

# SOCIO-ECONOMIC CONSEQUENCES OF LABOUR MIGRATION IN UKRAINE

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## ABSTRACT

The purpose of the study was to analyze the economic effects of international labour migration and its impact on the economic development of Ukraine. The positive effects for Ukraine are the growth of household incomes, the increase in foreign currency, the reduction of unemployment and state unemployment payments. The negative factors are the brain drain, the loss of the most dynamic part of the country's labor potential, the worsening of the demographic situation, and the increase in the burden on the pension fund.

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**Introduction.** Over the past few decades, one of the manifestations of globalization has been the intensification of international labour migration. For many countries, including Ukraine, entering the global system of international labour flows is relatively new and insufficiently regulated at the state level.

The processes of international labour migration and its consequences are the subject of close attention of foreign and domestic scientists. In particular, actual issues of essence, driving forces and stages of migration development, analysis of certain aspects of the influence of international labour migration on the national labour markets of donor countries and recipient countries are covered in the works of Angelko I.[1], Malinovskoj A.[3], Petroe A.[6], Brettell S. [9], Caselli G. [10], De Waard J. [11], Krieger H. [12], Robila M. [13], Titrosudarmo R. [14], etc. Despite the large number of scientific works of domestic and foreign scientists, the complex of theoretical and scientific-practical problems related to the economic effects of International labour migration in donor and recipient countries, Research is not enough. The relevance of the analysis of the socio-economic consequences of international labour migration has led to the aim and objectives of the study.

*The purpose of the article* is to analyze in a comprehensive manner the theoretical and practical bases of external effects of International labour migration, as well as to develop recommendations on this basis on the use of positive effects of international migration of working force for economic development of Ukraine.

**Research results.** International labour migration is an objective phenomenon of globalization of the world economy and covers to some extent almost all countries of the world. Globally, the overall effect of the impact of labour migration is that the workforce moves from low to high productivity countries. Thus, global production is growing. However, the impact of international labour migration on the economy-donors and recipients of the workforce, albeit due to a single phenomenon, but different. World experience shows that labour migration provides significant benefits to both importers and labour exporters. At the same time, migration can exacerbate conflict situations and socio-economic problems in both countries.

We will highlight the pros and cons for the labour-exporting countries.

The main positive results of labour migration include:

1. Reducing unemployment in the domestic labour market.
2. Saving of budget funds to support unemployed persons.
3. Getting a working new qualification, learning the language and accumulating international experience.
4. Increase in income levels of households through transfers of immigrants.

For exporting countries, the export of labour can reduce the social costs of the state while maintaining a sufficient level of economic security for the labour force (the main exporters of labour are characterized by increased unemployment).

The main disadvantages include:

1. Loss of dynamic young labor force.

2. Change of investments from the production sector to consumer.
3. Reduction of national production and the amount of taxes paid to the budget.
4. Deterioration of health, discrimination against migrants, disintegration of families.

In particular, long-term external labour migration leads to the complication of reintegration processes when migrants return to their home families. There is a significant disparity between the number of migrants declaring the desire to return home (that is 65-75 %) and the number of those who realize this desire (20-25 %) [1]. Thus, labour migration is a factor that increases the risk of emigration. Of particular concern is the fact that among migrants, almost 30 per cent are highly qualified professionals who are most in demand in developed countries. As a rule, such specialists are invited to work for a long-term period or offer permanent residence. That is, specialists of high level of qualification leave their homeland with a high probability of not returning. And the professional experience and knowledge which have been acquired in our state and at its expense, begin to multiply the public intellect of the states, inviting to itself necessary experts. This negatively affects not only quantitative but also qualitative potential of the country's labor resources.

Modern international labour migration is characterized by intensification and growth of influence of the countries-exporters of the labour force on this process. In particular, this is manifested in: the regulation of the size and quality of migrants; defending the rights of their compatriots abroad; measures to promote the protection of public interests and the rights and freedoms of migrant citizens; activities aimed at mutual protection of the interests of the exporting and importing countries of the labour force.

These regulatory measures have enabled the labour-exporting countries to reduce the negative impact of migration on the national economy. At the same time, they remain important. This is particularly true of the problem of the outflow of skilled labour. Given that it is mostly young people, it further aggravates the problem. In addition to the direct losses resulting from the brain drain, the labour-exporting countries are creating a psychological climate of pessimism and unpromising realization of the creative potential of citizens.

The impact of migratory processes is multifaceted and controversial for the importing country. The main advantages for the labour-importing countries include: increasing the competitiveness of the national producer by reducing labour costs; The growth of domestic demand for goods and services at the expense of migrants; save money on training of qualified specialists.

The calculations show that the host country from attracting one average scientist-humanitarian wins 230 thousand USD, engineer - 253 thousand USD, doctor - 646 thousand USD. Emigrant workers contribute to the rejuvenation of the labour force in the country of immigration, increasing the level of elasticity in the domestic labour market by increasing competition in the supply of labour [5].

The main disadvantages include: the rise in unemployment and the exacerbation of conflicts between residents and migrants for jobs; Outflow of currency abroad exacerbation of conflicts on ethnic and religious grounds [14].

At the same time, it should be noted that the policy of the absolute majority of importing states is strictly selective in order to minimize the negative consequences of migration processes and to obtain the maximum positive effect.

International labour migration also takes place in the industrialized countries. They are also characterized by the phenomenon of brain drain. Such processes are observed, in particular, in Western Europe and the USA. The outflow of scientists from Europe to the Americas is not due to economic factors, but rather to the factors of self-realization. These processes were especially typical for the 40s-50s of the last century. At the same time in the USA in the National Academy of Sciences 23 %, and among Nobel Prize laureates the third-emigrants. As a result, some of the scientific trends in countries such as Germany, Italy and France have suffered significantly [12].

The main importers of "top quality" labor force are the USA, Canada, Great Britain, Russia. The likely consequences of these processes will be the inability to create in the future competitive advantages of the national economy, and in the strategic perspective-the likelihood of extinction of industries that form an economic security of the state [4].

However, there are also negative consequences for labour-importing countries. In particular, the negative effects of international migration primarily include the expulsion of local workers from the labour market. However, there is no firm evidence of this and empirical proofs. Therefore, the expulsion of local workers from the labour market by migrants is logical to consider as a hypothesis, unproven fact and unequivocally conclude that the influx of foreign migrants increases the unemployment rate in the country, it is impossible. The situation with regard to the impact of international migration on the growth of unemployment in importing countries is more complex and should be seen through the prism of the so-called strong trap. This phenomenon is that some jobs in

developed countries are not prestigious, and some people prefer to get the status of unemployed than work in non-prestigious jobs. This group of people, especially, does not try to find work abroad. In particular, there is a shortage of labor in the U.S. agriculture (mainly populated by migrants from Mexico, there is a demand (at a sufficiently high level of unemployment) for domestic workers in Italy, Spain and other countries (filled with migrants from Philippines, Ukraine). Also, for example, in the presence of unemployment in the regions of Russia, in Moscow, in a number of industries (construction, trade, etc.) There is a large shortage of personnel, which can be eliminated only through foreign migrants.

The second negative effect of the impact of international migration on the labour market lies in the so-called weak unemployment trap. The short-listed effect is that migrants, having lost their jobs, are trying to obtain social assistance in the recipient country rather than returning to their homeland. Even if they fail, most of them continue to stay in the country of arrival.

International labour migration can cause significant financial losses for recipient countries. These losses reach 20 % of GDP (Luxembourg), for many countries they make up 3-10 %, which, for example, equates to public expenditure on education [11]. Although remittances are not public expenditures because they are financed by the commercial sector where international migrants work, it is logical to consider them as a missed opportunity to stimulate the domestic market, which is negative effect.

Another negative consequence of international labour migration is the country's additional budget for the provision of social services to migrants at the level of the minimum social package and the costs associated with criminalizing migrants. A migrant who arrives in the country for the purpose of employment (as a migrant worker) often, first of all, if he works illegally, falls under the influence of criminal groups.

Almost always the budget of the importing country suffers from an additional burden, actually keeping a large number of foreign migrants who do not take part in economic processes. In order to reduce the latter effect, certain measures of counteraction have been approved by law in a number of countries. For example, in the Czech Republic, Ireland and other countries, foreign migrants who have lost their jobs (and non-EU citizens) have to find a new one during a certain period, or they lose their right to be in the country [3]. As temporary, in order to weaken the "unemployment trap", recipient Governments also use other activities related to the promotion of remigration of labour migrants who have lost their jobs. Some countries, such as Spain and the Czech Republic, finance the return of these categories of migrant's home. In Spain, since the end of 2008, a program has been in force to support the return of migrants from non-EU countries. It is a two-fold payment of unemployment assistance: first before, then after remigration, but provided that they do not return to Spain for at least the next three years. However, only 4 thou. of approximately 80 thousand. Potential participants of the mentioned program expressed their desire to participate in it.

Given the demographic deficit, employment-based immigration is becoming increasingly important in European policy. Deciding whether or not to grant a residence permit to migrants depends in part on whether the country of residence has a policy of acceptance that restricts temporary migrant workers or supports permanent labour migration. Traditional immigration countries, such as Australia, Canada and the United States, have determined that the proportion of permanent immigration is needed to ensure economic growth and the provision of basic social security guarantees, and to implement relevant migration policy. Some European countries also encourage the adoption of migrants with the prospect of their resettlement in the country for permanent residence, particularly Germany and the United Kingdom. The decision to adopt permanent migrants was based on their employment prospects and their ability to integrate in that country.

The migration policy of the European countries is of considerable interest, because the EU is an important partner of Ukraine for the exchange of migratory flows. In the territory of the EU countries, especially in neighboring countries bordering Ukraine, as well as in the countries of southern Europe, works, studies, lives a significant number of Ukrainians. The financial and economic crisis and the subsequent recession slowed migration movements. However, in 2010-2013 the influx of the population from outside to the EU countries continued and grew by about 2 % annually, although in general it did not reach the pre-crisis level [2].

In the conditions of globalization and European integration, the rapid intensification of international labour migration of the population of Ukraine increases the importance of regulating migration processes, providing them with an organized, safe and nonconflictual character, updated the task of formation of effective, effective for labour migrants, and Ukrainian society as a whole, migration policy by suspension of migratory losses and creation of conditions for reverse migration. The suspension of migration losses lies in the creation of favorable conditions for doing business, state

support in solving the housing problem, especially for young people, in creating new jobs and increasing the living standards of the population. The policy to create conditions for the return migration of a large cohort of Ukrainian migrant workers should be an important aspect of migration policy. A proven and reliable factor of return migration to the country of origin of workers is to ensure the best economic conditions and decent social standards.

Now the external migration of the economically active population is a problem of national security of Ukraine, according Sadova [13], examining imbalances in the development of territorial socio-economic systems and considering the migration of population as indicative Indicator of the crisis state of the regional economy. External labor migration is a factor weakening the labor potential of Ukraine. Thus, shortcomings and problems of the domestic labour market determine the motivation of the able-bodied population to find work abroad. The problem of our economy is hidden not in the cheapness of the labor force of Ukrainians abroad, but in the fact that it is cheap in our country, that is, it plays a significant income gap. For the same work performed, the employee receives 5 times more abroad than in the territory of his own state [7]. It should be noted that on this problem focuses attention and Malinovskaya [4]. So the difference between the income of the population of the EU Member States and the income of migrant workers with each step of the EU enlargement is only increasing. This concerns, first of all, the recipient countries of labour migrants because the increased motivation of labour migration leads to the developed European countries of hundreds of thousands of people from countries with low living standards.

According to the representative office of the International Organization of Migration in Ukraine, more than 2/3 Ukrainian migrant workers-men. The most popular destination countries are the Russian Federation, Germany, USA, Israel, Czech Republic, Hungary, Poland [3].

However, migration is not only a demographic phenomenon. It leads to a number of socio-economic phenomena, in particular, in the sphere of pension provision, financial sphere, influences changes in quantitative and qualitative indicators of labour force in regions and Ukraine as a whole, and also leads to occurrence The shadow sector of the economy and the critical exacerbation of social problems. These facts are confirmed by the statistics of the International Organization for Migration [2].

The largest number of Ukrainians live in neighboring countries (mainly in Russia, less-in Poland). Among other countries of residence, we will allocate the USA, Israel, Belarus.

A large number of Ukrainians working under temporary employment contracts are located in Spain (more than 80 thousand), Portugal (about 60 thousand), Greece (more than 30 thousand) and other European countries. The number of Ukrainians working illegally exceeds the number of official labor migration at times. According to information provided by Ukrainian embassies abroad, the distribution of labor migrants by destination countries is: 300 thousand - in Poland, 200 thousand - in Italy, as much - in the Czech Republic, 150 thousand - in Portugal, 100 thousand - in Spain, 35 thousand - in Turkey, 20 thousand - in the United States. The number of Ukrainians working in the Russian Federation is 1 million [2].

However, more than half of those who are considered international migrants according to the World Bank's methodology are citizens of Ukraine who were born in Russia, as well as Belarus and Kazakhstan. In fact, these are Ukrainians whose parents worked in other republics during the Soviet Union and returned to Ukraine in the days of independence. With this in mind, the true number of international labour migrants is becoming less than the World Bank has recorded. If we take into account the historical factor (return to the homeland after the collapse of the USSR), in Ukraine is about 2,3 million citizens born in other countries who may be considered migrant workers. As we can see, even after such adjustment Ukraine is not only a donor of the labour force in the international labour migration market, but also a recipient, although there is a significant asymmetry in labor emigration and immigration to Ukraine. The imbalance is about 1 million people.

Today, Ukraine is mainly a stream of migrants from central and south-East Asia-Pakistan, Afghanistan, Vietnam.

A powerful source of migration behavior of Ukrainians are also the conditions that are open to our compatriots with the signing of the Association Agreement with the EU and the obligations of the parties in accordance with art. 18 "mobility of workers". The agreement, inter alia, provides for the preservation and improvement by Member States, in accordance with bilateral treaties, of the existing opportunities for "access to employment for Ukrainian workers". According to this article, the Council of the Association sets additional obligations to give Ukrainians more favorable opportunities for access to vocational training in the member states and in the EU [8].

Particularly significant growth of migration is expected as a result of the introduction of visa-free regime with the EU and other countries, the integration of Ukraine with Western European

structures. In the Russian Federation a certain number of citizens of eastern regions of Ukraine migrated in 2014, but significant migratory flows in this direction with Ukraine, in our opinion, is unlikely to be expected, given the political relations between Russia and Ukraine as a result of Russia's aggression, annexation of Crimea and occupation of part of Donbass.

#### Conclusions.

1. To date, the development of international migration processes has gained enormous proportions.

2. The main causes of migration are the causes of economic, political and military order.

3. In Ukraine today more is manifested by the effects of ejection than attraction, which leads to large-scale external labour migration of the population. Although one of the advantages of the research phenomenon is the integration of Ukraine into European markets, in particular the labour market, our state is not yet ready to join majors to the opening of state borders for the movement of migrants, as shortcomings of the current domestic legislation on issues of social protection and employment, do not allow to protect the rights and ensure the welfare of Ukrainians working abroad,

4. The socio-economic result of international labour migration is the ageing of a nation that is not related to the age of migrants (mostly young people who, in the long term, do not associate their lives with Ukraine and raise children outside it). Therefore, along with the general demographic problems of Ukraine, social tensions increase the additional burden on the pension fund and decrease the level of budget revenues due to the fact that these incomes are not taxed in Ukraine.

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