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Defense Industry Will Pull Russia Out of Economic Crisis — Minister

By The Moscow Times

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Deputy Prime Minister Dmitry Rogozin

Russia's commitment to defense spending amid sharp budget cuts and a recession will drive an economic recovery and ensure that Russia emerges stronger from the current crisis, Deputy Prime Minister Dmitry Rogozin said.

"We might underestimate what the military-industrial complex is working on today, but it is on this that we place our hopes for the survival and transformation of our country," Rogozin, who is responsible for overseeing the defense industry, was quoted by news agency RIA Novosti as saying in an interview on television station Rossiya 1.

"[Russia] will emerge from this crisis even stronger," he said.

Russia is in the middle of an ambitious decade-long rearmament program aimed at turning its aging Soviet-era armed forces into a modern organization sporting 20 trillion rubles ($300

billion) worth of new hardware by 2020.

Defense spending, which already accounts for some 25 percent of this year's federal budget, is set to take a larger portion of the pie as Russia's economy begins to bend under the weight of Western sanctions and the collapsing ruble, which has halved in value since last summer due to a sharp decline in global oil prices.

To account for a loss in oil-export revenues worth up to $45 billion, Russia must cut federal spending this year by 10 percent in all sectors, Finance Minister Anton Siluanov said earlier this month. Only defense expenditures will be spared the ax.

A report released by Moscow's Higher School of Economics in September found that while Russian manufacturing was on the rise, it was being driven mostly by military orders that masked stagnation across most other sectors.

Rogozin, whose job is to essentially lobby for more state funds on the defense industry's behalf, countered such skepticism by claiming that “any new job in the aircraft or rocket industries creates eight to nine new jobs in related industries,” according to RIA Novosti.

The military-industrial complex already employs around 2 million Russians, Rogozin said.

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