

# Western countries can easily afford more support for Ukraine

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Russia's war of conquest in Ukraine has now been going on for two and a half years. It has turned into a war of attrition. One contributing factor is that military support from the west has been insufficient, delayed and burdened with too many restrictions. The ongoing incursion into Russian territory suggests, however, that, if provided with enough resources, Ukraine can assert itself on the battlefield.

The Russian leadership believes that time is on its side, expecting the west will eventually tire of supporting Ukraine, allowing Russia to withstand the costs of the war much longer. This is paradoxical, given that the west's economic resources far exceed those of Russia.

As Europe's struggles to scale up weapons and ammunition production have demonstrated, it may be challenging to translate economic strength into military capability in the short term. However, in a prolonged conflict, differences in economic resources are likely to be decisive.

As the price level is systematically lower in poorer countries than in richer, purchasing power-adjusted GDP measures should be used when comparing GDP in different countries. According to the World Bank, Ukraine's PPP-adjusted GDP is barely a tenth of Russia's. This represents a huge economic disadvantage for Ukraine. The reason is not only that Russia's population is nearly four times as big but also that GDP per capita is about twice as high. At the same time, GDP is approximately nine times larger in the US, the EU and the UK combined than in Russia. The joint GDP of the EU and the UK is five times larger than Russia's. Hence, the west can mobilise substantial resources to support Ukraine without its standard of living being more than marginally affected.

According to the Stockholm International Peace Research Institute, Russia's military spending in 2023 was 5.9 per cent of GDP, while Ukraine's was as high as 37 per cent. This means that Russia spent approximately \$150bn more. Assume that the west needs to contribute that amount to enable Ukraine to hold its ground. That corresponds to only 0.26 per cent of GDP in the US, EU and UK combined. If the EU and UK alone were to fund the support, it would constitute 0.48 per cent of their GDP.

Further assume that 30 per cent more resources are needed on the Ukrainian side to compensate for the smaller population base and to prevail, in the sense of retaking a significant portion of the occupied territories. Support of around \$265bn would then be required. This corresponds to 0.45 per cent of the GDP of the US, EU and UK, and 0.84 per cent of the GDP of the EU and the UK.

These calculations are rough. If Russia increases military spending or Ukraine is forced to reduce its own, the need for support is underestimated. It is overestimated to the extent that not all Russian military expenditures pertain to the war in Ukraine, and additional support for Ukraine is likely to arrive from countries such as Canada and Norway.

However, the computations illustrate orders of magnitude. Compared with Russia's war costs, the economic sacrifices of western countries in terms of GDP to provide Ukraine with the necessary support are small. The latter costs amount to far less than one year's normal GDP growth. This holds true for Europe as well if it were to bear the entire burden of support should the US contribution cease.

Supporting Ukraine should be viewed as an investment to avoid much greater future costs — not just financial but potentially also human. A Russian victory in Ukraine could lead to further aggression. The opportunity cost of not providing sufficient support now could be huge, setting a dangerous precedent that states can annex the territory of others through conquest — something we believed the world had left behind after the second world war. This could have devastating consequences for the future, not only in Europe but around the world.

The west has the economic resources to help Ukraine withstand Russia's aggression and the burden of this support will be manageable. The safest way to create peace in Ukraine is for the west to commit to giving the country the assistance it needs, so that the costs of continuing the war become clear to Russia. This could eventually force Moscow to reverse course. It is true that at present there are no signs of such a development. But history tells us that, unlike in democracies, when change comes in dictatorships and autocracies, it does so suddenly and without much prior warning.

**Lars Calmfors**