Is the Kremlin Overconfident About Russia's Economic Stability?

Alexandra Prokopenko
April 10, 2024
Article

In two years of full-scale war in Ukraine, Russia has been heavily sanctioned by Western countries. However, the efficacy of these sanctions is disputed. Broadly speaking, there are two camps in both Russia and the West: one sees the Russian economy as being on the verge of collapse;[1] the other maintains that sanctions have actually made Russia stronger.[2] Predictably, Russian propaganda and sympathetic voices in the West have seized on the latter argument. The reality is much more complicated.

More recently, this debate is being fueled by the fact that Russia's economic indicators in 2023 exceeded most expectations, with GDP growing by 3.6 percent (following a 1.2 percent contraction in 2022).[3] As a result, the IMF now forecasts that Russia's economy will grow up to 2.6 percent in 2024—a 1.6 percentage point increase from the IMF's original projection in October 2023.[4]

On the one hand, sanctions clearly limit Russia's economic development. On the other, they have, paradoxically enough, protected the economy from certain external shocks. Economic growth in Russia today benefits from the fact that the Russian economy is heavily geared toward free market mechanisms and forces, increased levels of government spending (which are tied first and foremost to the war), the core competence of the country's top economic policymakers (who clearly are a breed apart from the military's top brass), and the willingness of China and India to import vast quantities of Russian hydrocarbons and, in return, to supply it with goods and technology that Russian industry and consumers used to buy from the West.

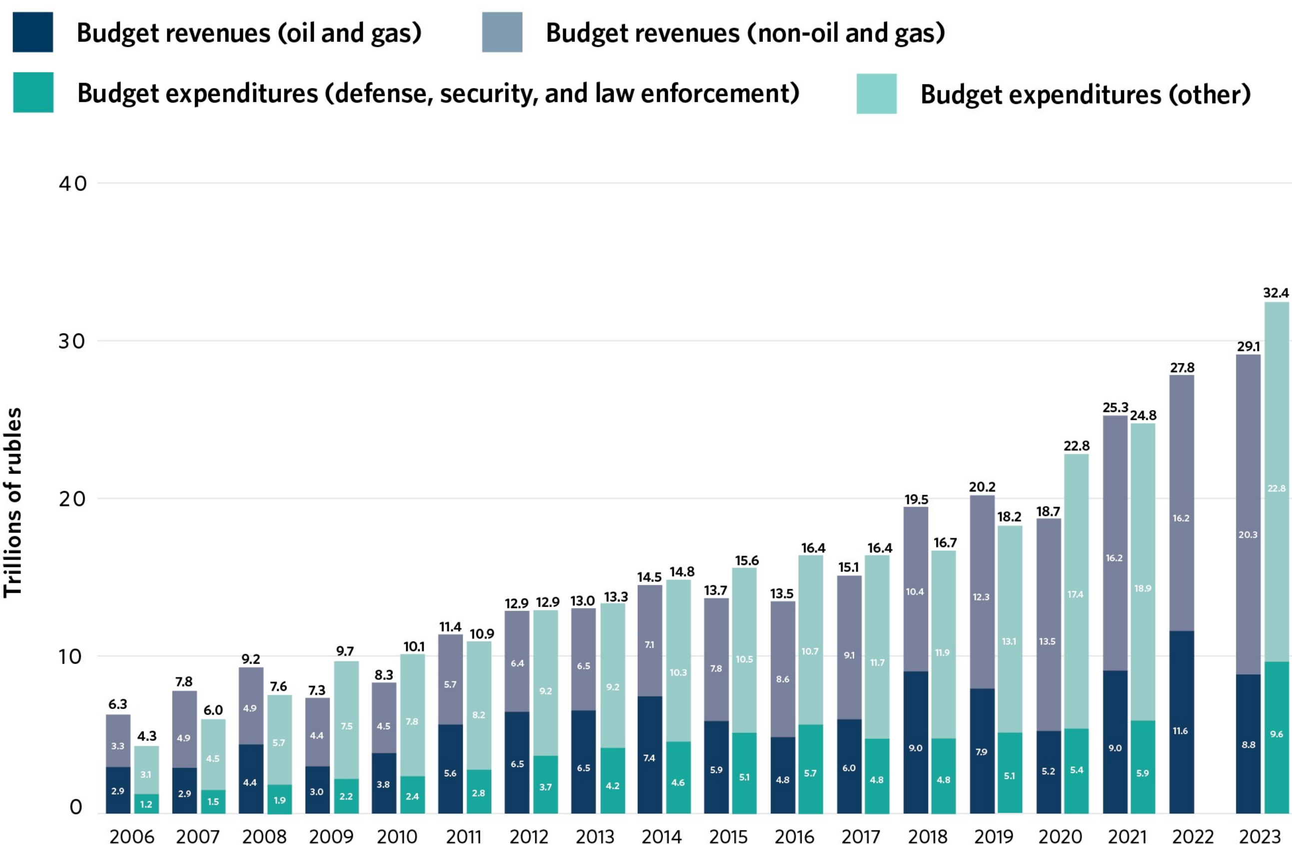
Most of the major risks facing the Russian economy today stem from the fact that the Kremlin's political aims take precedence over economic growth. Thus, Russian economic decisionmaking is increasingly dictated by and structured around the demands of the overall war effort.[5] The longer this remains the case, the worse the hangover will be. At the same time, predictions of a 1990s-style collapse down the road are misguided. When the day of reckoning arrives, there will surely be immense pain. But ordinary Russians are unlikely to see empty store shelves once again, and high-tech factories are not going to find themselves resorting to manufacturing pots and pans.

That is because Russia's economy differs fundamentally from that of the Soviet Union: it has significant financial reserves, is more diversified, and is more open to the world. Russia may have severed its relations with the West, but its trade ties with Asian countries are only becoming stronger. Time is also a factor here. While Soviet industry was subordinated to the defense sector for decades (essentially, starting at the end of World War II), this process has only been underway in Russia for two years. As a result, reversing it would not take anywhere near as long.

The Kremlin appears to be mindful of this state of affairs and accordingly has developed a self-serving way of talking about the challenge it will face. In his February state-of-the-nation address, President Vladimir Putin actually promised to avert an economic collapse on the scale of that seen in the late Soviet Union.[6] In the speech, Putin explained that the West forced the Soviet Union into an arms race that consumed an unsustainable 13 percent of Soviet GDP. He insisted that Russia would not allow a repeat of this "trick." Left unsaid, of course, was the fact that Putin's own decisions to launch the full-scale invasion of Ukraine and to dismantle most of what is left of the Cold War–era arms control regime relegate the future of the Russian economy to an open-ended set of demands dictated by expensive arms racing and elevated defense spending.

Currently, Russia's spending on defense and security stands at 8 percent of GDP, a post-Soviet record. To be sure, Putin gave no indication in his state-of-the-nation address that this level would be reduced in the near future. On the contrary, he has tasked officials with improving the equipment used by the army and the navy. Putin also spoke of expanding Russia's "scientific, technological, and industrial potential." Of course, while fighting continues, such pronouncements warrant skepticism. While it is worth bearing in mind that the current level of defense spending is far less than the 16 percent of Soviet GDP that was the norm in the late 1980s, the authorities almost certainly will confront any number of guns-versus-butter dilemmas in the coming years (see figure 1).

Figure 1. Russian Budget Revenues and Expenditures



Note: The Ministry of Finance did not publish relevant data for 2022. Data for 2023 are preliminary.
Source: Author's compilation from Russian Ministry of Finance data and open-source news reporting.

In the meantime, the economy is buffeted by unprecedented Western sanctions. Every day, Russia lags

further behind technologically. Every day, its economy becomes less competitive. And every day, the economic bloc continues to manage the harmful effects of new challenges with a mix of market acumen and a decent track-record of cleaning up the mess left behind by the Kremlin's foreign policy misadventures.

Benefitting From Sanctions

Sweeping Western sanctions were first imposed on Russia following the 2014 illegal annexation of Crimea and the start of the undeclared war in Donbas. Almost immediately, Russia's financial system was forced to adapt. During the first phase of the war, Russia—a capital-exporting country—came under sanctions that were better suited to a capital-importing country. Russian companies and banks were hit with debt and equity restrictions. A de-dollarization push followed, reducing the share of companies' foreign-currency deposits from 45 percent in 2016 to 25 percent in 2022, and that of their foreign-currency loans from 35 percent to 15 percent. Among individuals, foreign-currency deposits fell from 25 percent to under 10 percent.[7]

These trends continued following the full-scale invasion and Russia's subsequent removal from the SWIFT international payment system. As a result, foreign-currency debt levels do not threaten financial stability today, and the central bank has enough foreign-exchange reserves to finance this debt. As of July 1, 2023, the debt of nonfinancial companies amounted to 50.6 percent of GDP, while that of individuals amounted to 20.4 percent and that of the government amounted to 16.1 percent. These levels compare rather favorably with G20 countries, where debt levels are much higher (98.5 percent, 62.6 percent, and 92.2 percent, respectively).[8]

Somewhat paradoxically, de-dollarization has helped to insulate the Russian economy from external financial shocks. In spring 2023, for example, inflation in the United States and the U.S. Federal Reserve's decision to increase interest rates prompted a reassessment of U.S. banks' bond portfolios. That put pressure on U.S. equity markets and contributed to the bankruptcies of several lenders. Russia's markets, which by then had been largely cut off from the U.S.-centric international financial system by sanctions, were unaffected by this turbulence.[9]

The freezing of $300 billion in Russian central bank reserves at the beginning of the full-scale invasion turned out to have more psychological effects than practical ones. (The Kremlin did not want the Western move to go unanswered, which eventually led the authorities to ban nonresidents from withdrawing liquid assets from Russia.)[10] So far, there has been no need to make major disbursements from Russia's foreign currency reserves. Amid healthy inflows from sales of Russian oil and gas on world markets, a floating exchange rate, and inflation-targeting measures, these reserves remain available for interventions in the event of threats to financial stability. With sanctions having a shielding effect and the banking system healthy, there are no such imminent threats. The economy, it seems, has adjusted to this new equilibrium.

Russia has been able to rebuild the central bank's reserves over the past two years. It is therefore doubtful that the much-discussed seizure of these assets by Western countries or their transfer to Ukraine would somehow force Moscow to the negotiating table or to withdraw its forces from Ukraine. Lack of unity among Western countries about how to handle the frozen assets suggests that any effort to seize them could create more problems by exacerbating political divisions in the West and triggering unanticipated knock-on effects.[11]

No Shortage of Money

Of course, the Russian economy is hardly impervious to the effects of G7 sanctions. Despite a 25 percent increase in 2023 in non-oil and gas revenues, the Russian state budget has become even more dependent on energy exports.[12] In the event of a global recession that crimps energy prices, or if Western sanctions on the Russian oil and gas sector are tightened, Russia's state finances will feel the crunch. This is well understood in the Kremlin, which has voluntarily cut production in line with the decisions of the OPEC-Plus arrangement that it co-leads with Saudi Arabia and changed the way it calculates oil taxation.[13] The goal is to stabilize oil and gas revenues and to avoid any sudden decreases in the sector's

tax payments.

It is far from clear that Western sanctions on the Russian energy sector are delivering the kind of blow U.S. Deputy Treasury Secretary Wally Adeyemo had in mind when he said that they are designed to "reduce the revenues the Kremlin has to fuel its war of choice."[14] Even though U.S. President Joe Biden's administration deliberately devised the oil price cap mechanism to take Russian oil off international markets, the uncomfortable reality is that Moscow has generally learned to circumvent the restrictions, as was widely anticipated.[15] The Russian Finance Ministry currently predicts that in 2024 oil and gas revenues will increase to 11.5 trillion rubles ($124 billion), a 30 percent increase from the year before.[16]

Such a forecast may be optimistic, but it appears realistic. Sanctions have created an $11 billion annual market for "gray" shipping companies, which now transport 45 percent of exports of Russian crude and refined products.[17] Meanwhile, Russia's total export earnings have hit a ceiling. Non-oil and gas exports also face problems. Even if external demand for Russian exports (of any kind) somehow materializes, the Russian economy will struggle to meet it, as it is operating close to capacity.[18]

As the war in Ukraine rages on, state spending has grown. In 2022 and 2023, the government was able to both spend on the war and to maintain the economy with budget money injections, having saved enough during the better years to cover the budget deficit.[19] As of the beginning of 2022, Russia's rainy day fund, the National Wealth Fund (NWF), held $210 billion. By January 2024, its reserves stood at $130 billion, certainly enough to cover expenditures for 2024.

The Finance Ministry has promised to reduce Russia's deficit to zero in 2025, but few knowledgeable observers place much faith in such pronouncements. After all, spending has grown, and the government has suspended the budget rule by which Russia sells foreign currency from the NWF to make up for any shortfall in revenue from oil and gas exports. (Conversely, the NWF traditionally makes purchases in the event of a surplus.) While it was in operation, the budget rule restrained spending and ensured the buildup of currency reserves.

Under Russian law, the NWF must compensate the government for any decreases in oil and gas revenues. All else being equal, a $10 per barrel decline in the price of oil would leave Russia's state budget about 1.6 trillion rubles short. For the fund's reserves to be at risk of exhaustion, the average annual price of oil would have to fall below $60 a barrel. Anything short of this will merely eat into revenues. In any case, revenue decreases can be offset with loans, cost-cutting, or even funds raised through a public offering on the Russian stock exchange.

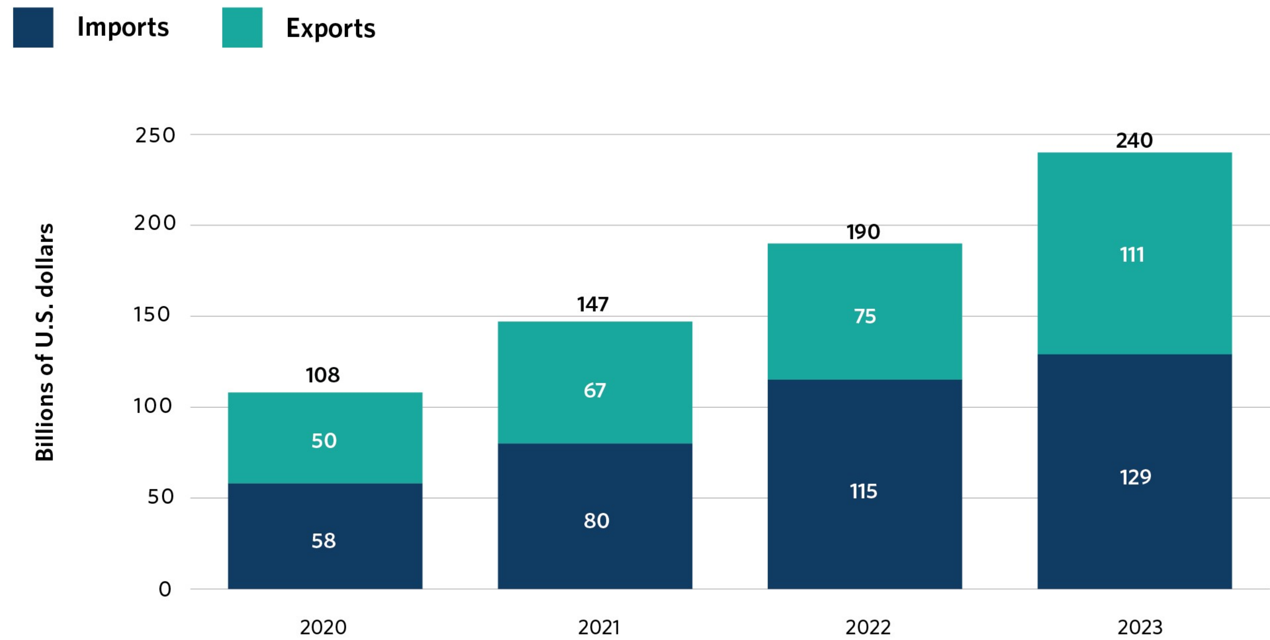
The need to support economic growth through budget spending in the absence of a budget rule prompted the Finance Ministry to balance the 2024 budget upon a projected oil price of $71. In other words, expenditure is inflated because the budgeted oil price is significantly higher than it was before ($60). Nevertheless, the authorities have indicated that they will need to perform a fiscal belt tightening in 2025, which could have a dampening effect on economic growth. A return to the old budget rule means that expenditure will also be reduced. It is possible that the spending cuts will help to curb inflation (though this is not guaranteed), but they will also have a negative impact on economic growth.

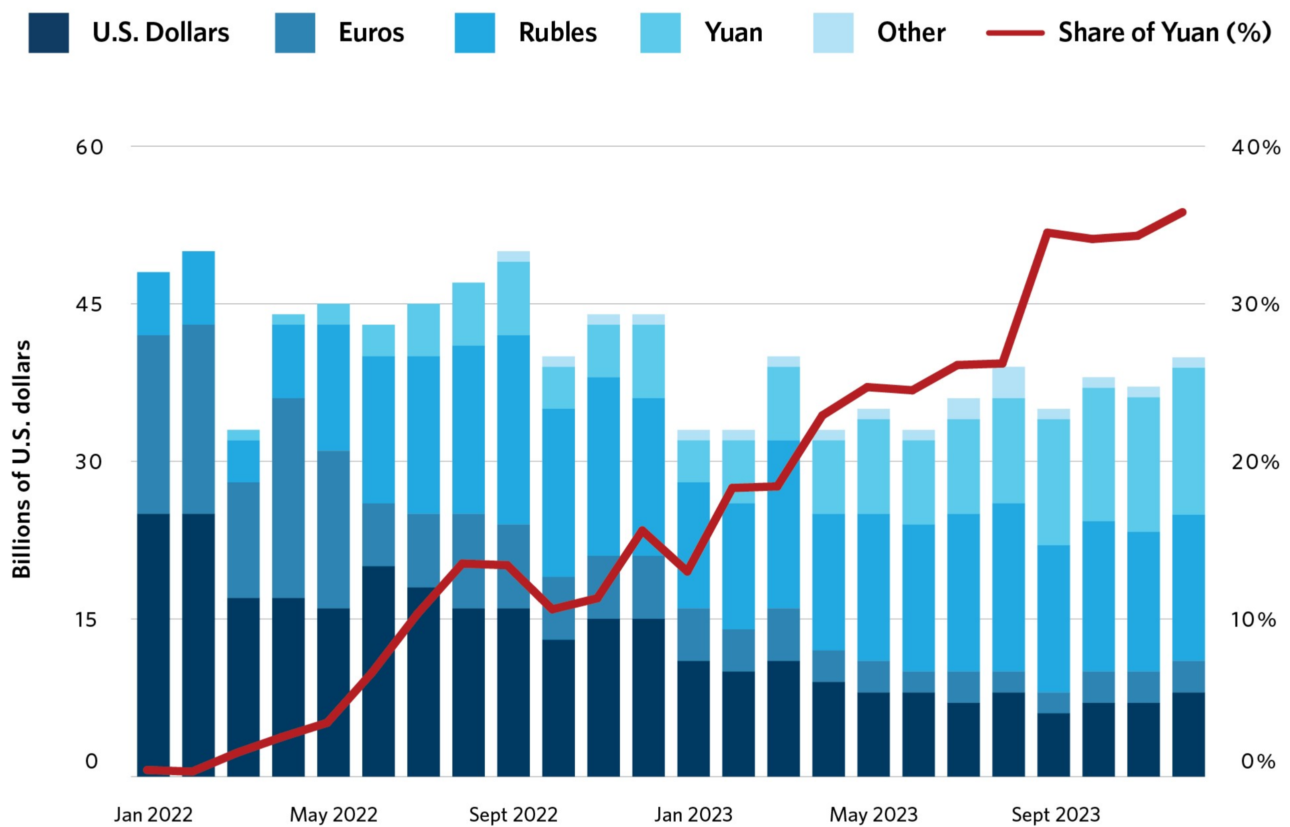
Disconnecting From the West

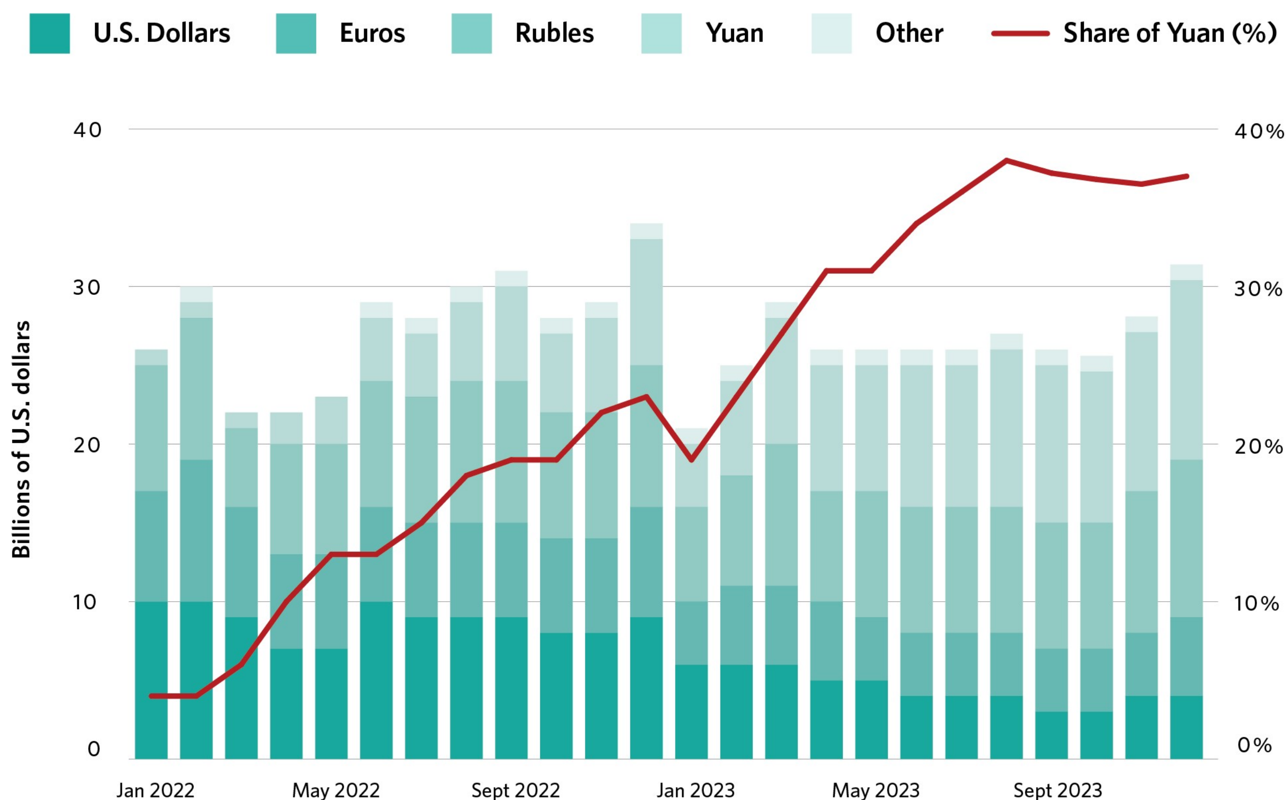
The post-2022 revamping of the Russian economy has made flows of trade and investment increasingly dependent on a small handful of key partners. Even before 2022, Western sanctions had encouraged Russia to deepen its embrace of China (see figure 2).[20] In 2023, trade turnover between the two countries exceeded $240 billion, with China accounting for 38 percent of Russian imports and 31 percent of Russian exports. Beijing now enjoys a virtual monopoly with respect to various products exported to Russia, which means it could also charge higher prices than for consumers in other markets. In 2023, both Chinese car exports and tractor exports to Russia increased by nearly 600 percent.[21] The share of Chinese cars on the Russian market in 2023 exceeded 60 percent. In February 2022, brands from China accounted for just 9 percent of the market.[22]

In December 2023, Russia was paid in yuan for 35.8 percent of its exports, while it paid in yuan for 37 percent of its imports.[23] For reference, in the same period, it received ruble payments for 35.7 percent of its exports and paid in rubles for 31.5 percent of its imports. As a consequence, in December 2023, net exports in foreign currency hit $5.4 billion, their highest level since January 2023. The amount held in yuan by Russian companies and individuals totaled $68.7 billion in 2023, slightly more than the $64.7 billion held in dollars.[24] As much as $46.1 billion worth of credit in yuan was extended to Russian companies in 2023, a near-quadruple year-on-year increase (largely driven by a conversion of debt from dollars and euros).

Figure 2. Growing Economic Ties Between Russia and China







Source: China's General Administration of Customs, Russian Central Bank

These figures reflect the important role now played by the yuan with respect to external payments by Russian companies. Yet dollar and euro transactions are still important. While Western banks had already curtailed relations with Russia at the start of the full-scale invasion, this process accelerated after Biden's December 2023 executive order applying secondary sanctions to those involved in facilitating transactions relating to Russia's defense sector.[25] As a result of the announcement, Russian companies have experienced increased problems with transactions involving Turkish[26] and Chinese[27] banks. Meanwhile, Russian entities seeking to make payments in other currencies faced difficulties including the need to arrange a system of correspondent accounts and infrastructure for currency-exchange operations (whether via exchanges or the interbank market).[28] An ongoing search for possible workarounds has piqued interest in digital currencies. Although this is an option that Russia and its BRICS partners are working to make viable,[29] progress has been quite slow.[30]

In the meantime, sanctions and lower energy prices are reducing Russia's current account surplus, which fell from $4.7 billion in November 2023 to $600 million the following month, its lowest level since 2020.[31] Russia's overall current account surplus for 2023 totaled $50.2 billion, down from a record $238 billion in 2022 on the back of a surge in global energy prices. The trend suggests increased aggregate demand, which should be facilitated by borrowing. But both the Kremlin and corporations have been unable to borrow since 2022 because of Western sanctions. The end result will be a reduced current account surplus due to the weaker ruble and inflation. Russia's high interest rates, which currently stand at 16 percent, are a consequence of inflation, and while they have little dampening impact on the level of government demand, they significantly cut consumer demand.

Technology sanctions are also biting. They have prevented Russia from developing offshore energy projects, especially those tied to hard-to-reach deposits. Sanctions have also limited access to turbines and technology relating to the construction of modern oil tankers, LNG trains, and automobiles and next-

generation communications networks. Russia also finds itself increasingly shut out of global advances on AI and quantum computing. As a result, the Kremlin has fallen back on the path of least resistance and maintained the Russian economy's overdependence on energy exports. Taken together, the continued preoccupation with the commodity sector and the rapid militarization of government spending will stunt the country's economic potential in the long run.

Sanctions have also dealt a heavy blow to Russia's human capital. An exodus of talented and skilled workers, especially in the tech sector, has further hurt Russia's global competitiveness. Around 100,000 IT specialists emigrated from Russia in 2022 and have not returned, according to official data from the Ministry for Digital Development.[32] In total, about half a million people left Russia because of the war.

Russia also is cutting itself off from the international mainstream. Before the war, the country actively participated in international academic life and was well represented at international conferences. Participation in scientific journals, scientific and student exchanges, and dual degree programs was commonplace. Since 2022, however, such institutional cooperation has ceased almost entirely, and hundreds of scientists have fled abroad.[33] Even collaboration with foreign researchers from inside Russia is now actively discouraged.[34] Russian textbooks are being rewritten to reflect the government's ideological agenda. The teaching of English, along with English-language instruction, is declining. The costs of these setbacks will be increasingly evident in coming years.

Swings and Roundabouts

A paradoxical situation has emerged: Russia's economy is now stable both in spite of and as a result of Western sanctions. So far, the Kremlin has found ways to maintain access to imports of advanced chips and semiconductors, which are key for the military, through third countries.[35] It has also successfully pivoted to selling oil to Asia to replace the loss of traditional markets in Europe and elsewhere.

But this hard-won stability is not eternal. In a best-case scenario, the current arrangement will likely begin to come apart within eighteen months owing to growing imbalances and possible social problems.[36] Putin will face increased pressures from a policy trilemma resulting from the challenge of continuing to fund the war, sustaining standards of living (or at least slowing their gradual decline), and guaranteeing macroeconomic stability.

The government currently plans to cut military spending in 2025, even though the targeted level of spending will still exceed prewar levels.[37] Of course, that target could yet be changed due to developments on the battlefield. In any event, the Kremlin has shown that it intends to prioritize defense and security spending over social needs.

This preference raises several problems. Defense spending is generally unproductive. Furthermore, it is not clear what will happen when the war eventually ends. For the time being, inflated salaries for military service members and workers in the defense sector have been pushing up wages across the board. Those who have seen their incomes rise during the war have spent more, boosting demand and encouraging borrowing, both consumer credit and mortgages.[38] After the war, these incomes will likely fall, affecting workers' ability to repay loans. This increases the risk of social discontent: no one will be happy to take a pay cut. And companies will not be able to pay them at a higher level without a corresponding increase in labor productivity.

A similar dynamic concerns those with civilian jobs that are tied to the war effort, who have also benefited from rising salaries. A welder working in occupied Donetsk, for example, can make up to 350,000 rubles a month, four times the average in Russia.[39] Cutting wages and reducing military spending would be politically fraught under any circumstances, but it will prove especially difficult now that the population has grown used to making more and spending more.

The pension system will add to the pressures. Putin brags about Russia's "new" citizens: residents of occupied Ukrainian territory who have been given Russian passports. Yet he neglects to mention that these are mostly either pensioners or single-parent families with children who depend on benefits. There

are about 700,000 pensioners in the four "new regions" illegally annexed by Russia in late 2022 who receive an average of around 19,000 rubles (about $200) per month.[40] This is less than the average across Russia but more than the average in, for example, the North Caucasus. All of these new pension payments are subject to annual indexing.

The Kremlin has the tools to help ensure a soft landing for the economy. Double-digit interest rates and a goal of keeping inflation at about 4 percent leave significant room for rate cuts, which would revive consumer demand. Government payments to soldiers and those associated with the defense sector can be cut gradually. After the war, Russia's weapons stocks will need to be replenished, buoying employment. Over time, inflation will offset high salaries, and the range of options for personal investment will dwindle (for example, huge mortgage subsidy programs will be scrapped, and there will be no access to foreign stock exchanges).

The most likely outcome is that Russia's bloated wartime public sector will block any downsizing, but high interest rates will bring down inflation. In an economy subordinate to political imperatives, there are few incentives for sustainable development. Sooner or later, this will hurt the well-being of ordinary Russians. In other words, temporary fixes and a decline in living standards will add to the political and economic headwinds facing the Kremlin. But given the existing safety margins and the nature of Western sanctions, it could take Russia many years to reach the end of its ability to muddle through such challenges.

Notes

[1] "Russia's Economy Is Going Down the Pan," Vladimir Milov, Popular Politics YouTube channel, December 30, 2023 (in Russian), https://www.youtube.com/watch?v=Jwl3fFiZX-8.
[2] "Sanctions: To Russia With Love," New Economic Thinking YouTube channel, February 28, 2024, https://www.youtube.com/watch?v=y4T5gmAndFk.
[3] "What Trends Tell Us. Macroeconomics and Markets," Bulletin of the Research and Forecasting Department of the Bank of Russia, February 2024 (in Russian), https://www.cbr.ru/Collection/Collection/File/47840/bulletin_24-01.pdf.
[4] Sam Fleming, Claire Jones, and Max Seddon, "IMF Raises Russia Growth Outlook as War Boosts Economy," Financial Times, January 30, 2024, https://www.ft.com/content/21a5be9c-afaa-495f-b7af-cf937093144d.
[5] Pavel Luzin and Alexandra Prokopenko, "Russia's 2024 Budget Shows It's Planning for a Long War in Ukraine," Carnegie Politika, October 11, 2023, https://carnegieendowment.org/politika/90753.
[6] Presidential Address to the Federal Assembly, February 29, 2024, http://en.kremlin.ru/events/president/news/73585.
[7] An Overview of Financial Stability, Bank of Russia, Q2–Q3, 2022 (in Russian), https://cbr.ru/Collection/Collection/File/43512/2q_3q_2022.pdf.
[8] Credit-to-GDP Gaps, BIS Data Portal, https://data.bis.org/topics/CREDIT_GAPS/data.
[9] Review of Financial Risks, Bank of Russia, March 2023 (in Russian), https://www.cbr.ru/Collection/Collection/File/43891/ORFR_2023-03.pdf.
[10] Statement by Bank of Russia Chair Elvira Nabiullina on the Bank's Board of Directors Meeting, February 28, 2022 (in Russian), https://www.cbr.ru/press/event/?id=12729.
[11] Alexander Kolyandr, "Russia's Frozen Assets Present a Policy Dilemma," Carnegie Politika, February 5, 2024, https://carnegieendowment.org/politika/91556.
[12] Preliminary Assessment of the Implementation of the 2023 Federal Budget, Russian Finance Ministry, January 11, 2024 (in Russian), https://minfin.gov.ru/ru/press-center/?id_4=38819-predvaritelnaya_otsenka_ispolneniya_federalnogo_byudzheta_za_2023_god.
[13] "Russia's 'New Formula' to Increase Tax Revenue From Oil Exporters," The Bell, February 18, 2023 (in Russian), https://en.thebell.io/russia-s-new-formula-to-increase-tax-revenue-from-oil-exporters/.
[14] Remarks by Deputy Secretary of the Treasury Wally Adeyemo at the Council on Foreign Relations, U.S. Department of the Treasury, February 23, 2024, https://home.treasury.gov/news/press-releases/jy2119.
[15] Sergey Vakulenko, "Today Is the Anniversary of the Introduction of the Russian Oil Price Cap," December 5, 2023 (in Russian), https://t.me/sergeyvakulenko/14.
[16] Key Trends in Budgetary, Tax, and Customs Policy for 2024 and in the Planning Period for 2025 and

2026, Russian Finance Ministry, September 28, 2023 (in Russian), https://minfin.gov.ru/ru/document?id_4=304155-osnovnye_napravleniya_byudzhetnoi_nalogovoi_i_tamozhenno-tarifnoi_politiki_na_2024_god_i_na_planovyi_period_2025_i_2026_godov.
[17] Alaric Nightingale, Julian Lee, and Alex Longley, "How Russia Punched an $11 Billion Hole in the West's Oil Sanctions," Bloomberg, December 6, 2023, https://www.bloomberg.com/news/features/2023-12-06/oil-prices-how-russia-punched-an-11-billion-hole-in-west-s-sanctions-regime.
[18] Alexandra Prokopenko, "Putin's Trilemma: What Awaits the Russian Economy After Overheating," Carnegie Politika, December 7, 2023 (in Russian), https://carnegieendowment.org/politika/91191.
[19] "On the Results of the National Wealth Fund's Placement of Funds," Russian Finance Ministry, January 17, 2024 (in Russian), https://t.me/minfin/4185.
[20] Denis Kasyanchuk, "Made in China: How Russia's Circumvention of Sanctions Increased Imports of Civilian and Military Goods from China," The Bell, February 26, 2024 (in Russian), https://thebell.io/sdelano-v-kitae-kak-rossiya-v-obkhod-sanktsiy-narastila-eksport-grazhdanskikh-i-voennykh-kitayskikh-tovarov.
[21] "Exports of Chinese Vehicles and Body Work to Russia," The Bell, https://thebell.io/storage_v2/images/fe6/3c9/fe63c92f-7bb2-435d-af29-2bf1373f4404_1728_0.webp.
[22] "The Proportion of Chinese Vehicles on the Russian Market Has Exceeded 60 Percent," Autonews, January 10, 2024 (in Russian), https://www.autonews.ru/news/659e5de79a7947e0b657349a.
[23] Overview of Risks on the Financial Markets, Bank of Russia, January 2024 (in Russian), https://www.cbr.ru/Collection/Collection/File/48852/ORFR_2024-01.pdf.
[24] Companies and Individuals' Yuan Accounts Dwarfed Dollar Accounts in 2023, Bank of Russia Telegram account, February 8, 2024 (in Russian), https://t.me/centralbank_russia/1560.
[25] Executive Order on Taking Additional Steps With Respect to the Russian Federation's Harmful Activities, White House, December 22, 2023, https://www.whitehouse.gov/briefing-room/presidential-actions/2023/12/22/executive-order-on-taking-additional-steps-with-respect-to-the-russian-federations-harmful-activities.
[26] Olga Sherunkova, Maxim Buylov, Natalya Skorlygina, Yevgeny Khvostik, "The Lira Has Awakened Some Evil," Kommersant, January 17, 2024 (in Russian), https://www.kommersant.ru/doc/6454712.
[27] "China Banks Tighten Curbs on Russia After U.S. Sanctions Order," Bloomberg, January 16, 2024, https://www.bloomberg.com/news/articles/2024-01-16/china-banks-tighten-curbs-on-russia-after-us-sanctions-order.
[28] Alexandra Prokopenko, "Bartering, Cryptocurrencies, and Yuan: Russia Seeks Alternatives to Trading in Dollars," Carnegie Politika, September 5, 2022, https://carnegieendowment.org/politika/87814.
[29] The Global Economy Managed to Avoid a "Hard Landing," Bank of Russia, January 30, 2024 (in Russian), https://cbr.ru/press/event/?id=18375.
[30] Robert Greene, "The Difficult Realities of the BRICS' Dedollarization Efforts—and the Renminbi's Role," Carnegie Endowment for International Peace, December 5, 2023, https://carnegieendowment.org/2023/12/05/difficult-realities-of-brics-dedollarization-efforts-and-renminbi-s-role-pub-91173.
[31] Assessment of Key Aggregates of the Russian Balance of Payments, Bank of Russia, March 14, 2024 (in Russian), https://www.cbr.ru/statistics/macro_itm/svs/bop-eval.
[32] "Digital Ministry Head Says About 100,000 IT Specialists Left Russia This Year," Interfax, December 20, 2022 (in Russian), https://www.interfax.ru/russia/877771.
[33] Oleg Levin, "A High-Degree Drain," Novaya Gazeta Europe, January 18, 2024 (in Russian), https://novayagazeta.eu/articles/2024/01/18/utechka-vysokoi-stepeni.
[34] "The Education and Science Ministry Wants to Know Everything about Every Academic's Foreign Contacts. Georgy Bovt's Comments," BFM, November 22, 2023 (in Russian), https://www.bfm.ru/news/538484.
[35] Alberto Nardelli, "Most of Russia's War Chips Are Made by U.S. and European Companies," Bloomberg, January 25, 2024, https://www.bloomberg.com/news/articles/2024-01-25/russia-s-war-machine-powered-by-chips-from-intel-amd-infineon-stm.
[36] Alexandra Prokopenko, "Putin's Unsustainable Spending Spree," Foreign Affairs, January 8, 2024, https://www.foreignaffairs.com/russian-federation/putins-unsustainable-spending-spree.
[37] The 2024–2026 Citizens' Budget, Russian Finance Ministry (in Russian), https://minfin.gov.ru/common/upload/library/2023/10/main/0749_Budget_2024-2026_corr.pdf.
[38] Alexandra Prokopenko and Alexander Kolyandr, "Russia's Mortgage Bubble," The Bell, February 2,

2024, https://en.thebell.io/russias-mortgage-bubble.
[39] Welder: Job Vacancies in Donetsk, Avito (in Russian), https://www.avito.ru/donetck/vakansii/tag/svarschik.
[40] Yekaterina Vinogradova, "The Authorities Disclosed the Average Pension in Russia's New Regions," RBC, February 27, 2023 (in Russian), https://www.rbc.ru/economics/27/07/2023/64c0f3cf9a79470ba5e03f78.

Carnegie does not take institutional positions on public policy issues; the views represented herein are those of the author(s) and do not necessarily reflect the views of Carnegie, its staff, or its trustees.

Carnegie Endowment for International Peace Center Websites
Carnegie Europe
Carnegie India
Carnegie Russia Eurasia
Carnegie China
Malcolm H. Kerr Carnegie Middle East Center
Contact Us
For Media
Financials
Employment
Privacy Policy
Support Carnegie
In a complex, changing, and increasingly contested world, the Carnegie Endowment generates strategic ideas and independent analysis, supports diplomacy, and trains the next generation of international scholar-practitioners to help countries and institutions take on the most difficult global problems and advance peace.

Learn More
Follow Us
TwitterFacebookYouTubeInstagramLinkedIn
© 2024 Carnegie Endowment for International Peace. All rights reserved.