CHAPTER 1
BACKGORUND

1.1 INTRODUCTION

The geopolitical landscape has undergone significant changes in recent years, and one of the focal points of international attention has been Russia's intervention in Ukraine. These events have sparked responses from various countries, and the United States has taken a noteworthy stance through the implementation of economic sanctions (Noah Berman and Anshu Siripurapu, 2023). These diverse policy dimensions reflect the complexity inherent in international relations and raise important questions regarding the efficacy, motivations, and broader implications of such measures.

Russia's first intervention into Ukraine was in 2014, then continued in 2022 with intervention throughout Ukraine. This not only impacts the affected region but also the global community (Friedrich Naumann Foundation, 2022). This act of territorial expansion sparked tensions in diplomatic circles, prompting the United States to reassess its approach towards Russia. In response to what was widely perceived as a violation of international norms, the US chose economic sanctions as the primary deterrent instrument. (Olivier Corten and Vaios Koutroulis, 2023)

Economic sanctions are a diplomatic tool involving restrictions on trade, financial transactions, and economic cooperation that are often used to convey disapproval and influence a country's behavior (Masters, 2019). Following the intervention in Ukraine, US-Russian relations have become more significant, and sanctions are now an important part of US foreign policy. Understanding the motivations behind the US decision to implement such measures requires exploring the geopolitical, economic, and humanitarian factors underlying these complex issues.

The United States imposed economic sanctions on Russia for its intervention in Ukraine for the first time in 2014. These sanctions have continued from the Obama, Trump, and Biden eras (Congressional Research Service, 2023).

The European Union (EU) and other partners have been involved in the implementation of the sanctions. The United States and the European Union have maintained their sanctions in an effort to put pressure on Russia to reevaluate its actions in Ukraine, the United States and its allies carefully used economic weapons. The underlying assumption is that the economic impact will prompt the Russian government to recalibrate its approach. However, as with any complex geopolitical strategy, the effectiveness of economic sanctions remains a matter of debate among experts and policy makers.

The US uses a variety of tools to enforce sanctions, including asset freezes, bans on exports of certain technologies, and restrictions on access to international financial markets (International Trade Administration, 2022). Despite Russia's relatively strong economic resilience, sanctions continue to exert significant pressure on key sectors of the Russian economy. The motivations driving US economic sanctions policy against Russia also need to be examined. In addition to a direct response to Ukraine's intervention, this policy reflected broader considerations related to international norms, human rights, and the preservation of the post-Cold War order. The imposition of sanctions can be interpreted not only as a punitive measure but also as a signal to the global community about the values and principles that the United States wishes to uphold.

Russia has a significant degree of economic resilience to the economic sanctions policies implemented by the US in response to its intervention in Ukraine (The European Union, 2023). Although these sanctions have impacted several sectors, such as finance and energy, Russia still has abundant natural resources, especially energy and minerals, which are the main foundation of its economy. Additionally, economic diversification and internal policy measures have helped mitigate the impact of the sanctions. Russia has strengthened economic cooperation with non-Western countries and developed alternative international financial systems (Carnegie Endowment For International Peace, 2023).

Economic sanctions against Russia are not implemented in isolation. This has created a ripple effect that has implications for the dynamics of the global economy. The interconnectedness of the modern world means that actions taken by a country can have an impact across national borders, affecting markets, industries, and the livelihoods of the general public (Economics Observatory, 2024). These interactions create complexity, as the United States must manage the balance between achieving its foreign policy goals and mitigating unintended consequences. The aim of this research is to analyze the United States' economic sanctions policy against Russia regarding its intervention in Ukraine, with a focus on an in-depth understanding of the types of sanctions imposed and their impact on the Russian economy.

1.2 RESEARCH QUESTION

Based on the discussion of the US Economic Sanction Policy against Russia for the intervention of Ukraine, the following research questions can be formulated for further investigation:

1. **What are the impacts of the US economic sanctions policy against Russia?**

This question could provide valuable insight into the impact of US economic sanctions policy on Russia for Intervention to Ukraine.

1.3 THEORETICAL FRAMEWORK

a. Economic Sanction

Robert Pape, a political scientist, presented his theory of economic sanctions with the statement, "Economic sanctions can be successful if they are designed carefully, taking internal pressures into account and combining positive incentives with negative pressures to achieve the desired behavior change" (Bratton, 2010). Pape has maintained that coercive tactics that depend on penalizing civilians whether by economic sanctions or strategic bombing will fail. He maintained that the only tactic that may force governments to comply is one of denial or interdiction, which is to say, a tactic that upsets an adversary's military plan. However, Pape also emphasizes the importance of considering internal pressures and combining positive incentives with negative pressures to achieve desired behavioral changes (Pape, 1997).

Economic sanctions involve the use of economic instruments, such as trade restrictions, asset freezes, or investment bans, to create economic pressure that can force changes in behavior. The success of sanctions depends on careful planning and design. This includes determining the target of sanctions, the type of economic instruments used, and the extent to which international coordination can be achieved. The effectiveness of sanctions is often related to the level of international coordination. When many countries unite to enforce sanctions, their impact can be stronger and more efficient (David A. Baldwin & Robert A. Pape, 1998).

An approach that mixes negative pressure with positive incentives. In addition to imposing economic penalties, successful sanctions can also provide a pathway for sanctioned countries to change their behavior and gain positive benefits. Robert Pape highlighted the importance of considering the long-term effects of economic sanctions. Sanctions are evaluated for their effectiveness not just on short-term outcomes but also on their long-term effects on the behavior and policies of the sanctioned nation.

The theoretical basis of economic sanctions often involves elements of deterrence, coercion, and signaling. Deterrence theory states that sanctions aim to deter actors from carrying out certain actions by imposing costs. Coercion theory holds that sanctions are intended to force changes in behavior through economic pressure. Signaling theory states that sanctions convey messages, express disapproval and signal a desire for policy change.

The US economic sanctions policy against Russia over the intervention of Ukraine includes a multifaceted approach. These sanctions include but are not limited to asset freezes, trade restrictions, and financial measures targeting key sectors of the Russian economy. Understanding the specific nature of these sanctions is critical to assessing their effectiveness and impact. While economic sanctions are designed to put pressure on Russia, they can also have unintended consequences. These consequences could include strengthening anti-Western sentiment, the emergence of alternative economic alliances, or a shift in Russia's geopolitical orientation. Exploring these unintended impacts provides a deeper understanding of the broader impact of US economic sanctions policies.

Economic sanctions are often a form of collective punishment that disproportionately harms the civilian population, undermining the very principles of human rights they aim to uphold (Johan Galtung, 1996). Johan Galtung, a Norwegian sociologist and peace theorist, is known for his contributions to the study of conflict and peace. One of his famous theories is the structural theory of violence and peace. In the context of economic sanctions, Johan Galtung criticized the effectiveness of economic sanctions, stating that these sanctions are often counterproductive and do not achieve the desired goals.

According to him, sanctions tend to strengthen authoritarian regimes by fueling nationalism and increasing control over domestic resources, while civilians suffer from a lack of basic needs. Sanctioned countries also often find ways to adapt, such as increasing domestic production or using the black market. Additionally, sanctions can cause regional instability and exacerbate conflict rather than promote peaceful change. Galtung called the "economic warfare" theory naive because it did not consider that economic deprivation could strengthen internal political solidarity rather than cause disintegration.

To enrich the theoretical framework, a comparative analysis with previous examples of economic sanctions can be carried out. Examining cases where sanctions were applied against other countries helps draw similarities, differences, and lessons learned. This comparative approach enhances the ability to assess the effectiveness and potential shortcomings of U.S. economic sanctions policy against Russia.

b. Economic resilience

The ability of an economic system to endure shocks and bounce back from them is known as economic resilience. This resilience is determined by how well resources are used at any one time and how well the system can rebound from shocks (Adam Rose, 2010). At the country level, economic resilience is crucial for facing international shocks and adapting to global change (Treasury, 2023). The Economic Complexity Index is a metric that assesses the diversity of a country's economic activity and adaptive capacity. Macroeconomic resilience involves instantaneous resilience, limiting production losses within a certain period, and dynamic resilience, the ability to reconstruct and recover. Building economic resilience requires a systemic policy approach to prevent vulnerabilities, reduce risks, and ensure rapid and sustainable recovery through adaptation and transformation (OECD, 2022).

Numerous factors affect Russia's ability to withstand economic sanctions from the US. According to a Carnegie Endowment report, the Russian economy is showing extraordinary resilience with a GDP decline of 2.1% in 2022 and projected growth in 2023 (Alexandra Prokopenko, 2023). This is due to policies of increasing public spending and investment, good crisis management, and preparedness for major sanctions (Gilman, 2019). The economy was also able to adjust to the effects of the sanctions and the conflict in Ukraine thanks to shifts in trade patterns and higher military output (Alexandra Prokopenko, 2023). Despite budget pressures, the Russian economy is expected to remain resilient and even reach pre-COVID-19 growth (Bloomberg News, 2023).

This theoretical framework provides a conceptual foundation for understanding US economic sanctions policy against Russia in the context of the intervention of Ukraine. By studying economic sanctions theory, analyzing specific actions implemented by the United States, assessing their impact on the Russian economy, and considering unintended consequences, this framework provides a comprehensive perspective for studying the complexities surrounding this geopolitical issue.

1.4 HYPOTHESIS

The US economic sanctions policy in response to Russia's intervention in Ukraine is believed to have had a significant impact on the Russian economy.

1. The United States has imposed economic sanctions on Russia in response to its intervention in Ukraine. The sanctions include suspension of credit financing, bans on exports of certain goods and technology, and designation of entities and individuals with targeted sanctions. There are also sanctions against Russia's military industrial base and action against those involved in sanctions evasion. The goal of these sanctions is to put pressure on Russia, limit its capabilities in a conflict with Ukraine, and hinder third-country suppliers and networks that support Russian military production.

2. US economic sanctions tend to have a greater impact on key sectors of the Russian economy, especially in energy and finance, compared to other sectors. The focus on these sectors reflects the US strategy of targeting areas considered crucial to the Russian economy. Thus, these sanctions can be expected to have a more intensive and localized impact on sectors that have a key role in the sustainability of the Russian economy.

These two hypotheses provide an initial look at the potential impact of US economic sanctions on Russia following its intervention in Ukraine.

1.5 METHODOLOGY

This research uses a case study methodology and a qualitative approach to assess how US economic sanctions on Russia have affected its intervention in Ukraine (Pritha Bhandari, 2020). Researchers will investigate in depth the sanctions policy through analysis of official documents such as agreements and related regulations. In addition, the focus of the research will involve content analysis of media reports and academic publications to understand the public's views on this sanction.

Case studies provide the advantage of exploring detailed information, allowing researchers to examine economic impacts that may be overlooked in other approaches. By combining official data with public perceptions, this research is expected to provide a comprehensive understanding of the effectiveness of US economic sanctions policies. An in-depth analysis of the implications of these policies for the Russian and Ukrainian economies will provide valuable insights into the geopolitical dynamics and economic impacts of international diplomatic actions.

1.6 WRITING SYSTEM

CHAPTER I: This section provides a comprehensive explanation on the Introduction, Research Questions, Theoretical Framework, Hypothesis, Research Methodology, and Writing System.

CHAPTER II: The main objective of this chapter is to provide a thorough study of the economic sanctions that the US put on Russia as a result of its interference in Ukraine.

CHAPTER III: This chapter outlines the impact produced by the economic sanctions imposed by the United States on Russia, explaining the possible consequences of such actions.

CHAPTER IV: This chapter contains the final conclusions drawn from this research, combining findings from each chapter to provide a comprehensive picture and provide insight into the implications and directions for future research.