



RUSSIA REFORM MONITOR

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

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Related Categories: Democracy and Governance; Economic Sanctions; Europe Military; Human Rights and Humanitarian Issues; Science and Technology; Warfare; NATO; Europe; Russia; Ukraine

THE REAL STORY SURROUNDING RUSSIA'S ECONOMY

Are Western sanctions working? To hear Russian President Vladimir Putin and other Kremlin officials tell it, the sanctions imposed by the U.S. and Europe on Russia as a result of its war in Ukraine have had only a limited impact on a national economy that is resilient to external pressure. To bolster their case, these officials often point to the value of the Russian ruble, which has rebounded following a precipitous decline at the start of the conflict, and now trades at pre-war levels (around 80 to the U.S. dollar). Those claims, however, are misleading, because Russia's overall macroeconomic trendline is overwhelmingly negative.

Just how much was recently laid out by Alexei Kudrin, head of the country's Accounts Chamber. In testimony before lawmakers in the Federation Council, Russia's upper chamber of parliament, Kudrin predicted that Russia's GDP will suffer its biggest economic decline since 1994, and is projected to decline by at least 8-10% - and may do so even more steeply. That would make the current contraction more severe than the one experienced by Russia during the global financial crisis in 2009 (when it declined by 7.8 percent) and the country's 1998 debt default, when it fell by 5.3%.

The Russian government's projections, moreover, might turn out to be comparatively rosy. The World Bank has estimated that Russian GDP will contract by 11.4%, and touch off a two year recession - the first in the country's history since the collapse of the USSR. Inflation, meanwhile, is rising, with some Russian banks now projecting that the national rate will hit 20% this year. (*The Moscow Times*, April 12, 2022; Associated Press, April 23, 2022)

BRUTAL TACTICS DOMINATE RUSSIA'S WAR EFFORT...

Russia's campaign of aggression against Ukraine has been characterized by brutal tactics and the indiscriminate targeting of civilians. For instance, the Russian military's mass killings of civilians in the Kyiv suburb of Bucha have recently come to light, drawing widespread international condemnation. But the atrocities perpetrated by Russian soldiers on Ukrainian soil run much deeper - and include the widespread use of rape and sexual assault as a weapon (including against elderly Ukrainian women, men and boys), as well as incidents of genital mutilation. "These sex crimes... are a weapon of war in order to humiliate, subjugate, terrorize and force people to flee the territory," notes Marta Havryshko of the I. Krypiakevych Institute of Ukrainian Studies. "Russian soldiers are trying to send a signal to the whole community: we are the winners, you are weak, we will destroy you, so you better give up your struggle for independence." (*Time*, April 20, 2022)

...CREATING A NEW LEXICON

The brutal nature of Russia's war effort has given rise to a new word in the Ukrainian language: ?????, or Ruscism. A conflation of the words "Russia" and "fascism," it has become increasingly common in the statements and pronouncements of Ukrainian officials to describe a military campaign that has decimated cities like Irpin and Mariupol. "The new word '?????' is a useful conceptualization of Putin's worldview," writes Yale University's Timothy Snyder in the *New York Times*. "Far more than Western analysts, Ukrainians have noticed the Russian tilt toward fascism in the last decade. Undistracted by Putin's operational deployment of genocide talk, they have seen fascist practices in Russia: the cults of the leader and of the dead, the corporatist state, the mythical past, the censorship, the conspiracy theories, the centralized propaganda and now the war of destruction." (*New York Times*, April 22, 2022)

A WIDENING TECHNOLOGICAL GAP

Russia is facing a deepening technological deficit as a result of its war in Ukraine. "The departure of top telecommunications firms from Russia after the invasion of Ukraine looks set to cause serious problems for the country's mobile networks almost totally dependent on foreign companies for maintenance and upgrades," explains *The Moscow Times*. The problem, the paper notes, lies in the current, heavy reliance of the country's telecommunications sector on companies such as Nokia and Ericsson, both of which have now pulled out of the country.

The short term impact could be disruptive, with a series of cascading technological failures possible as systems break down and international providers are unable to service them. The longer term effect, however, could be worse still. "Russia will be frozen in 2022, while the rest of the world will move forward. It could turn into a failing technology museum," says Roger Entner of Recon Analytics. (*The Moscow Times*, April 22, 2022)