

Migration in Russia: Pros and Cons

Svetlana V. Sigova & Natalia V. Parikova



This article deals with the positive and negative consequences of foreign labour migration in Russia. The authors emphasize that Russia is not a homogeneous country. The socio-economic implications for regions differ. This study has found foreign labour migration to be a complicated socio-economic phenomenon, which has a dual effect on the labor market in Russia: on the one hand it is filling the gap in the labour force caused by the demographic crisis; on the other hand it increases the tension on the labour market because of migrants.

Keywords: Russia, foreign labour migration, socio-economic implications, consequences, foreign labour migration, socio-economic implications, consequences, migrants' distribution

Introduction

Foreign labour migration is a topic for both global economic development and Russian prospects. Foreign labour migration (FLM) has become a global phenomenon deeply influencing the development of all countries. In terms of global economy it is compensating for the shortage of workforce.

The significant impact of FLM on the Russian economy can be explained by the following facts: a) Provision of competent employees is a crucial issue for Russia in terms of innovation economic development. b) For the moment Russia is facing ageing population which results in labour force decrease. This problem of employees shortage can be solved by means of foreign labor migration. At the same time FLM influences both positively and negatively the socio-economic development of Russian regions. That is why this phenomenon should be scrutinized. Foreign labour migration is a complicated phenomenon and there are a lot of studies

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of foreign labour migration processes in different countries. (Krasteva 2008; Getova and Uste 2007; Heikkilä and Pikkarainen 2008; Borjas 2005; Clark and Lindley 2009; Zimmermann 2005).

The distribution of foreign labour migrants in Russian regions

Migration flows in Russia generally have a positive dynamic. In 2010 Russia ranked second in the world according to the number of foreign migrant workers (12.3 million) after the U.S. (42.8 million), and third in the world after the U.S. and Germany by the largest total migrants inflow for the period 1992–2010. (Aleshkovsky 2011, 59).

Recently Russia has become an important migration country. The scale of labor migration to Russia during the last decade is steadily increasing (Figure 1).

In 2006 the number of officially working migrants in Russia exceeded 1 million and in 2008 it reached almost 2.5 million. For the period of nine years (2000–2008) the total number of employed foreign citizens in the Russian Federation increased by 11.4 times (from 213,000 in 2000 to 2,426,000 in 2008).

The highest growth rate of the inflow of foreign migrant workers occurred from 2005 to 2008: every year the number increased approximately 1.4-1.7 times compared to the previous years. The recent decrease has been connected with the global crisis. (Labour and employment in Russia 2007–2011).

Russia is one of the largest countries in the world, so it has a vast labour market. The processes of globalization and integration have led to the increase of migration flows in Russia. For this reason our country has an insignificant number of people who are moving abroad.

Russia is not a homogeneous country

Some parts of country are more attractive than the others. It is necessary to emphasize that Russia is not homogeneous. There are eight federal districts. They considerably differ from each other in parameters of socio-economic development. For this reason the number of migrants differ.

Migrants are employed in almost all regions of the Russian Federation. The largest centers of employment of foreign workers are the Central Federal District, which accounts

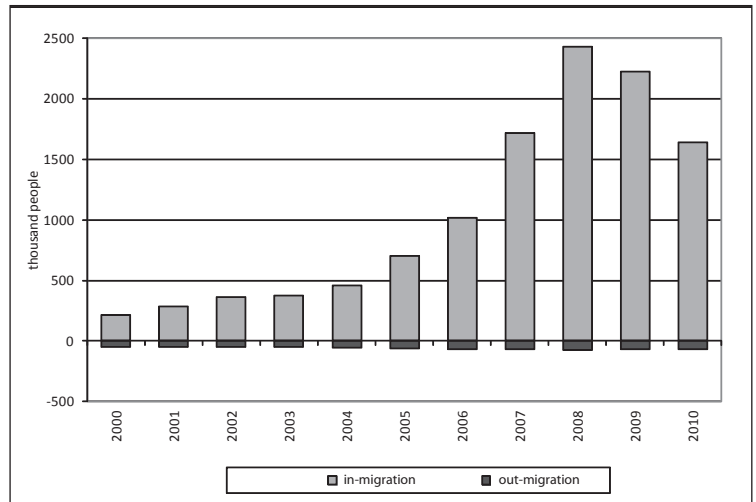


Figure 1. The number of foreign migrants in Russia and Russian workers moving abroad, 2000–2010 (Labour and employment in Russia 2007–2011).

for 40.5 % of all migrant workers, the Urals Federal District – 12.8 %, North-West Federal District – 11.6 %, and the Siberian Federal District – 11.1 %.

The structure of the inflow of foreign labor migrants in 2010 by federal district is shown in Figure 2. The above mentioned four federal districts have totally more than 3/4 of the whole foreign population attracted to the Russian Federation.

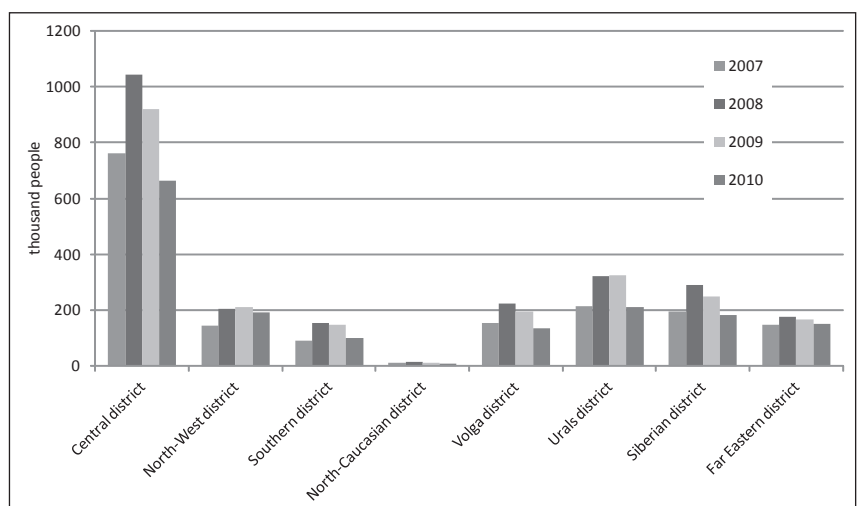


Figure 2. Dynamics of foreign labor migration in the context of eight federal districts, 2007–2010 (Labour and employment in Russia. 2007–2011: Statistics Russia).

The central district ranks first according to the number of migrants. The main city of this districts is Moscow. The reasons are very clear: high economic activity, provision of financial and investment resources, as well as the existence of large labour market. This results in great need for both white-collar and blue-collar workers. The Central district is characterized by higher salaries and better opportunities than other districts. This is not a recent trend: the situation has been the same for years.

Attractiveness or, in contrast, unattractiveness of certain regions for migrants results from asymmetry of their economic development. The asymmetry refers to the difference in structure of the regional economy, demographic processes associated with a labor force reduction because of ageing population, the prospect of change, and the conditions of life.

The largest demand for foreign workers is in regions with strong economic growth, development of industrial production, or development of new mineral deposits, which requires additional labour.

Table 1 presents the regions which are characterized by the highest number of foreign migrant workers.

For example, Moscow attracts one fifth of the whole number of migrants in Russia. It is one of the

Table 1. Five Russian regions with the highest number of foreign migrant workers, 2010 (Labour and employment in Russia. 2007-2011: Statistics Russia).

Region of the Russian Federation	Number of foreign workers	The share of foreign workers in the total number of foreign workers in Russia, %
Russian Federation (83 regions) including:	1 640 801	100,0
Moscow	345 142	21,0
Moscow region	134 855	8,2
St. Petersburg	120 875	7,4
Sverdlovsk region	82 969	5,1
Irkutsk region	62 853	3,8

subjects of the Russian Federation with the strongest economy. Moscow together with the Moscow region accommodate almost a third of all foreign workers – 29.2 %. The five regions listed in table 1 totally attract 45,5 % of all migrants in Russia. This can be explained by a high level of socio-economic development and the geographical position of regions.

The share of foreign workers of the average number of workers in the region is one of the most important indicators, as it characterizes the intensity of migration flows in the region. One of the main assessment methods of regional peculiarities of foreign labor migration is the method of classification. Russian regions were divided into three groups according to the share of foreign workers of the average number of employees. Classification of regions by share of foreign migrant workers of the average number of employees aims to reduce the variety of regions to facilitate the study of the groups. It allows to identify the most problematic regions in terms of migration tension.

The average share of foreign labour migrants of the total number of employees in Russia accounts for 3,5 %, while the same indicator in many regions of Russia is much higher.

Thus the regions were divided into three groups depending on the number of arriving foreign workers. The first group includes 22 regions of Russia, where the share of foreign labour migrants account for more than 5%.

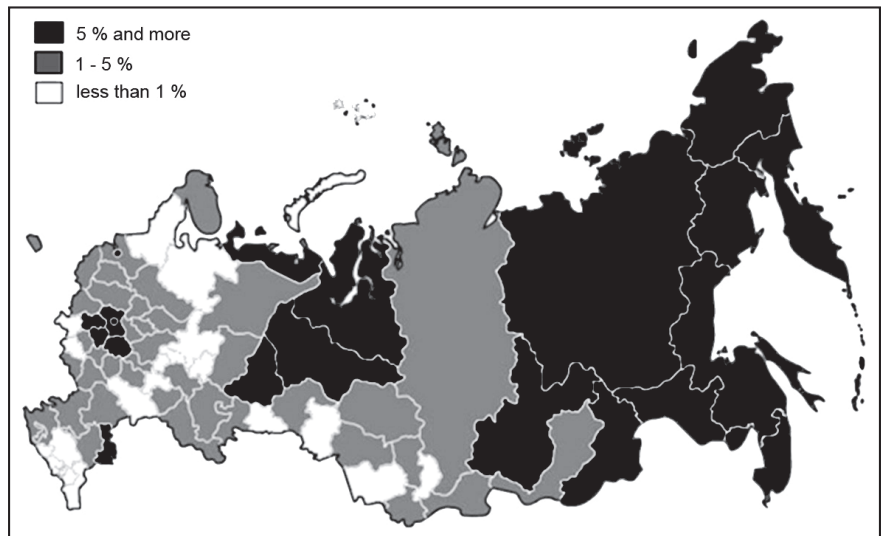
The second group comprises 40 regions of Russia, where the share of foreign labour migrants ranged from 1 to 5 %. The other subjects of the Russian Federation (21 subjects) characterized by the lowest values of this indicator made up the third group.

Unequal distribution of migrants in Russia can be more clearly seen on the map (Figure 3), where the share of foreign workers of the average number of workers in the region is presented.

There are three groups of regions in Figure 3 divided according to the proportion of migrants in the regions. The darker color is on the map, the more intense the flow of in-migrants is in the region. Thus, the regions of the first group are painted black, and the regions of the third group white.

As we can see on the map, the Far East regions and the Urals are the regions with the greatest intensity of foreign labour migration flows.

Figure 3. Map of Russian regions, in terms of the intensity of the foreign labour migration flows, 2010.



To summarize, the Russian regions differ in the number of migrants and intensity of the flow of foreign workers.

Pros and cons: possible socio-economic implications of FLM for Russian regions

Why is so much attention paid to the intensity of the migrants' flows and regional classification? As mentioned before, foreign migrants coming into Russia fill vacancies and therefore, in some regions increase the tension on the labor market. Our analysis revealed that the effects can be both positive and negative.

The elimination of structural mismatch in the labor market due to filling of vacancies is considered to be beneficial for the regions. The local population avoids these jobs because of poor working conditions. Foreign migrants agree to do any kind of work, thus they meet the needs of the labor market. In this case we regard blocking the introduction of labor-saving technologies because of cheap labor as a disadvantage. Of course cheap labour is profitable for employers.

Positive impacts of the inflows of foreign workers:

- The growth of the labor force in the economy, output, total income and aggregate demand;

- Elimination of structural imbalances in the labour market due to filling of vacancies;
- Improving the competitiveness of the products due to the reduction of production costs associated with the lower price of labor;
- Mitigation of an aging population challenge;
- Savings on the cost of education and training (in the case of attracting skilled workers);
- Savings in pensions and other social benefits (in the case of temporary migration);
- Stimulation of vertical mobility of local workers;
- Creating conditions for attracting foreign investment and new technologies.

Negative impacts of the inflows of foreign workers:

- Deteriorating situation in the labour market, increased competition for jobs, decreased wages of local workers, the marginalization of the less skilled workers;
- Blocking the introduction of labor-saving technologies in the use of cheaper labor;
- Dependence on foreign labor for certain types of work;
- Growth of social tensions, ethnic conflicts;
- Illegal immigration and the associated impacts;
- The additional conditions for the development of the «shadow economy» and corruption;
- Budget spending on the social, linguistic, educational adaptation programs for migrants;

- The outflow of funds received by migrants in the form of income.

To sum up there are a lot of advantages and disadvantages because of foreign labour migration.

Conclusion

The current demographic situation in Russia is complicated. It can be explained by the already mentioned facts: foreign labour in-migration flows increase; the impact on the socio-economic life is both positive and negative; regions receive migrants, so there is a need for them; the intensity of the foreign labour migration differs from region to region.

Furthermore, the Russian president's point of view is that foreign workers are an additional source to compensate for the reduction of labour supply. It is stated in the Concept of long-term development of Russia until 2020.

Foreign labour migration is a complicated socio-economic phenomenon, which has a dual effect on the labor market in Russia:

- filling the gap in the labour force caused by the demographic crisis in 54 regions Russia;
- increase in tension on the labour market because of migrants (in 28 regions, more than 30 %).

Regions vary in scale and intensity of foreign labor migration due to socio-economic parameters differences.

Thus, migration policy should be based on the characteristics of the socio-economic development of regions and it can not be the same for all Russia, because of the existing asymmetry of its regions.

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