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Crisis Is Killing Russia's Demographic Recovery

By Mark Adomanis

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Through the first two months of the year, Russian demographic trends have taken a noticeable turn for the worse. In the January-February period, the latest period for which data is currently available, births were down by more than 4 percent while deaths were up by 2 percent.

That's not the end of the world by any stretch of the imagination, but it is the first time in quite a while that the monthly data has been so ugly for so long. 2014 as a whole saw positive changes, but things started to slide downhill in both November and December. For the past four months, then, births have been trending down and deaths have been trending up.

Now, it is conceivable that this is all just a meaningless bit of statistical noise: month to month fluctuations are to be expected in a nation that (excluding Crimea) consists of roughly 143 million people. But given the magnitude and the duration of the recent changes, it seems far more likely that Russia's (rather modest!) demographic recovery of the

past decade is coming to a very sudden end.

So what significance, if any, does this hold? Well, one conclusion that stands out is that Rosstat really does not appear to be "juking the stats" in order to please its masters in the Kremlin. I'd be a very rich man if I had a nickel for every time I heard someone say, "Rosstat's data is made-up, it's all an elaborate exercise in PR for the powers that be." Many people think that trusting Russian statistics is just about the dumbest thing that can be done.

Given the ugly reality of Russia's government, it unfortunately isn't ipso facto unreasonable to suggest that perhaps the statisticians are up to something funny. Stranger things, certainly, have happened within the walls of the Kremlin than fudging a few numbers on a spreadsheet. Particularly after the annexation of Crimea, it strains credulity to think that Putin and his close circle of advisers are incapable of telling someone to "fix" the stats so that they look good.

But while the case for Rosstat manipulation might be intuitively plausible, it is not so overwhelmingly obvious that it can be taken on faith. You need to actually show that the numbers should have been X, but Rosstat said that they were Y.

Lots of other nasty governments throughout history have kept reliable books, and there are numerous examples of countries where the presence of high-level corruption within the elite didn't transform all of the official statistics into meaningless forgeries.

Over the past year we've had a great test case to see whether Rosstat is, mostly, a reliable source of information about contemporary Russia or whether it's part of an elaborate political con.

Russian officialdom has, of course, been relentlessly optimistic in its appraisal of the situation. Putin and his increasingly hawkish inner circle dismissed out of hand the idea that Western sanctions would cause any real damage and suggested that any shortages would be quickly and successfully filled in by Russian firms.

However, as sanctions bit into the financial sector, as Russia's "self-sanctions" significantly limited the availability of foreign foodstuffs, and as Western analysts said that the economy would first slow and then start to contract, Rosstat's data has shown pretty much exactly what you would expect.

Inflation in 2014 was much higher than in 2013, economic growth was much lower, unemployment stopped its years-long downward trajectory and real wages started to decline.

Indeed, you could use the latest data from Rosstat — not only the demographic data, but the information about inflation, economic growth, industrial production and real wages — to create an extremely damning indictment of the powers that be and their recent decision-making.

Within a year, they managed to take a country that was experiencing levels of inflation and unemployment that, from a historical perspective, were very low and levels of wealth, health and welfare that, again from a historical perspective, were very high and make everything a lot worse in extremely short order.

You almost have to be impressed at the amount of damage they've been able to inflict in such a short period of time.

The real point, however, is that observations about Russia do not need to reflect any deep, lasting or eternal truth. Russia isn't some museum set piece sitting in a dusty and forgotten corner of the Hermitage. It is a part of a dynamic and rapidly changing world. It affects, and in turn is affected by, the world outside of its borders.

I have often been accused of "defending" Putin because I noted that, over the past decade, the average's Russian's life expectancy was rapidly increasing. Saying this was interpreted by some as tantamount to an endorsement of the government and all of its policies.

But, as a purely factual matter, it was increasing. Likewise, wages were going up and unemployment was going down. These positive changes weren't written in stone, and certainly weren't some inherent part of the "Russian soul." If external conditions changed they could very easily be reversed. Sadly, it appears that this is exactly what has happened.

Maybe at some point in the future Rosstat will become unreliable. Maybe politicians will eventually tire of the pessimistic story its data tells and force it to report an alternate reality. But so far it's proven a very reliable guide to Russia's trajectory.

You might not always like the story that they tell, but numbers and hard data are vital to understand Russia as it is and not as we want it to be.

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