



## RUSSIA REFORM MONITOR

The American Foreign Policy Council's Review of  
Russian Government Actions and U.S. Policy

# Russia Reform Monitor No. 2317

July 1, 2019 **Margot van Loon**

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### THE TRUE COST OF CRIMEA

A prominent Russian economist has put a painful monetary value on the losses incurred by the country's annexation of Crimea in 2014. In an interview with Russian business journal *The Bell*, Sergei Guriev asserted that the negative economic consequences for Russia of the annexation – including Western sanctions and reduced foreign investment – have cost the country roughly two percentage points of GDP growth, equating to at least \$30 billion per year, over the last five years. Guriev added that another \$1 trillion in investment losses has fled the country over the last two decades. (*The Moscow Times*, May 13, 2019)

### TAKING THE RUSSIAN NUCLEAR THREAT SERIOUSLY

It is insufficient to characterize the relationship between the United States and Russia as one of great power competition, writes former Department of Defense official Mark Schneider in *The National Interest*. Rather, according to Schneider, Moscow's investment in its nuclear systems constitutes a real danger that the United States has too long underestimated and must now redress. Schneider maps out Russia's ongoing modernization of its nuclear arsenal, highlighting Moscow's development of five new nuclear "superweapons," its massive advantages in non-strategic nuclear weapons, its violations of the Intermediate-Range Nuclear Forces Treaty, and its exploitation of loopholes in the New START Treaty.

The track record of Russian officials' willingness to publicly make nuclear threats, coupled with a military doctrine of nuclear escalation and preemption, further underscores the nature of the threat, Schneider adds. The United States "has been sleepwalking for the last 25 years and most of that time we were in denial concerning a Russian nuclear threat," he writes. (*The National Interest*, May 29, 2019)

### THE FUTILITY OF RUSSIAN LIFE

In a recent piece for the online journal *Republic*, Russian political commentator Ivan Davydov opines that the current state of Russian public opinion toward Russian president Vladimir Putin reveals a broader and building sense of bleakness across the entire populace. Despite the state-sponsored media's idealized portrayal of modern Russian life, Davydov notes that "more important now is the sense of futility and hopelessness, the impression that things are going nowhere and will continue going that way forever." In this context, Putin's falling approval ratings may ultimately be meaningless, since Putin "clings to power like a tick clings to its host." Yet Davydov exhibits some optimism at recent victories achieved by protestors, including the blocked attempt to build a church in a popular Yekaterinburg park, calling them "sudden outbursts of good sense" that show resistance and change is indeed possible. (*The Moscow Times*, June 3, 2019)

### A LONG-AWAITED COMMEMORATION

A monument that opened last month at Moscow's Jewish Museum and Tolerance Center to commemorate Soviet Jewish resistance fighters is being celebrated as Russia's first real Holocaust memorial. Soviet and Russian history has tended to downplay the suffering of its Jewish population during World War II, who constituted roughly 50 percent of all Holocaust victims, and there was no major monument built to commemorate those killed. The new \$276,000 memorial was funded entirely by the museum board's chairman, Viktor Vekselberg, whose father lost his entire family in a Ukrainian ghetto during the war. President Putin attended the memorial's unveiling, and in his remarks referred to the Holocaust as one of history's "greatest tragedies." (Jewish Telegraphic Agency, June 4, 2019)

## **A BRIDGE TOO FAR ON USER DATA**

As online privacy becomes an endangered commodity in Russia, the country's largest Internet service provider appears to be joining the fray in defense of its users. At the beginning of June, Yandex NV issued a public statement acknowledging that it had received an official request to share its encryption keys with the Russian security services. In compliance with a 2016 law, the company stores user data and turns it over to law enforcement in specific cases when an individual is suspected of wrongdoing. But the company is now arguing that the new request, which would allow for the decryption of all Yandex's traffic, is too expansive and violates the privacy of its users. The rift played out as news broke that Russian communications watchdog ROSKOMNADZOR has required the popular online dating service Tinder to formally register as an "information-dissemination operator" - a label that compels the company to share its user data with law enforcement upon request or else risk punitive state measures. (*Bloomberg*, June 4, 2019)