



RUSSIA REFORM MONITOR

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

Russia Reform Monitor No. 2333

September 5, 2019 Margot van Loon

Related Categories: Democracy and Governance; Human Rights and Humanitarian Issues; International Economics and Trade; Russia; Ukraine

BALLOONING CONSUMER DEBT

For the average Russian, personal debt is rising much faster than their salary, creating the conditions for an unsustainable economic quagmire. In the first quarter of 2019 alone, real incomes in Russia fell 2.3 percent while new unsecured consumer debt rose 22 percent. Meanwhile, the country's central bank has reported that the average personal debt is roughly \$3,300 – double what it was in 2014, before Russia's annexation of Crimea triggered punishing sanctions from the West.

These sluggish economic conditions, combined with a relatively young population that lacks experience with credit cards, have many Russian economists concerned that the current debt burden will lead to overheating and even a potential recession. The only beneficiaries of these trends appear to be members of the pay-day lender industry, many of whom charge interest rates of 30 percent or greater; as a result, low-income households, for example, spend a full eight percent of their take-home servicing such debt payments. (*New York Times*, August 5, 2019)

HOW MOSCOW IS MANAGING PROTESTS

As protests roiled Moscow in early August, the Kremlin sought to supplement its police presence with more covert ways of containing public discontent. One such method was through the exploitation of its tight control over the state-owned media. During the major weekend protests, the country's largest state-owned channels barely covered the gatherings and refused to run live footage; indeed, one top channel filled its Saturday air time with live coverage of a local food and music festival instead. The Kremlin also halted its normal daily press conferences and sponsored alternative festivals and events as an apparent distraction from the simultaneous protests.

Evidence has also emerged that Moscow's law enforcement leaned on the city's major internet providers to jam mobile traffic on protest days in order to prevent images and footage of the protests from spreading. While the companies have either denied this accusation or refused to comment, Russian federal law allows law enforcement and regulators to order the suspension of communication services at will while also prohibiting public confirmation of any such request. According to Russia's Internet Protection Society, this is the first time a state-mandated shutdown has occurred in the nation's capital. (*Wall Street Journal*, August 7, 2019; *Forbes*, August 8, 2019)

CEASEFIRE VIOLATION PROMPTS PRESIDENTIAL PHONE CALL

An early August attack in eastern Ukraine that left four Ukrainian soldiers dead spurred a direct presidential phone call from Kyiv to the Kremlin. Reportedly, Ukrainian President Volodymyr Zelinsky emphasized to President Putin the importance of both parties adhering to the terms of a July 21st ceasefire. He asked his Russian counterpart to use his influence over separatist fighters in Ukraine's east to halt the killings of Ukrainian citizens. (*Kyiv Post*, August 7, 2019)

ELECTION PROTESTS PERSIST IN MOSCOW

As the Russian capital remained roiled by protests in early August, Russian lawmakers appeared to seek new ways to target the participants. Lawmakers in the Federation Council confirmed that a bill is currently being drafted to place stringent restrictions on where protests can be carried out – ostensibly to prevent the kind of "foreign meddling" that government officials allege is sparking the protests.

Yet despite these efforts and previous crackdowns by the authorities, a crowd of 50,000 gathered on August 10th for another massive demonstration, calling for the inclusion of opposition candidates on the ballot as well as the release of protestors detained at the previous rallies. Moscow authorities detained 178 participants; another 100 were detained at other protests across the country as well. (*The Moscow Times*, August 9, 2019; *New York Times*, August 10, 2019)