

## ANALYSIS

# Putin Invaded Ukraine at Russia's Expense

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Russian President Vladimir Putin has steadily scolded his officials and demanded an explanation for a stagnant economy<sup>1</sup> and a historically high first-quarter budget deficit.<sup>2</sup> His advisers suggested urgent measures,<sup>3</sup> but even warnings of economic desperation may be understating the problem. When looking at years of economic and demographic trends, combined with strain from the war effort, collapse becomes a simple and undeniable equation: heavy output combined with limited demographic and economic replenishment capacity produces a trajectory of precipitous decline.

The Russian Federation is running a war effort on a population and an economy that cannot support it. Even before the war and the COVID-19 pandemic, Russian demographic trends were concerning, due to an aging population, with people 65 and older expected to reach 24 percent of the population by 2050,<sup>4</sup> high death rates,<sup>5</sup> low birth rates,<sup>6</sup> and life expectancy statistics that rank Russia's survival trajectory on par with Haiti.<sup>7</sup>

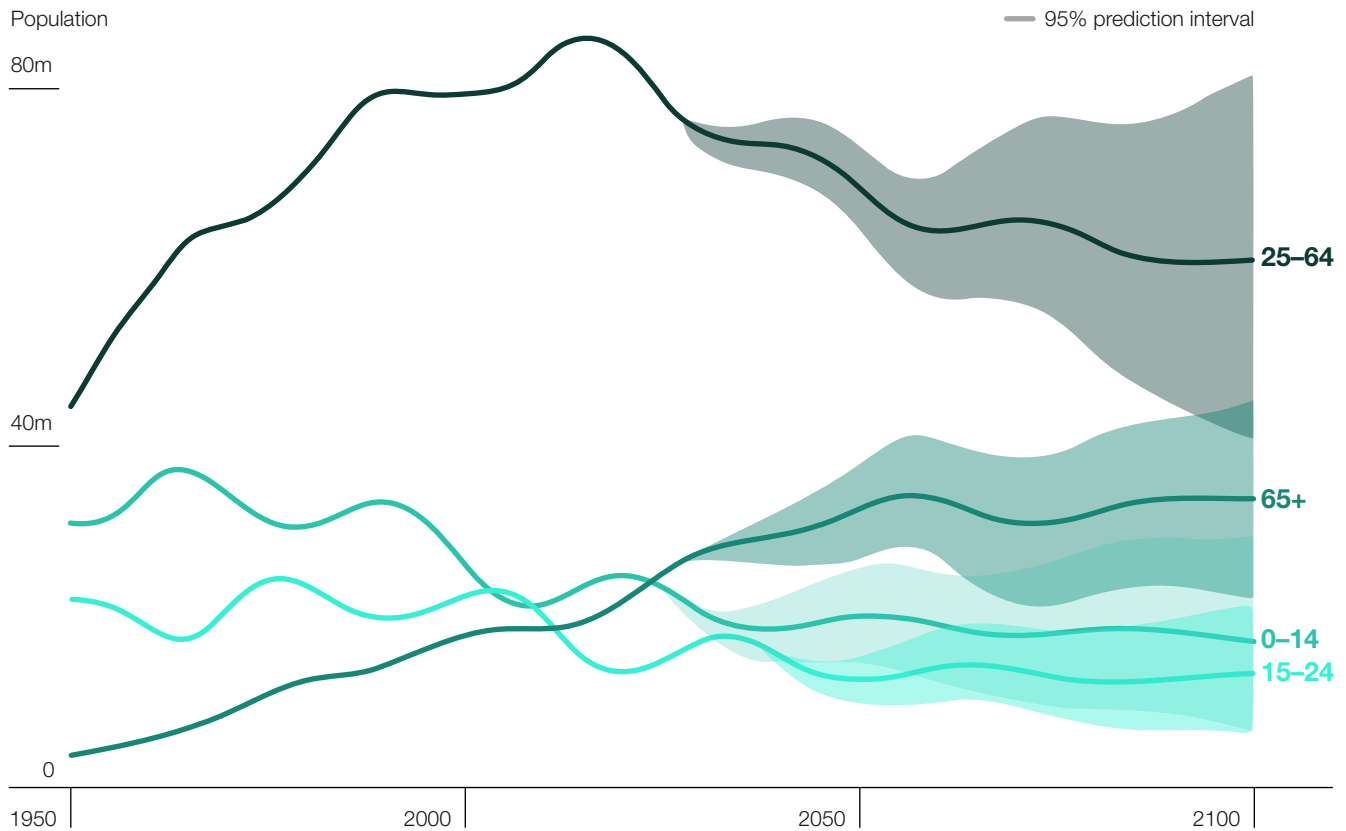
Russia's outlook is bleak. Three decades as a net mortality society—compounded by 35,000 wartime casualties a month in 2025 and birth rates continuing to decline—leaves little prospect of demographic recovery (see figure 1).<sup>8</sup>

Additionally, the two leading factors behind Russia's abysmal life expectancy numbers, cardiovascular disease (CVD) and violence, are rising.<sup>9</sup> Causes for CVD, most notably alcoholism, are at their highest levels since 2016.<sup>10</sup> When considering the massive losses from the war, a steady brain drain, a large migration wave with a historically high outflow after the 2022 invasion,<sup>11</sup> and minimal immigration,<sup>12</sup> tough choices lie ahead for the declining power.

Economic factors exacerbate these problems. Russia funnels money into its defense sector, diverting funds from manufacturing and industrial sectors that offer societal returns and boost economic vitality. Labor shortages make economic productivity an even more pressing challenge.<sup>13</sup> A stagnant technology and innovation ecosystem and rapidly depleting sovereign wealth fund signal long-term decline. The wartime effect is best observed by accounting for regional budgets: Russia has sought to portray relative stability by drawing on its National Wealth Fund (NWF) and has instead delegated spending burdens to regional authorities.

This attempt to offset federal costs has reached a boiling point. The *Moscow Times* reported that Russia is restricting

Figure 1. Russian Population by Age Groups



Source: *World Population Prospects 2024* (United Nations Department of Economic and Social Affairs, 2024), <https://population.un.org/wpp/graphs?loc=643&type=Demographic%20Profiles&category=Line%20Charts>.

spending from the NWF after depleting almost two-thirds of the fund’s liquid assets.<sup>14</sup> A Janes report assesses that at the current rate of drawdown without replacement, NWF liquid assets will be fully depleted by 2030.<sup>15</sup> Regional budgets can’t carry this burden, and “the combined deficit of Russian regional budgets will grow by 27% to 1.9 trillion roubles (\$25.4 billion) in 2026.”<sup>16</sup> The war effort has strained regional authorities, due, in large part, to challenges in meeting federal quotas for recruitment bonuses and payouts (sometimes up to 10 percent of regional budgets). Regional budget deficits reveal recruitment challenges more than official recruitment

numbers, and local government entities can no longer afford to increase bonuses.<sup>17</sup> This problem is exacerbated by a lack of foreign investment in revenue-generating sectors, putting the burden on the Russian Federation to fund itself with money it doesn’t have.

Ultimately, the regions need help from an overstretched federal government if they wish to sustain the war effort and avoid economic collapse. The federal government doesn’t have much to help them with because it has depleted its NWF to execute Putin’s war. Russia does not have the structural

factors that would enable it to rebuild and remain a great power, such as a healthy workforce, a growing population, a productive manufacturing sector, innovation capability, and the ability to attract foreign investment.

As economic sanctions continue to bite and Putin digs his heels in Ukraine, the Russian people understand that Putin is executing this four-year war for territorial gains the size of Pennsylvania at his country's expense. The Iran war has led

to a mild oil surge that helps Moscow, but approval ratings, weak economic numbers, and open criticism from officials indicate that the breaking point may be near.<sup>18</sup> Whether imminent or not, Newton's first law of motion reigns supreme: unless a stronger and opposite force is applied, Russia's movement toward decline will continue. Creating a sufficiently strong and mitigating force to reverse Russia's course looks increasingly impossible. Future Russian leaders will have Putin to thank.

## Endnotes

- 1 "Russia's Putin Scolds Top Officials for Economic Contraction," Reuters, April 15, 2026, <https://www.reuters.com/business/finance/russias-putin-scolds-top-officials-economic-contraction-2026-04-15/>.
- 2 Vitaliy Shapron, *Crisis Trends in the Russian Federation's Budgetary System* (Center for Defense Reforms, April 20, 2026).
- 3 Andrew Osborn, "Leader of Russia's Communists Warns Parliament of Risk of Revolution Due to Faltering Economy," Reuters, April 22, 2026, updated April 23, 2026, <https://www.reuters.com/world/leader-russias-communists-warns-parliament-risk-revolution-due-faltering-economy-2026-04-22/>.
- 4 Salavat Abylkalikov, "Russia's Current Demographic Crisis Is Its Most Dangerous Yet," *Carnegie Politika*, September 26, 2025, <https://carnegieendowment.org/russia-eurasia/politika/2025/09/russia-new-demographic-crisis>.
- 5 "In the post-Soviet era, Russia became a net-mortality society during peacetime. Over the three decades of the 1992-2021 period—the years before the Ukraine invasion—deaths in Russia surpassed births by a cumulative 15.7 million, according to Rosstat. In absolute terms, the only postwar country to register a larger bout of 'negative natural increase' was Maoist China in the immediate aftermath of the catastrophic 'Great Leap Forward.'" Nicholas Eberstadt, "Russian Power in Decline: A Demographic and Human Resource Perspective," working paper, American Enterprise Institute, August 2022, <https://aei.org/wp-content/uploads/2022/08/AEI-FDP-Working-Paper-Eberstadt-Russian-Power-in-Decline-20220829.pdf?x91208>.
- 6 "In 2024, 1.22 million people were born: only slightly more than the all-time recorded low of 1.21 million in 1999. That year won't hold the record for much longer: the number of births will decline by 3–5 percent each year, and slow growth can only be expected to resume after 2029–2030." Abylkalikov, "Russia's Current Demographic."
- 7 Eberstadt, "Russian Power in Decline."
- 8 "Russian forces have suffered approximately 1.2 million casualties (killed, wounded, and missing) and as many as 325,000 killed since February 2022." Seth G. Jones and Riley McCabe, "Russia's Grinding War in Ukraine: Massive Losses and Tiny Gains for a Declining Power," Center for Strategic and International Studies, January 27, 2026, <https://www.csis.org/analysis/russias-grinding-war-ukraine>.
- 9 Eberstadt, "Russian Power in Decline."
- 10 "Between 2024 and 2025, alcoholism jumped by 30 per cent, the sharpest increase in recorded history. . . . In 2025, the number of Russians diagnosed with alcoholism or alcohol-induced psychosis grew to 56.9 people per 100,000, the highest level since 2016, according to Vazhnye Istorii, an investigative news website, citing official statistics." Antonia Langford, "Russian Alcoholism at Nine-Year High Despite Putin Crackdown," *The Telegraph*, April 17, 2026, <https://www.telegraph.co.uk/world-news/2026/04/17/russian-alcoholism-nine-year-high-despite-putin-crackdown/>.
- 11 "The invasion of Ukraine and subsequent mobilization triggered the largest population outflow in the last twenty years, with about 650,000 people moving abroad." Abylkalikov, "Russia's Current Demographic."
- 12 "Russia Net Migration," Macrotrends, accessed May 28, 2026, <https://www.macrotrends.net/global-metrics/countries/rus/russia/net-migration>.
- 13 "Staff shortages in key sectors (construction, transportation, trade, and agriculture) are already slowing economic growth. At the end of 2024, Russian companies were short about 2.2 million workers, and almost 70 percent of companies were experiencing labor shortages." Abylkalikov, "Russia's Current Demographic."

- 14 “Russia’s National Welfare Fund at Risk of Depletion by 2026, Economists Warn,” *Moscow Times*, June 9, 2025, <https://www.themoscowtimes.com/2025/06/09/russias-national-welfare-fund-at-risk-of-depletion-by-2026-economists-warn-a89395>.
- 15 Guy Anderson, “Russia Likely to Deplete Financial Reserves by 2030 at Present Rate of Government Expenditure,” *Janes*, January 16, 2025, <https://www.janes.com/defence-intelligence-insights/defence-and-national-security-analysis/russia-likely-to-deplete-financial-reserves-by-2030-at-present-rate-of-government-expenditure>.
- 16 Darya Korsunskaya, “Russian Finance Minister Warns of Regional Budgets’ Strains, Rising Debt,” *U.S. News and World Report*, April 27, 2026, <https://money.usnews.com/investing/news/articles/2026-04-27/russian-finance-minister-warns-of-regional-budgets-strains-rising-debt>.
- 17 Janis Kluge, “Russia’s Military Recruitment Numbers Remain Steady, but How Long Can the Regions Foot the Bill? Meduza Asks Researcher Janis Kluge,” *Meduza*, February 23, 2026, <https://meduza.io/en/feature/2026/02/23/russia-s-military-recruitment-numbers-remain-steady-but-how-long-can-the-regions-foot-the-bill-meduza-asks-researcher-janis-kluge>.
- 18 Catherine Belton and Natalia Abbakumova, “Mood in Russia Turns Bleak as War in Ukraine Drags on and Economy Suffers,” *Washington Post*, April 26, 2026, <https://www.washingtonpost.com/world/2026/04/26/russia-public-despair-war-ukraine/>.



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