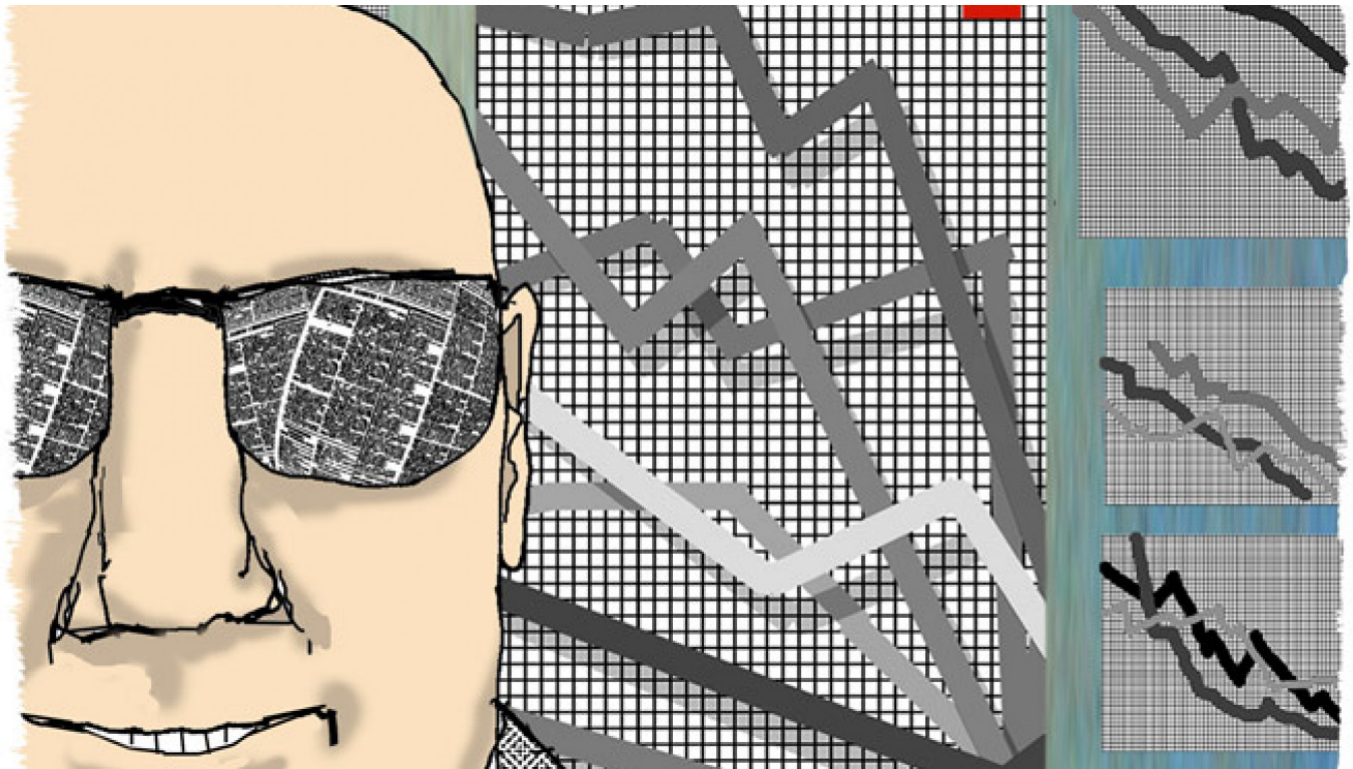


With Russia's Economy, Talk Is Cheap (Op-Ed)

By [Mark Adomanis](#)

October 25, 2015



Most Russia watchers in the West spend enormous amounts of time poring over what the Russian government is saying. Possessing a sizable and well-funded network of media outlets, and leveraging social media tools to the hilt, the Russian government is capable of producing a large amount of content and getting that content in front of a large number of eyeballs very quickly.

Some of these communications border on the sensible. The Kremlin's scorn and contempt for the "moderate opposition" in Syria seems increasingly justified by events, such as mass defections to al-Qaida. Other communications by the Russian state — the majority unfortunately — border on the nonsensical.

But talk, as they say, is cheap. The Russian state can say whatever it wants. Reality, however, does not so easily oblige such self-serving fantasies. It's all too easy to get caught up in discussion of narratives and propaganda while losing sight of the actual underlying facts.

Some Russian analysts have spoken of the "war between the television and the refrigerator," a pithy way to describe an escalating clash between a politicized propaganda narrative in which Russia is "rising from its knees" and an increasingly bleak economic reality in which inflation, shortages, and recession loom ever larger.

In terms of what Western Russian analysts should pay attention to I would rephrase this slightly as the fight between Sputnik (a state-run news agency) and Rosstat (the state statistics service).

To examine what I'm talking about let's take a very clear example from the economic realm: import substitution.

Officially, Russia's program of import substitution is already bearing fruit. The West is supposedly "deeply concerned" over Russia's policy, with the implication that this concern is based on the program's overawing success. The official narrative spends a great deal of time highlighting the losses faced by Western firms locked out of Russia's market while, of course, totally eliding any mention of the much steeper costs faced by Russian consumers.

Other stories in Russian state-run media optimistically focus on import substitution's future successes. In terms that sound like they were plucked from an old five-year plan, official media parrot claims that "90 percent of pharmaceuticals will be home-made by 2018" or that Russia's defense industry will be "free of Western technology by 2020."

Essentially the official narrative is an exceedingly optimistic one full of dynamism and success. Russia is moving forward! The West is losing out on all of the Russian market's many opportunities!

The only problem with this narrative is that there is no data to support it. In fact, figures from Russia's own statistics agency show that, contrary to the Kremlin's numerous and cheery proclamations, the country's manufacturing sector is currently declining. Through the first nine months of the year, the output of Russian manufacturers shrank by about 3 percent, hardly a catastrophe but also clear evidence that there is no renaissance under way.

The reality, then, is of a Russian economy that is becoming even more dependent on natural resource extraction (where output continues to nudge upwards) and where virtually every other sector is struggling. The negative trajectory of Russia's manufacturing sector is not a Western conspiracy or a CIA-funded plot, it is the banal conclusion of downloading spreadsheets from Rosstat's website.

The easy availability of economic and demographic data is actually one of the chief ways in which Russia differs from its Soviet predecessor. The Soviets had a mania for secrecy that is hard to overstate, routinely classifying as "state secrets" all manner of mundane facts and figures. Piecing together even the most basic kinds of information (like the infant mortality rate) was a laborious, painstaking process that could take even the best researcher weeks or even months.

That is not the case today (for now, at least!). Information about Russia's state finances, the health of its population, or the output of its economy is readily available to anyone who

wants to find it. The story told by this data is of vastly greater importance than whatever "narrative" is currently being pushed by the powers that be.

What is more, the story currently being told by official data is turning increasingly sour: mortality is creeping up, unemployment is growing, and real wages are decreasing. Russia's actual performance is deteriorating at the precise moment that its propaganda is soaring to ever-greater rhetorical heights. As always, reality has exceedingly little regard for abstract ideological notions.

Perhaps at some point in the future the Kremlin will tire of the bean counters at Rosstat and restrict public access to their data. Given the political climate that would unfortunately not be a terribly great shock. In the meantime, however, hard data remains by far the best antidote to the Kremlin's "information war."

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