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RUSSIA'S GRIM ECONOMIC OUTLOOK

The economic costs of Russia's war in Ukraine are continuing to mount - with dire consequences for the nation and its people. "From the moment they took effect three weeks ago, the sanctions [imposed by the West] have opened a new chapter in Russia's economic history," notes a new *CNBC* analysis. "Its financial system and currency are collapsing on multiple fronts, forcing the Kremlin to close the stock market and artificially prop up the ruble inside its borders."

The consequences for Russia have been dire. "Already, the snowballing economic crisis in Russia threatens to wipe out decades of economic gains made by ordinary citizens. In the past month, the ruble has lost 40% of its value against the dollar, rendering the currency effectively useless outside of Russia," explains *CNBC*. Meanwhile, Russia's response - to bar "the exchange of rubles for hard currencies like the U.S. dollar or euro" - has had disastrous consequences, rendering the Russian currency useless outside the country. The aggregate result, experts say, is that Russia is now entering a period of "economic isolation" that could last "at least five years," and possibly much longer - and set the country back three decades in terms of economic development. (*CNBC*, March 14, 2022)

CLOSING A RUBLE LOOPHOLE

New U.S. sanctions, meanwhile, are tightening the economic noose around Russia still further. Executive Orders issued by the Biden administration have prohibited transactions in gold with Russia, in the process eliminating an important advantage for the Kremlin. Russia currently possesses the world's fifth-largest gold stockpile, valued at nearly \$140 billion. With Western sanctions targeting the majority of the country's banks, and with Russia now removed from the SWIFT electronic payment system, the logical option for the Russian government was to try and liquidate these gold reserves as a way to bolster the price of its national currency, the ruble. (*Business Insider*, March 24, 2022)

PUTIN LOOKS FOR INTERNAL SCAPEGOATS

As the war in Ukraine drags on, the Kremlin has begun to look for domestic scapegoats on whom to pin what is fast becoming a botched operation. Russia's foreign intelligence agency, the FSB, has become the target of "repressions," note veteran journalists Andrei Soldatov and Irina Borogan. The agency, and specifically its Fifth Service (officially known as the Operational Information and International Relations Service) "was responsible for providing Vladimir Putin with information about political developments in Ukraine in the leadup to the invasion. And after two weeks of war, it now appears that Putin has finally realized that he was misled: afraid of angering the Russian leader, the Fifth Service simply told him what he wanted to hear," they wrote on March 11th. "Now, our sources report that [Fifth Service Head Sergey] Beseda and his deputy have been placed under house arrest — for reasons including the alleged misuse of funds allocated for operations, as well as for providing bad intelligence. Indeed, it appears that the intel delivered by Putin's career intelligence officer has only gone from bad to worse." (*Meduza*, March 11, 2022)

WHY RUSSIANS BACK PUTIN'S WAR

How popular is Vladimir Putin's latest military adventure? In the West, the Kremlin's military offensive against Ukraine has been greeted with near-universal condemnation. In Russia, however, isolation from Western media and a steady diet of official propaganda has helped keep Russian support for Putin and his agenda high. According to two recent surveys carried out by a group of independent sociologists, nearly three-quarters of Russians support the current war in Ukraine, and expressed "such positive emotions as pride, joy, respect, trust and hope" in their country's leadership.

Tellingly, the same proportion of respondents to the surveys - which were carried out between late February and mid-March - reported getting their news about Russia's "special military operation" from state news sources. By contrast, those who received Western news (obtained via the use of Virtual Private Networks, or VPNs) was just five-and-a-half percent. And "[o]f those who use the Internet to learn news about the war, 37 percent do not know what a VPN is" while just "11 percent of respondents use YouTube" and only "seven use [social media platform] telegram." (*Radio Svoboda*, March 17, 2022)

[EDITORS' NOTE: Given the effect of Russia's increasingly authoritarian political climate on pollsters and respondents alike, the results of public opinion surveys in Russia should be viewed with some caution.]

