

## **Demography – Impact on National Security and Development: Case Study “Ukraine”**

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### *Executive Summary*

Since February 2022, the Russian war of aggression has drastically worsened Ukraine's already precarious demographic situation. Ukraine's population is shrinking. The rapid deterioration of living conditions has led to a massive exodus, creating the largest refugee movement in Europe since World War II. Ukraine's population peaked at 52 million in 1994 but has since declined by about 10 million due to demographic factors such as low fertility, high mortality, and emigration.

Irrespective of the war's duration, Ukraine's population will persist in declining at an accelerated pace, with an outcome that remains uncertain!

Projections of population size and structure through 2040 provide insight into the country's potential for economic development and national security. But there are additional hurdles to overcome: The psychological impact of war is often overlooked, but it can be significant. These effects include both traumatic experiences and opportunities for (re)growth.

Projections of Ukraine's future population structure depend heavily on the country's migration patterns. In the case of a protracted conflict and low rates of return migration, combined with other negative demographic trends (continued low fertility and high mortality across all age groups), the population could decline by up to 40% to about 25 million by 2040.

Even without migration, Ukraine's population is expected to shrink by about one-sixth in the coming decades. Further aging of the population, a significant reduction in the working-age population, and its inability to generate wealth are potential undesirable outcomes. A shortage and loss of skilled professionals through death or emigration will hamper the post-war economy, worsen the labor market, and disrupt social cohesion.

The length of the war is crucial to understanding the urgent need for refugees to return home. In a 2023 survey among refugees, 77% express hope of returning to Ukraine, although only 12% expect to do so soon, and 23% remain undecided about returning in the future. The longer the conflict continues, the more likely it is that refugees will become permanently integrated into labor markets outside Ukraine. This is particularly worrisome because many refugees, especially women, are highly educated and thus have a high level of human capital. Such adverse population dynamics could also pose a threat to national security.

Given the documented infrastructure damage in Ukraine exceeding \$150 billion by 2023, the imperative for recovery and reconstruction efforts is undeniable. Complicating matters is the substantial reallocation of public spending towards defense and security, which currently consumes 68% of the total public expenditure.

The role of international assistance and cooperation will be essential to stabilizing Ukraine's demographic structures in terms of national security and long-term development prospects. However, a post-war economic boom, as observed in other post-war cases, is only possible if the country finds peace soon and addresses its demographic challenges, including the huge potential of its refugees, who will hopefully be willing to return.



Understanding demography is crucial for Ukraine's future! The starting point is to redefine "risk management" by positioning "demographic transition" as an integral part of any effort to address "The Case of Ukraine."

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As a think tank, the WDA Forum actively shapes the discussion on demographic topics. We collaborate with the Institute of Insurance Economics at the University of St. Gallen as well as other educational and research institutions including Harvard T.H. Chan School of Public Health in Boston, Global Coalition on Aging (GCOA) in New York, Stanford University in California, American Enterprise Institute in Washington, D.C., Population and Ageing Centre at the University of New South Wales in Sydney, Fudan University in Shanghai, Faculty of Business & Economic of the University of Basel, Demography Competence Centre Demografik in Basel and swissnex network of science and technology represented in Boston, San Francisco, Shanghai, Singapore and Tokyo.

In 2021 the WDA Forum founded the "Global Longevity Council" as a discussion platform centered around the megatrend "Demographic Change" with top-tier demographers from all continents. In 2022 we founded an interdisciplinary research group on "Financial Demography".