



RUSSIA REFORM MONITOR

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

Russia Reform Monitor No. 2547

December 5, 2022 **Ilan I. Berman, Sydney Duckor, Brent Cagen**

Related Categories: Arms Control and Proliferation; Democracy and Governance; Economic Sanctions; Intelligence and Counterintelligence; Public Diplomacy and Information Operations; Warfare; Iran; Russia; Ukraine

IRAN'S QUID PRO QUO TO THE KREMLIN

In recent weeks, the Islamic Republic of Iran has emerged as a significant source of weaponry for Russia's war in Ukraine, providing drones and other military materiel to the Kremlin. Those shipments, it turns out, were compensation for earlier Russian military supplies provided to the Islamic Republic. According to *Sky News*, a Russian military aircraft secretly flew an estimated 140 million Euros as well as weaponry captured from Western forces to the Islamic Republic back in August. Among the weapons provided by Moscow were a British NLAW anti-tank missile, a U.S. *Javelin* anti-tank missile and a *Stinger* anti-aircraft missile – hardware that Iran hopes to reverse-engineer to improve its own military arsenal. (*Sky News*, November 9, 2022)

RUSSIA'S MOUNTING WAR COSTS...

According to recent analysis published by *Forbes Ukraine*, Russia has spent some \$82 billion dollars in the nine months since the start of its war against Ukraine. Specifically, data culled by the financial magazine from Ukrainian military estimates indicates that, to date, Moscow has allocated nearly \$29 billion to support its army, spent close to \$16 billion on soldiers' salaries, and expended more than \$9 billion to pay off the families of servicemen killed in combat. Another \$7.7 billion has gone to support the families of those wounded in the war, while the Russian army's massive losses of military equipment on Ukrainian soil have cost the state almost \$21 billion more. As *Forbes* points out, Russia's budget revenue last year amounted to \$340 billion, meaning the Kremlin has spent roughly a quarter of its total 2021 earnings on Russian President Vladimir Putin's plans to unify the Russian and Ukrainian peoples. (*Forbes Ukraine*, November 24, 2022)

...SPUR SOMETHING OF A FIRE SALE

Some nine months into its Ukraine campaign, the Kremlin is resorting to increasingly drastic measures to fund its flagging war effort. Russia has reportedly raised more than 11.4 billion Euros (\$12 billion) as a result of its recent issuance of new war bonds in what represents the largest sale of its kind in the country's history. Those funds, in turn, are expected to underwrite a surge of new military spending; observers are forecasting that Russia's defense budget will expand by some 40% next year. (*Daily Mail*, November 21, 2022)

PUTIN FACES MOUNTING DISCONTENT AT HOME

With the liberation of Kherson by Ukrainian forces, Russian President Vladimir Putin has sustained a perhaps irreparable blow to his reputation – one that has generated new activism among Russia's increasingly discontented elites. The loss of Kherson marks a symbolic loss of prestige, TV Rain editor-in-chief Mikhail Zygar noted in a recent interview with CNN. As a result, Russia's president is now "considered a loser by most of his inner circle." Putin "is really close to his defeat, they understand that," Zygar said.

As proof, Zygar points to the popular reaction to Putin's late September speech. "When he was delivering his victorious speech recognising all those new oblasts in Ukraine, we saw those faces in the audience," he noted. "They were not happy. They were really miserable, all the members of the front row, all the ministers, all the FSB generals. They were faceless like they already understand that there is no future for them, there is no future for Putin's Russia." This, however, does not mean Russia's elites are prepared to move against the president. "They still pretend that they are loyal, they still know the rules," Zygar explained. "They are still afraid of him." (*Express*, November 18, 2022)

EVOLVING AMERICAN PERCEPTIONS OF RUSSIA THREAT, AID TO UKRAINE

Despite extensive U.S. military aid delivered to Ukraine to date, Americans remain largely committed to deterring the Kremlin's aggression, a new study commissioned by the Ronald Reagan Institute has found. The *Reagan National Defense Survey*, conducted in November 2022 among more than 1,200 respondents, found growing awareness of – and concern over – the threat posed by Russia under Vladimir Putin. "Perceptions of Russia as an enemy have reached a survey high of 82%, up from 65% just last year," the survey details. "This is driven by double-digit increases by Democrats, Independents, and Republicans. Relatedly, perception of Ukraine as an ally has increased from 49% in 2021 to 76%. Nearly two-thirds (67%) are concerned about Russian victory in the war."

These views, in turn, have resulted in continued support for the defense of Ukraine. "With regard to America sending military equipment and financial assistance to Ukraine, a majority (57%) believe the United States must continue to stand with the people of Ukraine and oppose Russian aggression in order to protect a friendly democracy and prevent future Russian threats to Europe. This includes 73% of Democrats and 51% of Republicans," the study outlines. (Reagan Foundation, November 2022)