

Sanctions on Russia are a reminder that shame works on oligarchs

Social stigma can hurt the ultra-rich even more than financial penalties



By Brooke Harrington

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Russian President Vladimir Putin conducts a meeting by video last week. He has complained that Western sanctions are an attempt to “cancel” Russia. (Mikhail Klimentyev/AFP/Getty Images)

When the president of Russia sits before television cameras complaining about being “[canceled](#),” as Vladimir Putin did late last month, that’s the best indicator the international community will ever get that sanctions are working as intended to punish the regime for the invasion of Ukraine. Most discussion of sanctions has focused on the economic and political [effects](#) of cutting off Russia from [global trade](#), or of seizing the

megayachts and [private planes](#) of Putin's closest associates. Less appreciated has been the role of the sanctions in imposing social exclusion and loss of status on the country's most privileged and prominent citizens.

Don't mistake this for a sideshow: These informal socio-emotional punishments have already provoked more visible change in the behavior of Russian elites than years of formal penalties ever have. When the oligarchs, and Putin himself, publicly and repeatedly tell us that they care a great deal about their newfound pariah status, we should believe them. While Russian leaders have been defiant in response to the plummeting value of the ruble and proposals to exclude Russia from the Group of 20, their response to stigmatization has been something else entirely: week after week of very public pleading and raging against the *social* costs imposed on elites associated with Putin's regime.

As I have learned in [15 years of research](#) on offshore banking and the ultrawealthy, shame and stigma are some of the last bonds of humanity linking the oligarchs of the world to the rest of us. In most other respects, they do live in a world apart, even flaunting their impunity to the laws and norms that bind everyone else. That's why most people imagine that the ultrarich respond to public criticism by laughing all the way to the bank.

But that's not the case at all, as I was surprised to learn myself. Not only do status punishments work on these elites, they work more quickly and effectively than most laws do. Oligarchs have some of the best attorneys and PR staffs in the world: They easily repel many formal punishments. Threats to their reputations and their social status, however, are more difficult to avoid and provoke their strongest responses. The power of shame and stigma is such that when Great Britain conducted [a study](#) on deterrents to elite tax evasion, it found that the threat to publish evaders' names in the newspaper was far more effective than fines or lawsuits. This fear of socio-emotional consequences is also why oligarchs go to such extraordinary lengths to [harass](#) and [silence](#) journalists, politicians and other investigators whose observations might shame them.

While those strategies have been effective in silencing individual critics, they don't work when a large segment of the international community turns its back — as dozens of diplomats [literally did on March 1](#), when Russian Foreign Minister Sergei Lavrov addressed the United Nations. Lavrov's complaints about sanctions related to the invasion of Ukraine were given to a largely empty room, illustrating one important material consequence of shame and stigma: loss of influence.

This is also the purpose of sanctions depriving Russian oligarchs of access to their Western luxury properties, private jets, yachts and other assets they've used to win friends and influence people in the upper echelons of Western society. While some sanctioned elites are complaining about the economic impact of sanctions — like billionaire Petr Aven bemoaning his inability to [pay his servants](#) — the majority of the oligarchs' anger, pleas and expressions of panic have focused on the social consequences they are experiencing.

Stigma and shame have expelled them, along with other internationally prominent Russians, out of the social networks on which their work in the West depended. As billionaire Alfa Bank founder Mikhail Fridman said in a recent interview, spending vast sums of money to sway Western elites and institutions was intended to establish Russian influence permanently: “We sincerely believed [we are such good friends of the Western world that we couldn't be punished](#).”

The oligarchs' shock and fear at being sanctioned has been [widely reported](#), as have their efforts to insulate themselves from social consequences. These efforts are difficult to explain without understanding why this time is different. Many Russian oligarchs have been sanctioned by Western countries over the years, particularly since the invasion of Crimea in 2014. What's new this time is the [united front](#) among leading Western countries in imposing these sanctions, including [stigmatization](#) through informal means, such as the U.N. walkout and the “cancellation” of Russian artists, both alive and dead, to which Putin referred in last Friday's televised address.

This has triggered a round of efforts throughout the Russian elite to salvage their reputations. Even the prima ballerina of the Bolshoi Ballet abandoned the dance

company and her native country because — according to a post on her Telegram account — she was “[ashamed](#)” to be Russian. As for the oligarchs, within days of sanctions being announced, Fridman, along with fellow Russian billionaires Oleg Deripaska and Oleg Tinkov, took the extraordinarily risky step of crossing Putin in public [by issuing pleas](#) to stop the invasion of Ukraine. Such messages do not appear to have altered the war, but they may have had another purpose: to distance the oligarchs from the invading regime and thereby protect them from the shame and stigma directed at collaborators.

The most notable — and financially costly — case of this reputational salvage effort was the decision of billionaire investor Roman Abramovich, who attempted to sell his English professional soccer team, Chelsea Football Club, before he was sanctioned anywhere. That he was willing to incur a loss of nearly \$2 billion is extraordinary enough; that he publicly and explicitly pledged the proceeds of the sale “for the benefit of all victims of the war in Ukraine” is the revealing part. That may not have been an economically rational decision, but it was socially rational: It was the act of someone who fears being an international pariah.

This process has revealed some lessons for anyone seeking to combat international financial and political corruption in the future, as well as the [global kleptocratic insurgency](#) behind it. Shame, stigmatization and other components of “cancel culture” can serve a very useful purpose in protecting society from powerful actors who have [damaged core institutions](#) of democracy, capitalism and culture. The social impact of sanctions has Russian elites in retreat. If we applied similar measures to other oligarchs worldwide, including in the United States, the results could be transformative for restoring democracy and promoting a healthier economic system that does more than make the rich richer at the expense of the rest of us. As one country’s corrupt power structure teeters, perhaps we won’t waste the opportunity to knock over the rest.