

ОСОБЛИВОСТІ РОЗВИТКУ СВІТОВОГО ГОСПОДАРСТВА ТА МЕВ

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REFUGEES AS A FACTOR OF ECONOMIC DEVELOPMENT IN HOST COUNTRIES OF MIGRATION

БІЖЕНЦІ ЯК ЧИННИК ЕКОНОМІЧНОГО РОЗВИТКУ КРАЇН, ЩО ПРИЙМАЮТЬ МІГРАНТІВ

БЕЖЕНЦЫ КАК ФАКТОР ЭКОНОМИЧЕСКОГО РАЗВИТИЯ СТРАН, ПРИНИМАЮЩИХ МИГРАНТОВ

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Abstract. *The article analyses refugee impact on economic development of host countries. About two-thirds of all international migrants reside in 20 countries. Total number of refugees in the world was estimated at 19.5 million people in 2014, the number of refugees reached the highest level since World War II. Unlike the voluntary migration, the vast majority of refugees head towards developing countries. It must be stressed that forced migration flows generate significant negative political and economic consequences for the world as a whole. Forced migrants tend to come to those regions where there are no significant employment opportunities. The assumption that receiving a large number of migrants by developed countries may cause unemployment or reduce wages or leads to a significant increase in the cost of public finances due to the rise in social payments is largely unconfirmed. Forced migration being poorly guided, as it is an intrinsic feature of today's stage, creates significant negative externalities to neighbouring regions and the world at large. There is a sizeable difference between forced and voluntary migration for their economic and political consequences. In terms of economic prospects, the difference between forced and voluntary migration should disappear over time. The paper studied the mismatch of supply and demand for certain skills on the labour market that is much more of a problem for developing countries because they receive large volumes of refugees in relation to the total population of their countries and have far fewer opportunities for levelling the imbalance in the economy by attracting additional amount of capital.*

Key words: *international labour migration, refugees, forced migration, labour market, unemployment, migration policy.*

Анотація. *Аналізується вплив руху біженців на економічний розвиток приймаючих країн, з урахуванням того, що близько двох третин від загальної кількості мігрантів в світі проживають в 20 країнах. Визначено, що загальна кількість біженців в світі в 2014 р. становила 19,5 млн. осіб, що було найбільшим показником від завершення другої Світової війни. Наголошується, що на відміну від добровільної міграції, переважна більшість біженців направляють до країн, що розвиваються. Вказується на те, що потоки примусової міграції створюють вагомий негативний політичний та економічний наслідок для світу в цілому. Зазначається, що вимушені мігранти мають тенденцію мігрувати до тих регіонів, де не має значних можливостей для працевлаштування. Виявлено, що не знаходиться практичного підтвердження припущення про те, що отримання розвиненими країнами значної кількості мігрантів може зменшити рівень заробітної плати або ж призводити до значного зростання витрат державних фінансів через збільшення соціальних виплат. Відзначається, що вимушена міграція, в тому разі, якщо вона не супроводжується якісним міграційним менеджментом, як це спостерігається на поточному етапі, створює негативні екстерналії для сусідніх регіонів та для світу в цілому. Визначено, що існує відчутна відмінність між примусовою та добровільною міграцією з точки зору економічних та політичних наслідків, однак, з точки зору економічних перспектив різниця між ними може зникнути з плином часу. Досліджено неспівпадіння попиту та пропозиції на певні кваліфікації на ринках праці, що є значно більшою проблемою для країн, що розвиваються, оскільки саме вони отримують значні обсяги біженців відносно загального населення їхніх країн і мають значно менше можливостей для вирівнювання дисбалансу в економіці через залучення додаткової кількості капіталу.*

Ключові слова: *міжнародна трудова міграція, біженці, примусова міграція, ринок праці, безробіття, міграційна політика.*

Аннотация. *Анализируется влияние миграции беженцев на экономическое развитие принимающих стран, с учетом того, что около двух третей от общего числа мигрантов в мире проживают в 20 странах. Определено, что общее число беженцев в мире в 2014 г. составило 19,5 млн. человек, что являлось наибольшим показателем от завершения второй мировой войны. Отмечается, что в отличие от добровольной миграции, подавляющее большинство беженцев направляются в развивающиеся страны. Указывается на то, что потоки принудительной миграции создают значительные негативные политические и экономические последствия для мира в целом. Указывается на то, что вынужденные мигранты имеют тенденцию мигрировать в те регионы, где нет значительных возможностей для трудоустройства. Выявлено, что не находит практического подтверждения предположение о том, что получение развитыми странами значительного количества мигрантов может уменьшить уровень заработной платы или приводит к значительному росту расходов государственных финансов через увеличение социальных выплат. Отмечается, что вынужденная миграция, в том случае, если она не сопровождается качественным миграционным менеджментом, как это наблюдается на текущем этапе, создает негативные экстерналии для соседних регионов и для мира в целом. Определено, что существует осязаемая разница между принудительной и добровольной миграцией с точки зрения экономических и политических последствий, однако, с точки зрения экономических перспектив разница между ними может исчезнуть с течением времени. Исследование спроса и предложения на определенные квалификации на*

рынке труда является значительно большей проблемой для развивающихся стран, поскольку именно они получают значительные объемы беженцев относительно общего населения их стран и имеют гораздо меньше возможностей для выравнивания дисбаланса в экономике путем привлечения дополнительного количества капитала.

Ключевые слова: международная трудовая миграция, беженцы, принудительная миграция, рынок труда, безработица, миграционная политика.

Current problem. Economic processes around the world are closely interlinked, which is reflected, in particular, in the international migration. The world economic space is converted to a single field of business interaction, and the economic ups and downs acquire global scale [Reznikova, 2016]. Modern possibilities of transportation make international movement a much easier, quicker and cheaper process. Meanwhile, armed conflicts, poverty, inequality and lack of decent work are the main factors that induce the process of international migration today. The economic effects of forced migration is analysed by the broad list of scholars, among others can be pointed out A. Razina, E. Sadkaa, P. Swagelb, H. Sinn, V. Chadwick, U. Dadush [Dadush, 2016; Razina; Sinn, 2004].

The aim of the article is to analyse the impact of refugee migration on economic development of host countries.

Important research results. Number of international migrants in the world reached the figure of 244 million in 2015 (72% of them are people of working age between 20 and 64 years), while that figure was 222 million people in 2010 and 173 million people in 2000 respectively. Growth in the number of migrants only by 10% during 2011-2015 suggests that the increase in the number of migrants has a rather constant pace or even slightly slowed down compared to previous periods. However, the number of international migrants in the world is growing more rapidly than the observed increase in global population over 2000-2015. As a result, the share of migrants in world population grew from 2.8% in 2000 to 3.3% in 2015 [21].

About two-thirds of all international migrants reside in 20 countries. These are primarily the US (47 mln.), Germany and Russia (12 mln. each) and Saudi Arabia (10 mln.).

Total number of refugees in the world estimated at 19.5 million people in 2014. The largest country hosting refugees was Turkey (1.6 mln.), followed by Pakistan (1.5 mln.), Lebanon (1.2 mln.) and Iran (1 mln.). More than a half of the total number of refugees in the world originated from three countries: Syria (3.9 mln.), Afghanistan (2.6 mln.) and Somalia (1.1 mln.). In 2014 the number of refugees reached the highest level since World War II. Also refugee influx is the largest migration in Europe since the World War II [Karakas]. It is expected that there will be 1 million refugees in 2015, 1.5 million in 2016 in EU and 0,5 million in 2017 [Chadwick, 2015].

The main trend in the debate on the current refugee's influx is that destination countries must spend costs to provide aid to refugees in the short period [Muysken, 2013: 4051]. Unlike the voluntary migration, the vast majority of refugees head towards developing countries. Developing regions receive 86% of displaced persons, with the least developed countries providing shelter to 3.6 mln. refugees (25% of the total in the world) [21].

International movement of refugees calls more and more economic effects into existence. Although back in 2014 their number was only 8% of the total number of migrants in the world, the intensification of armed conflicts in the world dramatically increases the importance of this category of workers in the total international migration composition. Forced migration flows generate significant negative political and economic consequences for the world as a whole. In addition, given the localisation of large masses of refugees in several countries and regions an applied research of economic benefits of migration of refugees in the key regions of their destination becomes particularly crucial [Dadush, 2016].

The movement of refugees from Syria, Iraq, Afghanistan, Somalia and other countries caused by a military conflict is the crisis of international scope that not only causes political instability but also is a factor that may lead to the collapse of the existing visa regime within the Schengen area, due to the abrupt immigration burden on host countries in Europe and the inability to find an appropriate solution at the supranational EU level [Dadush, 2016].

Forced migrants tend to come to those regions where there are no significant employment opportunities. Particularly this challenge is especially pressing for the poorest countries or regions that accept refugees, while the richer regions, with some exceptions, have rather low ratio of refugees to the total population. It is the poorest regions where the impact of the influx of refugees on reduction the salaries of the local population, in particular of unskilled workers, is particularly potent [Dadush, 2016].

The assumption that receiving a large number of migrants by developed countries may cause unemployment or reduce wages or leads to a significant increase in the cost of public finances due to the rise in social payments is largely unconfirmed [Dadush, 2016; Muysken, 2013]. In most cases, the arrival of significant number of young motivated workforce into developed countries will lead to a proportional increase in investment and, consequently, the level of production and may even have positive long-term effects on GDP growth of host countries and their economic development [Boubtane, 2014]. That being the case, the global benefits of directing forced migrants to the South is much lower compared to their settlements in the North, and excessive flows of refugees to certain regions of the South lead to net economic losses of the region [Dadush, 2016].

Forced migration being poorly guided, as it is an intrinsic feature of today's stage, creates significant negative externalities to neighbouring regions and the world at large. There is a sizeable difference between forced and voluntary migration for their economic and political consequences. Under a voluntary migration a migrant's goal for movement is, in most cases, either of economic nature or it manifests itself in the form of international labour migration, or is determined by the need to have a family reunification [16]. Thus, while a voluntary migrant independently chooses the time and place of migration, a refugee under a forced migration is deprived of such opportunity and, quite often, is sent to the nearest available safe area. Such migrants may lose all their available assets, or they may end up where employment opportunities are either rare or unavailable altogether. In addition, unlike under voluntary migration, forced migrants rarely have the option to return home. Adaptation of refugees to a new location may take longer and require more support from the host community, which ultimately puts additional economic challenges to the effective inclusion of forced migrants into economic realities of the host country or region that are much greater compared to those faced under a voluntary migration [Dadush, 2016].

In terms of economic prospects, the difference between forced and voluntary migration should disappear over time. Finding work is a necessity of life for the vast majority of refugees, at that, in order to settle or find work these workers may go beyond the country of their first arrival and move to countries or regions more favourable for them. Such behaviour makes the motives and characteristics of forced migrants to the maximum extent close to the same steps and motivation of international labour migrants, thus the same tools may be used to analyse the economic effects of forced migration as in the case of voluntary migration [Dadush, 2016].

However, there are four unique cases that are specific to forced migration. They may be grouped as ones of a predominantly short-term nature – primarily it is a mismatch between market supply and demand for specific labour skills as well as an economic impact of the arrival of large numbers of refugees to the first host country. The long-term forced migration challenges include the issue associated with the region of permanent settlement of forced migrants, espe-

cially it relates to the countries of the South overwhelmed by the refugees, as well as problems of international coordination of migration policy.

Since most countries receive only marginal part of migrants in relation to a country's population, the effect of their arrival on the labour market of the host country is negligible. This situation is significantly adjusted in the event of intermittent influx of migrants, especially in the case of poor developing countries. Mismatch of supply and demand for labour may be adjusted either by reducing wages, or through growth investments in order to equalise the balance of the capital and labour ratio to the level that existed before the influx of new labour. Such adjustment may ensure the country's GDP growth rate of 1 per cent, which will not be lower than the level of increase in the number of human resources in the country. This option is more desirable for a country than the reduction of wages that in turn may be limited or impossible due to a number of regulatory procedures in the labour market. However, new investment may take place too slowly or be restrained by unfavourable investment climate in the host country, which may, in turn, still be affected as a result of the unfavourable political situation that will be created, including due to the rapid increase in the number of refugees to a country [Dadush, 2016].

As a result, the number of migrants that are refugees is not transformed into the quality of the workforce; instead they become dependent on humanitarian aid. Some displaced workers who have not gained an option of employment within a formal economy join the illegal labour market in the informal sector while working for very low wages and being the object of abuse and exploitation. In the recent decades, the majority of the refugees, mostly unskilled workers who came to the developed countries without knowing the language, in some cases arriving illegally or even having entered the host country legally, had been waiting to get a work permit for months or years. Despite having a certain professional level the refugees also face the problem of non-recognition of their skills and they have to take a lower qualification job or pass new exams that also may take years [Dadush, 2016].

The World Bank study [Ianchovichina, 2014] shows that due to the flow of Syrian refugees to Lebanon, the overall supply of labour in the country has increased from 30 to 50% majorly affecting women, youth and unskilled workers. The overall level of unemployment and the share of informal employment in total employment have risen by 10%. Another World Bank study on the welfare of Syrian refugees [Verme] has revealed that if there is a high level of refugees among forced migrants, access to the labour market is not a determining factor to overcome it, which may be due to the fact that the work of refugees is paid for at significantly lower level compared to the wages of local population.

The ILO study [Masri] on forced migration in Lebanon, where the number of refugees is more than 20% of the local population, has found that among Syrians, many of which are eligible for official employment in Lebanon, the unemployment rate is around 30%, and their average monthly salary totals USD 277 while the legally established minimum wage in the country equals USD 477. Inequality in payment for labour is especially manifested among vulnerable workers, for example, Syrian women receive only about one-third of the minimum wage. A similar ILO study on Syrian refugees in Jordan [Aljuni] indicates that wages of unskilled and semi-skilled workers range from 4 to 10 Jordanian dinars, which is not sufficient to ensure adequate quality of life.

Forced migration takes place mainly within a short-term period, while it may be accompanied by significant flows of refugees contrasting with the case of voluntary migration when migration flows are more stable. Forced migration may produce a considerable demographic shock, followed by a sharp imbalance in the demand and supply of public services, the availability of places to stay in the host country [Zetter]. Expectations of business may have an additional negative impact on the economic situation in countries or regions where the investment climate is

unfavourable, and the influx of foreigners could destroy the existing social and political balance [18]. This can delay or stop private investment altogether, which in turn still will increase the cost of housing and services. Tax obstacles may limit needed investments in the public sector, while under the pessimistic scenario a BOP deficit may result into a devaluation of the currency and make imports of food and fuel more expensive [Dadush, 2016].

The current 'immigration crisis' of the EU at present is far from that of developing countries in terms of receiving a significant flow of refugees compared with the main host countries of forced migrants, as evidenced by Table 1.

Table 1

Ability to accept refugees by specific countries, 2014 [Dadush, 2016]

	Germany	Italy	Jordan	Lebanon
Population (mln. people)	80.889	61.336	6.607	4.547
GDP, USD bln.	3 853	301.000	89.000	10.000
Average level of GDP growth in 2010-14, %	1.960	-0.520	2.700	3.020
GDP per capita, USD/ person	47.633	34.955	5.449	10.116
Unemployment, %	5.300	12.200	12.600	6.500
Number of refugees in general, thsd	217.000	94.000	654.000	1154.000
Inflow of refugees in 2014, thsd	40.500	20.500	119.000	404.000
Expected average annual migration (2011-15), thsd	550.000	900.000	400.000	500.000
Ratio of refugees per 1 000 inhabitants	2.630	1.530	87.160	232.390

The number of applications for asylum in 2015 unprecedented for Germany being at around 1 million people (1.2% of the population), which by the OECD definition [17] is characterised as the largest figure for any of the OECD countries in the history of observations, even provided there is a positive decision on asylum, brings the number of refugees per 1 thousand people in Germany to the index of 3, which is about 1 or 2 orders lower than in Jordan and Lebanon. US figure is less than 1 refugee per 1,000 people and migration policy of the country very strictly limits their additional inflows.

The costs for supporting refugees in the OECD countries per refugee are bigger than similar rates in developing countries, but they are much smaller compared to the share of GDP. Thus, budget costs for one refugee in Germany amount to EUR 10-12 thsd. per year, respectively, an estimated number of 1 million refugees in 2015 required EUR 10-12 bln. In the most pessimistic scenario the influx of refugees in the 2015-18 will require EUR 65 bln. during the said period, partially to be covered by EUR 20 bln. of income received from increased production provided by the inflow of new labour force into the country. Net expenses of EUR 45 bln. on refugees within five years may be completely covered through the budget surplus without changing a tax burden or increasing the public debt. Stability indicators for the Italian economy are much worse than for the German one, including in terms of unemployment, and therefore Italy has fewer opportunities for productive use of new labour force. However, as in the case of Germany, the tax effects of receiving more migrants over the next five years is not a decisive or even a significant factor affecting economic development [Dadush, 2016].

Refugees often have some limited resources at their disposal upon arrival to the country, which in turn leads to increased demand for local goods and services, however, in order to maintain the level of effective demand, the option of possible inclusion of refugees into the local

labour market is of critical importance. The way of settling refugees is important as well. If refugees live in special camps, the chances that they will find a job in the legal sector are lower. In Europe, asylum seekers have an average of over 9 months of waiting for a work permit. This period has been shortened to 5.5 months in Germany [15]. According to some estimates [20], if forced migrants have to be quickly integrated into the labour markets, the influx of refugees could lead to GDP growth in the EU by additional 0.2% due to the effect of demand in the short and the effect of supply in the long term.

Conclusions. Mismatch of supply and demand for certain skills on the labour market is much more of a challenge for developing countries because they receive large volumes of refugees in relation to the total population of their countries and have far fewer opportunities to levelling the imbalance in the economy by attracting additional amount of capital.

Regardless of whether the host country of refugees is a developed or developing one, the fiscal effects of forced migration primarily depend on the effectiveness of policy integration of refugees into the legal labour market, and, accordingly, the possibility of creating tax revenues by them.

Over time the economic impact of forced migration, provided there is a free access of such migrants to the labour market of the host country, is drawing closer to the same influence of voluntary migration on countries importing labour. Even if forced to migrate for non-economic reasons, such as finding a high-paying job, most of the refugees fill in either formal or informal labour market in the host country, as the case of Syrian refugees in Germany demonstrates. For the countries of the North, the economic efficiency of permanent migration, both voluntary and involuntary shall be determined by:

- impact on wages, especially those of unskilled workers,
- impact on unemployment,
- long-term fiscal effects of immigration
- impact on overall economic growth, its efficiency being closely connected with the involvement of an additional amount of capital and, most importantly, the labour productivity.

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