

Russia: The Foe We Only Half Know

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JHU/APL Rethinking Seminar
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Pre-Crisis

Assumed it would be as
turbulence before

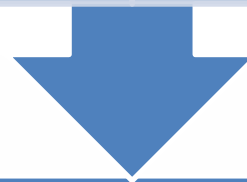
Latest Orange Revolution



February 21

Maidan explodes

Strategic stakes transformed



Early March

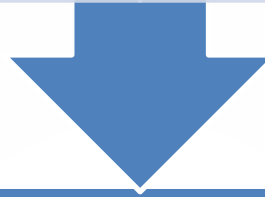
Decide on annexation

Move referendum to March 16

By March 18 “Novorossiya” Project

Persuaded Donbas parallel to
Crimea

Begins to coordinate with
separatists



Egg Separatists into Action

War begins in the east

Russian “volunteers” and
logistical support



July intervention

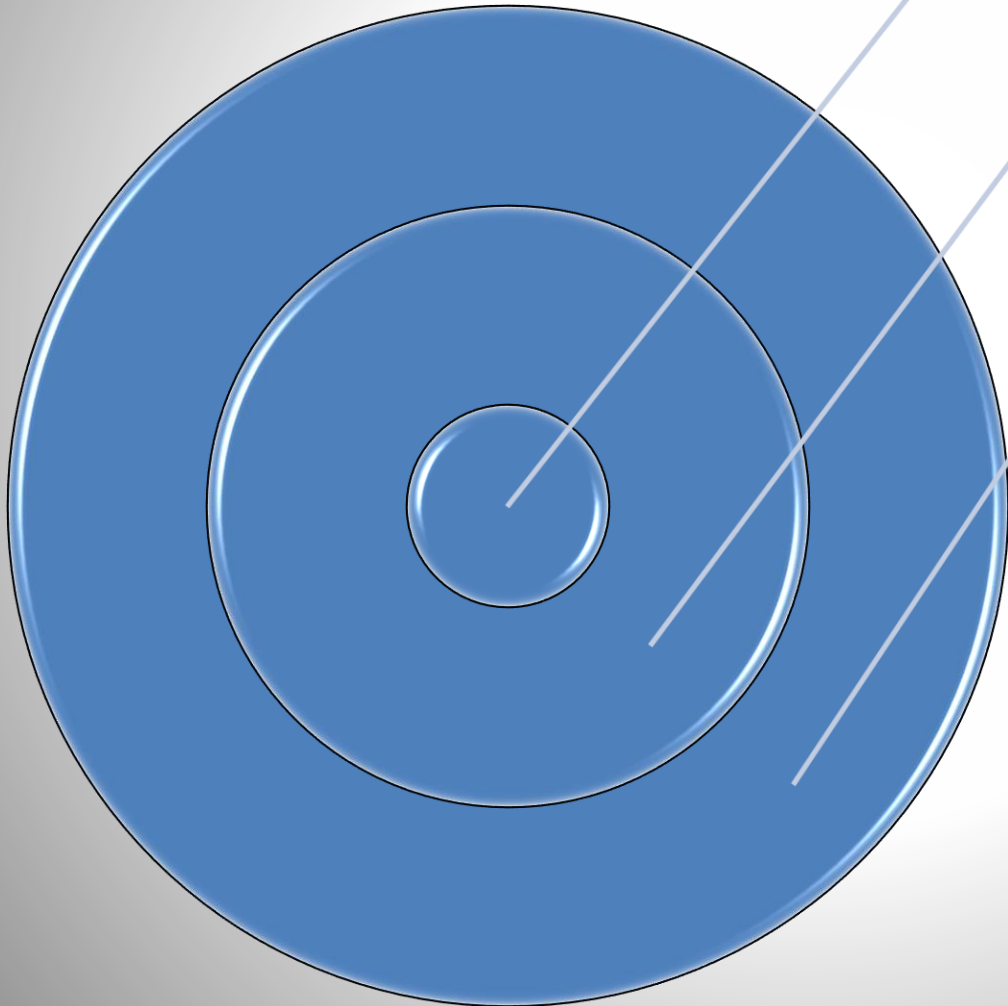
Response to Ukrainian offensive and
prospective defeat of separatists

First Minsk agreement

Save Assad
Regime

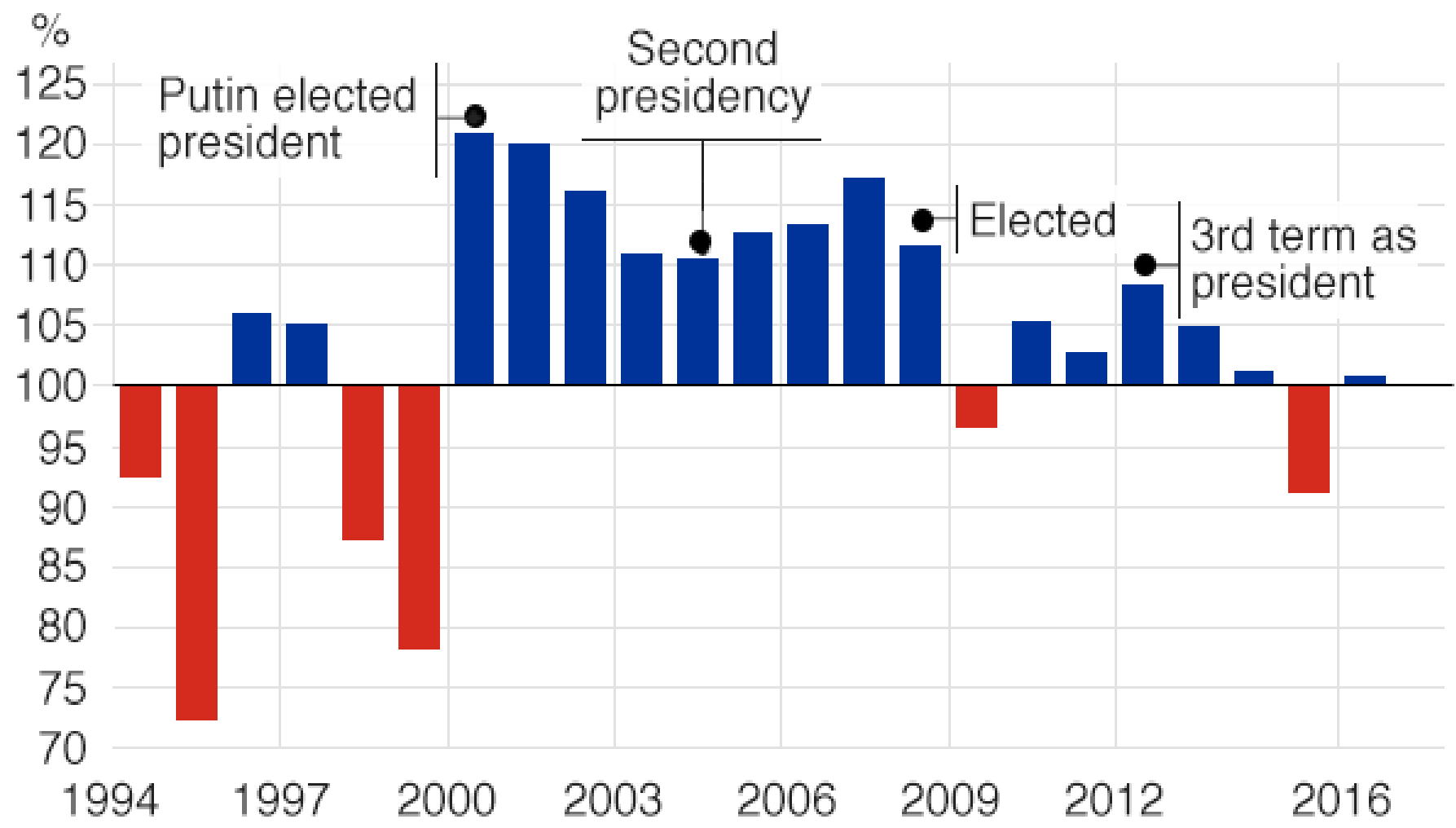
Secure Strategic
Objectives

Achieve
Regional/Global
Status

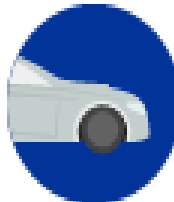


Real monthly-average accrued wages, as percentage of previous year

■ Wages growing ■ Wages falling



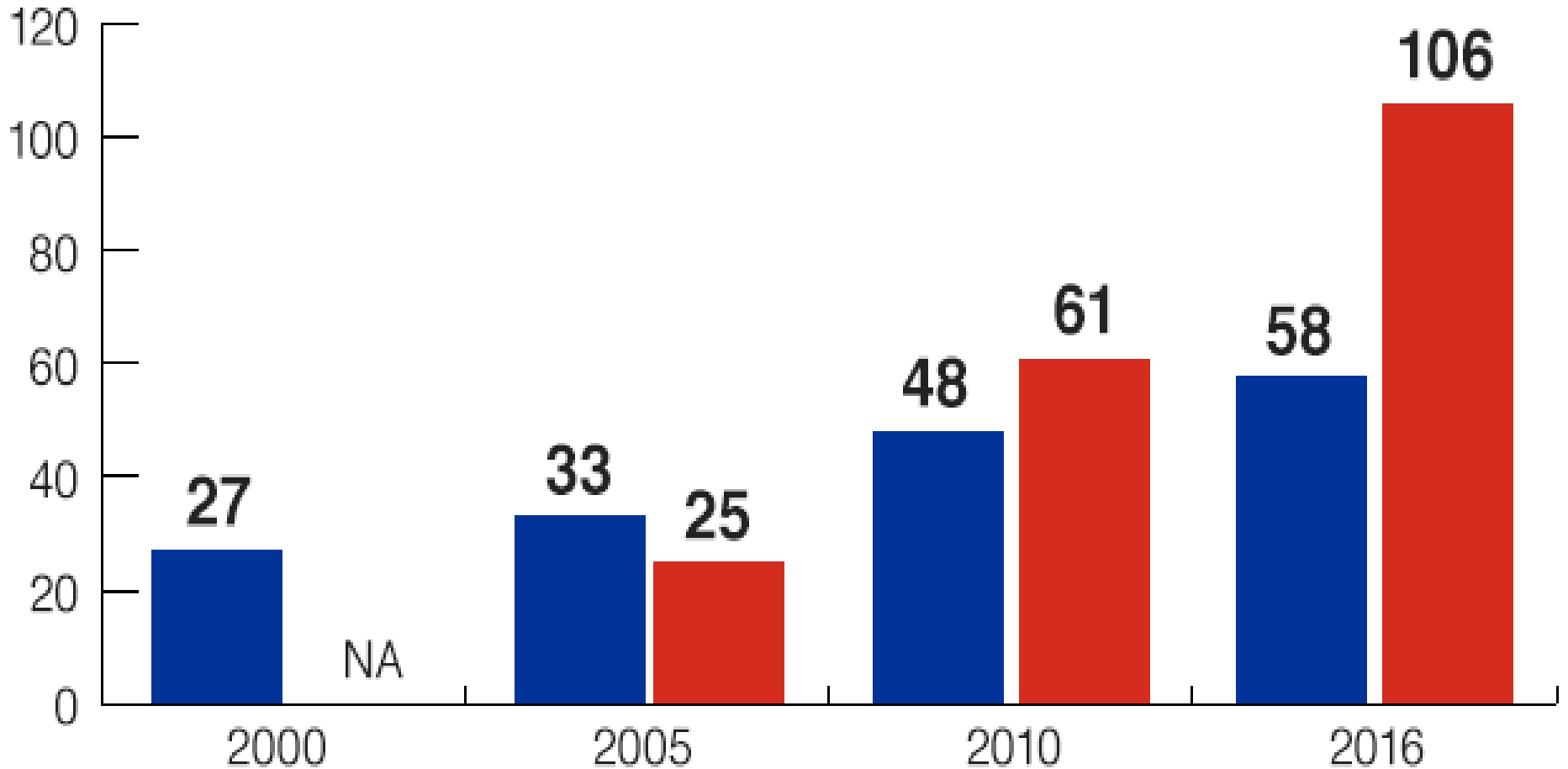
Per 100 households



Cars



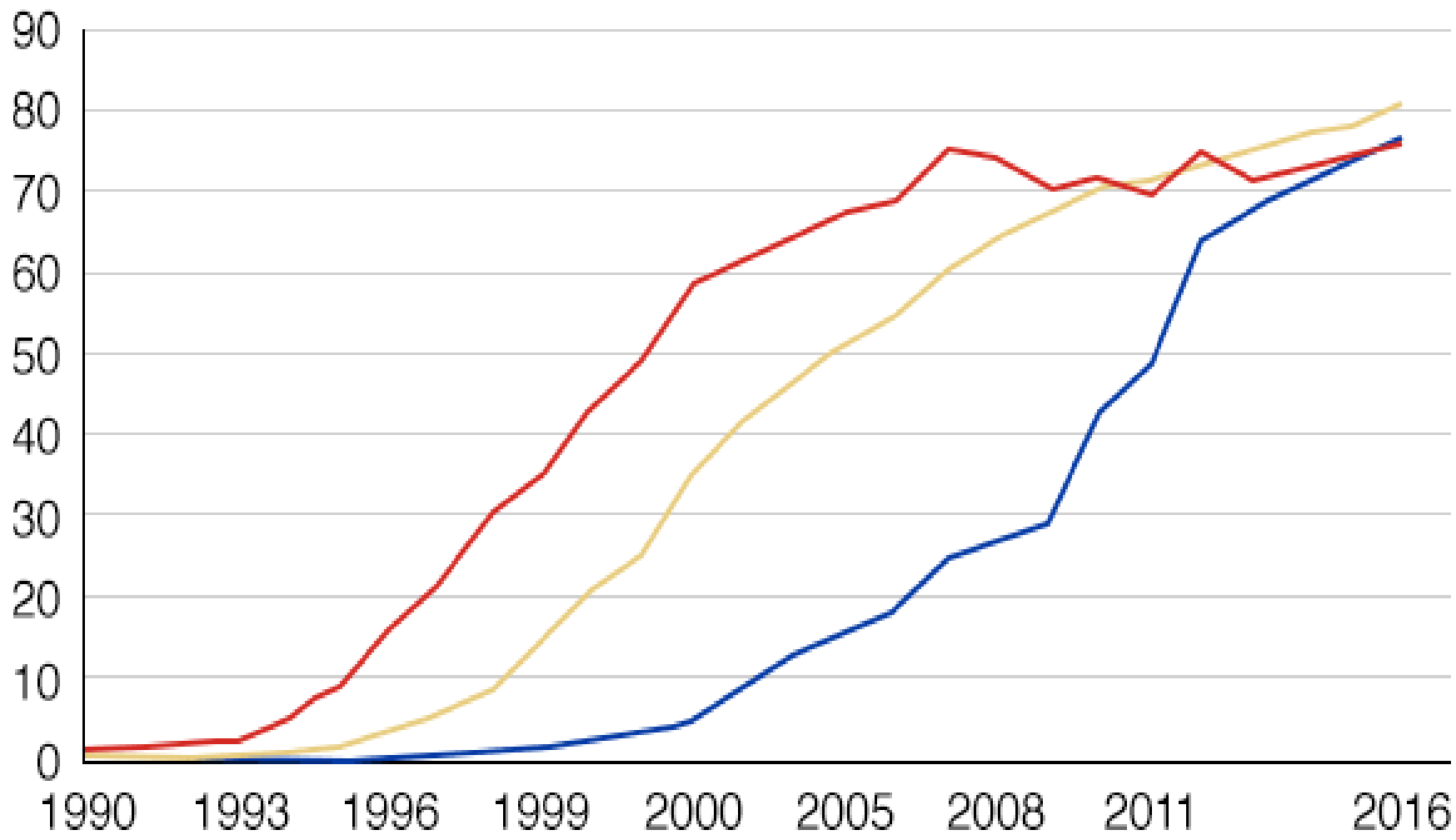
Microwaves



Source: Rosstat

Individuals using internet, % of population

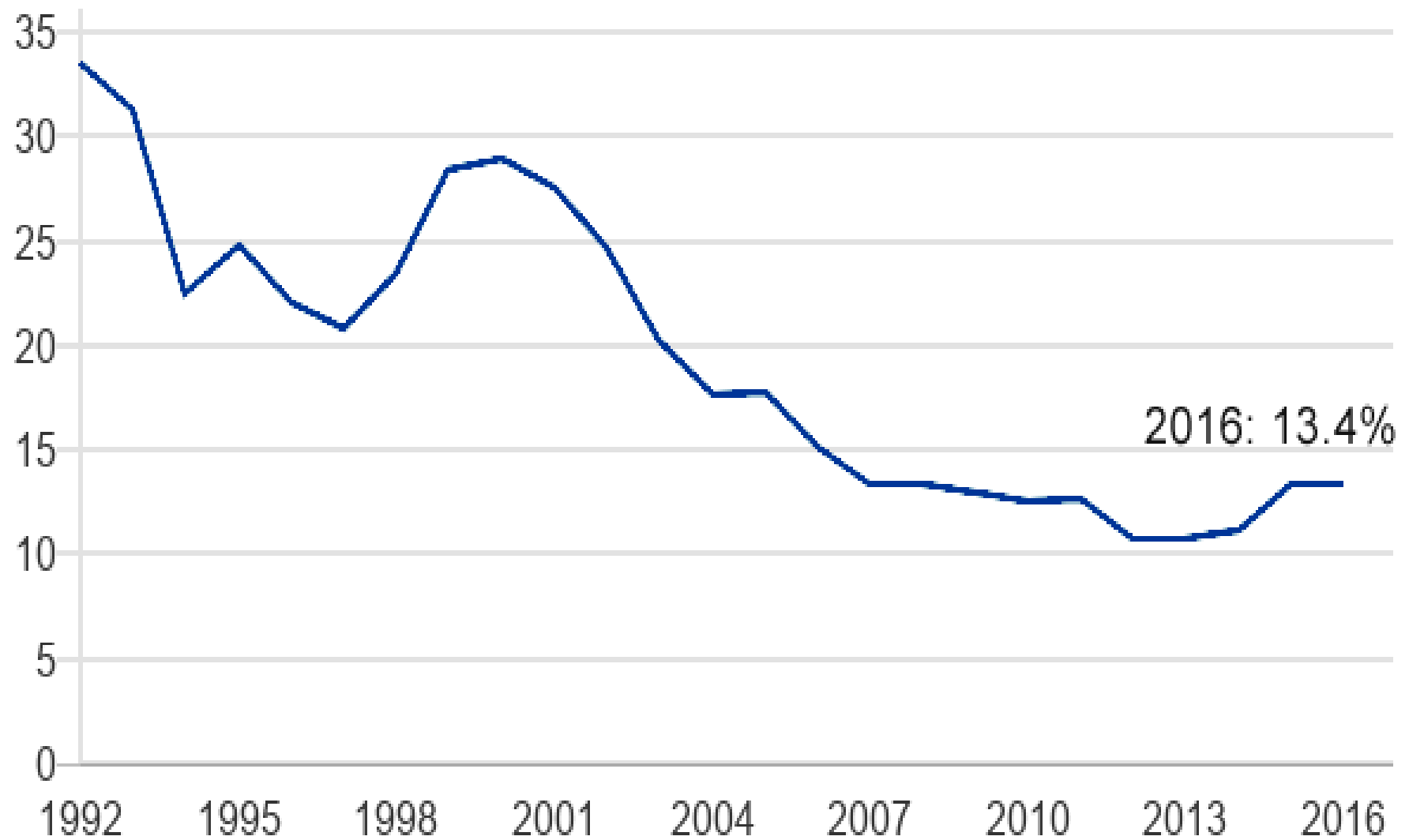
— Russia — European Union — US



Source: World Bank

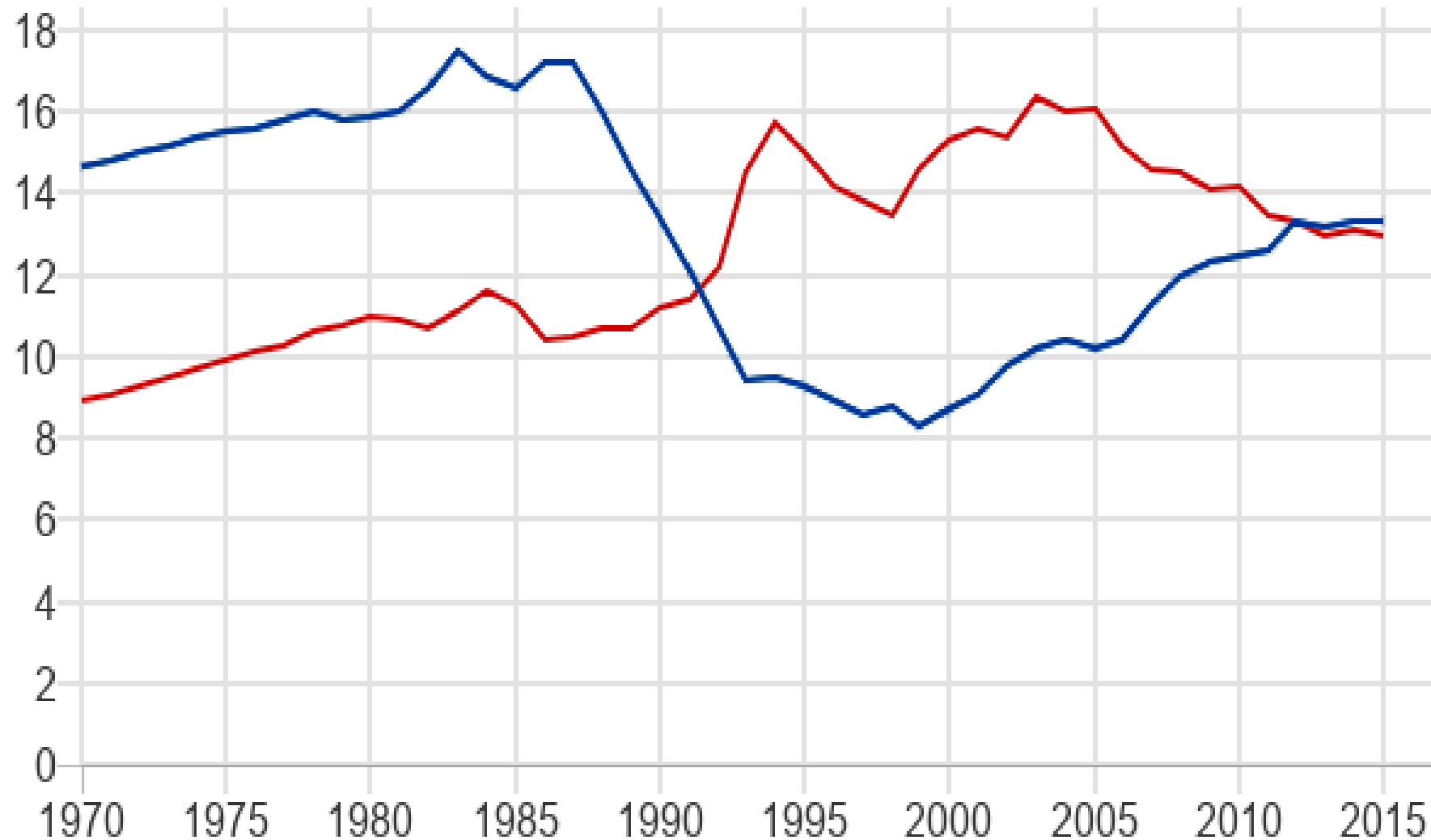
Russians living in poverty

■ % of Russians living below subsistence levels



Crude rates per 1,000 people

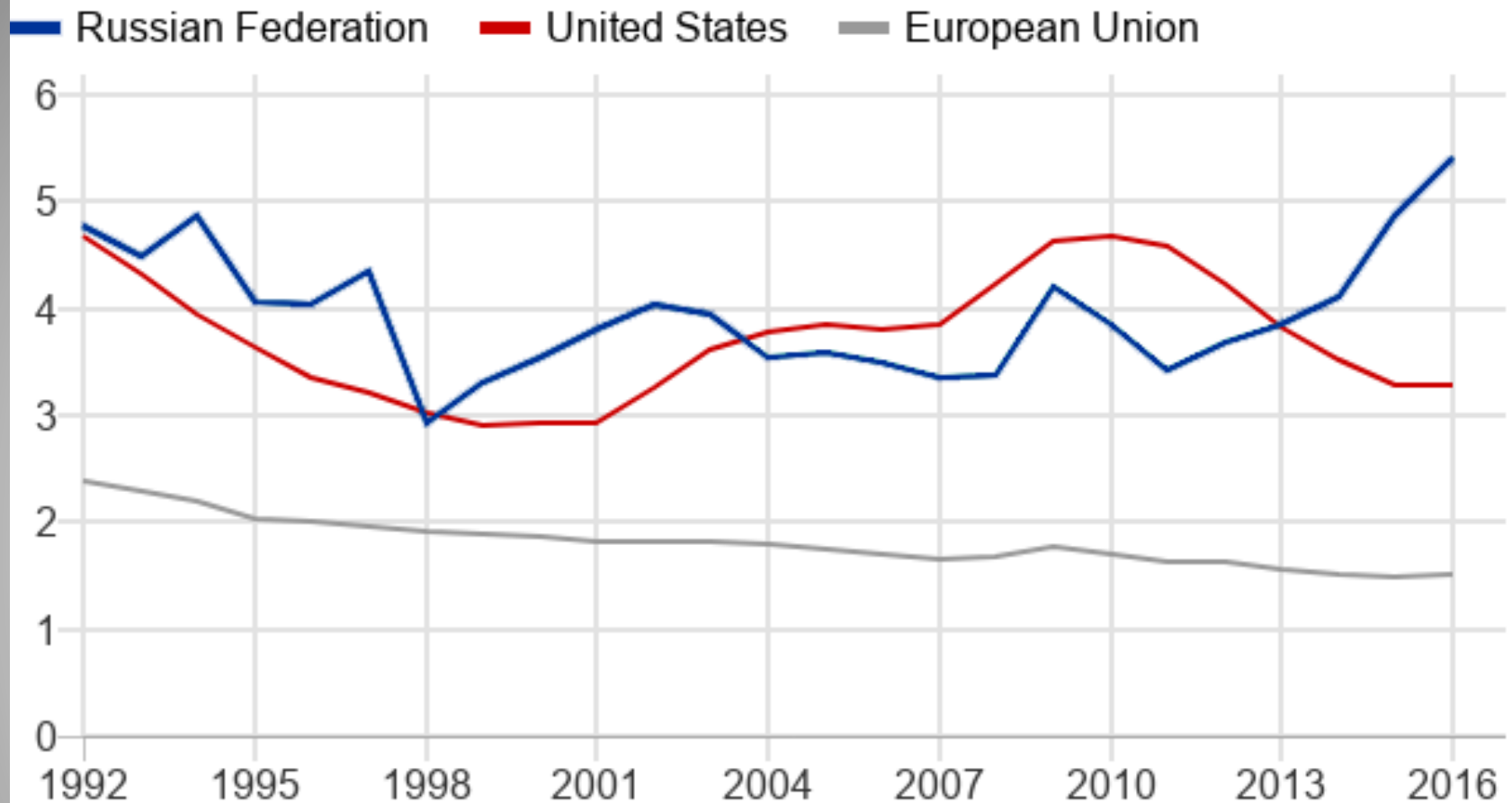
Births Deaths



Putinomics

- **When Putin arrived:**
 - Was deep in debt: total external public debt was \$148.5; 100% of GDP
 - Revenue starved and unable to collect taxes
 - Reserves down to \$11 billion
 - High inflation, devalued ruble, and erosion of real wages
- Four years later, debt was at 23% of GDP
 - 2007 about 6%
- *Inflation down from 85% in 1999 to single digits by middle of decade*
- *Budget balanced*
- *Reserves up to \$70 billion by 2003*
 - With oil windfall that begins about then rises to \$600 billion
 - Much went into stabilization funds that saw Russia through two rainy days and helped them weather the current hard times

Spending as % of GDP



Source: World Bank



European Union	\$245 Billion
Russia	\$43.1 Billion*
United States	\$886 Billion