

Western Companies' Exodus from Russia Leaves Thousands of Russians' Livelihoods on the Line

By [James Beardsworth](#)

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Alexander Avilov / Moskva News Agency

When McDonald's first opened its doors in Moscow in 1990, over 30,000 Muscovites queued along Pushkin Square, hoping to get their first taste of the West.

The arrival of the golden arches was seen as a symbol of growing ties between Soviet Russia and the West as Cold War tensions thawed and western appetites began to permeate the Iron Curtain.

Just over three decades later, the American fast-food giant said it was temporarily closing its 847 locations across Russia.

The move comes amid a mass exodus of major Western companies from Russia since the country launched its invasion of Ukraine on Feb. 24.

“The whole world collapsed overnight, what else is there to think?” a former Moscow store manager of British brand Burberry — one of the many high-end Western labels that have stopped selling their products in Russia — told The Moscow Times.

The business departures are already blowing holes in the Russian economy and are expected to leave thousands of workers unemployed in what could become the country's worst economic crisis since the end of the Soviet Union.

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“The Russian economy will rapidly lose human capital, and the rate of its outflow may be higher than in the 1990s,” [wrote](#) Vladimir Gimpelson, head of the Moscow Higher School of Economics’ center for labor market studies.

A study published by Yale listed [250](#) companies that have already severed ties with Russia, with tens of thousands of immediate job losses already incurred for local staff across sectors such as retail, advertising and financial services.

“Our industry relies on clients, but the more companies that leave the Russian market, the less work we have,” said one PR specialist.

While she said her firm hopes to mitigate the gaps left by international companies with clients like government agencies and state corporations, she added: “I may have to change my profession.”

In addition to the exodus of Western companies, severe sanctions from Washington, London and Brussels have taken aim at Russia’s financial sector, stifling its Central Bank and cutting off the country's access to international payment and money transfer systems.

The ruble hit an all-time low Monday, trading at comfortably under 150 to the dollar.

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“With PayPal stopping working in Russia, pretty much every freelancer here has lost their job,” said a freelance artist from Kemerovo, a city in southwestern Siberia.

“Mastercard and Visa are not working either, so there's really no way to get income from the outside of the country,” she said, stressing the underpaid nature of artistic jobs in Russia means many artists rely on working with agencies outside the country.

“Finding a job in my region is almost impossible in the current situation, but of course I will try to look for one,” she said.

Despite immediate job losses being incurred across a number of sectors, the Kremlin has declared that the risks of unemployment caused by Western sanctions were [calculated](#) in advance.

“We have gone through several crises. Each time, vigorous measures were taken to minimize

the growth rate of unemployment, it will also be the case this time," Kremlin spokesman Dmitry Peskov [said](#) last week.

It's still too early to estimate just how many jobs Russia can expect to lose, said Gimpelson.

"Hopefully we are talking less than millions," Peskov [said](#) Wednesday when asked about the looming job losses.

The ability to mitigate the economic shockwaves left by Western companies' departure will depend on the Kremlin's ability to substitute lost jobs with new ones, and the speed at which the Kremlin can replace partners in the West with ones in the East, Gimpelson said.

Related article: [Russian Prices Rising Fastest in 24 Years on Ruble Collapse](#)

In any case, this transition will undoubtedly lead to "a sharp decline in the real incomes of the population, and hence, an increase in poverty," he added.

A [study](#) by jailed dissident Alexei Navalny's team revealed signs that Russians are beginning to awaken to the economic costs of the war in Ukraine.

The survey, which polled 700 Muscovites, found that from Feb. 25-March 3, the number of respondents who viewed the economic consequences of the invasion as a "catastrophic collapse" had risen from 40% to 60%.

Some critics argue that Western firms' decision to cut ties with Russia only punishes ordinary citizens, many of whom don't necessarily support their government's actions.

In response to criticism over its decision to keep operating in Russia, Japanese clothing brand Uniqlo [stated](#) "clothing is a necessity of life, the people of Russia have the same right to live as we do."

But Uniqlo eventually changed course, announcing Thursday that it will suspend business in Russia.

McDonald's has [said](#) it plans to continue paying its 62,000 workers in Russia throughout the temporary closure, to the tune of \$50 million a month.

Meanwhile, as in any crisis, the biggest losers are likely to be those employed in small businesses who have little or no government support, Gimpelson said.

For the freelance artist from Kemerovo, the loss of her job only adds to the despair her and many of her friends are feeling since Russia launched its offensive on neighboring Ukraine.

"The reaction of the rest of the world is rather ridiculous, in my opinion," she said.

"We didn't want this war, and now the world is trying to get rid of any connection to us."

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