



By: *Sergei Guriev*

In the autocrat's trap, Putin fails to realize that time no longer appears to be on his side



Russian President Vladimir Putin has had a tough few months. While the Ukraine war never unfolded according to plan, Putin believed, until recently, that **time was on his side**.

Russia managed to increase its share of occupied Ukrainian territory in 2025—albeit **only slightly**, from 18.5% to 19.3%.

More important, US President Donald Trump appeared eager to pressure Ukrainian President Volodymyr Zelensky into a “peace agreement” that handed even more Ukrainian territory to Russia.

But the picture is very different this year. Trump has been so preoccupied by the crisis in the Middle East that Ukraine has largely fallen off his radar, saying at the G7 summit this month that the US has “**nothing to do**” with a war that is “thousands of miles away.”

And there is little reason to think that the Trump administration will be more inclined to help Putin secure a favorable outcome after the midterm congressional election in November.

At the same time, Russia’s military is no longer making progress on the battlefield. If anything, it is losing ground to **Ukrainian forces**.

Drone technology

As of June 2026, Russia occupies 19.4% of Ukrainian territory—a negligibly higher share than in January, and **lower** than in May.

Ukraine owes this shift to its breakthroughs in drone technology and massive increase in drone production, which have helped to stabilize the front line and neutralize Russia’s manpower advantage.

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Ukraine’s drone superiority has also enabled it to overcome Russia’s air defenses and strike deep into Russian territory, including Moscow and Saint Petersburg.

The strikes, especially on energy infrastructure, have delivered a powerful message to Russians: this war can no longer be dismissed as some distant drama. It is coming to the heart of Russia.

The Kremlin is shaken

The Kremlin is shaken. That much was apparent at last month’s **Victory Day parade** in Moscow, which was much smaller than usual and lacked the typical ostentatious displays of heavy military hardware.

Russia’s leaders surely fear targeted attacks, including on personnel, especially after watching the United States and Israel assassinate Iran’s leaders in their own country.

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Desperate to impede Ukraine’s drone capabilities, Putin has interrupted access to **mobile internet** across Russia, including in Moscow, fueling popular frustration.

But the attacks continue, including on **supply lines to Crimea**, a crucial staging ground for Russian forces.

While there is a chance that Russia could develop drone capabilities on par with Ukraine or strengthen its air defense in the coming weeks and months, time no longer appears to be on Putin’s side.

The bills are piling up

This is all the more true, because the bills are piling up. To be sure, the Iran war briefly improved Russia's fiscal outlook.

According to Russia's government, buyers were paying \$95 per barrel for Russian oil in April and \$86 in May—double the average of the first two months of 2026 (\$43) and much higher than the price assumed in the Russian government budget (\$59).

Citing higher oil prices, the International Monetary Fund in April raised its **forecast for Russia's** 2026 GDP growth by 0.3%, bringing it to 1.1%.

But this boost was only temporary, and it could not offset the war's massive drain on Russia's coffers.



Russia's own government expects GDP to grow by only 0.4% this year. This will hardly improve morale

Putin has already been forced to raise taxes, compounding the pressure on Russia's ailing economy.

GDP declined by 0.2% year on year in the first quarter of 2026. With Russia planning austerity measures, its economic performance is set to deteriorate further.

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Against this backdrop, it would be in Putin's best interest to return to the negotiating table, in an effort to freeze the conflict.

But there is no guarantee that he will, not least because he might not fully grasp the situation Russia is in.

After all, the country has no independent press, and Putin's advisers surely avoid delivering bad news to him.

When Putin insists that Ukraine is on the **brink of defeat**—as he has done many times since the war began—he is probably trying to manipulate the public, but he might also believe it, at least partly.

This is the classic autocrats' trap. When power is centralized, and dissent is stifled, the gap between the dictator's perception of reality and the situation on the ground widens.

This leads to unpredictable and often disastrous decisions—like sustaining a war that you can neither win nor afford.

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