



RUSSIA'S DEMOGRAPHIC CRISIS: IS THERE A WAY OUT?

Ensuring sustainable population growth has entered the list of challenges for a large number of countries. In today's world, many developed economies, primarily in the West, are in the list of countries whose populations are shrinking at a rapid pace. According to the United Nations standard for sustainable growth, the total fertility rate (TFR), the average number of children that would be born by a woman over her lifetime, that ensures a broadly stable population is around 2.1 births per woman. Currently, the world average TFR is 2.5 children per woman, while this figure for Europe is 1.54 children per woman. In order to avoid the negative effects of depopulation such as the workforce shortage and economic decline, every country uses different methods and policies to encourage families to have more children.

Distinguishing features of the fertility decline are also evident in Russia. During the Soviet period, the TFR has gradually declined from 2.52 births per woman in 1960 to 2.22 births per woman in 1987. The collapse of the Soviet Union further accelerated the TFR decline, and within the next decade the TFR dropped from 2.22 births per woman in 1987 to 1.38 births per woman in 1993 hitting a bottom low in 1999 with 1.15 births per woman. This sharp fall in the TFR has also pulled down the natural increase of the country's population. Over the past two decades, Russia's population has continuously declined falling from its peak point of 148.6 million people in 1992 to 146.5 million citizens in 2000. Due to an immense decrease in the birth rates, the difference between the number of deaths and births reached an all-time high of 1 million in 2000, and there were no significant changes during 2000-2005. However, starting in 2005 there was a strong population increase trend. The difference between births and deaths has fallen to 239,500 people in 2010, and starting in 2012 there was even a surplus of births. As a result, the Russian government managed to boost the TFR to 1.69 births per woman in 2012.

One of the main reasons for this significant increase could be associated with the Russian government's efforts to improve the demographic situation. According to a number of surveys, due to mainly economic concerns many families in Russia decided to have only one child despite being positive about having a second child. For example, survey results indicate that approximately 50% of the survey participants expressed their willingness to have a second child but only 15% of them actually have a second child. This defines the gap between actual and potential fertility in Russia. In

order to ease concerns of families, in 2007 the Russian government introduced the family support package that aims at raising the proportion of families with two and more children. The package program includes complex financial support from tax deductions to kindergarten subsidies and aims to improve the conditions of child support assistance. One of the most important initiatives implemented within the package is the maternity capital, which is administered in the form of a certificate issued upon the birth of a second or subsequent child. In 2007, the maternity capital amount was set at 250,000 rubles (\$9,772), and gradually this figure was increased to 429,000 rubles (\$11,158) in 2014. However, families could use these allocated money only three years after the birth date. Therefore, by providing large lump-sum payments and certain improvements in the child support assistance system the Russian government aimed to increase the overall birth rate. As a result, having reached its lowest point of 142.7 million people in the post-Soviet period in 2009, the population of Russia increased to 143.7 million in 2014 with a further growth to 146.8 million in 2017.

However, there are some more issues that should be also taken into account. In fact, despite the upward trend in the natural population growth caused by the family support policy, the TFR in Russia has not grown significantly over the past years and remained at the average level of 1.75 births per woman in 2013-2016. It means that the large lump-sum money initiatives have not succeeded properly, and many economic concerns of Russian families remain. Indeed, Russia's authorities with their family policies focused on financial assistance follow the example of Germany, which invested heavily in lump-sum grants and tax incentives for married couples. However, Berlin still struggles with a very low TFR despite the allocation over \$80 billion, or around 2% of its GDP, for the family support policy annually. Indeed, in 1998-2009, Germany's TFR remained stable at the level of 1.36 births per woman only reaching 1.5 births per woman in 2015. To compare, with relatively less funds the Russian government managed to increase the TFR from 1.41 births per woman in 2007 to 1.76 births per woman in 2016.

In order to avoid the trap that Germany has fallen into, Russia could refer to France's experience in stimulating childbearing. In fact, unlike Germany and Russia, the French government heavily supports its daycare funds creating a well-developed network of state-run childcare centers, tax breaks for nannies, etc.

The family support system established in the country allows mothers to rejoin the labor force easily avoiding the family-work dilemma. Allocating almost the same amount of resources as Germany, France managed to pull its TFR from 1.7 births per woman in 1997 to 2 births per woman in 2006, being able to preserve this ratio since then. With this approach, the French government created a tailored model, under which the opportunity cost of having a child for women decreases since the authorities provide an opportunity to take care of their babies with daycare centers subsidized by the government through its centralized Family Allowance Fund.

In case of Russia, which focuses mainly on providing material support to mothers with children up to 18 months, a further strengthening of the childcare system is a matter of great concern. Indeed, traditionally, Russia is a country with high rates of the female labor force participation, however, the employment of mothers with children aged three or under is rather low. In fact, many mothers of 18-month-olds have to remain on unpaid maternity leaves joining a long queue for public kindergartens. As a result, a low coverage and availability of formal childcare in Russia, which prevent Russian women from the labor force participation, have a major impact on the intention of families to have a second child.

In conclusion, it should be admitted that the recent population growth in Russia was ensured by both the natural population increase and migration. The favorable age structure, namely, the large female cohort born in the 1980s entering the peak reproductive years, coupled with the family support policy, triggered the increase in births in the early 2010s. However, the number of births has again started to decline after 2015 since the number of women of the peak reproductive age has started to decrease. Taking into account the fact that the family-related norms and attitudes, including the timing of having children, have significantly changed in post-Soviet Russia, it is expected that in the midterm perspective there would be a further reduction in the natural population growth. Since Russia has entered the population aging period, its family support policy, which undoubtedly creates a positive environment for people to expand their families, will have only short-lived effects on fertility. As a result, policies shaping future fertility dynamics should be developed, taking into account the current age structure of the Russian population.

Politics, Foreign Affairs and Security

- According to the Central Election Commission of Belarus, the turnout in the local council elections exceeded 77%. Residents of the Vitebsk region were the most active voters. A total of 18,110 members were elected to the local councils of the country. It was noted that women accounted for 48.2% of the newly-elected council members.
- The nomination of candidates for the parliamentary and local elections to be held in Turkmenistan on March 25, 2018, was completed. A total of 2,963 observers were registered from the Democratic Party of Turkmenistan, the Party of Industrialists and Entrepreneurs, the Agrarian Party, public organizations and associations, as well as citizen groups.
- During his official visit to Baku, Defense Minister of Iran Brigadier General Amir Hatami met with President of Azerbaijan Ilham Aliyev to discuss the current state and prospects of cooperation between the two countries in the military and military-technical areas.
- During his official visit to Bishkek, European Union (EU) Special Representative for Central Asia Peter Burian met with Prime Minister of Kyrgyzstan Sapar Isakov to discuss the preparation of a new Enhanced Partnership and Cooperation Agreement between Kyrgyzstan and the EU. In addition, the sides discussed in detail projects related to access to safe drinking water, education, and the justice system.
- During his official visit to Ashgabat, Deputy Prime Minister of Uzbekistan, Chairman of the Board of the state-owned Uzbekneftegaz oil and gas company Alisher Sultanov met with President of Turkmenistan Gurbanguly Berdimuhamedov to discuss prospects of strengthening bilateral partnership and exchange views on the construction of the Turkmenistan-Afghanistan-Pakistan-India gas pipeline, as well as the Serhetabat-Turgundi railway.
- According to Head of Tajikistan's State Customs Agency Bahrom Ismatulloev, the country offered Uzbekistan to resume the operation of five more checkpoints. It is also noted that a special commission has already

started working on the re-opening issue.

Economy, Finance and Energy

- The groundbreaking ceremony of the Afghan leg of the Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline was held, along with the commissioning of the Serhetabat-Torghundi railway, and the installation of the electric power and optic fiber communication lines along the Turkmenistan-Afghanistan-Pakistan route was launched in the Serhetabat etrap of the Mary velayat in Turkmenistan. The ceremonial events were attended by President of Turkmenistan Gurbanguly Berdimukhammedov, President of Afghanistan Mohammad Ashraf Ghani, Prime Minister of Pakistan Shahid Khaqan Abbasi, and Indian Minister of State for External Affairs M.J. Akbar.
- During his official visit to Tbilisi, Uzbek Deputy Minister of Foreign Trade Sahib Saifnazarov met with the leadership of the Georgian Railway to discuss the development of cooperation in the field of railway transportation and effective use of international transport corridors. As a result of the meeting, the parties agreed that Uzbekistan would be granted a 50% discount on the transit of all types of cargo via railway through the Georgian territory.
- According to the Ministry of Agriculture of Kazakhstan, the country's grain exports in January 2018 amounted to 830,000 tons, which is 39,700 tons, or 5%, more compared to 790,000 tons of grain exported in December 2017. At the same time, grain exports increased two-fold compared to January 2017 when Kazakhstan exported only 397,000 tons of grain.
- According to the Central Bank of Azerbaijan, the country's banks sold foreign currency worth \$26.5 million in 2017, which is 16.8 times less compared to 2016. It is noted that the low demand for foreign currency last year was related to the stability of the national currency, manat.
- According to the Union of Enterprises of the Automobile Industry of Kazakhstan KazAvtoProm, the country produced 2,105 vehicles worth 12.1 billion tenge in January 2018. The output in physical terms exceeded the last year's indicator by 3.6 times. The

production of passenger cars increased by 3.7 times, reaching 2,041 units.

- According to the Central Bank of Turkey, the country's foreign assets amounted to \$228 billion in 2017, which is 5.8% more than in 2016. At the same time, foreign liabilities grew by 17.1% and amounted to \$681.3 billion in 2017.

Society and Culture

- President of Kyrgyzstan Sooronbay Jeenbekov signed an edict amending the law on education. The document was adopted with a purpose of reducing the academic week at schools from six days to five days.
- According to Beibut Shakhonov, Deputy Chairman of the Committee for Construction and Housing Affairs of the Ministry of Investment and Development of Kazakhstan, the country plans to allocate 100 billion tenge (\$313 million) annually to provide centralized water supply in rural areas of the country. The government plans to increase the access to centralized water supply systems to 59% in rural settlements and to 94% in cities. The current indicators are 57.4% and 93.8%, respectively.
- According to the Labor Ministry of Uzbekistan, more than 3,500 Uzbek citizens went to work abroad in 2017 under the organized recruitment framework of the Agency for External Labor Migration. Most of them, or 2,613 citizens, were sent to South Korea, while 922 were sent to work in Russia. It is noted that Uzbekistan plans to send about 50,000 citizens to Russia in 2018 via organized recruitment.
- According to the World Health Organization, with over \$30 billion spent since 2011 for the well-being of Syrian refugees, Turkey tops the list of countries restoring the health of refugees worldwide with the cost of health services surpassing \$10 billion. It is estimated that there are more than 3.5 million Syrian refugees in Turkey.
- According to the Turkish Statistical Institute, during the next 22 years, the country's population may grow to 100 million people. It is expected that by the end of 2023, the population of Turkey will exceed 86.907 million people. In 2023, the population of Istanbul will be 16.3 million people, while the population of Ankara and Izmir will reach 6.1 million and 4.6 million people, respectively.