

Ukraine's Long-Term Catastrophes: Demographic Decline and Economic Devastation

By

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As the war in Ukraine grinds on with mounting casualties on both sides, Americans are debating whether to continue funding Kyiv's war effort. Ukraine, however, faces two far greater long-term challenges to its existence as a nation-state. These are serious demographic declines—that will leave it with a shrinking and aging population—and the huge cost of economic reconstruction.

In both cases, the situation is dire for Ukraine and one that will require considerable external assistance. Such assistance is crucial to maintain the credibility of the West, yet the fear is that once the war ends, so, too, will Western interest—leaving Ukraine with an aging population and a destroyed economy that may not recover for decades. If that happens, the demographic decline of the state will only accelerate as it will provide few opportunities for its younger population who will leave. The West needs, therefore, to come up with a long-term plan to reverse both these interrelated trends.

Demographic Decline

Ukraine's population is declining and has for some time. The country went from a population of 51.7 million, at the time of independence in 1991, to 43.5 million in 2020. A weak economy with few jobs led to an exodus of young people to other parts of the world, particularly Western Europe. Declining birth rates also contributed to a shrinking of the population with it reaching a [fertility rate](#) of 1.23 children per couple by 2019. Ukraine is one of the European countries that was already in serious demographic decline and the war has only exacerbated this trend. By 2023 the population shrank to 34.8 million.

The war led to 4–6 million citizens living in an area occupied by Russia, another 4 million are refugees in the European Union (EU), and another 1 million are spread over the rest of the world. Worse, about 20 percent of Ukraine's children are now refugees in the EU and there is a big question mark over how many of these children and their parents will return to the war-torn and impoverished nation. Thus, a Ukrainian population that was meant to reach 35 million by 2050 is now expected to further shrink by that year to 30.9 million. As the Census Bureau's data shows the bulk of this population will be in the age group 55–75, hardly a cohort that can drive economic activity in the country, foster innovation, or attract outside investment.

The Cost of Economic Reconstruction

The economic damage to Ukraine, especially the destruction of its infrastructure, continues to grow, leading [the World Bank, in 2023, to estimate that the country would require \\$411 billion for rebuilding from the war's devastation](#). This estimate now tops \$486 billion, although the final figure is unclear—given recent [attacks on Ukrainian infrastructure](#). By the time the war is over the cost of reconstruction is likely to exceed \$500 billion, a staggering amount for any group of countries to provide in assistance. To put this in perspective, the EU is

committing \$54 billion over a four-year period to Ukraine—a sum of \$13.5 billion a year. Funding at that level is too little to significantly change the fortunes of Ukraine, especially since after the war is over the EU and US may have other priorities. This means upping aid to the level where it has a meaningful effect on Ukraine’s reconstruction efforts and that leads to the other problem.

The EU and US would have to sink roughly \$20 billion a year for 25 years into the country. Asking for such a long-term commitment is difficult. Western nations would likely balk at the sums involved and the length of the financial commitment to Kyiv. Further, western public opinion, while overwhelmingly supportive of Ukraine, is likely to lose interest in the minutiae of post-war reconstruction. Supplying arms, after all, is far more compelling and appealing than seeking to rebuild power grids and schools.

One solution is to take the \$300 billion of confiscated Russian assets and either transfer them to Ukraine or loan them to Kyiv. The problem with this approach is that it reduces confidence in western financial institutions as secure and safe repositories of foreign assets. Taking such an action might see foreign investors pull their holdings in the West. Funding Ukrainian reconstruction may, therefore, be costly for the West. But both for demographic reasons and for showing the strength of Western commitment, it is necessary to consider a sizeable and long-term economic package for Ukraine.

Demographically, a Ukraine that shows the prospect of being rapidly rebuilt is far more likely to attract back the millions of refugees who have crossed into other countries. It will also stem the outflow of future populations from the country as jobs and opportunities become freely available. Beginning with the Ukrainian arms industry, particularly its missile and aircraft industries, may be a good starting place. At one point, Ukraine-based Antonov was one of two producers of heavy-lift aircraft for the Soviet Union. Antonov manufactured the world’s largest transport aircraft—the An-225 Mriya. The sole operational Mriya was destroyed in the early days of the attack on Kyiv, [but the manufacturing rights and technical data were sold to China in 2016](#). Rebuilding what Ukraine has a proven talent and capacity for would be the first right step in the path to reconstruction.

A long-term commitment would also show the rest of the world that the West is willing to bear the burden of a decades-long aid process. In doing so, it would signal that the Western alliance does not cut and run when its short-term objectives are achieved. After Afghanistan, for example, trust in the West as a reliable long-term ally reached a low given the manner of the pull-out from Kabul. A sustained commitment to Kyiv would show that the sacrifices made by the Ukrainian people were not in vain.

While the war may continue for a while, it is necessary to develop a solid long-term plan for the economic reconstruction of Ukraine and to line up donors who will fund it over a long period of time. Otherwise, Ukraine’s demographic disaster will only escalate, and the West will be seen as an alliance that does not honor its commitments.

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