

****Title :** Sustaining War Efforts: Russia's Military-Industrial Strategy Amid Sanctions (Foreign Affairs, March 2025)**

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Russia has managed to maintain its war machine despite sanctions and isolation. In 2021, the Kremlin spent around 22% of the federal budget on the military, which has since increased to nearly 40%, or about eight percent of GDP (including spending on domestic security). The government has expanded drone and ammunition manufacturing, refurbished Soviet-era equipment, and offered financial incentives to encourage men to join the army.

Russia's military expenditure functions like a disposable-goods economy: factories operate at full capacity, workers earn wages, and demand for inputs surges, but the output is designed to vanish almost immediately. Tanks, drones, and shells are produced to be destroyed on the battlefield, and the state pays out lifetime pensions to injured soldiers and death benefits to families of those killed. This cycle sustains economic growth in the military sector, but it also widens the gap between demand and supply, driving inflation.

Sanctions and export controls can still hurt Moscow. If U.S. and European policymakers tighten controls on components such as optics, semiconductors, and advanced machine tools, they can put even more pressure on Russia's economy and industrial base. They could also make it harder for Moscow to preserve the flow of imported consumer goods that underpin middle-class lifestyles.

Russia's defense industry is decentralized, with state giants, regional workshops, and small firms producing drones and equipment. This mobilization has proved effective in wartime, but once the war ends, the Russian government will not be able to keep these innovative small firms going. It will be easier for the Kremlin to instead restore the Soviet-style system of centralized plants, bloated procurement, and entrenched corruption.

The collapse of these innovative small firms could slow the pace of technological development and implementation, as they are beat out by sluggish state monopolies. There is also squabbling between defense officials and Putin's cronies over how to develop the defense-industrial base and control revenue streams.

Timing is crucial in thwarting Putin's ambitions to confront NATO. Russia can make up for its losses over the next two to three years, but fully restoring its military will take much longer. The paradox of Russia's war economy is that it is simultaneously strong and brittle. The United States and Europe must act with urgency: pressing their advantages while Russia remains constrained rather than waiting for the Kremlin to get back on its feet.