

PhD Research Proposal

**Title: LABOR MIGRATION FROM UZBEKISTAN: SOCIAL AND
ECONOMIC IMPACTS ON LOCAL DEVELOPMENT.**

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INTRODUCTION

Current situation

Why do people migrate to other countries to work? What kind of difficulties do they face during this migrant period? What are the consequences of this migration for their families, themselves and the country they originate from?

Obviously the migration process has both positive and negative impacts on the migrant, his/her family, and the sending and receiving country. If we look in different literature “migration is usually defined as the movement of a person or group of persons from one geographical unit to another across an administrative or political border and wishing to settle permanently or temporarily in a place other than their place of origin. Movements within a country are usually defined as internal migration and, accordingly, movements across international borders are called international migration. The broad concept of migration comprises many different forms of migration flows and distinct types of migrants.”¹ As in proposed research we will be dealing with labor migration we can simply say that, labor migration is the movement of people from their place of origin to any other destination with the purpose of getting decent or better jobs (as well as decent earning or better earnings).

According to Bimal Ghosh, “the close relationship between economic development and migration has been recognized for some time. In recent years, however, there has been a shift in thinking about the relationship between migration and development. Traditionally, migration was seen as a problem with negative implications for development. Today, there is a growing recognition that migration and migrants can enhance a country’s development. One of the factors which contributed to this change in thinking is the growing recognition of the importance of remittances.”²

In Uzbekistan like other transition countries labor migration was one of the main ways of earning money for most of unemployed people in regions since the second half of 1990. The official statistics cannot draw the real situation on migration as the biggest share of labor migration is made through unofficial channels to Russia and Kazakhstan. Without any doubt there are official agreements with some countries like South Korean Republic, UAE and as well as Russia on sending labor force on contract bases, but it is clear that

¹ The new demographic regime population challenges and policy responses. Edited by Miroslav Macura, Alphonse L. MacDonald and Werner Haug . United Nations, New York and Geneva, 2005

² Bimal Ghosh. Migrants’ remittances and development: Myths, rhetoric and realities. International Organization for Migration, 2006

these agreements cannot satisfy the total demand for work migration. The scale of unofficial labor migration is impossible to be calculated and the estimates of experts vary from half a million to more than one million. According to a famous researcher on the labor migration field L. P. Maksakovskaya the number is more than 0.5 million, independent experts estimated the total labor migration from Uzbekistan as 2 million. But in the review of IOM for 2001-2002, the flow represents 500-700 thousand working age people.

If we analyze the impact of the labor migration for the sending country it means considerable loss of production potential and at the same time it means new financial flows to the country. For the receiving country it is a cheap labor force which contributes to create added value and as well as emergence of unemployment for local people (as they become less competitive from the point of their labor price) plus some social problems.

If we analyze the issue in Uzbekistan, labor migration (even if it is mostly unofficial) decreased social tension which was caused by unemployment, the remittances send by migrants provided increased consumption capability of their families.

Here we need to shed a light on the role of remittances in localities of Uzbekistan but , before beginning to discuss, let's define them, and look to their origin. According to IFAD report "Remittances, the portion of migrant workers' earnings sent home to their families, have been a critical means of financial support for generations. For the most part, these flows have historically been "hidden in plain view", often uncounted and even ignored. All that is changing. As the scale of migration increases, the corresponding growth in remittances is gaining widespread attention. Today, the impact of remittances is recognized in all developing regions of the world, constituting an important flow of foreign currency to most countries and directly reaching millions of households – approximately 10 per cent of the world's population. The importance of remittances to poverty alleviation is obvious, but the potential multiplier effect on economic growth and investment is also significant."³

Now we can analyze the issue in more detailed way through looking inside of it by the example of former soviet republics and in particular Uzbekistan. For example, Damazo in his research in particular says: "After the emergence of newly independent states in 1991 and as the transition processes began, the economic circumstances of households generally declined, with conditions ranging from Kazakhstan's oil-driven wealth to Tajikistan's significant poverty. This disparity, along with the ease of movement

³ "Sending money home: Worldwide remittance flows to developing and transition countries " IFAD report, December 2007 Edition.

of citizens across member countries of the Commonwealth of Independent States, stimulated labor migration in search of better opportunities from poorer Central Asian and South Caucasian countries. Migrants have gone to the Russian Federation and, increasingly, Kazakhstan. A small group has moved even further, to Europe and North America. Remittance flows from the “host countries” to Central Asia and South Caucasus now amount to billions of dollars annually.”⁴ If we refer to quantitative indicators, according to statistic data in 2006 the migrant workers sent about 300 billion US dollars to their families in developing countries.

In Uzbekistan the flow of money transfers from migrant workers especially increased after 2000, which had considerable effects on some sectors of the economy. First of all the money transfer services of banking sphere enlarged hugely, secondly, the demand for houses, electronic goods and cars increased sharply.

The Problem

In the “Current situation” part of “Introduction” we looked briefly in overall role of labor migration and the remittances for countries. Of course, here the case is concerned with Uzbekistan. So, if labor migration has especially positive impacts on the country, what problem do I want to study and research in my work?

The problem is that: Notwithstanding the fact that it reduces unemployment, provides money flow, etc., **Labor migration still can cause considerable obstacle for local development in the countries.**

The practical evidences for urgency of the studying of this problem in Uzbekistan was formed during my last 5 years work experience where I in fact was engaged in practical and analytical work in the field of municipal and regional development. So based on my researches within different projects and my independent research I can state that, the big share of labor migrants to Russia and Kazakhstan are illegal. Most of them have secondary special education and are young and middle aged people at 20-45. In recent years the number of young people who just after finishing secondary education intending to go work (Notwithstanding the fact that they all can continue their education in colleges, due to the government placing high importance on vocational education) abroad has risen. Also the fact is that all most of these young people go for 3D jobs, i.e. Difficult, Dirty and

⁴ Jet Damazo. Research to Enhance Remittance Efficiency and Impact in Central Asia. Asian Development Bank.

Dangerous. Indeed biggest share of labor migrants from Uzbekistan in Russia and Kazakhstan work on construction sphere.

Let's now look at the real negative consequences of labor migration from Uzbekistan for all, including migrants, their families and localities they used to live:

- The families are being divided for a long time, which is causing a lot of social problems;
- As a lot of labor migrants are illegal and have no medical insurance, most cases they are losing their health and even becoming disabled for a life (in some such cases the families are losing their single bread earner);
- They are being an object of discrimination and human trafficking, becoming real slaves for a long time;
- Some of the young people who could continue their education (as in fact in the country there is good conditions to study for everyone), stopping their education after secondary education and going to work abroad, which means real lost of potential cadres for the locality;
- as in the first turn the good specialist as builders, mechanics, carpenters, etc., are leaving for better pay, already there is a scarcity of good specialists in some fields;
- as labor migrants mostly are people of prime age (20-45) regions are losing their potential human resources for all sectors of local economy, which in long term perspective will cause many sectors of the local economy to remain undeveloped besides existing high natural and production resources.

Regarding remittances, we already stated that they are contributing much to social and economic welfare in the localities. But, there is a question as to whether these financial inflows are being used efficiently? Again the experience and researches show that, this is, not at all the case. Why?

In order to answer this question we should analyze in detail the structure of the spending of migrants' families. Even though there are not any nationwide questionnaires on the issue, based on experts' appraisal, it appears that remittances are spent especially for:

- Daily needs such as food, clothes, etc;
- Payment for public services or utilities such as electricity, water, heating, etc.;
- Purchase of electronic goods, cars, houses, etc.;
- Investing in small business and entrepreneurship (very small share);
- Savings in banks (very small share).

Based on experts' evaluations during 2006-2007 each labor migrant sent in average 500-700 US dollars per month. If we take in to consideration the minimum wage in the country during 2006-2007, which was about 25 US dollars and compare it with financial resources each month the families receive from migrants, we can in fact see that families were receiving considerable amounts of money. According to research done by Muzaffar Kasimov "it is very difficult to estimate which part of remittances spend for exact direction. However according to experts estimations (that was confirmed during conducted in depth interviews and small survey) the main part of received remittances is spend for current family expenses (60-80%), then for wedding and other traditions."⁵

STATEMENT OF TOPIC AND AIMS

The main idea of the research topic is to carry out analysis of labor migration processes and remittances inflow after independence period in Uzbekistan and find out to what extent migration could help social and economic situation in the country, what negative impacts it has on local development (including all levels of local development), what are the social and economic losses of the communities from migration of able bodied population out of the country alongside its benefits. Besides these, to analyses, how far the remittances - the financial resources gained by losing local communities' human resource potential – are being used efficiently, i.e. are these resources serving as a base for creating sustainable income generation sources for the future, besides just being consumed for daily needs. At the same time, based on above mentioned studies and analysis, recommendations on different possible ways of decreasing the negative results of labor migration on local development, and more efficient use of human resources will be elaborated. As well as alternative scenarios of efficient use of remittances by households, proposals for the creation of sustainable income generation sources will be offered.

LITERATURE REVIEW

As the issue of labor migration has always been a top research issue for most scholars and research organizations we can look through huge pool of different literature. Unfortunately, there are a few studies and researches on labor migration issues in

⁵ Muzaffar Kasimov . Labor migration in Uzbekistan population: theory and practice¹. Center for Economic Research, Uzbekistan, 2006.

Uzbekistan by local authors (which can be explained by political sensibility of the issue and as well as almost absence of real statistic data). Proceeding from main purpose of the research, during literature analysis the most afford will be made to capture especially the literature carrying more practical nature (showing negative impacts of out labor migration on local development besides positive ones) i.e. researches by IOM, ILO, World Bank, etc. Of course, thorough analysis of most well known literature on theoretical explanations and approaches will be carried out.

If we look on some issues we already discussed above, through some literature already analyzed during preparation of this background study, in the work of Katja Patzwaldt we can find evidence about the difficult positions of illegal labor migrants in Russia, which says: "Informal employment is widespread and safety norms in the workplace are frequently violated, hygienic living conditions and norms of fair treatment and remuneration disregarded"⁶. At the same time considerable part of scholars do not agree with the view of only high positive returns of labor migration, thus Ellerman, D., in "Policy Research on Migration and Development" states, "my impression is that much of the literature is excessively optimistic about the impact of north-south migration on the South"⁷. At this point Arno Tanner who discussed about returns of brain drain from countries argues, "still, particularly for a vulnerable sending country, the benefits of such migration have their limitations, some of which are already visible and have been analyzed, some of which are still unknown, and finally some of which have not been sufficiently nor objectively examined"⁸ and Arjan de Haan also in particular says, "For example, temporary labor migration such as by *gastarbeiter* in Germany has not stimulated development in the sending regions"⁹. Rosalind David in his turn confirms, that "out-migration can lead to a shortage of labor in some contexts, perhaps particularly the more skilled and – almost inevitably - entrepreneurial parts of the population."¹⁰

Alike opinions are also widespread through different works on remittances, for example, Marek Okólski, states that, "On the other hand, the impact of migration for work on the economic development of micro-regions of migrants' origin is (with rare exceptions) very limited. The basic reason for that is a very low propensity on the part of migrant

⁶ Katja Patzwaldt. Labour Migration in Eastern Europe and Central Asia: Current Issues and Next Political Steps. UNESCO. 2006

⁷ D. Ellerman "Policy Research on Migration and Development", World Bank Policy Research Working Paper, 2003.

⁸ Arno Tanner "Brain drain and beyond: returns and remittances of highly skilled migrants". Global migration perspectives, 2005.

⁹ Arjan de Haan. Migration in the development studies literature: Has it come out of marginality? 2005

¹⁰ Rosalind David .Changing Places: Women, Resource Management and Migration in the Sahel. 1995.

households to save or invest. Migrants tend to transfer back home a substantial part of their earnings in kind (e.g. second-hand cars) and their households tend to spend most of the remitted money on current consumption and purchase of a car or an apartment.”¹¹

RESEARCH QUESTIONS AND HYPOTHESES

In order to fulfill the aim of the research project following questions will be addressed during the research.

- What are the main benefits of out labor migration for Uzbekistan and its localities and what “price” are migrants paying for these benefits?
- What are the positive outcomes of out labor migration for sending families and what is their value if we compare them with losses of families from migration?
- How is local social and economic development being affected by out migration of able bodied people in the regions?
- What must be done in order to prevent negative consequences of out migration on local development in medium and long term perspective?
- How efficiently are the remittances being used?
- What are the ways of enhancing families to invest the part of remittances in creation of the sources of sustainable income generation for families?

As well as based on primary researches, practical experience on the situation, literature review and analysis, the following will be research hypotheses:

Hypothesis 1

Creating different opportunities for potential migrants to establish their entrepreneurial activity or small businesses in localities, could contribute more to local social and economic development than does the incoming flow of remittances sent by labor migrants.

¹¹ Marek Okólski. Costs and benefits of migration for Central European countries. Center for migration Research. Warsaw University.

Hypothesis 2

Special local initiatives (projects, programs, etc) on guiding the recipients of remittances, how these resources could be used more rational in order to generate sustainable income for their families in the future, is crucial.

SOURCES OF DATA

The availability of appropriate data is most important part of any research, and as in proposed research there will be scarcity of proper data (because of political sensibility of the issue and absence of good statistics on migration due to different factors) on national and regional levels of Uzbekistan, besides of available data from State Statistics Committee, Ministry of Labor and Agency for Foreign Labor Migration, the Following data sources will be used:

- Researches and data sets from IOM, World Bank, ADB, ILO, etc;
- Secondary data from researches carried out by scholars in Central Asia and Russian Federation;
- Data set from questionnaires which will be held in selected localities of Uzbekistan

RESEARCH DESIGN AND METHODOLOGY

In the work both quantitative and qualitative research methods will be used to address the research questions and objectives. Multiple methods will allow the different research objectives and questions to be fully explored. In the first stage of the work data from different international organizations and secondary data from researches will be used to build the whole picture of labor migration from developing countries, of course more focus will be made on Uzbekistan. Based on the data collected, comparative analysis will be made, in order to shed a light for several research questions.

The second stage will be carrying out questionnaires in selected regions of Uzbekistan among migrants' families and qualitative interviews with former migrants. For purposes of carrying out questionnaires we will use the help of Mahalla Committees.¹²

¹² Mahalla is a community of people residing in a specific territory. Mahallas in Uzbekistan may vary in size from 150 to 1500 families. In cities, mahallas are generally established by the residents of a particular residential quarter or suburb, and here citizens exercise their constitutional right to self-governance through citizen assemblies.

During my work in Eurasia Foundation Municipal economy and Management, we worked very closely with Mahalla committees (I have even an article on them. See list of my publications) and they were very helpful in carrying out different questionnaires. The important thing is that Mahalla Committees know all information about migrant families and they are always in personal contact with families.

The third stage will capture analysis of primary data acquired during questionnaires and application of quantitative analysis in order to find out costs and benefits of labor migration of those localities.

Fourth stage will be concerned with qualitative interviews with officials of Ministry of Labor, Ministry of Economy, Agency for Foreign Labor Migration and Local Governments.

OUTCOMES AND SIGNIFICANCE

The result of proposed research will be analysis of out migration processes from Uzbekistan based on thorough comparative analysis with other countries in Central Asia, Caucasus, Eastern and Central Europe. As well as detailed analysis of costs and benefits of out labor migration for local and social development in the regions. Besides this, practical recommendation on possible ways of preventing the negative consequences of out labor migration on the regions in medium and long term will be offered. As well as possible scenarios for enhancing families to invest the part of remittances in creation of the sources of sustainable income generation will be elaborated.

The results of the work will be useful for central and local governments in Uzbekistan to improve the issues concerned with out labor migration of human resources and as well as might be interesting for international organization such as IOM, ILO, World Bank, ADB, etc., in their further researches on migration and local development in Central Asia.

6. TIME PLAN

	Activities	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
FIRST YEAR	Consultations with supervisor on the structure of the PhD research												
	Literature review												
	Work on introduction and first chapter ¹³												
	Preparation of questionnaires												
	Field trip to Uzbekistan (carrying out questionnaires and interviews migrants and their families)												
	Transferring the data from questionnaires to excel sheets												
	Analysis of data set formed and consultations with the supervisor on quantitative analysis part of the work												
	Preparation of first article and submission to several international journals (EU and USA)												
	Edition and resubmission of the article ¹⁴												
SECOND YEAR	Work on second chapter and quantitative analysis												
	Preparation of second article and submission to several international journals (EU and USA)												
	Edition and resubmission of the article												
	Preparation of preliminary questions for interviews with some officials from Ministry of labor of Uzbekistan, Ministry of Economy, Agency for Foreign Migration and Local Government												
	Field trip to Uzbekistan (carrying out interviews with government officials)												
	Preparation of article in Russian language for publication in “Экономическое обозрение”(economic review) journal in Uzbekistan and submission												

¹³ Initially the work planned to be formed of 4 chapters

¹⁴ In case of need

	Work on third chapter and consultations with supervisor												
THIRD YEAR	Preparation of third article and submission to several international journals (EU and USA)												
	Edition and resubmission of the article												
	Work on fourth chapter, conclusion and submission to supervisor for comments												
	Preparation of paper on the results of PhD research for participation in Annual International Conference in Tashkent State University of Economics, Uzbekistan												
	Participation at the conference												
	Revision and updating the thesis based on the comments												
	Submission of final version of the PhD thesis												
	Preparation of article in Uzbek language for publication in "O'zbekiston iqtisodiyoti"(Uzbekistan economy) journal in Uzbekistan and submission												

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