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Why Russia Will Lose the War in Ukraine

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In war, some truths remain self-evident. Perhaps the most important — and the most neglected — is that Russia’s aggression against Ukraine is the act of a country with the landmass of a giant but the industrial potential of a dwarf.



Photo: Russian service members line up before a rehearsal for a military parade marking the anniversary of the victory over Nazi Germany in World War Two in Red Square in central Moscow, Russia May 7, 2022. Credit: REUTERS/Maxim Shemetov TPX IMAGES OF THE DAY

In the industrial age of the mid-20th century, tycoons became tycoons because they saw the big picture and could assess opportunities and risks. During World War II when Sweden stayed neutral, the industrial magnates and brothers Marcus and Jacob Wallenberg ran their businesses while also acting as official trade emissaries. The brothers were well-traveled and understood the fundamental dynamics of world trade and industry. Jacob negotiated with the Germans and Marcus with the Allies.

The Wallenberg family has been the leading Swedish industrialist family for over 100 years. The most famous Wallenberg, the diplomat Raoul Wallenberg who was murdered by the Russians, was from the outer circle of this notable family. The same day that the German Reich declared war on the United States, Marcus Wallenberg concluded that the war was over and started to plan accordingly. Why? He had traveled and worked in the United States; he had been to the Pittsburgh, Bethlehem, and Gary, Indiana, steel mills. He had seen manufacturing plants, shipyards, and airplane production lines across the country.

A year before El Alamein and Stalingrad, later considered turning points for the Second World War, and three and half years before the ultimate Allied victory, he realized that Germany had no chance of winning if the United States was fully committed on the side of the Allies.

The American economy, and the ability to manufacture military equipment, weapons, ships, and airplanes, would eventually lead to an Allied victory over Germany; it was only a matter of time. The American economy would outproduce the Germans. It may take a year, two, or five, but it would happen. Germany will run out of resources as their replenishment rate will not keep up with the pace of losses and material consumed.

Marcus Wallenberg's views were shared by Winston Churchill, who, after Germany invaded the Soviet Union on 22 June 1941, concluded that Germany no longer had the strength to invade Britain and, after Germany declared war against the United States a half-year later, realized that the Allied forces would win. The power of the American production apparatus would ultimately force Germany to surrender. As James Carville later told us, it's all about the economy, stupid.

During World War II, the British, with some American raw materials, and the Americans themselves built far more destroyers, airplanes, and tanks than they lost. Simplified, if the Allied forces lost 10 planes, they made 20 new ones. If the Germans lost 10 airplanes, they could build only five as replacements.

That is why Germany lost and that is why Russia will suffer the same fate. The only real question is how long it will take. This isn't designed to comfort Ukraine, though that's a noble goal, it is a statement of the facts and there is a wealth of evidence to support it.

According to the Icelandic data [scientist Ragnar Bjartur](#), over half of all Russian tanks lost in January and visually confirmed, were manufactured before 1991. These tanks are Soviet vehicles brought out from long-term storage, but these stores will not last forever. The Russian mobilization adds to the problem as newly mobilized units require equipment that does not exist. Russian social media already talks about artillery regiments on paper only with no guns.

As for military outlays, his figures show that NATO's European member states [spend 5.75 times](#) as much on defense as Russia (\$276bn compared to \$48bn.) Not only are those alliance numbers set to rapidly increase, but they also take no account of Canada or the enormous US defense budget. Russia too is increasing spending, but its anemic economy simply cannot compete.

Comparing Russia's economy to that of NATO countries using purchasing power parity, the ratio is a huge 1:10. Non-NATO countries — Australia, Japan, Sweden, and Finland as examples — support Ukraine as well. Additionally, Russia is heavily sanctioned and has had at least \$300bn international assets frozen.

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The war in Ukraine has entered its second year; a war that very few believed — at the outset — would last beyond a few weeks. The fact that Ukraine continues to fight has not simply saved Ukraine; it has ensured that Russia lacked the strength to bully (or worse) the Baltic states, Moldova, Romania, and other neighbors. Vladimir Putin has failed to invade, absorb, and suppress Ukraine. Kids still read books in Ukrainian; the Ukrainian historical narrative spins even further, and Ukrainian freedoms still exist, at least for those outside the occupied parts of the country.

As is already evident, the Russian army is struggling to create new formations, where draftees are given hardware from the 1980s, of lower technical standards and are altogether inferior compared to the original invasion force on 24 February 2022. There will be no large-scale Russian offensive.

The Russian economy (GDP) from Kaliningrad to Sakhalin is smaller than the Italian economy in GDP terms. Russian military salaries are lower than NATO, but combat aircraft will cost the same for Russia, Italy, or whoever buys it because technology is increasingly expensive. If an airplane costs \$30m, the pilot and ground crew costs do not matter; they are marginal.

Putin's regime cannot win, but it may put its own future at risk. The longer the war continues, the chances of regime change increase. Either way, Russian media is banging the drum about a long war, and so preparing the population for lower living standards, scarcity, and hardship in the coming years. And, of course, many more combat deaths.

For Russians with any doubt about state propaganda, it will now be obvious that the economic costs of funding a war with too little productive capacity are enormous. The undersized economy is already apparent for the soldiers on the frontline, made plain by intermittent logistics and deteriorating competitiveness on the battlefield, older equipment, and the artillery's shell famine.

Continued Russian offensives can guarantee only increased Russian casualties, beyond the 200,000 already suffered. A larger Russian army in Ukraine will only worsen the logistics crisis. There is no Russian victory in sight.

The outcome is clear. Now we should ask, what are the events that will lead us to the ultimate destination? Like Marcus Wallenberg, we must draw our conclusions and plan accordingly.

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