, 2022, the US decided to ban the provision of accounting, trust and company formation consultancy to any Russian citizen by an American person or company. If the persons who own the institution to receive consultancy were located in Russia and were American citizens, they would not be subject to sanctions because the main purpose of the sanctions was to prevent the financially sanctioned Russian persons and institutions from hiding and transferring their wealth (Frederic, 2022; The White House, 8 May 2022). On June 28, 2022, the Russian defense industry

became the target of US sanctions with the blocking of all entities that Rostec directly or indirectly owns with 50% or more. Rostec was a Russian state-owned company which was a leader in defense and aerospace industrial production while it also owned more than 800 subsidiaries in the areas of automotive, metals, aviation and defense (U.S. Department of the Treasury, 2022c; *VOA Türkçe*, 2022). As a result of the sanctions imposed by Western countries on Russia in importing aircraft spare parts, the contracted aviation accidents exceeded 100 in 2022. In addition, in Russia which used to carry out 95% of its flights with foreign aircraft, there was a 25% contraction in aircraft production in 2022 (Snegovaya et al., 2023). The US also banned Russian gold imports stating that G7 would imply this sanction as Russia obtained billions of dollars from its gold exports. Last year, this value was more than \$15 billion (Cohen, 2022). However, German chancellor Olaf Scholz stated that this decision was not yet the final decision for all the G7 countries, and the EU must first reach an agreement within itself (*Reuters Staff*, 2022). The European Union's decision to not to import Russian gold came on July 20, 2022, and these gold-based sanctions were important because Russia was the fourth largest gold exporter in the world and generating most of its revenue from gold after energy exports (Euronews, 2022).

It is observed that trade between Russia and Asian countries increased in the import and export of other products as well as in the oil trade. Trade between China and Russia was worth \$97 billion from January to July 2022, and it is possible to say that this was largely due to exports from Russia. The import value of goods and services made by Russia from South Korea increased by \$212 million in the June-July 2022 period and reached \$542 million (*Russia Briefing*, 2022). However, although it was easy to substitute consumer products in Russian imports, the same was not the case for raw materials, various equipment and machinery, and electronic devices, because Russia was largely dependent on the West in these areas. Moreover, foreign investment in Russia tended to decline due to volatility in the national currency and logistics problems caused by sanctions (*Russia Briefing*, 2022).

The increase in fuel prices caused by the sanctions led to a rise in food prices globally, which caused a great reaction especially in developing countries. On top of this, the US, in a statement made by the Treasury in July 2022, stated that agricultural and pharmaceutical products were not subject to sanctions, that fertilizer exports to and

from Russia and the sale of agricultural equipment to Russia were not prohibited (Basquill, 2022; Smagalla, 2022). In addition, the same attitude was seen in the supply of fertilizers, as in the Grain Initiative, barley and wheat were transported to developed economies rather than to African countries with limited access to these products. The other problem was that agricultural production was affected in Russia even though there was no direct sanction on agricultural products despite the implementation of certain sanctions on the debt transactions of the Russian state-owned Agricultural Bank, which gives loans to agricultural producers (Basquill, 2022).



CHAPTER 6

CONCLUSION

In this thesis, the question of whether the sanctions imposed on Russia by the West after the outbreak of the Ukrainian War have enabled the consolidation of the US-led neoliberal hegemony within the West has been investigated. The concept of hegemony was looked at through a neo-Gramscian approach. Unlike mainstream international relations theories, hegemony has been considered here as the hegemony of neoliberal capitalism rather than just the hegemony of a state. Thus, the US hegemony based on its reproduction within the framework of transnational capitalist interests has become the focus of a critical and wholistic analysis in relation to the Ukrainian crisis. The reason why a special place is given to US hegemony in the thesis is that the US is the founding element of neoliberal capitalism and the sanctions imposed on Russia derive their point of origin and effectiveness from the dollar and US hegemony.

To problematize the West-Russia conflict, this thesis has utilized Kees van der Pijl's heartland/contender argument. In this context, the conflictual relationship between Western capitalist states and Russia has been rethought as the conflict between different state-society complexes. In the Lockean heartland, the forms of state is shaped in accordance with the needs of transnational capital and in the neoliberal era, US-led Western states try to spread their historically specific form of capitalist relations of production out of the heartland. But Russia, which has a Hobbesian state-society complex, put some limits on Russian capitalists in their desire to harmonize their interests with the Atlantic ruling class.

This general framework can be observed in the West-Russia conflict over Ukraine. In this sense, the Ukraine War has been a conflict more than a military one. The problems experienced in Ukraine today have their roots in the Maidan events of 2014. The neoliberal transformation that has been taking place in Ukraine since 2014 serves the interests of the transnational capital, and Russia has entered into a conflict with the West to impose the interests of its own capitalists in the region.

Even though the outcome of the Ukrainian War has yet been clear, the US has proved to be rather successful in reproducing its hegemony within neoliberal capitalism by consolidating its political and economic alliance with the European state, some of which used to be once contender powers. This conclusion can be best assessed through an analysis of the Western economic sanctions imposed on Russia. Thus, this thesis provides a comprehensive overview of the initiation and implementation processes of these economic sanctions by classifying them under four categories: namely, financial sanctions, oil and gas related sanctions, sanctions imposed on Russian oligarchs and politicians, and import-export sanction. It has finally argued that the Western economic sanctions against Russia during the Ukrainian crisis have so far served to consolidate the US-led neoliberal hegemony within the West.

The most coordinated sanctions imposed by the West against Russia have been the financial sanctions. The freezing of foreign exchange reserves of Russian Central Bank and the exclusion of Russian banks from the SWIFT ensured Russia's exclusion from international financial markets. Although Russia fought financial sanctions quite well by imposing capital controls early in the war, the implementation of the price cap reduced Russia's energy export revenues. In addition to the declining oil and natural gas revenues, Russia's military expenditures led to the increase of its budget deficit in the early months of 2023, and this forced Russia to spend the assets of its Sovereign Wealth Fund. This has been in turn a step that fed the inflation in the country.

The unity of the Western states during the Ukrainian War can also be observed in oil and natural gas related sanctions. Given the ongoing and differentiated levels of dependency of European countries on Russian energy resources, this claim might at first sight seem wrong. However, it is important to note that the West has still been successful in implementing a commonly defined set of policies in this field by recognizing different countries' varying requirements of adaptation and reducing the level of Western dependency on Russia gradually. For instance, despite its high dependency on Russian natural gas, Germany has managed to cope with the energy crisis by reducing its gas consumption on the one hand and importing gas from France and the Netherlands on the other. Moreover, Europe's substitution of gas imported from Russia with LNG, imported mostly from the United States, has so far increased

Europe's dependence on the United States, thereby strengthening the hegemony of the Lockean West over the European contender states.

On the other hand, Western sanctions against Russia have also increased the use of China's SWIFT-like system, CIPS, and strengthened the BRICS bloc's own financial mechanisms outside the Western financial system. Even though this has not been the primary question of investigation in this thesis, further strengthening of this trend might lead to China's rise as a new center of political attraction in global hegemonic struggles.

Furthermore, the course of the Ukrainian War might have important repercussions on the future of Russian capitalism and politics. It is clear that the statist character of Russian capitalism has been strengthened during the Ukrainian War but in a new form. Powerful interventions of the Russian state on society before the War used to be done to manage mainly the crisis-ridden implications of global neoliberal capitalism on Russia. However, after the War counter-measures the Russian state attempted have served to the delinking of the country from global capitalism. Whether this tendency continues or would lead to an internal controversy within the Russian elites is not yet known, but one might argue that the latter option is exactly what the Western economic sanctions on Russia have specifically aimed at.

In one way or the other, the Ukrainian War has the potential to be a significant turning point in international politics with many possibilities on the horizon. This thesis has investigated the intra-Western dynamics in this regard while future research might focus on its other aspects, the content of which will definitely be shaped by the outcome of the War itself.

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APPENDICES

A. TURKISH SUMMARY / TÜRKÇE ÖZET

Bu tez, Şubat 2022’de Rusya tarafından Ukrayna’ya başlatılan savaşın ardından Rusya’ya uygulanan ekonomik yaptırımların, ABD liderliğindeki Batı neoliberal hegemonyası üzerindeki etkilerini eleştirel ekonomi politik perspektifinden araştırmayı amaçlamaktadır. Zira, savaşın ardından Küresel Güney’den ve Batılı kapitalist ülkelerden gelen farklı tepkiler, neoliberal hegemonyanın sorgulanmasına sebep olmuştur. Rusya’nın Ukrayna’ya askeri müdahalesinin ardından Batı, Ukrayna’nın egemenliğini savunduğu iddiasıyla Rusya’ya yaptırımlar uygulamaya başladı. Ancak bu tepki, 2000’li yıllarda Batılı kapitalist devletlerin Orta Doğu’daki ülkelerin egemenliğini yok sayarak giriştiği birçok savaş sebebiyle Küresel Güney tarafından inandırıcı bulunmadı. Dolayısıyla içinde bulunduğumuz dönemde, neoliberalizmin ideolojik hegemonyasını -Batı dışında- kaybettiğini görmekteyiz.

Diğer taraftan ise Batı’nın Rusya’ya karşı ekonomik yaptırımları uygulama yönünde uzlaşma sağlaması ve yaptırımları istikrarlı bir şekilde sürdürmesi, bizleri ABD liderliğindeki neoliberal hegemonyanın Batı içerisindeki durumuna bakmaya yönlendiriyor. Dolayısıyla bu tezin temel amacı, Ukrayna krizinin ardından Rusya’ya uygulanan ekonomik yaptırımların, ABD liderliğindeki neoliberal hegemonyanın Batı içerisinde güçlenmesine mi yoksa sarsılmasına mı sebep olduğuna bakmaktır. Tezin yararlanacağı teorik çerçeve ise, hegemonya kavramını bir devletin askeri ve ekonomik üstünlüğü bağlamında tartışan anaakım uluslararası ilişkiler ve uluslararası ekonomi politik teorilerinden ziyade neo-Gramşiyen perspektif olacaktır. Bu bakış açısının ışığında ABD hegemonyası, ABD’nin kurucu unsuru olduğu neoliberal düzenin ve 1970’lerin sonunda neoliberal projenin ortaya çıkışında etkili olan ulusötesi kapitalist sınıfın hegemonyasını ifade etmektedir.

Neorealizmde hegemonya kavramını bir “devletin” askeri ve ekonomik kapasiteleri bağlamında üstünlüğü olarak tartışıldığı ölçüde, zor ve güç kullanımı ile eşleşmektedir. Ancak neo-Gramşiyen perspektifte hegemonyanın inşası için öncelikli olan rızadır.

Robert Cox hegemonya kavramının kullanımını bu bağlamda ileriye taşımıştır; Cox'a göre bir devlet içerisinde önde gelen toplumsal güçlerin fikirlerinin rızaya dayalı Kabul görmesi ve bu fikirlerin kurumlar da dahil olmak üzere maddi kaynaklarla desteklenmesi, en sonunda da uluslararası alanda yeniden üretimi ile küresel hegemonya tesis edilir. Dolayısıyla Gramşiyen yaklaşımda burjuva hegemonyası, kendi çıkarlarını sanki tüm toplumun çıkarlarıymış gibi sunan ve bunu alt sınıfların rızasını alarak sağlayan bir toplumsal güçler bloğunun şimdiki ve geleceğe yönelik yönetimini ve liderliğini ifade eder.

Bu tezde daha spesifik olarak, Kees van der Pijl'in Lockçu ve Hobbesçu olarak adlandırdığı iki farklı devlet-toplum kompleksinin çekişmesi üzerinden Rusya'ya uygulanan ekonomik yaptırımların ve siyasal hamlelerin ABD liderliğindeki neoliberal hegemonyanın Batı içindeki konsolidasyonunu sağladı savunulacaktır. Van der Pijl Lockçu devletin 16 ve 17. Yüzyıllarda ticarileşen toprak ağalarının, tüccarların ve zanaatkarların mutlak monarşi ve feodal-aristokratik yönetime karşı verdiği mücadeleler sonunda, belirgin olarak ise 1688 Şanlı Devrimi ile ortaya çıktığını savunur. 1688 Devrimi ile ortaya çıkan "Lockçu merkez" devletin belirgin özelliği özel mülk sahibi sınıfların ihtiyaçlarına uygun olarak ortaya çıkan bir devlet biçimine sahip, liberal anayasacılığa dayalı bir anayasal monarşi olmasıdır. Kendi kendini düzenleyen sivil toplumun (mülk sahibi sınıfların) ortaya çıktığı bu devlet-toplum kompleksinde sermayenin küresel akışının önü açılmıştır, dolayısıyla 1688 Devrimi kapitalistlerin ulusötesileştiği momente tekabül etmiştir. Lockçu Batı olarak adlandırılan devletler Kuzey Atlantik toplumunun Anglofon yerleşimi, yani İngiliz ve Amerikan egemen sınıflarıdır.

Diğer devlet-toplum kompleksi ise Hobbesçu rakip devletidir. Bu devletlerde güçlü bir devlet sınıfı bulunmakta ve kapitalizmin gelişiminin liderliğini yine bu sınıf üstlenmektedir. XIV. Louis'nin Fransa'sına yapılan atıfla Hobbesçu devlette burjuvazi mutlak monarşiye tabi kılınmıştır. Rakip devlette toplumsal güçler üretim süreçleriyle ortaya çıkmaktan ziyade devlet tarafından şekillendirilmiştir; öyle ki yerel sermaye piyasayla kuracağı ilişkiden önce devletle yüzleşmektedir. Hobbesçu devlet, yerel sermayenin kendi çıkarlarını liberal Batı'nın egemen sınıf çıkarlarıyla uyumlaştırma arzularına da sınırlar koyar. Sermayenin daima yeni alanlara genişleme ihtiyacına cevap vermek adına Lockçu Batı hakim sınıfının ihtiyaçlarına uygun olarak Hobbesçu

rakip devletlere yayılma eğilimindedir, ancak devlet aygıtlarına ve kaynaklarına sahipliklerinden vazgeçmek istemeyen Hobbesçu devletlerdeki devlet sınıfı bu penetrasyona karşı direnç oluşturmaktadır. Fransa, 17 ve 18. Yüzyıllarda bir rakip devlet olarak İngiltere ile pek çok savaşa girmiştir, İkinci Dünya Savaşı sonrasında ve neoliberal dönemden günümüze kadar da devlet müdahaleciliği geleneği ile İngilizce konuşan liberal Batı'ya karşı dönem dönem rakip devlet özelliği belirgin hale gelmiştir.

Batı ve Rusya'nın Ukrayna üzerinden devam eden hegemonik mücadelesini van der Pijl'in kavramları ile düşündüğümüzde ise Rusya'nın, merkeze tam olarak entegre olmaya direnmesi sebebiyle genel olarak neoliberal kapitalist hegemonyaya, özel olarak ise Ukrayna'da 2014 Maidan olaylarından beri gerçekleştirilen neoliberal dönüşüme ket vurmaya çalıştığı ileri sürülebilir. Giriş bölümünde aktarılan bu bilgilerden sonra ikinci bölümde, ABD hegemonyasının ve küresel kapitalizmin Bretton Woods Sistemi'nin (BWS) kuruluşundan itibaren geçirdiği dönüşümlere odaklanılacaktır.

1945 sonrası dönem kasıtlı olarak seçilmiştir; zira Pax Britannica döneminden Pax Americana dönemine geçiş belirgin olarak BWS ile gerçekleşmiştir. Bunun yanında savaş sonrası dönemde oluşan dolar merkezli küresel finansal system ve küresel ticaret, Ukrayna savaşı sırasında Rusya'ya uygulanan yaptırımların da dayanak noktasını oluşturmuştur. Batılı ülkelerin ekonomik yaptırımlarla Rus ekonomisine Zarar vermeye çalışmasının ilk yolunun Rusya Merkez Bankası'nın yurt dışındaki döviz rezervlerini dondurmak olması tesadüfi olmaktan öte, doların hegemonyasından kaynaklanır. Bretton Woods Konferansı'nda liberallerin ve özellikle Amerikalı politikacıların en çok vurgu yaptığı nokta şu idi: 1930'ların ekonomik krizinden İkinci Dünya Savaşı'na uzanan süreçte yaşanan problemlerin temel sebebi devletler tarafından uygulanan korumacı ekonomi politikalarıydı, dolayısıyla savaş sonrası "barışçıl" bir düzenin sağlanmasının yolu uluslararası ticaretin tüm sınırlamalardan arındırılmasıydı.

Ancak Keynes'in temsil ettiği Britanya açısından savaş sonrası serbest piyasa ekonomisine hızlı bir geçiş, savaştan büyük Zarar gören ülke ekonomisi için kuşkuyla bakılan bir seçenektir. Bu hususta iki devlet arasındaki uzlaşma sabit kur sistemi

üzerinden sağlanmış oldu; doların değeri altının ağırlığına ve diğer ülkelerin para birimleri de dolara sabitlenerek dolar ile altın arasında olduğu kadar, dolar ile diğer ulusal para birimleri arasında da öngörülebilir bir konvertibilite sağlandı. İkinci Dünya Savaşı'ndan önce ülkeler uluslararası ticarete kar elde etmek amacıyla devaluasyona giderek ödemeler dengesi açıklarıyla mücadele ediyordu, ABD için bu da uluslararası ticarete küresel krize yol açan politikalardan biriydi ve sabit kur sistemiyle, kur sistemine yapılacak müdahaleler önlenmiş oldu. Diğer taraftan, sabit kur sisteminin sürdürülebilmesi için sermaye kontrolleri uygulanması gerekiyordu ve Britanya için de yeni düzen Kabul edilebilir hale geldi.

1945 sonrası dönem sermaye kontrolleri ve fiyat stabilizasyonunu sağlayarak ulusal devletlerde tam istihdam hedefinin sürdürüldüğü ve refah devleti politikalarının uygulandığı bir dönemdi. BWS ile tesis edilen ABD hegemonyası hem maddi hem de bazı siyasal koşullara dayanıyordu. Savaş sonrası Avrupa'da büyük bir ekonomik çöküş yaşanmaktaydı; Avrupalı devletler savaş sonrası yeniden yapılanma için ABD dolarına ve ABD ürünlerine ihtiyaç duymaktaydı. Marshall yardımı ile Avrupa pazarlarını dışa açık hale getirmek ve bu ülkeleri İngilizce konuşan Batı'nın liderliği altında liberal bloğa dahil etmek hedeflendi. Tezin teorik çerçevesi bağlamında bu bölümde Avrupalı rakip devletlerin liberal bloğa dahil edilmesine değinilmiştir. Örneğin, Avrupa ekonomisinin Fordist üretim/tüketim biçimine göre dönüştürülmesi Batı Almanya egemen sınıfı tarafından hemen Kabul görmemiştir. Fordizmi destekleyen yönetici kadronun Batı Almanya parlamentosunda temsiliyet bulması 1960'larda gerçekleşmiş, bu sebeple Batı Almanya 1950'ler boyunca rakip devlet konumunda bulunmuştur.

İkinci Dünya Savaşı'ndan en az zararlı çıkan ve dünyadaki altın rezervlerinin %75'ine sahip olan ABD, hegemonyasını bu maddi koşullardan aldı. Siyasal olarak ise, gerek Sovyetler Birliği'nden gelen, gerekse İtalya ve Fransa'daki sosyalist dalgalara karşı Avrupa'nın koruyucusu olarak kendini yegane güç olarak sunmuş, dolayısıyla Avrupa üzerindeki siyasal ve ideolojik hegemonyasını da kazanmıştı.

Ancak, sabit kur sistemi 1960'lara gelindiğinde birtakım sorunlar yarattı. Avrupalı devletlerin Merkez bankalarındaki altın rezervleriyle ABD'den altın alabildiği (veya tam tersi) düzen 1960'lara gelindiğinde ABD'nin dış borçlarının ülkenin altın

rezervlerini aşmasına ve ödemeler dengesi krizi yaşanmasına sebep oldu. Savaş sonrasında hedeflendiği şekilde ABD, ürünlerini Avrupa pazarına satabilseydi uluslararası pazardaki dolarlar ülkeye geri dönecekti ancak bu gerçekleşmeyince uluslararası ekonomide büyük bir dolar bolluğu ortaya çıktı ve bu da ABD dolarının güvenilirliğini sarsmaya başladı. 1971'de küresel parasal meseleler üzerindeki kontrolü yeniden kazanmak için ABD, Nixon Şoku olarak bilinen kararla doların altına sabitlenmesine son verdi. Bu dönem Amerikan ekonomisinde yaşanan sorunlar sebebiyle ABD hegemonyasının düşüşte olduğu yönünde tartışmalara sebep olsa da 1970'lerde temelleri atılan finansallaşma ile doların uluslararası ekonomideki egemenliği korunmuştur.

1960'lar ve 1970'ler aynı zamanda küresel kapitalizmin karlılık krizinde olduğu bir dönemdi; merkez kapitalist ülkelerde düşük büyüme oranları, yüksek enflasyon ve artan işsizlik toplumsal mücadeleleri ateşledi. Emeğin gücünün sendikalar tarafından korunduğu bu dönemde işçi sınıfı daha yüksek maaşlar için protestolar yapmakta ve devletleri şirket karşıtı reformlar için zorlamaktaydı. Böyle bir dönemde ulusötesi sermayenin, emeğin gücünü kırarak yeni bir projeye ihtiyacı vardı ki o da neoliberalizmdi. 1980'lerden itibaren uygulamaya konulan neoliberal politikalar temelde üç ana hatta ilerledi. Birincisi, kamusal varlıkların kapitalistlerce ele geçirilmesini sağlayan özelleştirme idi. Alt sınıfların mülksüzleşmesine sebep olan bu politika David Harvey tarafından "mülksüzleştirme yoluyla birikim" olarak adlandırıldı. Neoliberalizmin ikinci ayağını ise kuralsızlaştırma oluşturuyor; sermaye piyasalarının üzerindeki sınırların kaldırılması anlamına gelen kuralsızlaştırma ile bankacılık işlemleri, döviz kuru işlemleri ve sermaye hareketliliğinin önündeki engellerin kaldırılması sağlandı. Neoliberalizmin üçüncü ayağında serbestleştirme yer alıyor. Buna göre ülkeler doğrudan yabancı yatırıma açık hale gelmeliydi.

Küresel kapitalizmin krizlerine yanıt olarak uygulamaya konan neoliberalizm yalnızca Lockçu Batı'da değil, Şili ve Arjantin gibi ülkelerde zor yoluyla Batı tarafından yeni bir birikim rejimi olarak uygulamaya konarak sermaye tahakkümünün toplumsal yaşamın tüm alanlarına sirayet etmesine sebep olmuştur. 1990'larda ise Sovyetler Birliği'nin çöküşüyle neoliberal kapitalizmin hem genişlediği hem de derinleştiği bir dönem başlamıştır. Eski komünist devletlerde şok terapilerle kapitalizme geçiş yapan ülkelerde derin eşitsizlikler ve ekonomik krizler yaşanmıştır. Neoliberalizm,

1980'lerden itibaren ve özellikle 1990'larda "para ticareti sermayesi" mantığıyla şekillenmiştir. Sermaye kontrollerinin kalkması ile finansal ve diğer varlıklarda tescilli ticaret, hem yatırım hem de ticari bankalar arasında popüler bir ticaret faaliyeti haline geldi. Giesen ve van der Pijl bunu "spekülatif finans sermayesinin üretken sermaye ve kamu sektörü pahasına muzaffer yükselişi" olarak tanımlar. Bu yükseliş aynı zamanda ABD ekonomisinin küresel kapitalizmdeki hegemonik konumunu da gösterir, zira finansal ve reel varlıkların alımı ve satımıyla fiyat spekülasyonları yaratarak kar elde eden kurumlara Wall Street bankaları kredi sağlamıştır.

1990'lar aynı zamanda IMF ve Dünya Bankası'nın değişen rollerine de tanıklık etmiştir. Dünya Bankası "efektif devletler" vurgusuyla devletlerin rekabetçi piyasaların işlemesi için gerekli koşulları sağlaması gerektiğine değinmiştir. Bunun da özel sektörden alınan vergilerin kesilmesi, vatandaşlardan alınan vergilerin arttırılmasıyla mümkün olduğunu; bunun yanında merkez bankası bağımsızlığının ve enflasyon karşıtı politikaların uygulanması gerektiğini çeşitli raporlarında yazmıştır. Bunun yanında 1990'lardan itibaren yapısal uyum kredileri, kredi alacak ülkelere önceki yıllardan daha sert koşullar karşılığında sunulmuştur. Bunlar da ticaretin serbestleştirilmesinden öte, yoksul vatandaşlara sağlanan sübvansiyonların kesilmesi gibi, ekonomik eşitsizlikleri derinleştirecek koşullardır.

Rakip devlet kavramı kıta Avrupa devletleri için de kullanıldığı üzere, 2003 yılındaki Anglo-Amerikan Irak işgali Fransa ve Almanya'nın, İngiltere ve Amerika'ya karşı bir konumda bulunduğu, Batı içi çekişmeleri gösteren en önemli olaydır. Fransa'nın yanında Rusya da işgale karşı çıkmıştır, dahası, Irak üzerine contender devletlerle ABD arasındaki çekişmeler 1990'lara dayanmaktadır. 1990'lardan beri Irak'a uygulanan yaptırımlar sebebiyle Irak, Rusya ve Fransa'ya olan borçlarını ödeyemedi ve buna Rusya ve Fransa'nın Irak petrol sahaları üzerindeki çıkarları eklenince 1997 yılında Fransız ve Rus şirketler ile Irak devleti arasında imzalanan sözleşmelerle Irak petrol sahalarının geliştirilmesi için anlaşma sağlandı. Ancak 2003 Irak işgalinden sonra devlete ait tüm şirketlerin özelleştirilmesi ile 1997 yılının sözleşmeleri bir kenara atılarak, BP ve Shell, Irak petrolü üzerinde uzun dönemli sözleşmeler imzaladı.

2000'li yıllar bir yandan da, Rusya ve Çin'in yükselen rakip devletler olarak liberal Batı'nın karşısında yer alan ancak kapitalist devletler olarak sisteme eklenmediği

dönemdir. 2008 küresel krizi ve onun ardından gelen Amerikan ve Avrupa ekonomilerinin üretim kapasitelerinin çöktüğü dönemde, Lockçu Batı, güçlü devlet sınıflarına sahip olmaları sebebiyle Çin ve Rusya'nın emek piyasalarına girememiştir. Dolayısıyla neoliberal kapitalizme tam anlamıyla entegre olmamaları bu iki devletin Batı ile arasındaki temel çekişmenin sebebi olmuştur. COVID-19 pandemisi ve ABD'nin Afganistan'dan çekildiği dönemleri de bu krizlere eklediğimizde, Ukrayna Savaşı çoklu krizlerin ardından başlamış ve savaş ABD liderliğindeki neoliberal hegemonyayı test eden en büyük kriz haline gelmiştir.

Tezin üçüncü bölümünde ise, Ukrayna Savaşı'nı yalnızca NATO-Rusya gerilimi üzerinden ve askeri kapasiteler bağlamında tartışan görüşlerden farklı olarak, savaşın 2014 yılından günümüze derin politik-ekonomik sebepleri anlatılmıştır. Bu bölümde, Lockçu Batı tarafından Ukrayna'da 2014 yılından beri gerçekleştirilen neoliberal dönüşümler, Batı-Rusya çatışmasının aslında iki farklı devlet toplum kompleksinin getirdiği farklılıklardan kaynaklandığı vurgulanarak anlatılmıştır. 2014 Maidan ayaklanmasına katılan grupların içinde Yanukoviç'in baskıcı ve yolsuz hükümetine karşı olan grupların yanında aşırı sağ ve faşist toplumsal kesimlerin de bulunması, Ukrayna'da 2014'ten günümüze kadar süren çatışmaların temel sebeplerinden biriydi. Bunun yanında Yanukoviç iktidarının devrilmesinin ardından Ukrayna'da toplumun sınıfsal yapısında bir değişme olmadı. Zira aslında gerçekleşen eski oligarkların yerine yenilerinin geçmesiydi: Yanukoviç, iktidarını konsolide ederken Donetsk bloğu olarak adlandırılan oligark grubunu toplumda egemen güçler haline getirmişti, Maidan olaylarının ardından ise neoliberal politikaları destekleyen oligarklar iktidarda temsiliyet buldu.

Batılı devletler ve AB, NATO gibi kurumlar tarafından desteklenen bu oligark grubu, çokuluslu şirketler ile ittifak halinde milliyetçi neoliberal bir blok kurdu. Yanukoviç'ten sonra iktidara gelen Proşenko'nun da iktidara gelir gelmez ilk yaptığı şey, daha önce Yanukoviç tarafından imzalanmadığı için Maidan olaylarının temel sebebi olan AB-Ukrayna Ortaklık Anlaşması'nı imzalamak oldu. Bu anlaşma ile Ukrayna ekonomisi, yalnızca Avrupa sermayesine değil, aynı zamanda ulusötesi sermayeye de açık hale geldi. Bu anlaşmanın yanında, Ukrayna hükümetinin ülkedeki petrol ve doğalgaz boru hatlarının %49'unun özelleştirilmesi ve yabancı yatırımcılara

satılması için çıkardığı yasa, Ukrayna'nın neoliberalizme ani geçişini sağladığı üzere bir şok terapi örneği oldu.

2022 Ukrayna Savaşı sürerken de ülkede olağanüstü hal dönemi fırsat bilinerek, neoliberal politikalar uygulamaya devam edildi. Mart 2022'de Ukrayna parlamentosu, istihdamı askıya almayı sağlayan bir yasayı parlamentoda onayladı; buna göre işçiler resmi olarak işten çıkarılmayacak, ancak fiili olarak çalışmaya devam edemeyecekleri için maaş da alamayacaklardı. Bu bölümün içinde ek olarak Savaşın erken dönem sebepleri anlatılmıştır. Bunlardan biri, 10 Kasım 2021'de imzalanan ABD-Ukrayna Stratejik Ortaklık Tüzüğü'dür, bu anlaşma Ukrayna'nın Avrupa-Atlantik kurumlarına üyeliğinin önünü açmayı amaçladığı için Rusya'nın kırmızı çizgisi olan Ukrayna'nın NATO üyeliği meselesini yeniden alevlendirdi. Bir diğer sebep ise NATO'nun Polonya ve üç Baltık ülkesindeki askeri konuşlandırmasını 2021 yılı sonlarında arttırmasıdır. Rusya'nın Ukrayna'ya savaş açmadan hemen önceki taleplerinden biri de bu bölgelerdeki çokuluslu orduların acilen çekilmesi olmuştur.

Dördüncü bölümün içeriği ise Ukrayna Savaşı'nın başlamasının ardından Batı tarafından Rusya'ya karşı verilen siyasal reaksiyonlardır. Batı'nın uyguladığı ekonomik yaptırımlar gibi Rusya'ya karşı geliştirilen siyasal hamleler ve ideolojik söylemler de ABD liderliğindeki neoliberal hegemonyanın Batı içi konsolidasyonunu sağlamıştır. Bu hamlelerden biri de Rusya'nın uluslararası örgütlerden dışlanmasıydı. Örneğin, Birleşmiş Millterler İnsan Hakları Konseyi'nden Rusya'nın çıkarılması, bir daimi üyenin ilk kez bu Konsey'den çıkarılması açısından önemlidir. Uluslararası örgütler bağlamında gerçekleşen bir diğer önemli husus da Rusya'nın bir üyesi olduğu G20'nin Kasım 2022'de yapılan zirvesine davet edilmemesi yönündeki talepti; bu fikri ileri süren ülke ABD idi ve Rusya'yı siyasal kurumlardan dışlama yönündeki diplomatik ve siyasal kararların gündeme getirilmesinde öncü rol üstlenmesi, ABD'nin uluslararası politikada gündemi belirleme gücünün bir göstergesi olmuştur. BRICS bloğunun ise Batı liberal bloğu kadar birleşmiş olmadığını gösteren emareler vardır. Örneğin, Hindistan Rusya ve Çin gibi ne ABD'yi ne de Batı'nın Ukrayna'ya desteğini açıkça eleştirmemiştir. Dahası, Çin'in bile Rusya'yı ne kadar desteklediği tartışmaya açıktır. Rusya'nın Ukrayna'nın dört bölgesini ilhak ettiğini açıklamasının ardından, Ekim 2022'de Rusya'nın bu bölgelerden çekilmesi için BM Genel Kurulu'nda yapılan oylamada Suriye ve Kuzey Kore, kararı reddederken BRICS

içindeki Çin, Hindistan ve Güney Afrika'nın çekimser oy kullanması kayda değer gelişmelerdi. Yine de BRICS bloğunun, küresel ekonominin işleyişini belirleme hususunda ABD hegemonyasından hoşnut olmadıkları açıktır. 2023 yılı Ağustos ayında yapılan BRICS zirvesinde, gelişmekte olan ülkelerin kendilerine ait dinamikleri olan kalkınma modellerine sahip olduğu vurgulandı, buna ek olarak Vladimir Putin tarafından doğrudan neoliberalizmi eleştiren açıklamalar yapıldı.

Tezin beşinci bölümü, esasında tezin argümanlarına temel dayanak noktası oluşturan Rusya'ya karşı uygulanan ekonomik yaptırımların kronolojik ve ayrıntılı bir biçimde incelendiği bölümdür. Vladimir Putin'in 21 Şubat 2022'de Donetsk ve Luhansk bölgelerinin bağımsızlığını tanıdığını açıklamasının hemen ardından Batılı ülkeler de yaptırımları duyurmaya başladı. Finansal yaptırımların en etkili olanı, Birleşik Krallık, ABD ve AB'nin, birbirini takiben Rusya Merkez Bankası'nın bu ülkelerde bulunan döviz rezervlerini dondurduklarını açıklamasıydı. Zira bu hamle, rublenin dolar karşısındaki değerini neredeyse iki katı oranında düşürmüştü ve Rusya Merkez Bankası rublenin değerini korumak için faiz oranlarını arttırmak zorunda kalmıştı. Bunun yanında yine aynı ülkeler, Rusya'ya ait bankaları SWIFT'ten dışlamış, Rusya'nın uluslararası ticaretten ve uluslararası finansal sistemden büyük oranda dışlanmasını sağlamışlardı.

Rublenin değer kaybetmesinin bir diğer sebebi de, savaşın ardından Rusya'da oluşan ekonomik belirsizlik sebebiyle ülkeden büyük oranda sermaye kaçıışı olmasıydı. Rusya'nın bu gidişata karşı geliştirdiği hamle ise sermaye kontrolleri uygulamak oldu. Öyle ki, 1 Mart 2022 tarihinde alınan kararla ihracatçıların, elde ettikleri döviz gelirlerinin %80'ini rubleye çevirmesi şartı konuldu. Bu oran daha sonra düşürülse de, yaptırımların ardından geçen ilk ayların Rus hükümetini ve Rus vatandaşlarını oldukça zorladığı açıktır. Yaptırımların etkisi Rusya'da ekonominin dalgalı bir seyir izlemesini sağladı; örneğin, Rusya'nın petrol ve doğal gazına uygulanan yaptırımlar küresel piyasalarda bu ürünlerin fiyatlarının artmasına sebep olduğundan Rusya'nın enerji ihracatından elde ettiği gelir arttı ve 2022'nin ikinci çeyreğinde cari fazlası ülkede son dönemlerdeki en yüksek seviyeyi gördü. Finansal yaptırımlar ve enerji sektörüne uygulanan yaptırımlarla Rusya, doların hegemonyasına meydan okumanın bir yolu olarak, hem petrol ihraç ettiği ülkelere, hem de ürünlerini ithal ettiği ülkelere, ödemeleri ruble üzerinden yapmaları talebinde bulundu. Ancak uluslararası ticaret hala

dolar tarafından domine edildiği için, birçok ülke tarafından rublenin kullanımı tercih edilen bir yöntem olmadı.

Yine de yaptırımlar Rusya'da de-dolarizasyon sürecini hızlandırdı ve Rusya uluslararası ticarete Çin yuanına yöneldi. Şubat 2023'te alınan bir kararla Rus hükümeti euroyu Ulusal Varlık Fonu'ndan tamamen kaldırarak, yuanın Fon'daki payını %30'dan %60'a çıkardı. Ancak savaş devam ettikçe artan askeri harcamalar ve buna ek olarak Rus petrolüne uygulanan tavan fiyat sınırı uygulaması sebebiyle Rusya, bütçe açığı vermeye başladı. Bu açığı kapatmak için de Fon'dan yuan satmaya başladı ki bu da ülkedeki enflasyonu arttırdı.

Beşinci bölümde petrol ve doğal gaz yaptırımlarına ayrılan başlıkta aktarıldığı üzere AB tarafından alınan kararla 5 Aralık 2022'den itibaren Rus ham petrolünün deniz yoluyla ithalatı durduruldu. Boru hatlarıyla ithal edilen petrol üzerine böyle bir karar alınmamasının sebebi, Avrupa'da birçok devletin Rusya'dan boru hatlarıyla taşınan petrole büyük oranda ihtiyaç duymasıydı; bu ülkelerden biri de Macaristan. Petrol ihracatı için daralan pazarda Rusya'nın yeni rotası Çin, Hindistan ve Türkiye oldu. Bu ülkeler Ural ham petrolünü Rusya'dan indirimli olarak satın aldı; Haziran 2022'de Rus petrolü varil başına 76 dolardan alıcı bulurken küresel piyasalarda petrolün varil fiyatı 100 dolar civarındaydı.

Petrol üzerinden uygulanan en önemli yaptırım Rus petrolüne varil başına fiyat sınırlaması getirilmesi oldu, bu yaptırımı ilk gündeme getiren G7 ülkeleri oldu. AB içinde ise bu kararın alınması, fiyat sınırlamasının yeterince yüksek olmadığını düşünen ülkeler Polonya, Estonya ve Litvanya sebebiyle birkaç ay sürdü. Fiyat sınırı uygulamasının ilk önericisi olan ABD'nin devreye girmesi ile Polonya, Brüksel'den Rusya'ya yeni yaptırımlar uygulanacağı yönünde garanti alınca 60 dolarlık tavan fiyat uygulanması hususunda AB içerisinde uzlaşa sağlandı. Rus petrolüne tamamen ambargo uygulanmamasının sebebi ise Rusya'yı küresel piyasanın içerisinde tutmak ve petrol fiyatlarının dünya çapında aşırı yükselmesini engellemektir; ancak bunu yaparken Rusya'nın petrol ihracatından elde ettiği gelir de düşmüş olacaktır.

Rusya'dan ithal edilen doğal gaz, Avrupa ülkelerinin Rusya'ya bağımlılığının en yüksek olduğu ürün olması sebebiyle AB'nin yaptırımlar konusunda en dikkatli davrandığı mesele olsa da, AB, Rusya'dan boru hatlarıyla taşınan doğal gazın %80'ini

LNG ile ikame etmeyi başardı. Rusya'dan en çok doğal gaz ithal eden ülke olan Almanya, 2023 kışına gaz stokları %80 dolu olarak girdi; bunu da gaz tüketimini azaltarak ve diğer Avrupa ülkelerinden gaz ithal ederek yaptı. Tüm bu gelişmeler, yaptırımların ardından yükselen enerji fiyatları ve enerji yoğun sektörlerde üretimin düşmesine rağmen, AB ülkelerinin kolektif biçimde yaptırımları uygulayabildiğini ve korumacı politikalara yönelmeden enerji krizine çözüm üretebildiğini göstermiştir.

Yaptırımlar bölümünde Rus oligark ve politikacılara uygulanan yaptırımlara da geniş bir yer verildi. ABD, Birleşik Krallık ve AB, hem Putin'in hem de Putin'e yakınlığı ile bilinen iş insanlarının varlıklarını dondurmuştur. Avrupa Komisyonu, oligarkların varlıklarını dondurmanın ötesinde de adımlar atmayı denemiştir. Dondurulan varlıkların Ukrayna'nın yeniden inşasında kullanılabilmesinin yollarını arayan Komisyon, bu varlıkların uluslararası anlaşmalar uyarınca yabancı yatırım olarak kabul edilmesi ve kamulaştırmaya karşı korunması sebebiyle varlıkları dondurmakla sınırlı kalmıştır.

Tezin sonuç bölümü olan altıncı bölümde, Ukrayna krizinin ve krizin ardından Batı'nın Rusya'ya uyguladığı yaptırımların, ABD-liderliğindeki neoliberal hegemonyanın Batı içerisinde konsolide edilmesine veya sarsılmasına sebep olup olmadığını araştırmayı hedeflediği vurgulanmıştır. Bu sorunsallaştırmada tezin yararlandığı teorik çerçeve neo-Gramşiyen perspektif olup hegemonya, yalnızca ABD/devlet merkezli olmaktan öte, daha bütünlüklü bir bakış açısıyla bir düzenin hegemonyası ve ulusötesi kapitalist sınıfların hegemonyası olarak ele alınmıştır. Batı-Rusya rekabeti, Kees van der Pijl'in kavramları olan Lockçu merkez ve Hobbesçu rakip devlet-toplum kompleksleri çerçevesine yerleştirilmiştir. Genel çerçevede Rusya, Lockçu Batı'nın neoliberal düzeni yaymasına karşı bir set oluşturmakta ve bu rakip konumunu Ukrayna'da gerçekleştirilen neoliberal dönüşüme karşı da sürdürmektedir.

Tezin temel argümanı, Batı tarafından uyum içinde ve istikrarlı olarak uygulanan yaptırımlar ve siyasal hamlelerin, Batı içerisinde hem ABD hegemonyasını hem de neoliberal düzenin hegemonyasını güçlendirdiğidir. Bu argümanın dayanak noktaları ise şunlardır; Rusya Merkez Bankası'nın döviz rezervlerinin dondurulması ve Rus bankalarının SWIFT sisteminden dışlanması Batı tarafından ortak olarak ve hemen

savaşın ardından gerçekleşmiştir. Rusya'nın dolar ile ticaret yapamayışı, Batı'dan ithal ettiği gelişmiş teknolojik ürünlere erişememesine sebep olmuştur. Belirsizlik ortamında ülkeden sermaye kaçışının gerçekleşmesi, rublenin değersizleşmesi ve işsizlik oranlarının artmasıyla sonuçlanmıştır. Rusya'ya olan enerji bağımlılığına rağmen, Almanya'nın dahi yaptırımları uygulamaya koyması Rusya'nın ihracat pazarını daralttığı ölçüde, Amerika'nın Avrupa'ya LNG ihraç etmesi sebebiyle Avrupa'nın ABD'ye ekonomik bağımlılığını sağlamıştır.

Ancak, Rusya'nın küresel finansal sistemden bu denli dışlanması onun rakip devlet konumunu daha da güçlendirmiştir. Rusya ve Çin, küresel ticarete dolardan kaçmanın yanında Çin'in SWIFT sistemine benzer ödeme sistemi olan CIPS'i kullanmaya başlamıştır. Yine de bu sistemin ve dolayısıyla yuanın kullanımının uluslararasılaşma düzeyinin durumunu gelecekte izlemek gereklidir. Sonuç olarak Ukrayna Krizi hala devam eden bir süreç olduğundan, yaptırımların sonuçları üzerine kesin bir analiz yapmak mümkün olmasa da, bu tezin ortaya koyduğu teorik çerçeve ve bulgular dahilinde yapılan en genel çıkarım: Lockçu Batı'nın, AB ve diğer Batı kapitalist devletleri ile uyum içinde, Rusya'ya karşı yaptırım uygulanmasını sağlayarak Batı içi hegemonyasını konsolide ettiği'dir.

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