

# Western sanctions are only strengthening Putin's grip on power

*Russia has been hit by an unprecedented package of sanctions following its invasion of Ukraine. **Sergey Alexeev** argues that the current sanctions are only likely to push the country further toward authoritarianism. He suggests that economic transition theories could be used to better optimise sanctions and help foster democratic alternatives.*

One of the odd features of international sanctions is that despite costing the global economy trillions of dollars, they are rarely – if ever – guided by a coherent theory or empirical evidence concerning their effects.

The sanctions that have been imposed on Russia following its invasion of Ukraine essentially borrow from the criminological principles of [incapacitation](#) and [deterrence](#). Incapacitation aims to isolate an offender from society to prevent future offending, while deterrence is focused on discouraging future offences by instilling fear over the consequences.

The principle of incapacitation has been visible in attempts to halt foreign currency inflows to Russia and ban Russian exports. The purpose of these measures is to erode the Russian government's global purchasing power and prevent future malicious activity. Incapacitation is the most expensive and the least effective approach in criminology. Isolation prevents offenders from being productive workers and adversely affects those who depend on them. But most importantly, a country, unlike a human, can never be completely incapacitated. The West may stop buying gas from Russia in the future, but then the East will happily accept the same amount at a discount.

Similarly, a recession might act as a deterrence for democratic politicians worried about winning fair elections. But Russia has never had fair elections. Putin has little to fear electorally from economic sanctions and they are therefore unlikely to deter future aggression. Furthermore, the success of sanctioning is predicated on rationality and an ability to understand tradeoffs. Putin's capacity for rational thinking in this context is [debatable](#), but there are few signs he will be dissuaded from pursuing his foreign policy goals by sanctions alone.

## Why the West's sanctions are counterproductive

For Russians, the recession of the 1990s, when the economy underwent an unprecedented structural transformation, is an important benchmark. At the beginning of that transformation, the economy lost 52% of its output. By comparison, during the Great Depression, a textbook example of economic collapse, the American economy declined by only 34%.

Many of Russia's ruling class have been in power since that period. Thus, their tolerance for economic calamities is unimaginably high. The inconsequential sanctions of 2014 only reinforced their confidence that recovery will inevitably follow once the economy adjusts. Soon after the first 2022 sanctions were implemented, Putin's government [stated](#) that he expected the economy to recover after a temporary increase in inflation and unemployment.

But sanctions are not only an inadequate deterrence for Putin – they are actively tightening his grip on power. Putin legitimises his rule by claiming Russia is heroically withstanding economic hardships caused by the West. This message is compatible with the Kremlin's framing of the Ukraine conflict as a 'denazification' project and with its broader obsession with the Second World War.

Many Russians view the atrocities perpetrated by Nazi Germany on the Eastern Front, the painful economic transformation of the 1990s, and the current economic sanctions as a single narrative, with Putin continuing the fight against Russia's enemies both within and outside the country.

All of this underlines the futility of applying criminological principles such as incapacitation and deterrence to a country. While these principles may be effective at preventing crimes carried out by individuals, they are entirely inadequate for preventing aggression by states, even thoroughly personified dictatorships like Putin's Russia. They are also undermined by assigning collective blame to all Russians, who are in many respects also victims of the country's unjust institutions and political leadership.

## Optimising sanctions

Rather than applying blanket sanctions that simply strengthen Putin's domestic position within Russia, the West should aim to optimise sanctions to promote change. The best theoretical guide for accomplishing this is the largely forgotten theory of [economic transitions](#).

In the 1990s, the notion of setting economic agents free from state control formed a core part of the understanding of economic transitions. The theory was that well-being could be achieved by encouraging the relocation of economic resources from inefficient state companies to newly created private enterprises.

This thinking motivated the Russian reformers of the 1990s to establish free prices, capital, and trade. As a result, after 70 years of nonmarket resource allocation that had crippled the Soviet economy, the newly established private sector became a domain of freedom and prosperity to an extent unseen before in Russia. This, in turn, created a demand for political freedoms.

These reforms [stopped](#) soon after Putin came to power. His authoritarian rule now hinges solely on unreformed Soviet institutions. It is these institutions that should be the target of western sanctions. The aim should be to release the resources captured by these institutions and direct them toward better ones to help facilitate positive change within Russia.

Unfortunately, the current sanctions are not designed with this objective in mind. Consider two examples. Closing Russian state YouTube channels following the invasion of Ukraine was justified, but it is counterproductive to ban all Russians from making money via their YouTube channels. After Putin shut down all non-state media, Russians poured into YouTube seeking information. The decision to ban all Russian residents from making money from YouTube has effectively reduced the presence of alternative media sources that can counter the Kremlin's propaganda.

Similarly, sanctioning state banks is appropriate because it transfers resources toward [entities](#) where the state's capacity is reduced. Russian state banks are the main sources of corrupt income for Putin's loyalists. But banning all Russians from using their bank cards abroad simply played into Putin's hands. After Putin attacked Ukraine, [200,000](#) mostly IT specialists left Russia, causing a panic in the [government](#). Yet most of them had to [return](#) and work because they could not use their funds outside of Russia.

## Leveraging institutions

Russia may well lose the war in Ukraine, but there is little evidence Putin is losing his hold over power. There is, however, one potential avenue for change. Russia's higher education and science sectors have untapped potential, but only if sanctions are designed with the aim of transferring resources away from state-captured institutions toward better ones.

Russia's education sector is relatively globally integrated. This means in the short term it should be responsive to external impacts. On the other hand, there have already been limitations placed on its independence. For example, the Russian Academy of Sciences has historically been a prominent critic of Putin and authoritarianism, but reforms over the last decade have effectively dismantled it and brought its work under closer government control.

The Russian government harshly regulates state-owned education and uses it as a tool of propaganda. The deans of nearly all Russian state universities [signed](#) a letter supporting the war in Ukraine. Students who protest the war are expelled, while academics who do not support the war are discriminated against. It is also common to see [pseudo-historians](#) and [conspiracy theorists](#) as faculty members who propagate a warped version of Russian history that justifies violence against various minorities, ex-Soviet republics, and political opponents.

The opposite is happening in Russian private establishments. Importantly, these establishments still have authority within society, and the public does not eschew them for being "unpatriotic". Unlike their politicians, Russians do respect and trust their scientists. After all, private establishments like the European University at St Petersburg, the New Economic School, and the Moscow School for the Social and Economic Sciences are at the top of their fields.

Harsh coordinated sanctions against Russian state establishments with simultaneous support for private institutions would encourage resource transfer toward the private entities that can channel opposition against Putin. In this sense, supporting the private sector is as crucial as sanctioning the state one. In line with theories of economic transition, the goal should not be to punish Russia for its own sake, but to encourage resource transfers that can facilitate change. This suggestion is not without an empirical basis. The causal empirical [link](#) between better education that is free of authoritarian state capture and democracy is well established.

The demand for education will never disappear. Even if the government removes the licences of private universities – the worst outcome – these universities can still issue certificates. These certificates will still be in demand from students if businesses accept them. Unfortunately, the current sanctions regime is undermining this. We have even seen examples of lectures by prominent scientists being [cancelled](#) because the speakers have an affiliation with a private institute whose leadership publicly condemns the war. Measures like this can only strengthen Putin's position.

### Consistency

There is another reason why the West should focus sanctions on Russian state educational establishments. The education sector is a critical factor during an economic transformation. A rapid change in the availability of new technology requires the education sector to retrain labour. Computers (or steam and electric engines before them) would have been useless if workers didn't know how to use them. This logic also extends to organisational technologies.

In a [recent paper](#), I show that the Russian transition of the 1990s was a special case of adjustment to new organisational technologies. At the beginning of the transformation, the recession was so strong because the economy lacked personnel (law and business graduates) who were able to navigate the market environment. The recovery began only after the economy was saturated with properly trained human capital.

The sanctions that have been imposed on Russia will also change the technologies available within the Russian economy. Just as in the 1990s, a corresponding change in the labour market will follow. After the education sector optimises the skills of workers to meet the challenges of the new environment, the economy will recover. The Russian government's declaration of a '[Decade of Science and Technology](#)' immediately after the sanctions were imposed suggests it is aware of this.

If western sanctions were to target state educational establishments, they may therefore have a significant deterrent effect, while also encouraging resource transfers to private establishments that are willing to oppose Putin. This combination of measures would have a higher chance of success than broad sanctions aimed at crippling the Russian economy.

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*Note: This article gives the views of the author, not the position of EUROPP – European Politics and Policy or the London School of Economics. Featured image credit: [kremlin.ru / РИА «Новосту»](#)*

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