

On Sancionomics

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Due to the start of military aggression by Russia against Ukraine in February 2022, the US and the EU, as well as other economically developed countries, introduced extensive economic sanctions against Moscow (Nolsoe and Pop, 2022).

Economic sanctions have a long history dating back to the first recorded use in the 5th century BC, applied in the Middle Ages and widespread in modern times (Abughris, n.d.). In this regard, the 20th

century is especially replete when many countries, as well as groups of countries, imposed economic sanctions on other countries or groups of countries (PIIE, n.d.).

The question of the effectiveness of economic sanctions as a security tool is of fundamental importance. Modern studies of the effectiveness of economic sanctions imposed on various countries show that the positive results of these sanctions largely depend on how comprehensive they are, how many countries participate in the establishment of these sanctions and the level of authoritarianism in the regimes of those countries in which sanctions are imposed (Tarallo, 2020).

In this context, the economic sanctions imposed by the West and other developed countries against Russia as a result of its invasion of Ukraine and the start of full-fledged military operations are of particular interest. These economic sanctions in today's globalized world will obviously have their direct impact on the global economy (Krugman, 2022).

For economists, the task of paramount importance is not only to generalize the experience of the effectiveness of previously introduced economic sanctions but also to study all kinds of effects (both positive and negative) of modern large-scale economic sanctions against Russia (BBC, 2022). I think the term **sanctionomics** (sanctions + economics) directly reflects the area of economic science that should study the economic consequences caused by economic sanctions. It is undeniable that the study of the problems of sanctionomics is of particular relevance at present.

Speaking of economic sanctions, it should be remembered that they were, as a rule, the tools most often used in the Cold War. At the same time, economic sanctions can hardly be considered equivalent to the bomb that Russia drops on Ukraine (Furman, 2022). Therefore, the effectiveness of confronting the Cold War with the Hot War is not unambiguous and largely depends on the level of the scale of the economic sanctions as well as the number of countries joining these sanctions (Papava, 2022a).

Russia's war in Ukraine, as well as the economic sanctions imposed against Russia obligatorily, will lead to a geopolitical depression and exacerbate many of the hitherto accumulated problems of the global economy (Roubini, 2022).

The economic collapse in Russia as a result of these sanctions (Werker, 2022) will also be seen in economic difficulties in those countries that introduced the sanctions as well as in other countries of

the world (Bishop, 2022). At the same time, it is difficult to dispute the fact that ordinary people suffer the most from sanctions as opposed to those who are classified as rich (McMaken, 2022).

The issue of food is particularly acute. It should be noted that before the Ukrainian crisis, Russia and Ukraine jointly produced almost 15 percent of the world's wheat production and their joint share in the world's wheat exports reached about 25 percent. Under the conditions of war, Ukraine will not be able (and will not want) to export wheat and Russia, due to economic sanctions, will ban the export of wheat or raise the price of it even more. It is obvious that wheat is becoming a tool of a "food war" (Frum, 2022) which will directly and negatively affect ordinary people and mostly in developing countries.

Speaking about the rise in wheat prices, one should not forget about the rise in oil and gas prices as a reaction to the economic sanctions imposed on Russia. The ban imposed by the United States on oil imports from Russia is a clear confirmation of this (Ballard, 2022). It is important to emphasize that no one presently knows how long the inflation caused by this rise in the prices of oil, natural gas and many other commodities may last (Baker, 2022b).

When discussing the issue of high inflation, one should keep in mind the inflation caused by the COVID-19 pandemic (Acemoglu, 2021) which was not yet completed before the start of the Ukrainian crisis. In other words, a full-fledged exit from the pandemic – pandexit (Davies, 2021) has not yet taken place as a result of which the economic crisis caused by the pandemic (Papava, 2021) is added to the economic crisis caused by Russia's war in Ukraine and economic sanctions against Russia.

The main reason for high inflation in the context of the COVID-19 pandemic is known to be the disruption of global supply chains caused by the massive lockdown in various sectors of the economy (Coyle, 2021). Due to the defining nature of disruptions in global supply chains in the formation of high inflation (Baker, 2022a), the term "supply-chainflation" has been proposed (Pride, Reynolds and Vovk, 2022).

Overcoming supply-chainflation is possible not only and not so much by restoring but also by creating new global supply chains which will inevitably lead to an increase in inflation and which qualified as underproduction inflation (Papava, 2022).

Obviously, the economic sanctions on Russia, for their part, will provoke the construction of new supply chains in order to exclude Russia from the already existing ones. In other words, the question of the necessary diversification of foreign trade is on the international agenda (Spence, 2022) which is associated with an increase in production costs. And the latter, in turn, will lead to cost-push inflation.

Few doubt that the economic sanctions against Russia have begun to radically influence the change in the architecture of the world economy. Naturally, economic science faces new challenges which emphasizes the particular relevance of sanctionomics.

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