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Future Technology

Research Report

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Issue: Sustainable population growth in BRIC countries

Chairs: Max van As and Bjorn Christians



Introduction

The emerging market economies play an increasingly important role in global economic development and for the global monetary and financial system. The global impact is amplified by greater real-economic and financial fluctuations in the emerging market economies than in more mature market economies. After the crises in Asia and Russia at the end of the 1990s, Brazil and Turkey in 1999-2001 and Argentina since 2001 the focus on the emerging market economies' economic and financial potential has become sharper, with interest directed especially at four of the largest of them, called the BRIC countries: **B**razil, **R**ussia, **I**ndia and **C**hina. Even though to some extent the focus on these particular four economies is arbitrary, in both demographic and economic terms they are among the largest countries in the world. In financial terms, the BRIC countries also dominate the emerging market economies.

The BRIC countries represent around 40% of the whole human population.

Definition of Key Terms

BRIC(s) country

A label for a select group of four developing countries (Brazil, Russia, India and China (and China later invited South Africa)) that are believed to have promising emerging markets and economies. Together these countries make up 40% of the world's population and were forecasted by Goldman Sachs in 2001 to become leaders of global growth, output and development by 2050. ^[3]

General Overview

For some time now, Brazil, Russia, India, and China have been grouped together under the acronym BRIC. The BRICs are described as countries at the same stage of economic development, but not yet at the point where they would be considered more developed countries. The BRIC position argues that, since the four countries are “developing rapidly,” their combined economies could eclipse the collective economies of the current richest countries of the world by 2050.

Age is all-important for its effect on the size of the labor force. India remains a rather young country with 33 percent of its population below age 15. Brazil is not far behind at 25



percent, while China and Russia, due to their very low birth rates, have only 17 and 15 percent, respectively.

The population pyramids (age and sex structure) of all four BRIC countries are quite different, primarily a result of their different birth histories. Brazil and China are somewhat similar, reflecting their transition to low birth rates. Brazil's total fertility rate (the average number of children per woman) is now at a low, industrialized-country level of 1.9 children per woman. India has also made considerable progress in its fertility transition, but its TFR is still about 2.6.

Both China and India still have substantial proportions of their labor force engaged in agriculture, but in India the proportion is a whopping two-thirds. In India, only about 7 million people work in the "organized" manufacturing sector (factories that register with the government and, supposedly, maintain records and pay workers required benefits). These workers, however, account for about two-thirds of manufacturing output while earning a comparatively high wage equivalent to US91 cents per hour in 2006.¹ The great majority of India's labor force of 400 million work in the unorganized sector, where work varies from casual day labor to work in small shops and fabrication facilities and for which comparable labor force data are not available.

The large proportion of the population living in poverty—abject poverty—is often overlooked. The World Bank estimates that 76 percent of the population in India lives on less than US\$2 per day, compared to 36 percent in China. Over 900 million people living in poverty in India, most with little effective education, are not likely to share in the prosperity enjoyed by a few and are not likely to form the basis for an exploding consumer market anytime soon. China's future is difficult to foresee in that it now faces unaccustomed population aging should it not relax its stringent one-child policy. But China, unlike India, is one of the world's largest exporters.

Of the four BRIC countries, Russia seems a true outlier. Despite an uptick in the birth rate, it still had 130,000 more deaths than births in 2011, primarily due to a decrease of 106,000 deaths in 2011 from the 2010 level. It had reported nearly 1 million more deaths than births in 2000. Childbearing among women ages 20 to 29 and the number of women moving into those ages will diminish sharply over the next 20 years, even with some offsetting effects of immigration.



The rapid economic growth and demographics of China and India are expected to give rise to a large middle class whose consumption would help drive the BRICs' economic development and expansion of the global economy. The charts below depict how the increase in the middle-class population of the BRIC countries is forecasted to more than double that of the developed G7 economies.^[2]

Major Parties Involved

Brazil - The country's growth is in many ways hampered by the large number of Brazilian women entering the workforce and choosing to wait longer to have children. The birth rate in Brazil has dropped a great deal since the 1970s, when women had an average of over 4 children. Today, the birth rate is 1.77 births per woman, which is lower than the U.S. rate. It's estimated this rate will fall to 1.5 by 2034 and remain at that level through 2060. For now, Brazil has an estimated 2018 population of 210.87 million, up from less than 200 million just six years prior.^[4]

Russia - The Russian economy grew strongly during the first decade of the 20th century, and in 2009 the Russian population saw a small but significant increase. The increase was reported as between 15,000 and 25,000 people and was attributed to a falling death rate and increasing migration.

There are also indications that birth rates may be increasing slightly – probably due to a combination of increased confidence in Russia's economic prospects and government incentives to new mothers -- especially a \$10,000 payment which is made to mothers who have three or more children.

Population growth and demographics have long been a problem for Russia, as a decade ago the nation was losing 1 million people a year, and many doubt Vladimir Putin's plans will work. Time will tell if Russia is able to overcome its issues and see greater growth, as otherwise it will be prone to collapsing infrastructure with its massive land area and untapped natural resources.^[5]

India - The population of India has grown rapidly over the last sixty years, from about 350 million in 1947 to approximately 1.16 billion today. Although the rate of growth has now slowed, India's population size is still increasing, and demographers expect it to reach 1.65 billion people by 2050, making India the most populous country on earth.^[6]



China - With 1.33 billion people, China today remains the world's most populous country. In a little more than a decade, however, it will for the first time in its long history give up this title, to India. But, even more important, China's demographic landscape has in recent decades been thoroughly redrawn by unprecedented population changes. These changes will in the future drive the country's economic and social dynamics, and will redefine its position in the global economy and the society of nations. Taken together, the changes portend a gathering crisis.

One number best characterizes China's demographics today: 160 million. First, the country has more than 160 million internal migrants who, in the process of seeking better lives, have supplied abundant labor for the nation's booming economy. Second, more than 160 million Chinese are 60 years old or older. Third, more than 160 million

Chinese families have only one child, a product in part of the country's three-decade-old policy limiting couples to one child each. (The total populations of countries like Japan and Russia do not reach 160 million; Bangladesh's population is roughly equal to that number.)

But the relative size of these three Chinese population groups of 160 million will soon change. As a result of the country's low fertility rates since the early 1990s, China has already begun experiencing what will become a sustained decline in new entrants into its labor force and in the number of young migrants. The era of uninterrupted supplies of young, cheap Chinese labor is over. The size of the country's population aged 60 and above, on the other hand, will increase dramatically, growing by 100 million in just 15 years (from 200 million in 2015 to over 300 million by 2030). The number of families with only one child, which is also on a continued rise, only underscores the challenge of supporting the growing numbers of elderly Chinese.^[6]



Previous Attempts to Resolve the Issue

One-child policy, official program initiated in the late 1970s and early '80s by the central government of China, the purpose of which was to limit the great majority of family units in the country to one child each. The rationale for implementing the policy was to reduce the growth rate of China's enormous population. It was announced in late 2015 that the program was to end in early 2016.

The program was intended to be applied universally, although exceptions were made—e.g., parents within some ethnic minority groups or those whose firstborn was handicapped were allowed to have more than one child. It was implemented more effectively in urban environments, where much of the population consisted of small nuclear families who were more willing to comply with the policy, than in rural areas, with their traditional agrarian extended families that resisted the one-child restriction. In addition, enforcement of the policy was somewhat uneven over time, generally being strongest in cities and more lenient in the countryside. Methods of enforcement included making various contraceptive methods widely available, offering financial incentives and preferential employment opportunities for those who complied, imposing sanctions (economic or otherwise) against those who violated the policy, and, at times (notably the early 1980s), invoking stronger measures such as forced abortions and sterilizations (the latter primarily of women).^[7]

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