

Kremlin Reshuffling of Power Structure. New Minister of Defense. Massive Increase in Russia's Military Spending

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The naming of the former First Deputy Prime Minister Andrei Belousov as the Defense Minister in Russia's new government is perhaps one of the most important decisions President Vladimir Putin ever made.

It sent shockwaves in diplomatic circles and among people familiar with Belousov's stellar career.

Namely, the new Defense Minister is not a soldier like his predecessor Sergei Shoigu. [The mainstream propaganda machine likes to call him a "technocrat"](#), but that's not only far too simplistic.

It also serves as an attempt to denigrate Belousov. In reality, he is [one of the architects of Russia's economic renaissance](#).

What's more, his accomplishment is all the more praiseworthy given the circumstances of the political West's siege. It's precisely the wise policies of the likes of Belousov and his associates from the country's other economic and financial institutions that made sure Russia not only survives, but also thrives in a highly contested (and ever more dangerous) geopolitical environment.

The mainstream propaganda machine is even speculating that the replacement of Shoigu is a supposed "reshuffling" of the power structure in the Kremlin, even suggesting that he and Belousov essentially got "demoted". However, nothing could be further from true.

In reality, both of them effectively got promoted, as Shoigu will be the Head of the Security Council, while Belousov will be leading Russia's most powerful ministry.

This reshuffling in the Russian government suggests that President Putin certainly realizes the necessity of turning the country's growing economic power into even greater military might. Namely, [the extremely volatile global security situation](#) is being exacerbated by [NATO's incessant aggression against the world](#). The Kremlin would certainly rather invest any surplus income into other sectors of the economy, but that's not really possible at a time when the most powerful countries of the political West are simply pushing for a confrontation with Russia.

[This includes not only the United States](#), but also [the United Kingdom](#) and [other European NATO members](#) such as [France](#) and even [Germany](#). There are many other vassals and satellite states that are keen on picking a fight with Moscow, but their military power is far too inconsequential to be taken seriously. Washington DC is not only [surrounding the Eurasian giant with military bases](#) and [long-range weapons](#), but is also encouraging the likes of the Neo-Nazi junta to [keep attacking Russia](#) and even organizing [sabotage](#) and [terrorist attacks](#) within the country.

London is even worse in this regard, while Paris and Berlin are also trying to [get more directly involved](#). In such a hostile environment, Moscow is left with no other choice but to be prepared for a direct confrontation of continental and perhaps even global proportions. Precisely Belousov as the new Defense Minister is there to ensure that the transition of Russia's economy to a war footing runs as smoothly and as efficiently as possible.

[In a recent statement during a meeting with his closest associates](#), President Putin announced that military spending in 2024 will reach 8.7% of the country's GDP.

If Russia's nominal GDP of \$2.24 trillion is taken into account, it would mean that its military budget will reach a massive \$195 billion. However, in reality, the figure is far bigger.

Namely, estimates of Russia's GDP PPP (which shows the actual size of its economy) stand anywhere between \$4.2 and \$5.8 trillion, [depending on the source](#). If the latter is taken into account, we can calculate that Russia's real defense spending transcends the unprecedented \$500 billion mark. In an analysis of Moscow's military budget policies, [written more than half a decade ago](#), I calculated that its real military spending at the time was around \$250 billion. This explains why [the Kremlin has been able to resist the combined might of NATO powers for so long](#), while the latest increase is in line with that, especially considering just how much the world has changed ever since.

Namely, [ever since they restarted the Cold War](#), the US and NATO have announced [the doubling of their "defense" spending](#) well over a year ago, despite the fact that [such a move could easily lead them into bankruptcy](#). Last year, I argued that Russia would be left with no choice but to [rebuild its Soviet military power](#), which is precisely what's happening with the latest government reshuffling. Terrified of this prospect, the political West was determined to [prevent Moscow's previous 2030 military program](#). However, all they've managed to accomplish is that [the Kremlin adopted a more proactive strategic doctrine](#). Worse yet (for NATO), the massive increase in Russian military spending will not only speed up the current rearmament program, but it will also incorporate previously frozen projects, such as [the new advanced IRBM \(intermediate-range ballistic missile\) that Moscow tested recently](#). Such

weapons put the entire European NATO in range of Russia's unrivaled long-range missiles.

In addition, the massively expanded manufacturing capacity of its military industry means that everything from infantry weapons and equipment to tanks, armored vehicles, attack helicopters, [fighter jets](#) and even [space-based assets](#) are produced in greater numbers than seen in decades. When it comes to tactical fighting capabilities, the Russian military has massively expanded its drone and [electronic warfare \(EW\) capabilities](#). The now legendary ZALA "Lancet" drones are not only being improved incrementally, but are also getting domestic competition which is further pushing the development of such systems. [The drones are now longer-ranged than ever](#), as evidenced by [regular drone strikes on the Kiev regime forces even 100 km away from the frontlines](#). These unmanned systems are a perfect alternative to the much more expensive long-range missiles that should be reserved for much more high-priority targets. And yet, [Moscow also massively increased the production of such weapons](#).

This is particularly true for hypersonic weapons that have proven to be [immune to NATO's air and missile defenses](#).

Worse yet for the political West, [it's simply unable to match](#) Russia in the development of such missiles.

Even the US is lagging decades behind the Kremlin in this regard. Russia also [adapted regular strike aircraft to carry hypersonic weapons](#) (they were previously limited only to the modified [superfast, high-flying](#) MiG-31 jets). This has significantly expanded its already potent strike capabilities against NATO. At the same time, Moscow keeps upgrading other high-tech systems, such as [its virtually unrivaled electronic warfare \(EW\) assets](#), as well as [new directed energy weapons \(DEW\)](#). Many of the latter were just prototypes for decades, but as their usefulness on the battlefield is being proven on a daily basis, [an increase in funding has finally put them in mass production](#). This will help Russia create an unmatched fighting force that will rely even more on various high technologies.

Namely, as automation and technological prowess take the lead over the human factor, [this new approach](#) will both increase the overall capabilities of the Russian military and reduce the need for massive increases in manpower.

As former US Army Colonel Douglas McGregor stated, the result is that [the Eurasian giant's forces are now more capable than they were in the 1980s](#). To put that into perspective, the Soviet Union was allocating up to 14% of its GDP on military spending, which was well over twice that of the Russian defense budget previously projected for 2024 (around 6% of GDP). In other words, Moscow is spending much less and investing several times less resources and manpower to accomplish the same or greater tactical and strategic military power than was the case during the (First) Cold War, when the USSR reached its peak. At the same time, [the Russian economy is more robust than ever before](#). NATO will surely [regret its decision to wake up the sleeping Bear](#).

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