



Why Putin Can’t Afford to Let Ukraine Prosper

By Michael Tory, The Wall Street Journal

Putin claims the invasion of Ukraine was to prevent NATO encirclement and protect Russian speakers, but economic factors are key. **A free and thriving Ukraine would make it undeniable that Putin’s rule has been an economic disaster for Russia.**

In Vladimir Putin’s telling, Russia invaded Ukraine to prevent encirclement by NATO, to protect Russian-speaking minorities in Ukraine’s east and to depose a “Nazified” and illegitimate Ukrainian regime. These “real root causes,” Putin has insisted, must be addressed before there can be peace or even a ceasefire.

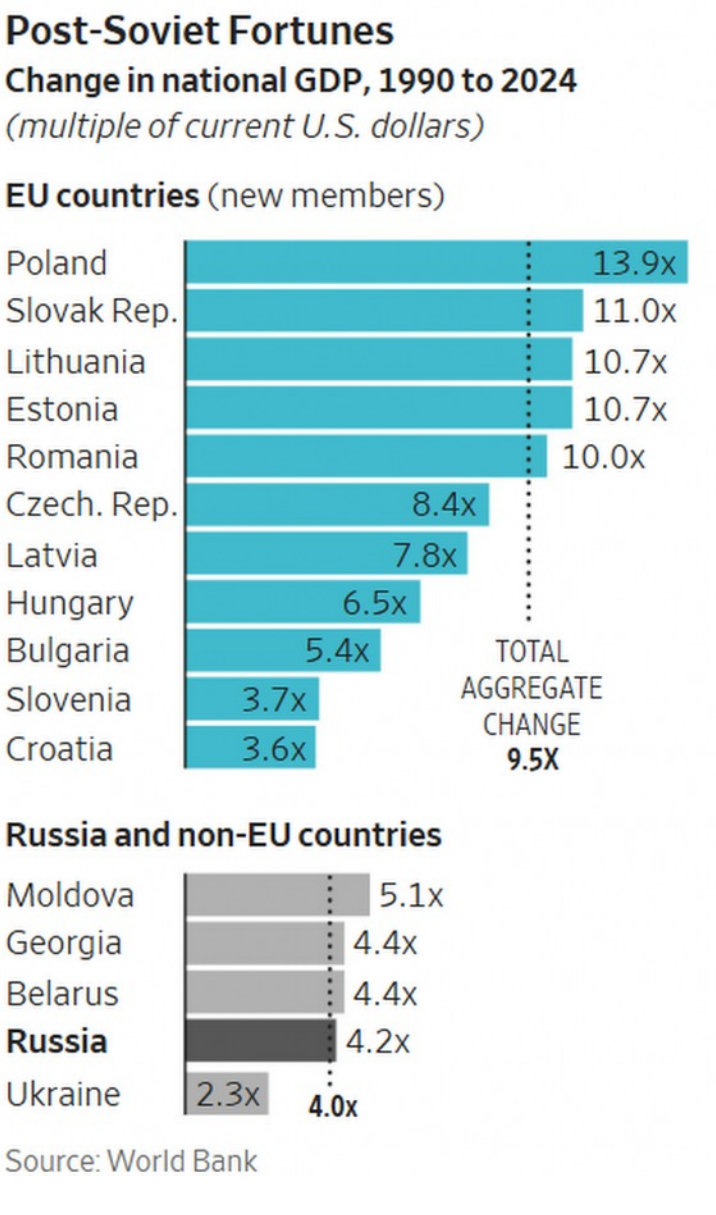
Putin’s justifications for starting the war have been repeated so consistently that, in the absence of an alternative rationale, this narrative has even crept into the language of some Western leaders and analysts.

There is, however, a far more credible explanation, based on hard economic data, for Russia’s obsession with dominating Ukraine. The most serious threat to Putin’s regime is the vast disparity in prosperity between Russia and the nations on its periphery that have escaped Moscow’s rule.

Since 1990, the former Russian satellites that have joined the European Union have generated an almost 10-fold average increase in national GDP.

By contrast, the national GDP of Russia itself and the non-EU countries on its western border have grown by just a factor of four over that same period.

As a result, in a single generation, the combined economic weight of the countries that escaped Russia’s orbit now exceeds that of Russia itself, a stunning reversal of fortunes.

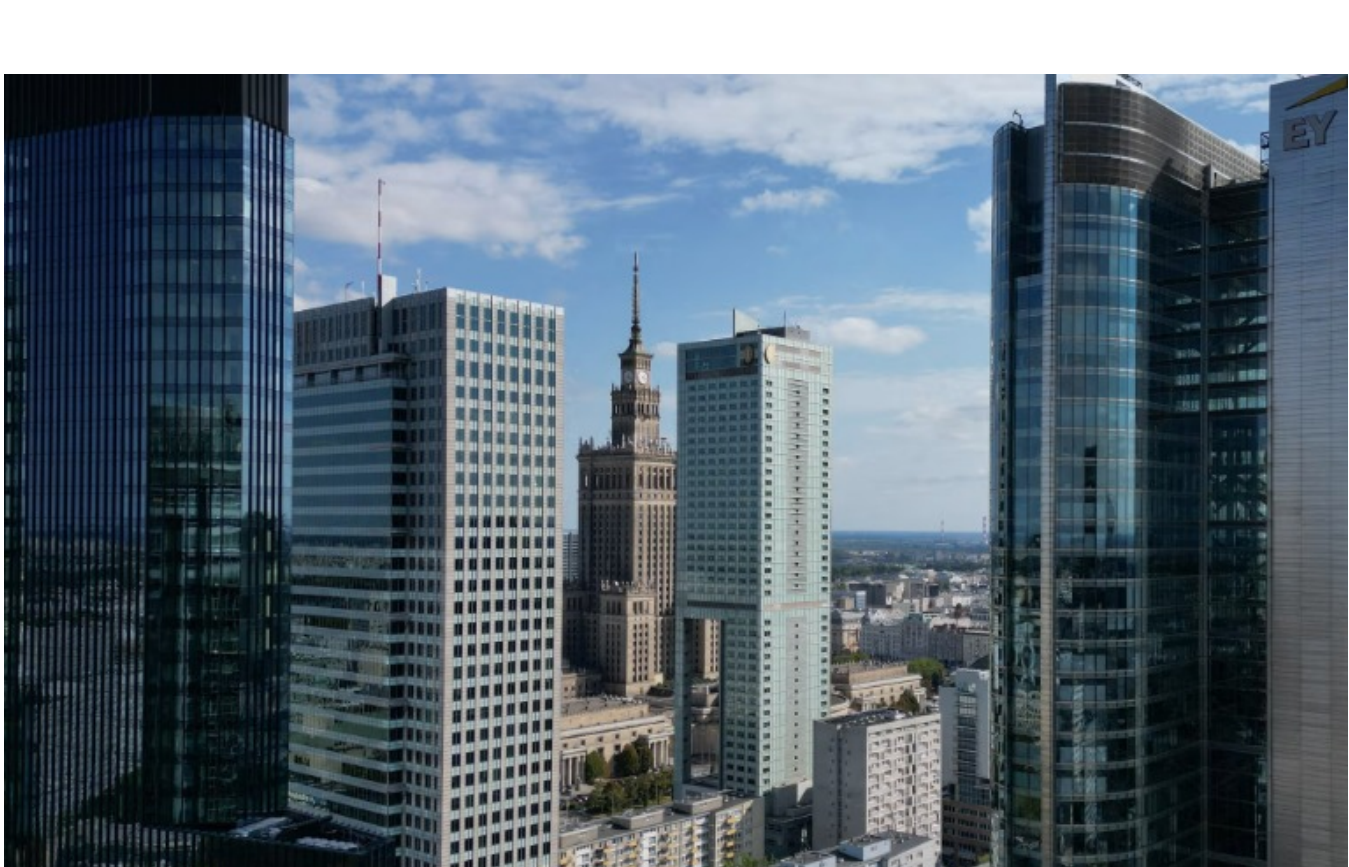


As experience shows, such disparate economic performance among nations intimately linked by history and geography almost invariably leads to resentment.

In 1990, the Russian Federation’s GDP was twice the combined GDP of the new EU countries (\$500 billion versus about \$250 billion). Today the combined GDP of the new EU countries is \$2.4 trillion compared with \$2.2 trillion for Russia, a gap in prosperity that grows wider with each passing year. It is a far cry from Putin’s forecast in 2001 that Russia would enjoy such robust economic growth that, by 2020, it would be the world’s fifth-largest economy. It is 11th today.

Looking at the region’s map, beginning where Russia meets Finland and moving down through the Baltics, Poland, Bulgaria and Romania, we arrive at the only incomplete segment of the EU border with Russia: the four former Soviet republics of Belarus, Georgia, Moldova and, of course, Ukraine. Ukraine has more people, landmass and GDP than the other three combined.

Thus Putin’s obsession: Ukraine is, in effect, the tipping-point state. Once it joins the EU and generates economic growth comparable to the other former Soviet satellites already in the economic bloc, the gravitational pull of Ukraine’s prosperity will be irresistible for its three smaller neighbors.



Skyscrapers in Warsaw, 2023. Poland and other former Soviet satellites have far outpaced Russia in economic growth.

For Putin, the implications of Ukraine’s prospective economic success are dire. The Russian public is so conditioned to view Ukraine as ethnically and linguistically similar to Russia that its prosperity would raise difficult questions inside Russia.

If the countries are so much the same, the only plausible explanation for a radical divergence in their economic success would be the political and economic fundamentals of Russia itself.

Russians might then begin to doubt the viability of their country’s disproportionate dependence on extracting rent from fossil fuels, much of which is captured and then dissipated by corrupt elites in Moscow and St. Petersburg.

A full and permanent decoupling of Ukraine from Russia’s sphere would indeed leave Russia encircled—not by NATO but by a sweeping region of democratic and economic prosperity.

This vast arc, spanning the entire 3,600-mile border with Europe, would become a giant mirror reflecting back to the Russian people the abject failure of their own country’s system. It would form a humiliating reprise of the Berlin Wall, this time on a continental scale.

Because Putin can never admit to this other motivation, he must resort instead to a litany of imagined provocations and ancient grievances, reaching back through hundreds of years of contested history. The underlying reality remains economic, however, and that leads to several conclusions.

First, the visible prosperity of Russia’s contiguous former subordinates is the real threat to the survival of the current Russian regime. This puts every country along the arc, especially the Baltics with their Russian-speaking minorities, squarely in Russia’s sights in the future.

Second, just as Ukraine cannot be expected to negotiate away its own existence, the full subjugation of Ukraine is, for Putin, a nonnegotiable, existential issue—just not for the reasons he usually cites.

Third, the U.S. should come to understand that it is therefore pointless to negotiate supposed peace terms with Russia, since the current regime will never voluntarily cease its attempts to conquer or suppress Ukraine.

Finally, Europe needs to dig in for the long haul, which includes equipping Ukraine to fight and expediting its EU membership (and that of the other left-behind nations). Ukraine’s fight is nothing less than a shared defense of Europe’s democratic prosperity.

Michael Tory is a co-founder of the financial advisory firm Ondra Partners and supports several NGO efforts in Ukraine.



A robotics startup facility in Tallinn, Estonia, March 2025. The visible prosperity of the Baltic states puts them ‘squarely in Russia’s sights in the future.’