Labour Migration and Remittances: Strategy for Survival or Development?

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ABSTRACT
The article is devoted to an actual problem of labor migration, the study of remittances and their role in the lives of migrant households. Remittances are used in migrant households in Central Asia primarily for the purchase of consumer goods. Since labor migration flows in the region tend to increase, and the volume of remittances increase, it becomes much more urgent to use the remittances not only for consumption, but also for development. To develop the programs on the use of remittances for the development of outcomes in the countries and for the achievement there is a need to study the problem comprehensively: The volumes and methods of transfers, their role in migrant households and national economies.

Keywords: Labour Migration, Migrant Remittances, Central Asia, Kazakhstan

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1. INTRODUCTION

According to the report of the International Organization for Migration (IOM), the number of international migrants worldwide increased from 173 million in 2000 to 244 million in 2015. This figure includes nearly 20 million refugees. Accordingly the volume of remittances from migrant workers increased.

Migrant remittances defined by the IOM, in the broadest sense is the transfer of cash that a migrant worker or an immigrant in the country to achieve carries out to his relatives in their countries of origin. Transfers may also include investments, deposits or charitable contributions of migrants to their country of origin i.e., to cover the whole financial flows associated with migration.

Remittance flows are at the second place after foreign direct investment. Issues of migration and migrants’ remittances are crucial for many countries in Europe and Central Asia (ECA), because, according to the World Bank for 2015, four of these countries (Tajikistan, Moldova, Kyrgyzstan and Kosovo) were among the top 10 countries in terms of the share of migrant remittances in the value of gross domestic product (GDP). In the past few years in many ECA countries, there has been an increase in the volume of remittances of migrant workers.

In most of these countries, the economic growth and the achievements in the field of poverty reduction are closely intertwined with the trends in the dynamics of migration and remittances from abroad.

The study on remittances and their role in the lives of migrant households are increasingly carried out abroad. Global reports of international organizations (IOM, ILO, World Bank) of the last years have sections devoted to remittances, which emphasized the growing role of migrant remittances in national economies.

According to a study conducted by the World Bank, the earnings of migrant workers and their remittances, defined as the share of...
remittances in GDP of developing countries play a large, statistically significant role in reducing poverty. On average the increase in the share of international remittances in GDP by 10% leads to a reduction of 1.6% the proportion of people living in poverty. From the conclusion of scientists, the increase of 10% of international migrants, defined as the proportion of the population living abroad, leads to the 1.9% decrease in the proportion of the population living in poverty.

2. LITERATURE REVIEW

The article devoted to the works of the most influential and respected scientists in the field of migration was published in the UK in 2015 (Sırkeci and Cohen, 2015). Among one hundred most cited works (books and articles) in the field of Migration Studies, as well as a hundred leading authors whose works are most often cited, there is no scholar of the CIS, in particular Russia, where the study of international and internal migration would be thorough.

It is important to note that Western migration literature hardly pays attention to the Eurasian migration system. This is due to the actual lack of statistical material, but we believe that it is promoted by other reasons. The study of migration flows in the post-Soviet region could lead to the conclusion that strengthening the integration of the CIS countries, which does not correspond to the Western vision of this space. The scientific community of the West defends the position that was formulated at the Vienna International Centre for Migration Policy Development: “Special attention should be paid to the fact that the region, which is known under the title ‘CIS region’ has very little common” (ICMPD, 2006).

Table of index citation includes the work of Ravenstein “The laws of Migration” in 1885, which laid the theoretical foundations of the study of migration (Ravenstein, 1885); research of Thomas and Znaniecki in 1918, who first used the method of analysis of personal documents (biographies) to study the migration of Polish peasants in Europe and America (Thomas and Znaniecki, 1918); surveys of Park in 1928, which contributed to the development of the sociology of the city, in particular, has developed ecological approach to the analysis of cities, and whose ideas are relevant to this day (Park, 1928). The list also included the more recent works of other scientists: J. Bordzhasa (Borjas), S. Castles (Castles), D. Massey (Massey), A. Portes (Portes), J. Harris and M. Todaro (Harris, Todaro). E. Taylor (Taylor) et al., finishes with the publications of 2014 (Sırkeci and Cohen, 2015).

One of the important Kazakhstani works is a brilliant article by the renowned historian and ethnologist Masanov “Migration metamorphosis of Kazakhstan,” in which the author analyzes the history of natural migrations and organized movement in the country in a difficult relationship with climatic, economic–economic, political, ethno-cultural, socio-psychological and other conditions and factors (Masanov, 1999).

Based on the analysis of publications on migration issues in 25 years we can say, on the one hand, about the accumulation of a certain data set, and on the other, about the formation of stable shortcomings in the studies, including the issues of labor migration and remittances.

In the scientific article of Koretskoy-Garmash it is concluded that “the benefits of using external labor migrants overlap negative economic phenomenon: The export of cash in the form of remittances by migrants to their countries of citizenship, which forms a negative balance of cross-border transactions. This, of course, is a threat to national security” (Koretskaya-Garmash, 2016).

In various countries of the CIS in the 2000s the role of labor migration and migrant earnings was investigated, but only in recent years it is begun to pay attention to studying the actual remittances. Representative comparative studies on remittances in the households of the Central Asian republics have not yet been conducted.

As shown by some studies (Sadovskaya, 2002; 2006), (Korobkov and Palei, 2005), remittances are used in migrant households in Central Asia, primarily for the purchase of consumer goods. Since labor migration flows in the region tend to increase, and the volume of remittances increases, it becomes more urgent to use the remittances not only for consumption, but also for development. To develop the programs on the use of remittances for the development of outcomes in the countries and for the achievement there is a need to study the problem comprehensively: The volumes and methods of transfers, their role in migrant households and national economies. This article is devoted to analysis of these issues.

3. RESULTS AND DISCUSSION

3.1. Kazakhstan as a Center of the Central Asian Migration System

International migration is a multifaceted phenomenon that affects all aspects of society, the individual and the state, and is an integral part of the cross-border cooperation of any countries. Today, migration issue remains one of the most important in the world. Since the beginning of the 90s of XX century, the area of migration movements has acquired unprecedented proportions. According to the UN Population Division, at the beginning of the XXI century, 218 countries of the world community were “involved into” in migration turnover. The number of people living outside their countries of birth or citizenship is estimated at 175 million which accounts for 3% of the total world population (IOM, 2015).

China in terms of the migration of contacts both with the Central Asian states, as well as with Russia stands out as the country because it has only involved in part of the migration system, formed in the former Soviet Union in the 1990s. Migration flows from Russia and Central Asian countries to China are linked to short-term tourist or business trips. Migration movements emanating from China to Russia and Central Asian region are associated with long-term employment of Chinese migrant workers in the construction, agricultural and trade sectors of the economy of host countries. However, it is impossible to imagine that Beijing decided to give priority to the demographic expansion policy, risking provoking a destabilization of its relations with Kazakhstan and with the whole Central Asian region (Sadovskaya, 2007).
Turkey is one of the first investors in Kazakhstan, unlike other investors it began to develop its business and to invest more in crisis in 1994. Turkey, on the one hand, satisfied the urgent need for building frames, and on the other has invested significant capital into Kazakhstan economy.

The closest and the most intensive migratory ties exist between Russia and the Central Asian states. While between Russia and Kazakhstan there is an exchange mainly with migrants to move to a permanent place of residence, the rest of the republics are the suppliers of cheap and unskilled labor, primarily in Russia, the second - in Kazakhstan. Statistics show that about 600 thousand citizens of Tajikistan and 350,000 citizens of Kyrgyzstan are labor migrants, while more than 80% of them are sent to work in Russia, the other in Kazakhstan. According to various expert estimates, unregulated labor immigration in the country is from 300 to 500 thousand to 1 million people per year, mainly from Kyrgyzstan, Tajikistan and Uzbekistan.

Labor migration from the countries of the Central Asian region remains for Kazakhstan not only a source of non- or low-skilled labor, but also a source of qualified labor. Russia in the coming years will no longer be a donor of qualified personnel for Kazakhstan because of numerous internal demographic and social problems and difficulties on the domestic labor market. In addition, over the past 10-15 years, the ratio of “ejector” and “attractive” factors of labor migration in Kazakhstan and the region has little changed.

The transformation of Kazakhstan in the 2000s into a regional center reception of migrant workers, and The transformation of other republics - Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan into the “sending” countries due to the uneven economic development of the Central Asian republics in the transition to a market economy and the inclusion in the global market, the difference of demographic potentials, imbalance of demand for labor and its supply on the regional labor market (labor-surplus in countries in Central Asia and the shortage of qualified personnel in the Republic of Kazakhstan).

Geographical proximity, favorable climatic conditions, the liberalization of migration regimes, ethnic and cultural proximity and other factors play the important role. Against the backdrop of macroeconomic stabilization and economic growth in Kazakhstan in the 2000s the standard of living has increased, leading to an annual mass unregulated labor immigration of hundreds of thousands of citizens of Central Asia, which was filled with some segments of the low- and skilled labor on the labor market of the Republic of Kazakhstan. Russian citizens are actively involved in labor migration. This is due to historical, social and economic reasons, the joint border, diaspora and business connections (Sadovskaya, 2016).

Trade and economic relations and migration exchange with Xinjiang (XUAR) in northwest China also tend to increase (except for the last two crisis years) and to intensify, particularly in relation to China’s initiative for the construction of transit transport route from China to Europe “One Belt, One Way.” Today, without taking into account the “Chinese factor” understanding of migration processes, particularly the largest-trade migration and migration for permanent residence in Kazakhstan, will be incomplete.

Simultaneously with the process of regionalization the modern labor migration in Kazakhstan is increasingly influenced by global trends. This is due to the rich natural resources, the development of which foreign investments and business are involved, multinational companies are appeared, an increasing number of international managers and specialists.

The globalization of economic life affected the mobility of local staff. Now experts from Kazakhstan work not only in CIS, but also in the developed Western countries. And this is a new and a natural process of inclusion in the global labor market professionals with education and experience in the market conditions, it is a search of opportunities for self-realization and self-development, rather than forced labor migration for survival, as it was in the 1990s.

3.2. Dynamics and Volume of Remittances
The main share of International Migrants’ Remittances accounts for a relatively small number of countries. About two-thirds of them are sent to the top 20 recipient countries (in 2013 - 66%, in 2014 - 67%). Almost a third of global remittances accounted in the last years to India, China, the Philippines and Mexico.

In 2015 the list of countries that received the largest amounts of remittances, was led by India again (68.9 billion US dollars). Second place was hold by China (63.9), followed by a considerable margin other developing countries - the Philippines (28.4), Mexico (26.1), Nigeria (20.4) and Pakistan (19.6) (Figure 1). These 5 countries accounted for more than half (52.4%) of all remittances sent to developing countries.

Along with this, in 2015 in the group of countries - the major recipients of remittances there are some developed countries - France (23.3 billion US dollars), Germany (15.3), Spain (10.2), Belgium (9.9) - where these financial flows come.

![Figure 1](image)

**Figure 1:** Ten countries with the highest volume of received remittances in 2014, 2015 and on October 2016, billion US dollars

mainly from other developed countries. However, as a weight in its absolute value, these funds are insignificant for these countries in relation to the volume produced in their GDP, accounting for 0.4-0.8% of GDP and only in Belgium a significant amount - 2.2% of GDP.

In countries with a low level of economic development the volumes of incoming remittances from migrants, by contrast, make up a very significant amount compared to the total volume of GDP (Figure 2). Remittances sent by migrants in Nepal, Liberia, equivalent to almost one-third of the produced GDP in Tajikistan, Kyrgyzstan, Moldova - about a quarter. Most of the 26 countries in which remittances account for at least 10% of GDP, represented a relatively small size of the economy of developing countries (Shcherbakova, 2014).

In addition to the three already mentioned countries - the former Soviet republics, Armenia, Georgia and Uzbekistan also include in this group (Figure 3). In 2015 remittances of international migrants in Armenia is 14.1% of the GDP, in Georgia - 10.4%, in Ukraine - 6.45%, in Latvia - 5.24%, Uzbekistan - 4.6% of GDP. Volume of money transfers to other countries - the former Soviet republics is not significantly more than 4% of GDP. The volume of remittances in Kazakhstan, Russia and Turkmenistan is only ten percent of the GDP.

Transfers in neighboring countries relate largely to the labor activities of migrant workers and gratuitous transfers of funds by residents-immigrants from the CIS countries to their homeland. For 2015 955 million US dollars were sent from Kazakhstan to the CIS countries, which is $39 million dollars less than in 2014. The most important countries-recipients of cash shipments from Kazakhstan are the Russian Federation, China, Turkey, Uzbekistan and Kyrgyzstan (Table 1).

Table 1 shows data for the observation period from 2013, showing that the transfer turnover, sent by migrants through the money payments system in 2015 decreased from $1996 million to $1466 million dollars compared to 2013.

A significant part of remittances are sent by individuals from Kazakhstan to Russia, China, and Turkey, which accounts for around 50% of all transfers. According to experts of the National Bank part of the transfer to China, Germany, may be associated with sending funds to pay for goods imported into the Republic of Kazakhstan on unorganized channel trade, although according to the legislation of the Republic of Kazakhstan, foreign exchange operations related to the implementation of investment, entrepreneurship and similar purposes are prohibited.

Among the senders of remittances there are Kazakh citizens-parents who send money to their children, students studying abroad, as well as adults who help elderly parents, periodically sending them money. Among the senders there are also Kazakhstani and foreign citizens temporarily living in the Republic of Kazakhstan: Businessmen and experts on business trip, tourists who make transfers in their own private purposes, etc. Russia ranks first among countries of destination of the money transfers from the Republic of Kazakhstan, according to the National Bank of RK about $650 million dollars a year are sent to the Russian Federation to pay for education and health services.

In the Republic of Kazakhstan there has not been conducted yet a representative national study to assess the volume of remittances of foreign workers and professionals who come to Kazakhstan to work, but the annual dynamics of money transfers through official channels suggests that a significant proportion of transfers made by them.
allow them to provide themselves with the necessities. For 22.5% of respondents believe that the money earned away from home and the purchase of new clothes - 47.2% of respondents. 30.3% of respondents use remittances to provide for primary daily needs: Food - 56.7% and 63.3%, respectively, and the purchase of clothing - 46.5% and 54.1%, respectively. Migrants from Tajikistan, who for many years work in the Republic of Kazakhstan (according to a study by Elena Sadovskaya, 71% of Tajik migrants go to work for more than 5 years), make transfers to the provision of material assistance to relatives (47.1%), payment of treatment (35.3%) and more costly purchases. The proportion of labor migrants from Tajikistan, financially helping to their families at home are much higher than the proportion of those from Uzbekistan and from Kyrgyzstan - 14.2% and 15.3%. of respondents respectively.

Transfers help save money for the wedding. In rural areas, traditionally the there are given expensive gifts for the wedding and they invite all relatives and neighbors, and the wedding is often cost for parents several annual salary. In the case of accumulation of larger amounts of money, migrant remittances are used to buy a house, apartment or repair, purchase of household electrical goods, tuition at the university, college, school, however, the proportion of such investments is very small.

Determination of the total volume of remittances has some difficulties associated with the novelty of the phenomenon, the lack of records, with no elaborate techniques and indicators. It is also necessary to take into account a variety of variables such as: The sphere of migrant workers employment, the duration of employment, average wages, frequency of translations and the average size of money transfers to the country of origin, geographic proximity/remoteness of the country of origin; the presence of diasporas and “migrant networks” through which the money earned are transferred etc.

4. CONCLUSIONS AND RECOMMENDATIONS

In the 25-year history of migration movements in Kazakhstan and Central Asia region there has been formed the following basic laws.

Firstly, it formed a sub-regional migration system centered in Kazakhstan and with more active involvement of Xinjiang to Western China in the transboundary movements of Central Asia.

Secondly, there is a diversification of the types of migrations with predominance of labor migration as involvement in the socio-economic transformation of Central Asian countries.

Thirdly, economic role of labor, trade and business migration and remittances increased in households, communities and national economies. In some countries, such as Tajikistan, remittances are equivalent to 50% of GDP and it is much higher than foreign direct investment and official assistance of international organizations for development.
Then, fourthly, temporary migration is more prevalent in Kazakhstan and Central Asia, but gradually there are formed a trend of transformation of temporary migration to permanent migration (moving to a permanent place of residence and the acquisition of citizenship of the Republic of Kazakhstan). At the same time, this is a global trend.

Fifth, the role of diasporas in the organization and maintenance of migration, their involvement in the solution of problems of migrants are increasing.

In the 2000s in Central Asia there are increasing globalized trends: On the one hand, the capital penetration, technologies, services and products in the most remote corners of the region are accelerated. On the other hand, international migration of labor from the CAR republics are increasing. In countries such as Kyrgyzstan and Tajikistan in the external labor migration there are involved from 25 to 35% of the economically active population. This, in turn, stimulates the extension of communication systems, the development of international electronic money transfer systems. Transfer systems allow for members of migrant households receive transfers from migrants working abroad.

In the poorest households in different regions of the CAR “migradollars” are used to meet the daily needs: Purchase of food, clothing, medicine, material assistance to parents or children. In the case of accumulation of larger amounts of money, migrant remittances are used to buy a house, apartment or repair, tuition at the university, college, school, but the proportion of such investments is very small.

The study of the author showed that at the moment in the republics of Central Asia, labor migration and remittances are mainly a survival strategy, rather than development. “Migradollars” are rarely used for the development of migrant communities (for the construction or repair of local schools, roads, bridges and communication infrastructure). CAR Government has not developed yet a practical mechanism translations usage for the development of national economies.

Remittances are a major factor in reducing poverty in the countries of origin, especially in countries such as Kyrgyzstan and Tajikistan, where according to UNDP, they were in the early 2000s, respectively, 44.4% and 60% of the population. It plays a positive socio-political role, affecting the stability of the countries of the Central African Republic and the region as a whole.

Total remittances in several Central Asian republics such as Kyrgyzstan and Tajikistan, make up a significant portion of GDP (25% and above), and by some estimates, in recent years, exceeding the annual volumes of the official international development aid and foreign investment in Central Asian countries.

Since the transfers account for a significant share of GDP, the countries origins governments should regulate labor migration by developing a system of effective use of remittances for development, not only individual households but also migrant communities and the national economy as a whole. One of the measures stimulating investment for development could be the organization of translation in cash and a bank account and the promotion of migrant contributions to health insurance, education, housing, projects of the local community. It is necessary to encourage investment in local businesses, to lend loans for development of production, to provide lower interest rates to implement social and economic projects in local communities.

The development of the legal framework and practical mechanisms aimed at encouraging the use of remittances for development is a new and important area of activity of legislative and executive authorities in the Central Asian republics.

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