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**Rusting Russia**

**A Perspective by Alan Nevin**

This perspective is segmented into three sections: (I) the Demography of Russia; (II) The Economy of Russia and (III) The Future of Russia.

Data in this report has been gathered from numerous sources including the statistical data bases of the United Nations, Census Bureau, World Health Organization, Central Intelligence Agency Yearbook, Statista and FRED (Federal Reserve).

 **Section I: The Demography of Russia**

The **U.S.S.R.** Remember those initials? The **Union of Soviet Socialist Republics**. It had its origins in the Russian Revolution of 1921. It was the largest “country” in the world until it dissolved. The USSR was 14 countries surrounding Russia (the mother country) with a total population of 137 million. One of the 14 was Ukraine.

Then, in 1991, after 70 years, the U.S.S.R. dissolved, leaving Russia as a standalone nation of 148 million. The collapse was somewhat of a surprise to the world but, in fact, resulted from a gradual economic stagnation, military over-extension and the U.S. aggressive policy of containment. **On Christmas Day 1991 the USSR ceased to exist.**

Within the USSR, the population of Russia has been a roller coaster. The combination of World War I and the Famine of 1921-1922 resulted in a population decline of more than 20 million people.



I-1

In 1920, the population of Russia was 134 million, but World War II (1941-1945) took a devastating toll. **Russia and its satellite countries lost 27 million people during World War II**. By contrast, Germany only lost seven million members of the military in total, i.e., Russia lost 20 million more people than Germany.

By 1950, the population of Russia had atrophied to 103 million. After WW II the population began to recover reaching 130 million in 1970. But it has been on a stable or downhill course ever since.



 I-2

At the time of the dissolution of the USSR, Russia, in 1991, had a population of 148 million. The population of Russia began a slow decline due to out-migration and, “natural decrease” i.e., more deaths than births. And today, the population of Russia stands at 146 million.



 I-3

The 15 countries that comprise the USSR peaked in the past quarter century and are projected to begin a steady decline through this century.



I-4

In that same timeframe, the competitive nations of the world expanded.

The U.S. population in 2020 had a population of 331 million and is projected to increase to 379 million by 2050. And India is projected to see its population expand to 1.6 billion, slightly ahead of the 2050 China population. Russia, on the other hand, is projected to face a population decline of 11.0 million in the 2020-2050 timeframe.



I-5

The question now surfaces: what is the **future of Russia**?

Pointedly, the future is not bright: a combination of declining birth rate, aging population, alcoholism, out-migration and rising deaths in the Ukraine (now estimated at 150,000). Most of those 150,000 were young and could have married and have kids. That is not happening.

As my audiences (for my book and lectures) know, for an economy to grow and prosper, it is necessary to have two children for every mommy and daddy. They also know that most 1st world countries have fallen below that magic two number. The U.S. is now at 1.7 (which is why we need a vigorous youth-oriented immigration program), but Russia (which, is by definition, a first world country) has a very low fertility rate of 1.5.



 I-6

As a result of its low fertility rate, its population is aging rapidly. Russia’s over 65 population has grown from 12% of the total population to 17% in the past 20 years, not unlike the United States.



 I-7

The **median age** in Russia has increased substantially over the past few decades. In 1950, the median age in Russia was 24; now it is 40.



I-8

The **life expectancy** in Russia is among the lowest in the first world countries. The male life expectancy in Russia is 67, almost as low as in third world countries. The females in Russia have a much longer life expectancy.



 I-9

The following exhibit displays the top causes of death in Russia.



 I-10

**Population Contentment**

As I look at the future of Russia, I think in terms of several demographic and behavioral factors that tell a story of a country’s contentment with the lives of its citizens (and life expectancy).

Let’s look first at three behavioral factors that are indicators of well-being**: suicide rate**, use of **alcohol** and **tobacco**:

The **suicide rate** **per 100,000 males** is the highest in the world with only South Korea in a close second. Most other countries have fewer than 20 suicides per 100,000 population. The male suicide rate in Russia is five times that of the female suicide rate.

It’s just not fun to be a male in Russia.



 I-11

The **alcohol consumption** in Russia, particularly by males, ranks first among first world countries; only Germany comes close:



 I-12

In this category, Russia comes in No. 1 by far among first world countries. Forty percent of males **smoke**:



 I-13

In the 30 year period from 1990 to 2020, **the 0-14 population** has declined from 11 to 9% of total population; the males **15-24** year old declined from 6.8% to 6.5% and the female population from 4.9% to 4.8% The male **over 60** population increased from 5.8% to 10.8% and the female population from 8.0% to 14.3%.

Projecting the 0-24 year old population forward through the next few decades indicates a rapidly aging population.



 I-14

In the same vein, the aging of the population relates to the number of Russians getting married. In the following exhibit, note the massive decline in the rate of marriages and the increases in divorces.



 I-15

**Family Formations**

Following the exhibit on marriages and divorces, we can look at the fertility rate (children per women aged 15-49). Between 1950 and 2024, the rate declined from 2.8 to 1.5, down 46%. Admittedly, better than Japan and China (remember Mao’s one-child policy), but still devastating when considering the future economy of Russia.



I-16

**Abortion Rates**

Many Russian women use abortion as their sole course of birth control, and an estimated 930,000 women terminate a pregnancy each year.

**Urbanization**

One of the more important demographic factors in Russia is its urbanization. From pre-World War II to the demise of the USSR, the percentage of families living in urban areas doubled. Simultaneously, the average size of a Russian family declined substantially:



I-17

**Section II. The Russian Economy**

The labor participation rate in Russia closely mirrors that of other 1st world economies with 60% of adults holding a job:



 II-1

With a stable population and 60% of the adult population working, it is interesting to note that the Russian **Gross Domestic Product (GDP)** has had an erratic pattern during the past 1/2 century:



 II-2

Whereas many of the 1st world countries have substantially increased their expenditures on Research and Development, Russia has faltered:



II-3

In terms of exports, the United States is the world leader with most other countries far behind. Russia, of all the first world countries, is in last place in terms of exports:



II-4

The Russian export business is dominated by the **minerals and mined industries**. **Fewer than 10% of Russia’s exports are manufactured goods**.



II-5

At one point in time, Russia was a major visitation nation, hosting more than ten million visitors a year. In 2022, that number had fallen dramatically and although numbers are not available for 2023 and 2024, I suspect they have declined still further.



II-6

**Section III. The Future of Russia**

Russia’s defense spending is set to reach its highest point since the collapse of the Soviet Union with 6.3% allocated for military spending. (The U.S. defense budget is 3.0% of the GDP.) It is likely that the Russian military budget will top out at 8.0% of GDP if the Ukraine persists.

In stretching the spending, Russian factories producing military equipment have added shifts to increase production and workers have moved from military to civilian service where they earn much more.

Despite its initial poor showing in the Ukraine, the Russian military has demonstrated staying power and the ability to withstand high levels of attrition. And Russia continues to acquire armaments from China and North Korea.

And the death of more than 120,000 Russians in uniform has continued to erode the morale.

A substantial percentage of the Russian ground force will likely continue to field dated Soviet equipment, and it will take years to rebuild armament quality and replace the officers lost in Ukraine.

A recent article in **Foreign Affairs** magazine by Taylor and Kofman indicates that Russia will continue to challenge the NATO countries once Ukraine has been settled.

The future is complicated by the Kremlin’s propensity for both risk-taking and miscalculation. Already, Moscow has seriously misjudged its ability to rapidly defeat the Ukrainian military. Russia is a declining power, but its potential to stir conflict remains significant.

As for the U.S., there is no easy resolution to the West’s confrontation with Russia. Russian revisionism and aggression are not going away. And we have very limited input and knowledge of what the White House will do to befriend Russia’s reigning monarch. The current U.S. President and the Russian premier appear to be a tight duo.

In coming decades, Russia’s demography will continue to atrophy, and its economy will continue to rust. Even if Putin is no longer on the scene.

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