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The Quick Peace Trump Pushed for Gives Russian Elites Time to Cement Their Regime

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Summary

Over three years into Russia's full-scale war against Ukraine, the West is holding a few important keys to the future of the Russian political regime, largely associated with Vladimir Putin and in place since 2000. Although the latter has already been weakened by economic sanctions and domestic challenges, a favourable peace solution might increase its long-term durability despite all odds. Actions taken so far by the new U.S. administration have been playing in the Kremlin's favour and have been damaging for United States', NATO's and European Union's

strategic interests going beyond Ukraine and the post-Soviet area. As such, they encourage future belligerent actions of Russia towards its immediate neighbourhood and increase the risk of another conflict breaking out in the post-Soviet area within the next few years. The recent shift in U.S. approach to the Russo-Ukrainian war also weakens the Western institutions' ability to withstand any confrontation with those contesting their role in global affairs and seeking opportunities to recalibrate the long-term distribution of power.

Introduction

The West's unprecedented, continued mobilisation in support for Ukraine took a blow when the White House began taking a different approach than its most of its European allies, one that is more understanding towards Russia's optics and demands. Chief U.S. official involved in indirect talks with Kyiv and Moscow, Steve Witkoff, has expressed positive opinions about Russia on numerous occasions, building on years of his close connections with member of the Russian political and economic elite¹. J.D. Vance's peace proposal, announced on April 23rd, relied on freezing the conflict along the current frontlines, effectively depriving Ukraine of significant parts of its territory, including Crimea, in exchange for no security guarantees or a clear NATO membership perspective. Donald Trump has repeatedly demonstrated 'business-like' approach that seems to take into account Russia's long-term interests and has accused Ukraine of not enough flexibility². This perspective puts Volodymyr Zelensky in a difficult position, as the country's armed forces and civilian population still show determination to oppose the invasion and are reluctant to see territorial concessions

although signs of weariness are beginning to show³.

Few to no arguments have been provided as credible rationale of this pivotal shift. Most analysts, diplomats and politicians wonder if the goal is to free the United States from financial and political involvement in a major military conflict, shifting its attention away from China and the Far North, or to pursue a more isolationist approach and heed the specifically understood *America First* rule. Regardless of the real reasons, the change came at the worst possible time. Western sanctions have deepened structural shortcomings of the Russian politico-economic model with its endemic corruption, kleptocratic oligarchy and growth based on exporting fossil fuels. Russia is experiencing the most serious test of the model that created back in the early 2000s. With the current U.S. approach, it might temporarily overcome it and retain its high potential for disruptive actions both in its immediate neighbourhood and other areas, to the detriment of the West and its political, economic and security interests.

Exploitative kleptocracy

Russia's political and economic system relies on a fluid balance between different groups of influence which emerged as a result of informal and formal privatisation processes initiated already in the Soviet times. Through a network of nebulous connections, corruption schemes, coercion and brutal mafia-like dealings, a relatively small group of former *apparatchiks*, security officials and criminals took control over the country's strategic resources and enterprises, building on the failure of Gorbachev's perestroika⁴.

The formative phase of this process lasted until Vladimir Putin was appointed acting president by Boris Yeltsin. Ever since Putin has been acting as a referee, managing contradicting interests of the members of the elite, making sure that the assets accumulated across the 1990s would not be threatened as long as political and business ambitions of various factions were kept at bay. Only those who acted otherwise and refused to take part in the collective effort to petrify kleptocratic quasi-democracy of post-Soviet Russia were eliminated – either politically or physically. Mikhail Khodorkovsky, Anna Politkovskaya and Boris Nemtsov are just two examples of this intentional policy of early Putinism.

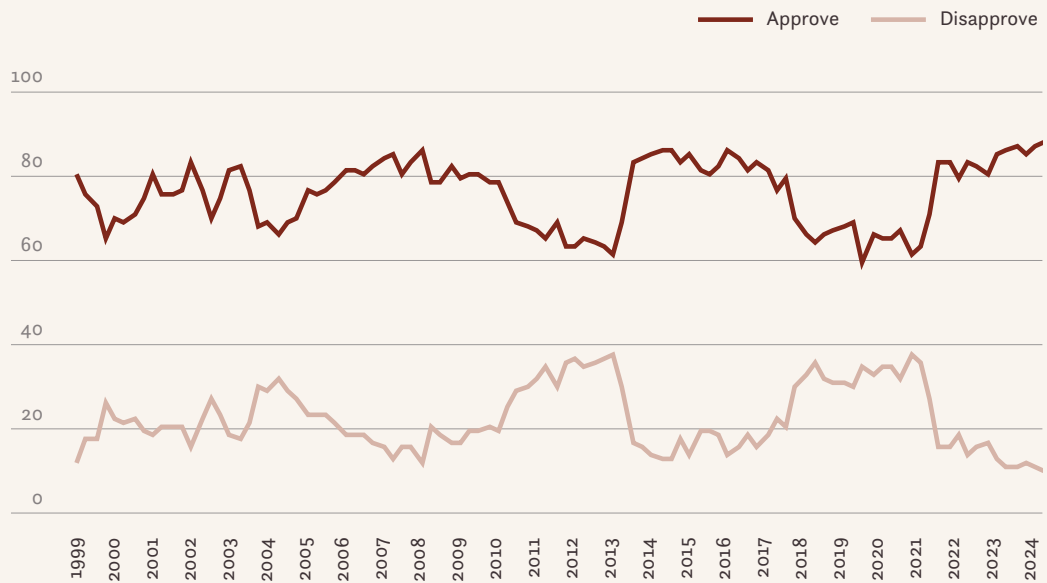
This system, based on concentration of resources at the central level at the expense of private initiative, regional development capabilities, as well as individual and group rights, was presented as a way to save Russia and prevent centrifugal movements which might cause the feeble country to implode. Economic circumstances

were favourable to pursue such an approach with little societal resistance. Up until 2008, the Russian economy was experiencing rapid growth exceeding 7% per year on average, according to the World Bank⁵. It was made possible not thanks to structural reforms but favourable developments on the global markets. In particular, oil prices spiked from less than 20\$ a barrel in 1999 to over 100\$ in 2008. Revenues from oil and gas imports have ever since constituted a significant part of the Russian federal budget, reaching 50% in the early 2010s and stabilising at 30% in the last two years of the Russo-Ukrainian war⁶.

Russia's development was extensive in nature and mismanaged at the systemic level, serving to petrify the political status quo, not to overcome the post-Soviet structural deficits. The global financial crisis uncovered the country's almost utter reliance on exporting fossil fuels while building little potential for domestic long-term innovation. The latter required long-term investments, rudimentary predictability of legal regulations and freedom impossible to achieve in a country where most successful start-ups needed to face the risk of oligarchic raiders taking over in pursuit of more immediate wealth and political leverage.

Even though most East European post-communist countries managed to return to path of stable growth around 2010/2011, the Russian economy experienced structural stagnation which was not overcome until the COVID-19 pandemic

PUTIN'S APPROVAL RATINGS



Source: Levada-Center. <https://www.levada.ru/en/ratings/approval-of-the-authorities/>

despite large infrastructural investments related to the 2014 Winter Olympics in Sochi and the 2018 FIFA World Cup.

As shrinking resources affected the success story of Russia rising from its knees and threatened popularity rankings of the Russian elites, including Vladimir Putin elements of negative rhetoric needed to become more pronounced. Already during the 2012 presidential campaign, Putin claimed Russia was a distinctive civilisation centre and needed to focus, to use Alexander Gorchakov's words, to fend off its enemies⁷. In his other so-called programme articles, he outlined a world full of challenges of manifold nature. In subsequent years, the Russian authorities utilised them as a basis for tightening the increasingly authoritarian rule and create a political reality in which there was no alternative to the system embodied by Putin. The only public figure that openly contested in and enjoyed some degree of public support, Alexei Navalny, died in February 2024 in a labour camp.

Effective domestic use of such notions as those used by Putin back in 2012 relied on millions of Russians sharing the longing for empire lost and resenting the post-bipolar world order. This

is how increasingly belligerent foreign policy in the post-Soviet area came about. Its domestic efficiency had been first tested already in 2008 in a small-scale conflict against Georgia. Its positive side-effect was restrained reaction of the West, clearly not willing to sacrifice good economic relations with Moscow. Most Western decisionmakers, with the exception of Central and Eastern European ones, were incapable of coming up with an ambitious offer for post-Soviet countries seeking to boost their pro-democratic reforms.

The actual and tangible touchstone of Russian elite's readiness to employ aggressive foreign measures to protect its existential interest were the developments of 2014. Annexation of Crimea and war in Donbas uncovered the scale of internal challenges the Kremlin was facing. Aggression against Ukraine hit the mark thanks to its encompassing centuries-long traits of the Russian collective thinking: political and cultural superiority among the East Slavic ethnicities, territorial expansion as a way of ensuring one's own survival, the allure of a victorious war and the feeling of being surrounded by external enemies led to Putin's popularity ranking skyrocketing to 86% already in June 2014.

Domestic depletion leads to foreign war

I would be cautious when speaking about the reasons behind the full-scale war against Ukraine now, over three years into the conflict. True, the article published by Putin in July 2021 sheds some light on the chauvinist mindset of Russian decisionmakers, building on the conviction that there could be no Russian empire without Ukraine in it⁸. The ongoing war can perhaps be better understood if one looks at it as another chapter in the course book of ensuring survival of the system embodied by, but by no means limited to, Vladimir Putin.

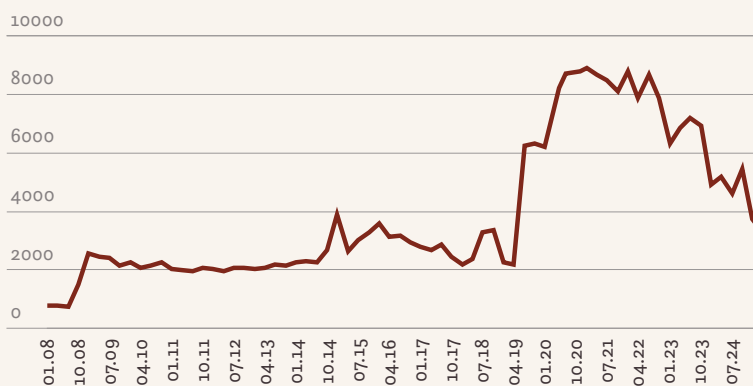
From this perspective, the aggression of February 24th, 2022, unravels the extent of determination of various factions at the Kremlin to

defend their positions at any cost, as well as the alarming state of the country's economy and shrinking possibilities to keep exploiting ordinary Russians. There are at least four main reasons for this state of affairs. There became visible over the last 11-13 years. As a stipulated point of departure, I use Vladimir Putin's comeback to presidential seat after Dmitry Medvedev's brief interlude in early 2012.

Russia can no longer be treated as a country with a sizeable population. 145 million people (with Crimea) might still mean relatively much in European terms, but at the global scale, it looks modest at best, especially that their distribution is becoming increasingly uneven. Moscow and, to a smaller extent, St. Petersburg are separate economic and social realities in their own right. Apart from traditional fossil fuels-extracting locations, there are few other urbanised centres able to represent even a modest appeal for working and living. The depopulation of Siberia is gaining speed⁹. The process stands in sharp opposition to the presence of over 200 million of Chinese citizens living right on the other side of the border.

Europe's shift away from Russian gas and oil will leave a deep mark on Russia's established pattern or extensive economic growth by exporting raw materials. It will also make the Kremlin more dependant on trade partners with a substantially more assertive and thus concerning long-term agenda.

LIQUID ASSETS OF THE RUSSIAN NATIONAL WEALTH FUND (IN BILLIONS RUB)



Source: tradingeconomics.com

INTERNATIONAL DEVELOPMENTS

Orange Revolution in Ukraine
 Putin's Munich speech
 War in Georgia

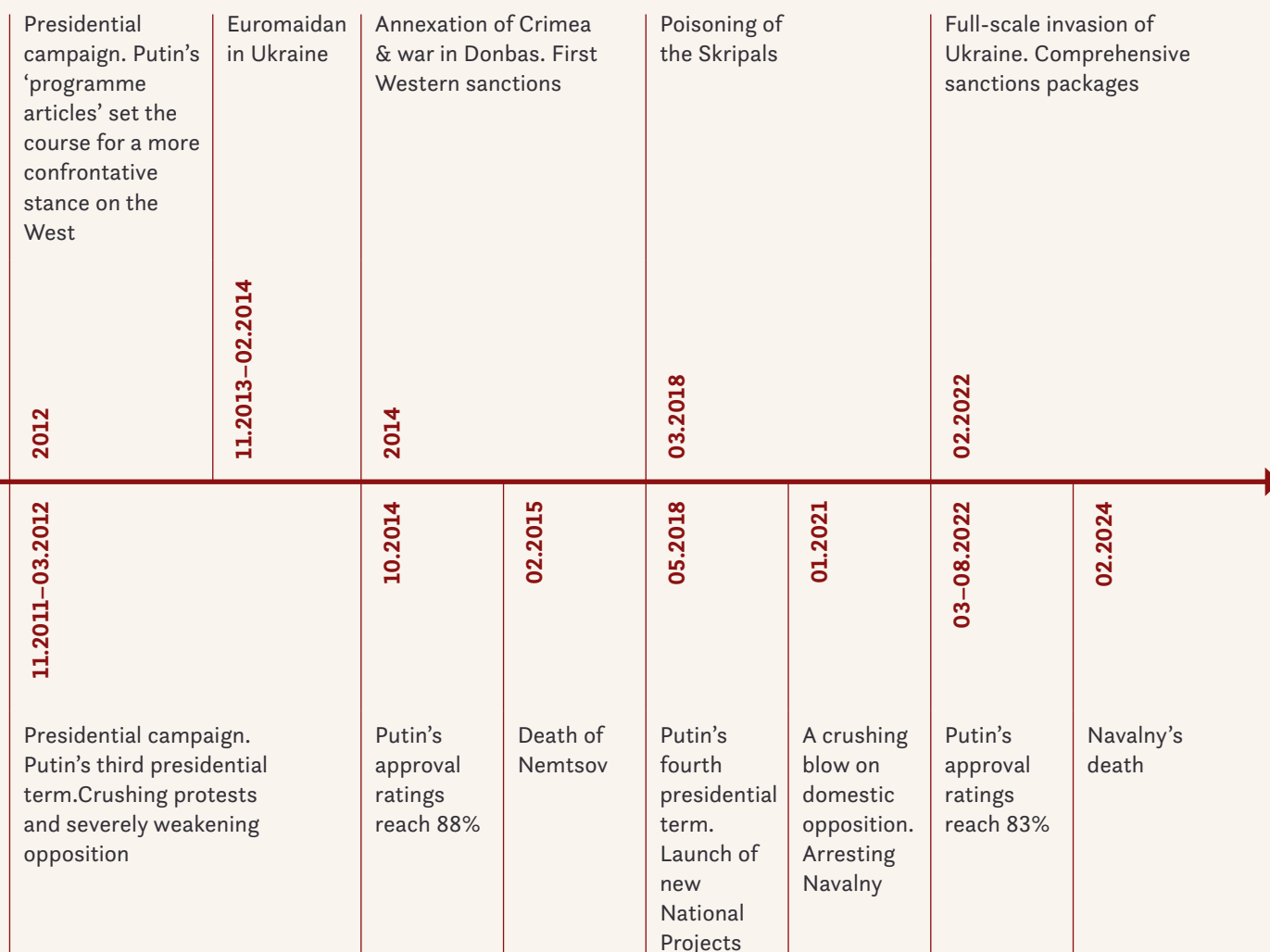
11.2004–02.2005
02.2007
08.2008

DOMESTIC DEVELOPMENTS

12.1999	03.2000	2003	04.2003–06.2008	10.2006	09.2008	2009	10.2008–11.2013
Putin becomes Acting President	Putin becomes President	Arresting of Khodorkovsky	Sharp increase of crude oil prices	Death of Politkovskaya	Putin's approval rankings reach 88%	Effects of global financial crisis become sharply visible in Russia	Putin's approval ratings decline to 61% while disapproval ratings rise to 37%

The resources that Russia ruled by the new elites accumulated in times of initial and fortuitous prosperity have been largely utilised. The nature of the system suggests they were not all spent on the war effort. Instead, they were embezzled proportionally to their overall amount and the already established corruption practices, ubiquitous in the country. Russian National Wealth Fund, subtracted in 2008 from the for years older Stabilisation Fund to ensure the stability of the pensions system and other structural social benefits, quickly turned into one of main instruments of financing budget deficit and, later on, military expenditure. In January 2022, the liquid part of the Fund was almost 8,5 trillion RUB big. In March 2025, three years into the full-scale invasion, it shrank by 60% to 3,4 trillion RUB or 1.6% of the country's GDP, which means it will suffice to support the federal budget for less than half a year before it dries out completely¹⁰.

The centralisation of political, economic and cultural life has reached levels unseen at least since the Brezhnev times in the Soviet Union. In the short run, this helped the Kremlin to eliminate any signs of opposition to the officially approved narratives, going beyond politics and touching on history and collective memory. In the long run, it deprived regions of autonomous stimuli of growth, turning them into branch offices of the central steering committee. They have been tied with Moscow through constant relocations of civil servants (can one refer to them as to civil servants anymore?), party officials, security services employees and many others. Heads of regions, even if they are elected, have no interest in representing their populations. Instead, they have to orient themselves to Moscow if they want to keep their careers going¹¹.



The change in the White House, the bold statements about quickly bringing the Russo-Ukrainian war to an end came about at a time when all these phenomena are increasingly weighing on the Russian political elite's ability to preserve the system they have constructed. The positive developments, such as economic growth, increased social spendings and overall stability brought to the public sector, only worked until the beginning of the global financial crisis. They needed to be gradually complemented by more disruptive actions both at domestic and international scene. The quick and easy victorious war against Georgia, neutralising opposition after the 2012 protests, the annexation of Crimea and the war in Donbas were all part of those efforts. The full-scale invasion of Ukraine and the determination to strike peace only if most Russia's conditions are met have become the latest, most gruesome and devastating act of that play.

When the war ends, it is likely to bring many similar consequences regardless of the actual provisions of a peace agreement. Russia's economy has shifted towards wartime functioning. It can be seen when comparing regions with and without significant military industry. While the former experience growth, presented by the authorities as a proof of the overall situation being good, the latter exemplify the actual scale of problems of the Russian economy. One such example is Kaliningrad Oblast which, on top of problems stemming from its semi-exclave location, suffers from a sharp decline of number of small- and medium-size enterprises, relatively high fuel prices, growing disruptions in delivery of goods dependence on federal funding and growing presence of federal-level oligarchs pushing and showing around as they have limited possibilities to allocate their assets abroad¹². Exploitation of regional economies has become one of the last remaining ways of preserving corruption schemes that characterise Putin's Russia.

The calamitous spillover of America First

Trump's readiness to broker peace that would handicap Ukraine as a sovereign nation-state, such as (territorial and economic concessions or forcing a non-aligned status is a straightforward way to help the Kremlin mitigate all the mentioned shortcomings of the system it has created. Ukraine will thus pay a double price: first as a country that fell victim to the Russian aggression, with all its material and political consequences, as well as an offering made on a dubious altar of the there-are-other-important-things-we-need-to-attend-to religion the incumbent U.S. administration seems to believe in.

The effects of such an approach will most likely be utterly counterproductive both when it comes to constricting Russia's belligerent approach in post-Soviet area and towards the West, as well as responding to the shifts in global power distribution, including global security architecture. Incumbent Russian authorities, having been given the favourable peace deal they need to appease their population, will be neither inclined nor capable of solving any of the country's structural problems. Economic and demographic decline will continue. Without strategic leadership, deep structural reforms and determination to utilise

the country's still considerable human potential. None of it has any chance of taking place in the years to come due to the nature of the regime. The desire to stay in power at any cost, shared by the whole of Russian *verkhushka*, will increase with inverse proportionality.

The only way to achieve stability without reforms will be to employ more drastic and oppressive measures in the not-so-distant future both domestically and externally to unite the Russian population around the federal authorities. It might be again a smaller scale conflict, perhaps in the South Caucasus, just like it was in 2008 and 2014.

Before it happens, the overall level of tensions there and in Eastern Europe will remain high. If demands put forward by the Kremlin are met, it cannot be ruled out that Ukraine as a de jure neutral but de facto Russia-dependent entity will become a grey zone or even a failed state. European NATO members and the European Union will have to devote a significant part of their efforts to isolate the complex threat posed by such a turn of events. It will reduce their capabilities to respond to unfriendly or overtly

hostile actions in other areas of strategic concern, such as the Far North, which is increasingly a prime example of macrosecuritization of climate change¹³.

Another negative effect of imposing the Trump-sanctioned form of peace, even if it comes into place without the direct participation of the U.S. administration, will be the fate of spreading the liberal Western democratic order

and areas where it is still plausible. Apart from Ukraine, countries and regions such as Moldova, Western Balkans and perhaps Armenia are the few remaining countries possessing the minimum of either political or social determination to continue structural reforms. Failure in implementing them will result in a blow that will resonate beyond Europe, crossing the Atlantic Ocean regardless of the intended or actual U.S. isolationist policies.

Conclusion

The haste with which the U.S. administration was acting for a number of weeks to bring an end to the Russo-Ukrainian war stands in sharp contrast with acting on and addressing the actual reasons behind the war as it favours the aggressor and its interests. History shows that finding lasting peace solution requires patience and careful planning to make it resilient against known and unknown factors that can occur in the future. It seems that Washington is or was playing fast-paced *Quake* or *Wolfenstein* while everything around is calling for a long game of *Civilization* or *The Settlers*. At any temporal and topical level, it. By pushing for a quick peace at the expense of Ukraine, the incumbent U.S. administration largely discredits and wastes sacrifices made by Ukrainians and their allies, including the very United States itself. It also gives the Russian elites a chance to catch a second breath, prolonging their time in power.

By continuing this approach, the U.S. will fail to meet any of both previously and currently adhered to objectives: Russia will remain a rogue state with failing economy and its decisionmakers ready for even more drastic and havoc-wreaking actions in exchange for moving the collapse of the system away by a few years. China will gain even more leverage vis-à-vis its northern neighbour and will seek to exploit the

weaknesses within the Western institutional framework exposed over the last months. European Union and European NATO members might find enough mobilisation and resources to stand their ground but there is no possibility for them not to come out weakened out of the U.S. paradigm shift. Other nations aspiring to play a more prominent role in global affairs will only welcome such developments.

For now, the West has only one tool at hand that has proven its efficacy in containing Russia without involving into a direct confrontation: continuous material and political support of Ukraine in defending its sovereignty and territorial integrity. As much as such approach means much for the credibility of the West as an institutional project experiencing growing pressure due to the changing global balance of power, it is also one of the few pressure points still working against Russia. The latter's political system, the springtime of which lasted from early 2000s until 2008/2009, has long since entered its autumn and is now trying to fight off the coming winter. The authoritarian regime they have created has only one objective: survival at any cost. The U.S. administration is making it significantly easier for Russian elites to achieve it, even though it will likely translate into even more human, material and political losses.

At the time of writing this paper (June 16th), it seems that the Russo-Ukrainian negotiations in Istanbul did not bring any significant progress, with Putin not attending. The EU already before the talks had announced a new set of sanctions to further pressure Russian leadership as for now, sending someone like Vladimir Medinsky as the head of delegation seems like a blatant example of stalling and an ostensibly manifested disregard to Ukraine, its partners and allies.

The language of economic and political force needs to come from both sides of the Atlantic not only to bring Russia to the negotiating table, but to further cripple its warmongering potential. The more the Kremlin will squirm and wriggle, the more effective such measures will prove to be. The EU is showing more patience and method in this regard than the United States. It would be desirable to see a similar approach coming from Washington.

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