**Global Economic and Demographic Trends and their Implications for Social Programs in Russia**

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There is a famous Russian folk tale about a poor woodcutter and his wife who have reached old age without ever having a child of their own.

Now, being a woodcutter is a physically demanding job, and so, as the years passed, this occupation began to take its toll on the old man. “Husband!” the wife said one day as the woodcutter was setting out, “We are growing so old! Who will take care of us?”

In folk tales, you don’t need thoughtful, well-considered public policy to address the problems of an aging population. In folk tales, you can just build a little girl out of snow! Which is what this couple did. And for a while, they were very happy—that is, until spring came, and their snow maiden told them that she had to leave them, and she vanished, leaving only a puddle behind.

*“We are growing so old! Who will take care of us?”* This is a question that more and more industrialized nations need to ask themselves in the 21st century.

The change in the composition of the world’s population during the last century has been dramatic. Since 1900, average life expectancy has increased by more than 30 years—a greater increase than in all of the previous 5,000 years of human history[[1]](#endnote-2).

This map illustrates the current percentage of citizens over 60 years old by country **(SLIDE 2)**. The darker the region, the greater its population of older citizens. Here’s how those numbers will change in 2020 **(SLIDE 3)**, 2030 **(SLIDE 4)**, 2040 **(SLIDE 5)**, and 2050 **(SLIDE 6)**.

During that period, the United Nations projects that the worldwide population over 60 years of age will quadruple to 2 billion[[2]](#endnote-3)–and that increase, as this chart shows, will occur disproportionately within developed countries including the United States and Russia **(SLIDE 7)**.

At first glimpse, the aging of a nation’s population may seem like a wholly positive development—after all, increased life expectancy indicates overall improvements in public health. But at the same time that the world population is growing older, the working-age population—citizens from 15 to 59 years of age—among these developed nations is expected to decline **(SLIDE 8)**. And the question of who exactly will take care of elderly citizens is a question that governments need to start answering now.

In Russia, the situation is even more complicated. While the total world population is projected to grow by 2.5 billion by 2050[[3]](#endnote-4), *if* the projections of the United Nations Population Division and the United States Census are correct, the population of Russian Federation will actually decrease by about 30 million people by 2050[[4]](#endnote-5). So the Russian population isn’t just graying; it’s shrinking.

As these figures demonstrate **(SLIDE 9)**, depopulation is not new to Russia. During the years of the Bolshevik Revolution, the Russian population shrank by 2 million people. During Stalin’s war against the kulaks a decade later, it lost another 2 million. During World War II, another 13 million.

However, the depopulation that began in 1992 with the collapse of the Soviet Union is different—it is more gradual but more relentless. In fact, it represents the longest sustained period of population decline in Russian history, *and*, even more troubling, it is occurring during a period of relative political and economic calm[[5]](#endnote-6). In 2006, then President Vladimir Putin called Russia’s population loss “the most acute problem of contemporary Russia.[[6]](#endnote-7)”

Quite simply, there are *no* historical examples of societies that have achieved improvements in material wellbeing in the face of long-term population declines[[7]](#endnote-8). As “economic modernization” and “social policy” are the themes of this plenary, it is important to look at the implications these demographic shifts have for the future of Russia’s economic modernization and what policy options are available to combat them.

First of all, it’s of primary importance to improve the health of young Russians so that more of them survive to working age and beyond. So let’s begin by looking at public health.

* Russia has made huge strides in decreasing infant mortality since the collapse of the Soviet Union, but, as this chart shows, it still lags behind other developed countries. **(SLIDE 10)**
* Alcohol **(SLIDE 11)** and tobacco **(SLIDE 12)** continue to kill a significant number of Russians. The good news is that a combination of taxes and public awareness campaigns can make a difference in people’s behavior. As editor-in-chief of the *Journal of Policy Analysis and Management*, the top policy journal in the United States, I can tell you that I have seen a lot of manuscripts on sin taxes and cigarette smoking. It seems to me that they pretty uniformly report that the more you tax these items, the less they are consumed. AND if you tax them a LOT, people smoke a LOT less.
* In January 2010, President Medvedev established new minimum pricing on vodka. This is an important step, and it should be extended to tobacco products as well. In addition, limiting the places that Russians can smoke will reduce consumption further. Even the French, known for the smoky haze of their Gauloises, have made it illegal to smoke in public buildings. In the United States, smoking is forbidden in many local restaurants, stores, and on college campuses.
* Another important public health issue is dealing with the AIDS epidemic **(SLIDE 13)**. As you can see on this chart, the only major global region with higher AIDS rates than the Russian Federation is central and southern Africa.
* Russians are dying at much higher than expected rates from cardiovascular disease **(SLIDE 14)**, infectious and parasitic diseases **(SLIDE 15)**, and injuries and other external causes **(SLIDE 16).**

Preserving the health of working-age Russians is one part of the equation. Another is taking steps to actually increase that working-age population. There are two ways to approach this: family planning and immigration.

First, consider state initiatives to make it easier and more attractive for native Russians to have more children. Among the possibilities are:

* Huge tax incentives for families. Small incentives will not work because kids are expensive!
* Improve financial support for divorced and never-married parents **(SLIDE 17)**.In the United States, child support enforcement has become the second largest child-oriented public program after K-12 public education. The U.S. government makes sure that nonresidential parents, regardless of gender, pay specific amounts based on their income or earnings potential to support their children.
* Consider policies that encourage marriage and live births as opposed to divorce **(SLIDE 18)** and abortions **(SLIDE 19)**. There are many ways to do this—in fact, one policy already officially enacted in the Ulyanovsk Region is a new holiday called “The Day of Family Contact” on September 12. People are encouraged to stay home and raise the birth rate. I believe the *Moscow Times* reported that local residents were glad of the holiday because it was time to harvest potatoes! We might be inclined to laugh, but with enough reinforcement, public awareness campaigns can produce some modest changes.

Second, Russia can immediately expand its labor pool by making strategic choices regarding immigration. This will involve an active a targeted campaign to attract the types of work needed by the country as well as policies, laws and cultural shifts that integrate these persons into Russian society. Right now, Russia has roughly 12.3 million international migrants **(SLIDE 20)** who comprise about 8.7 percent of your population **(SLIDE 21)**. Practically speaking, there is room for growth here.

There are many different approaches to immigration across the globe, but an expansion of the working age population combined with the goal of social inclusion with move Russia in a better direction.

Improving the atmosphere for more foreign direct investment and employment in Russia is a key part of building immigration.

* Further strengthen the banking system.
* Establish clear property rights.
* Reduce corruption.
* Streamline and reduce the costs of doing business in Russia.

Looking at progress along these dimensions will not only help increase the working age population in Russia, it will further diversify the economy and insulate it from more of the volatility that it is currently experiencing in the wake of the global financial crisis **(SLIDE 22)**.

There are different versions of the Snow Maiden tale with which I began my presentation. In Nikolai Rimsky-Korsakov's operatic adaptation, the young woman falls in love, and her newly warmed heart causes her to melt away forever, leaving her elderly parents to fend for themselves.

In other versions, however, she becomes a symbol of the endurance of hope even in the darkest winter, because with each New Year, she returns. So too there is hope that, with the right policies, Russia can halt and reverse these demographic trends that represent perhaps the biggest threat to its future strength and prosperity. There is hope, because these are problems for which the data demonstrates meaningful solutions. There is hope, because within Russia’s prodigious natural and creative resources lies the catalyst for a new century of leadership and growth.

Thank you very much.

1. Ib. Id. Citing Robert Butler, International Longeveity Center – USA. [↑](#endnote-ref-2)
2. United Nation s Foundation. <http://www.unwire.org/unwire/20020328/25093_story.asp> Accessed, March 24, 2010. [↑](#endnote-ref-3)
3. ***Source:***[*U.S. Bureau of the Census*](http://www.census.gov)*, Current Population Projections* [↑](#endnote-ref-4)
4. The New York Times (March 12, 2009) <http://roomfordebate.blogs.nytimes.com/2009/03/12/the-latest-population-bombs-and-busts/?pagemode=print> Also see http://www.census.gov/ipc/www/idb/country.php [↑](#endnote-ref-5)
5. http://www.aei.org/article/100331 Drunken Nation: Russia's Depopulation Bomb By [Nicholas Eberstadt](http://www.aei.org/scholar/62)  |  [World Affairs](http://www.aei.org/%20http:/www.worldaffairsjournal.com)   
   Thursday, April 2, 2009

   6. Ibid.

   7. Ibid.

   8.Ibid. [↑](#endnote-ref-6)
6. <http://geography.about.com/od/obtainpopulationdata/a/russiapop.htm> Population Decline in Russia **Russia's Population Set to Decline From 143 Million Today to 111 Million in 2050** By [Matt Rosenberg](http://geography.about.com/bio/Matt-Rosenberg-268.htm), About.com Guide [↑](#endnote-ref-7)
7. <http://geography.about.com/od/obtainpopulationdata/a/russiapop.htm> Population Decline in Russia **Russia's Population Set to Decline From 143 Million Today to 111 Million in 2050** By [Matt Rosenberg](http://geography.about.com/bio/Matt-Rosenberg-268.htm), About.com Guide [↑](#endnote-ref-8)