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Russia

War, economic crisis, and discontent in Putin’s Russia

- Features -



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Vladimir Putin's regime is beginning to show signs of frailty amidst its ongoing imperialist war on Ukraine. Kyiv has fought the regime to a standoff, Russia's casualties mount to about 1.2 million dead and wounded, and Russia's economy, despite the temporary sugar rush of increased oil prices, faces mounting problems. Here *Tempest*'s Ashley Smith interviews the editors of Posle, a Russian socialist website, about Putin's war, regime, popular grievances, and the challenges of resistance under autocracy.

As the *Tempest* editors were preparing this article for publication, the Russian state designated those associated with the website Posle as a "foreign agent." Russia's "foreign agent" law is highly repressive, and places the editors at significant risk of criminal prosecution and other threats to their basic civil rights. Russia's law is a model of what Human Rights Watch has identified as a critical tool in the authoritarian playbook. "The primary target of these laws are civil society and media organizations" whose activities are "aimed at influencing public policy…[and] organizing public debates, events, rallies and demonstrations." Thus, among other purported sins, the Putin regime has based its decision on Posle's alleged "promotion" of "LGBT relationships". This is part of a broader attack on democratic rights internationally. It has its own parallels in the U.S., as the authoritarian creep has been escalated by Trump. *Tempest* stands in unconditional solidarity with Posle and its editors. We see in Posle fellow "agents", not of any state, but of a democratic project of international solidarity which is the antidote to a future of unbridled capitalist barbarism. [Tempest]

Ashley Smith: The U.S. and Israel have expanded their joint genocidal war on Gaza into Lebanon and Iran. They expected a quick victory, but it has turned into yet another disastrous forever war. The Iranian regime has launched asymmetrical warfare; it has struck the region's oil infrastructure, shut down the Strait of Hormuz, and thereby disrupted the flow not only of oil but also petrochemicals, fertilizers, and helium, which is essential for the manufacture of microchips. While stagflation threatens every corner of the world economy, it appears that Russia has benefited from the war: President Trump has lowered sanctions on Russia oil and increased fossil fuel prices have poured profits into Putin's coffers. Is this an accurate assessment? What impact is this having on the Russian economy?

Posle: Indeed, in the short term, Russia has benefited from the surge in oil prices and lifting of sanctions. For example, Russian budget revenues from oil exports in April doubled compared to March. However, these additional revenues are not enough to halt the catastrophic rise in the budget deficit (for instance, the deficit currently stands at 2.5%, exceeding the government's planned threshold of 1.6% for this year). This has a negative, knock-on impact on other government spending and the strength of the rouble.This adds further pressure on the creaky financial system.

Furthermore, almost all of the windfall profits were channeled to oil companies to modernise infrastructure (which has been severely damaged by effective attacks from Ukrainian missiles). It is worth noting that Ukraine's attacks targeting oil refineries and oil loading terminals have seriously undermined Russia's ability to export raw materials. In recent months, ports on the Baltic Sea, for instance, have reduced oil shipments by a third.

At the same time, a sustained increase in oil prices will inevitably lead to a decline in global oil consumption, which could seriously damage the Russian economy that is already in recession. Therefore, the ongoing war in Iran and the blockade of the Strait of Hormuz are not in Russia's economic interests, although they undoubtedly offer it political advantages.

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AS: Trump's war on Iran has further disrupted the so-called rules based order, already discredited by the U.S. and Israel's genocidal war on Gaza and Russia's imperialist war on Ukraine. Trump launched the attack on Tehran without consulting or even alerting Washington's NATO allies. Now that alliance is fraying with Trump increasingly threatening to pull U.S. troops out and abandoning support for Ukraine. As a result, Europe, especially Germany, is rapidly re-arming. Given this reality, what do you believe is the current perspective of the Putin regime regarding the inter-imperial rivalry within Europe, and that between NATO and Russia, and Ukraine's struggle for self-determination?

Posle: In fact, declining support for Ukraine in the U.S. and America's further distancing from European security issues due to the war in Iran represent Putin's main political gain to date. In this sense, it is clear how the interests of Russia and its population (suffering from a falling standard of living and intensifying missile attacks) diverge sharply from those of Putin and his regime, which is prepared to prolong the conflict in order to achieve its geopolitical ambitions. These objectives include crushing Ukrainian resistance (at the cost of tens of thousands of Russian soldiers' lives) and destabilising Europe in order to expand his influence across the post-Soviet space and in Eastern Europe.

Currently, the situation around Armenia is escalating, where President Pashinyan is seeking to gradually withdraw the country from the CSTO (a pro-Russian military bloc) and strengthen cooperation with the EU. Tensions are also rising with the Baltic states, which are becoming increasingly targeted by Russian military sabotage. All these developments are of great significance to Putin, as they raise questions about the reality of NATO's support for its members and allies.

If aggression against Iran escalates, the U.S. will continue to rapidly reduce its presence in Europe, and NATO risks turning into a "paper tiger," whose members' mutual commitments are worthless. It is clear that these challenges not only lead to the remilitarisation of Germany, but also call into question the entire ideological model of the German state, built upon the trauma of Nazi militarism and the colossal sacrifices of the Second World War. All these values are threatened today, as demonstrated by the growing support for the far-right party Alternative für Deutschland (AfD), which has effectively become the country's most popular party.

In these circumstances, the German Left must certainly fight against the danger of fascism and militarisation, but not by ignoring the Russian threat facing Eastern European countries. On the contrary, only consistent support for Ukraine can curb the ambitions of Putin's regime and, consequently, the need for Germany's remilitarisation, which ultimately plays into the hands of the far right.

AS: In another development that impacts Russia, voters kicked out Victor Orbán after 16 years of his increasingly authoritarian rule in Hungary. He was an ally of Putin who had blocked the EU's $106 billion loan package to Ukraine. What is the significance of Orbán's defeat for the Putin regime?

Posle: This is certainly a serious setback for the Kremlin, as Orbán served as its chief agent within the EU. Today, the only country remaining in this role is Slovakia, which is led by the right-wing populist Robert Fico. He, like Orbán, holds anti-Ukrainian views and is focused on securing supplies of cheap Russian gas. This model of Russian influence clearly demonstrates how the Kremlin has turned energy supplies into a powerful political weapon that it will continue to wield against other European countries.

Orbán's defeat resulted from the fatigue of Hungarians (and particularly the youth) with his corrupt and authoritarian rule; however, it does not, in our view, signal the beginning of the end for far-right populists on a pan-European scale. On the contrary, this trend continues to gain momentum, and the Kremlin is placing its main bets on it – including in countries such as Germany and France.

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AS: The war in Iran will also impact Russia and China, both of whom have supported Tehran in various ways. With oil supplies disrupted by the closure of the Strait of Hormuz, will China turn more to Russia for its oil and natural gas supplies? What will this do to their so-called “friendship without limits”? What will their policies be toward Iran? How will this scenario impact Russia and China’s rivalry with the U.S. and Europe?

Posle: The loss of Iran as a reliable oil provider (as was previously the case with Venezuela) has indeed made China more dependent on Russian supplies. Furthermore, the failure of “Operation Epic Fury” in Iran has highlighted the vulnerability of U.S. military power. Nevertheless, a distinctive feature of Putin’s position remains his efforts to develop a bilateral dialogue with Trump, despite his “friendship” with China. It is telling that Russian diplomacy, whilst repeatedly condemning the “war started by the U.S. and Israel,” has emphasised “Russia’s commitment to providing goodwill services to the parties.”

Putin and other Kremlin officials have consistently stressed that, despite its alliance with Iran, Russia is distancing itself from the conflict and prefers to play the role of mediator. Just recently, Putin repeated his proposal to transfer enriched uranium from Iran to Russia. It appears that following the fall of the Assad regime in Syria, Russia is not ready to become seriously involved in conflicts in the Middle East and is seeking to focus on Ukraine and European affairs.

AS: What is the impact of these inter-imperial and macro-economic dynamics on Russia’s ability to continue its invasion of Ukraine?

Posle: Almost five years of war in Ukraine have severely undermined Russia’s economic and human resources, but this has not yet affected Putin’s desire to “achieve the objectives of the special military operation” at any cost. Recently, Kremlin spokesperson Peskov stated that the withdrawal of the Ukrainian army from the Donetsk region is not a matter for possible negotiations with Kyiv, but a precondition for them.

In other words, once Ukraine voluntarily cedes part of its territory, further demands are likely to be made. It is clear that the Kremlin is not interested in a ceasefire and is planning a major offensive in the Donbas this summer and fall. The aim of this offensive is not only military but also political – it is necessary to convince Trump that Russia continues to dominate on the battlefield, and therefore the U.S. must increase pressure on Kyiv, forcing it to accept the Kremlin’s terms.

Putin’s plan clearly highlights a conflict between his personal ambitions and the interests of the Russian people. The Russian army’s losses on the front line have reached their highest level this year – for example, in the second half of April alone, around 4,500 soldiers were killed (in total, at least 350,000 Russians have died over the five years of the war). The number of civilian casualties is also rising due to Ukrainian missile strikes on military and energy infrastructure (though this is completely incomparable to the casualties of Russian strikes on Ukrainian cities).

Ordinary Russians are paying this price for Putin’s desire to tell Trump about his army’s advance of a few dozen square kilometres. The gap between the perception of the war in the Kremlin and among ordinary people keeps growing rapidly.

AS: Now, let’s turn to the domestic impact of all this in Russia. Ukraine has persisted in resisting Russia’s invasion and is militarily striking increasingly deep into Russia. As a result, Russian casualties have mounted at what appear to be an escalated rate during the recent spring offensive. Meanwhile, due to sanctions, and the dynamics of the war economy generally, economic conditions have worsened. There are signs of increasing dissent, expressed in a deflected way by quisling politicians and influencers. What is the domestic political situation in Russia? What should we make of the various expressions of discontent by

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public figures? Is this a sign of mass discontent developing among workers and the oppressed within Russia? How stable is the Putin regime?

Posle: Indeed, the first half of 2026 was marked by rising inflation and a fall in living standards. It is fair to say that the effect of the “military Keynesianism” associated with the sharp rise in public spending at the beginning of the war has now run its course. Even according to government forecasts, inflation this year will stand at 5.2 percent, whilst wages will rise by 2 percent. At the same time, the Kremlin intends to offset the growing budget deficit, as mentioned before, by increasing taxes on small businesses, as well as by cutting welfare programmes and infrastructure projects.

Against this backdrop, earlier this year, the Russian authorities took entirely unprecedented measures to restrict access to the internet in the country. Specifically, they attempted to block Telegram (used by 105 million Russians – that is, the majority of the population) and VPNs (used by around 40% of Russians to bypass blocks on Instagram, YouTube and other platforms). Furthermore, in Moscow and other major Russian cities, wireless internet was frequently cut off entirely, causing immense damage to the economy and resulting in a dramatic increase in cash withdrawals from banks.

Behind all these measures, which have provoked widespread discontent, stands the Federal Security Service with its “sovereign internet” project, entirely controlled by the authorities. The official reason for all these restrictions, according to the authorities, is to prevent attacks by Ukrainian drones, a claim that seems highly implausible given that the increase in internet restrictions has coincided with an intensification of Ukrainian strikes. A mood prevails in the country that those in power are preoccupied solely with their own war and constant prohibitions, and are not interested in how ordinary people live.

These sentiments were further fuelled, in particular, by government attempts to cover up an outbreak of foot-and-mouth disease among cattle in Siberia and other regions. This move was prompted by the fact that Russia remains a significant international meat exporter. As a result, the Russian authorities seized and slaughtered tens of thousands of cattle and pigs belonging to farmers without any explanation or compensation for the damage. In several cases, this has already led to direct clashes between the police and rural communities. Nevertheless, to date, countries such as China and the U.S. have effectively acknowledged the existence of this dangerous epidemic in Russia, which will inevitably lead to a ban of Russian meat exports.

All these factors are clearly leading to a loss of trust in the authorities and increasing discontent. However, by now, any possibility of legally expressing any dissent has been completely eradicated in Russia. For example, young activists who tried to organize a protest against the shutdown of Telegram, as well as dozens of farmers attempting to protect their cattle from slaughter, have been arrested and subjected to heavy police pressure.

Increased repression and government attempts to restrict the flow of information are an answer to the growing discontent. Whereas previously the regime largely enjoyed legitimacy among the population as a guardian of the stability of everyday life, it now relies more and more on fear of the police and secret services. In this sense, Putin may be moving towards the Iranian model, where a regime that does not enjoy the support of the majority retains power through violence.

As for the mood among the political and business elite, they are, of course, dissatisfied with the endless continuation of the war, the economic downturn, internet restrictions, and the growing power of the security services. However, contrary to the rumours being spread by a range of Western media outlets, there is not a conspiracy brewing against Putin.

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This is the case for a few reasons. First, the fear of repression among the elite makes them divided and suspicious. It is worth recalling that over the past year, the number of arrests of government officials has risen sharply: dozens of employees of the Ministry of Defence (including several former deputies to Minister Sergei Shoigu) have been arrested, as well as representatives of other departments. In 2024, Transport Minister Roman Starovoit committed suicide due to the threat of arrest, whilst Deputy Minister of Natural Resources Denis Butsaev fled to the US. Several prominent businessmen suspected of political disloyalty have lost their property and their freedom (for example, this happened to Vadim Moshkovich, the owner of one of the country’s largest agricultural companies).

Second, the agenda and prospects of such a conspiracy are unclear in the current circumstances, as this elite has no common clear vision of an alternative foreign policy direction or conditions for ending the war. It also does not possess any legitimacy in the eyes of the population.

Finally, Putin’s disappearance could trigger large-scale conflicts within the Russian elite over control of property. Having destroyed all the country’s political institutions over the 25 years of his rule, Putin himself has become the sole factor maintaining a relative balance of interests within the ruling class. And that is why the elite fears his departure more than the continuation of his destructive military adventures.

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Source: **Tempest**.

PS:

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