

THE ROLE OF MIGRATION PROCESSES IN THE ECONOMIC DEVELOPMENT OF THE COUNTRY

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ABSTRACT

Migration affects the size of the population as well as its age, and occupational and social structure, which ultimately affects the labor market and economic activity. Since the migration, as a phenomenon, produces two effects at the same time - in terms of labor demand and labor supply, its consequences can be multifaceted. On the labor demand side, migration tends to increase output and increase wages, which is the basis for increasing inflationary pressures. Conversely, on the labor supply side, migration flows have a smaller impact on production and lower wages, resulting in weaker inflationary pressures. Thus, regardless of which of the effects of migration dominates, it is indirectly reflected in the dynamics of inflation.

Migration is a powerful driver and important consequence of economic, political, and social change. Given its significant impact on society, migration must be fully measured and understood. Reliable statistical data is the key to understanding this important phenomenon. However, in many countries, even the most general data on migration are incomplete, out of date, or non-existent. Improving this area requires knowledge of the principles of collecting, compiling, and analyzing migration statistics. Migration policymakers as well as other specialists need to know the definitions and measurement methods related to migration data in order to be able to interpret them.

The High-Level Dialogue on International Migration and Development, chaired by the UN General Assembly, concluded that international migration can contribute to the national development of countries of origin and destination, provided appropriate strategies and policies are implemented. This initiative has helped to increase the effectiveness of international efforts to measure migration and migration. Also, an important result of this meeting was the project developed and implemented by the United Nations Economic Commission: "Strengthening

National Capacities to Improve Migration Data: Maximizing Development Gains and Minimizing Negative Impacts."

Keywords: migration, legal migration, economic development, money transfers.

1. Introduction

In the modern stage of world globalization, migration is at the center of intense political debates. Most people perceive immigrants positively, but there are also misconceptions and fears. For example, some believe that migrants are a burden on the economy.

Therefore, the right to freedom of movement, in general, should be guaranteed, because, in a world characterized by widespread migration, mobility is a resource that everyone should have access to.

Clearly, migration is an extremely important factor in the global economy. Sending countries increasingly benefit from remittances and the return of skilled migrant workers, receiving countries benefit from a rejuvenated workforce, and migrants find new opportunities by moving to other countries. Migration contributes to the redistribution of wealth globally and plays a major role in economic development and poverty reduction. Moreover, within the ongoing process of globalization, which promotes the free movement of goods, information, and capital, it is worth thinking about the free movement of people.

International migration is one of the main moral and political issues of our time. People all over the world are demanding the right to migrate, trying to cross borders secretly. Such efforts cause human casualties that cannot be ignored - from the deaths of undocumented migrants and the rise of human trafficking to the social vulnerability of people temporarily living in host countries. In addition, such efforts lead to the strengthening of border protection measures, along whichever higher walls and fences are erected, as well as the introduction of strict restrictions, which have a corresponding impact on travel, scientific research abroad, and even tourism.

Let's also remember that there were long periods in world history when those who wanted to move could do so without hindrance and it did not lead to chaos. Human migration was often encouraged, which was a crucial factor in the development of many countries. What would the modern world look like if human movement had been limited in the past if there had been no migration in the past? Let's also remember that the idea of removing all restrictions on the movement of citizens of one's country became one of the main political measures, which is the basis for the creation of one of the largest structures of regional cooperation in the world, the

European Union. Currently, other supranational organizations are also considering free movement as part of their future cooperation.¹

Of course, migration has profound consequences for both sending and receiving societies, and these consequences must be treated with the utmost care. Social transformation requires creative initiatives that make the right of movement of people compatible with the existence of a benevolent state, civil rights, and democratic institutions. All too often, migrants are accused of threatening the stability of society. In other words, instead of trying to stop migration, measures should be taken to ensure that people's right to movement is compatible with the need for societal stability. Free migration will not pose a threat to the host societies but will strengthen intercultural contacts, which will lead to the formation of societies based on openness and tolerance and will contribute to the development of the economy of these countries.

2. Economic indicators of migration

The share of immigrants in developed economies has grown substantially in recent years, and escalating conflicts have created large flows of refugees, mostly affecting emerging markets and developing countries. It is important to discuss at the scientific level the driving factors of migration, its recent dynamics, possible future changes, and economic impact on the host countries. Four main factors are generally chosen. First, migration is associated with high costs that severely limit people's ability to move across borders. Second, migration pressures on developed economies will continue, given that population growth is expected in emerging markets and developing countries over the next 30 years. However, rising incomes in emerging markets and developing countries will reduce overall emigration pressure. Third, conflict is an important driver of migration, especially in the case of migration to emerging markets and developing countries. In the future, climate-related natural disasters have the potential to increase emigration, but evidence of such pressures is so far limited. Fourth, immigration in advanced economies increases output as well as productivity in the short and medium term, but this positive effect is not clearly evident in refugee flows in emerging markets and developing countries.

Currently, there are approximately 281 million international migrants in the world, which represents 3.6 percent of the world's population. We are talking about people who live and work outside the countries where they were born. They migrate in search of a better life for themselves and their children, they contribute greatly to the development of their host countries and their countries of origin. In recent years, the scale of international migration has been steadily

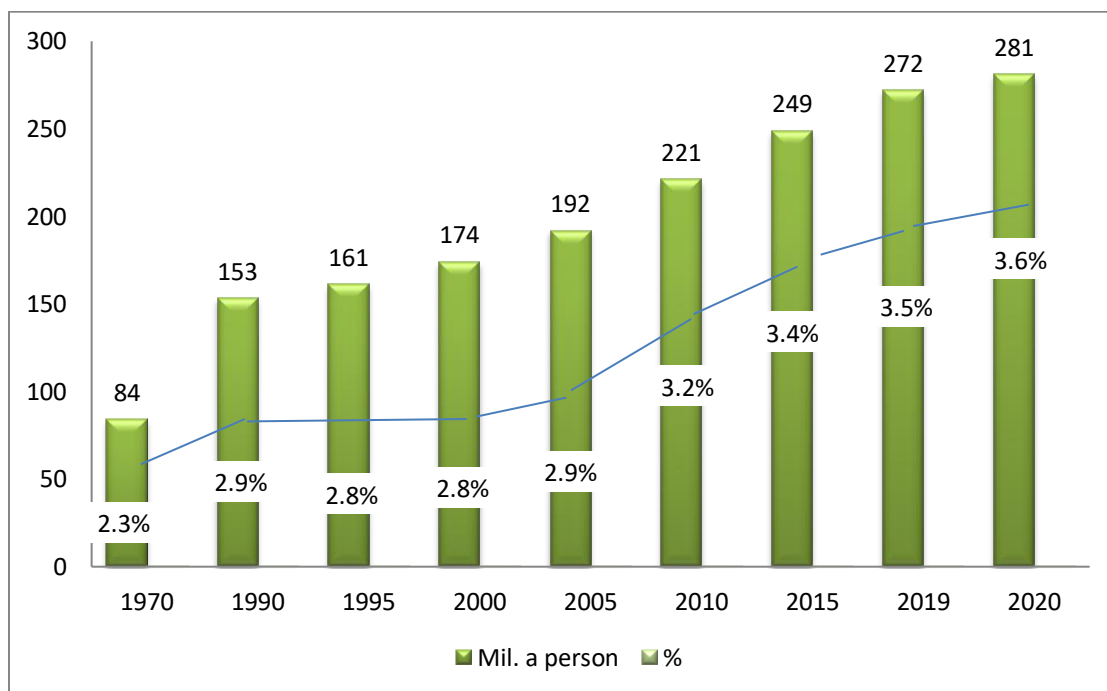
¹Pecoud A., Cuchteneire P. Migration Without Borders: Essays on the Free Movement of People. [Berghahn Books](https://books.google.fm/books?id=mDGINxffxvUC&printsec=frontcover#v=onepage&q&f=false). New York. 2007. Pp. 4-5.
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increasing: in 2020, there were 128 million more migrants in the world than in 1990 and three times more than in 1970 (see Figure 1).²

In recent decades, the most attractive countries for migrants were the United States of America and Germany. In 1970, there were 12 million international migrants in the United States, and today there are more than 51 million.

The number of international migrants in Germany has increased from 8.9 million to 16 million in the last 10 years alone. France, the United Arab Emirates, and Saudi Arabia are also attractive countries for migrants. 88 percent of the population in the United Arab Emirates are international migrant workers.

Figure 1. The number of international migrants (million people) and their share in the total world population (in %) in 1970-2020.



Source: Data for 1970-2019 are given in: (United Nations, Department of Economic and Social Affairs. Population Division (2019). International Migrant Stock 2019 (United Nations database, POP/DB/MIG/Stock/Rev.2019). Workbook: UN_MigrantStockTotal_2019.xlsx.). And the data for 2020: United Nations. International Migration 2020. Department of Economic and Social Affairs. <https://www.onlinelibrary.iihl.org/wp-content/uploads/2021/04/2020-UN-International-Migration-2020-Highlights.pdf> - based on data.

²United Nations. UN News. There are Approximately 281 Million International Migrants in the World. Global perspective Human stories. 14. 02.2022. <https://news.un.org/en/>

In general, more than 60 percent of people go to Europe and Asia in search of work and a better life. There are 87 million foreign workers in Europe and 86 million in Asia. They are followed by North America, where 59 million international migrants work, accounting for 21 percent of all global migration flows, and 9 percent of migrants are in Africa.³

In terms of countries of origin, 40 percent of international migrants come from six Asian countries: India, China, Bangladesh, Pakistan, the Philippines, and Afghanistan. Among international migrants, Mexico ranks second after India, and Russia ranks third.

Migrants, unlike refugees, go to other countries not because they are persecuted or their lives are in danger, but in order to improve their living conditions, find a good job or get a proper education. Most of them use the channels of legal migration, but there are those who entered this or that country illegally.

The UN has repeatedly emphasized that migrants make a significant contribution to the economies of both their host countries and their countries of origin. In receiving countries, migrants help to solve labor shortages, especially in the manufacturing sector and health care, and send remittances to their home countries.

However, despite the pandemic and all the related restrictive measures, in 2020 migrants sent home about 702 billion dollars. This is only 2.4 percent less than in 2019. In 2020, citizens of India, China, Mexico, the Philippines, and Egypt transferred the most money to their families. Remittances sent by migrants from India to their families reached \$83 billion last year, while remittances from China reached \$59 billion. The money that migrants send home allows their families to buy food, clothing, education, and medical care.⁴

Rising incomes in countries with emerging markets and developing countries will reduce migration pressures. But, as noted, this is not necessarily the case in poor countries such as sub-Saharan Africa, where rising (though still low) incomes may allow more people to emigrate.

Migration will also be affected by other impacts (which are analyzed as alternative scenarios). For example, climate change is expected to significantly increase internal and regional migration to countries with emerging markets and developing countries. At the same time, it is clear that its impact on migration in developed economies is less likely, as lower incomes in many poor countries may keep more people in their region of origin.

³United Nations. Migrants. Background. <https://www.un.org/en/fight-racism/vulnerable-groups/migrants>

⁴United Nations. UN News. There are Approximately 281 Million International Migrants in the World. Global perspective Human stories. 14. 02.2022. <https://news.un.org/en/>

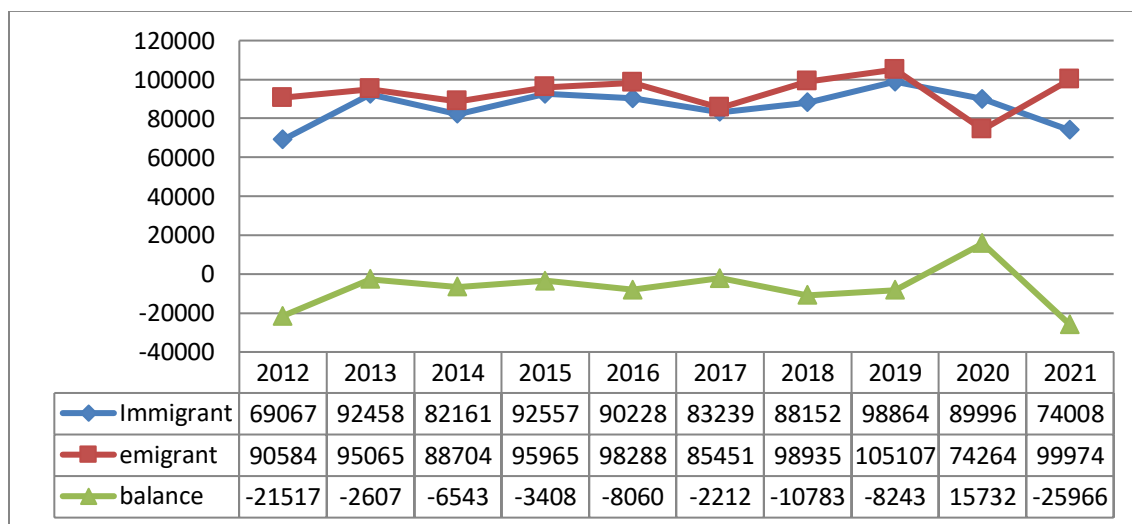
Migration brings great benefits to host countries and provides migrants with opportunities for a better life. However, it can also create problems in the area of income distribution, as local workers in certain market segments may suffer economic losses, at least temporarily. Therefore, tax and labor market policies should be used to support incomes and retrain local populations facing labor market difficulties.

In addition, an active labor market and immigration measures aimed at integrating immigrants, such as language training and promoting professional knowledge verification, can help achieve even better immigration outcomes in host countries. Finally, international policy coordination is needed to address problems related to refugee migration. This includes co-financing the costs of hosting refugees and promoting their integration in emerging markets and developing countries.⁵

3. Impact of migration on the Georgian economy

To analyze the impact of migration on the Georgian economy, let's first briefly consider the statistics in this regard. According to the data of the National Statistics Service, the annual data of migration varies quite widely, which can be clearly seen in the diagram. (see diagram 2).

Diagram 2. The number of immigrants and migrants and migration balance in dynamics by years (2012-2021)



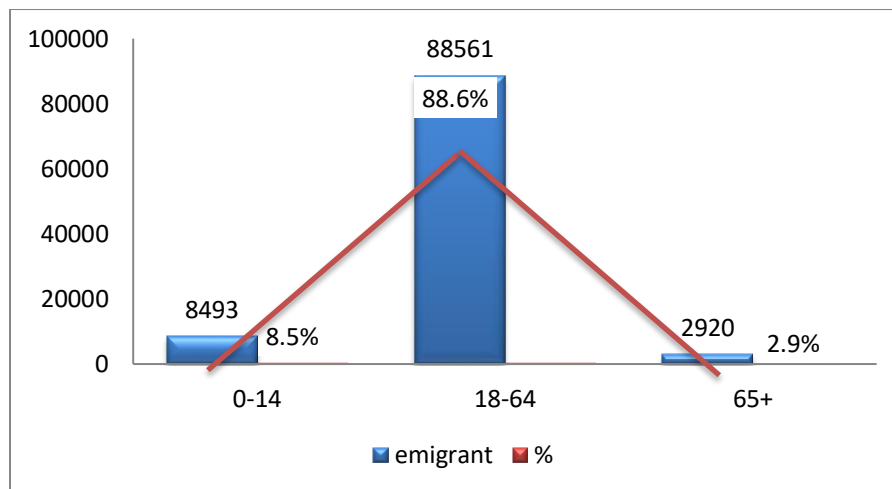
Source: Chart compiled based on Geostat data⁶

⁵International Monetary Fund. World Economic outlook. Countering the Cost-of-Living Crisis. 2020. <https://www.imf.org/en/Publications/WEO/Issues/2020/09/30/world-economic-outlook-october-2020>

⁶ National Statistical Service of Georgia. migration. <https://www.geostat.ge/ka/modules/categories/322/migratsia>

As can be seen from the diagram, the balance between immigration and migration is characterized by considerable fluctuations. Its indicator was positive only in 2015, and the lowest migration balance was recorded in 2021. According to various data, the number of people who emigrated from Georgia only in 2010-2020 increased and amounted to 861,000 people, which is almost 23% of the entire population of Georgia. Here we should also take into account the fact that mostly the able-bodied population emigrates. For example, if we consider the data of 2021, we will see that out of 99,974 emigrants, 88,561 people were between the ages of 15-64, i.e. 88.6% of the entire volume (see diagram 3).⁷

Diagram 3. Distribution of emigrants leaving Georgia by age and their percentage ratio to the total volume in 2021.

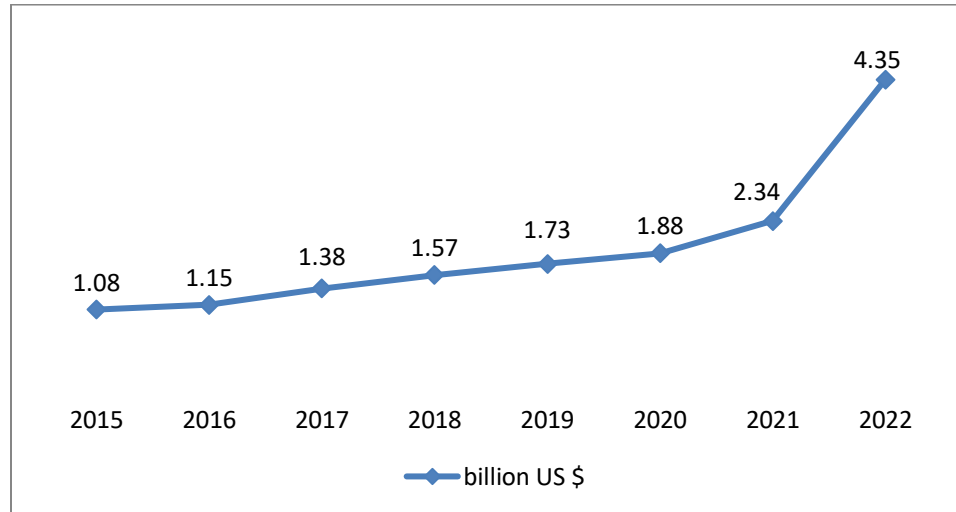


Source: The chart was compiled based on data from the Geostat and Border Police.

Migration has a significant impact on the Georgian economy. This influence is both positive and negative. The positive impact is that the majority of people who go abroad send significant amounts of money back home, which enables these families to carry out economic activity and also increases the demand for products and services. And the negative impact on the country's economy lies in the outflow of the able-bodied population, which creates a shortage of qualified labor and has a negative impact on the country's development.

With the increase in migration every year, remittances by repatriated migrants also increase, which can be clearly seen in the diagram (see diagram 4).

⁷National Statistical Service of Georgia. migration. <https://www.geostat.ge/ka/modules/categories/322/migratsia>

Diagram 4. Remittances from abroad to Georgia in 2015-2022 (billion USD)

Source: The diagram was compiled based on the data of the National Bank of Georgia.⁸⁹

As can be seen from the diagram, the volume of remittances from abroad increases every year, especially in 2022 compared to 2021. which was caused by the high rate of inflation in the world.

4. Conclusion

Rising incomes in countries with emerging markets and developing countries will reduce migration pressures. But, as noted, this is not necessarily the case in poor countries like Georgia, where rising (though still low) incomes may allow more people to emigrate.

Migration will also be affected by other impacts (which are analyzed as alternative scenarios). For example, climate change is expected to significantly increase internal and regional migration to countries with emerging markets and developing countries. At the same time, it is clear that its impact on migration in developed economies is less likely, as lower incomes in many poor countries may keep more people in their region of origin.

Migration brings great benefits to host countries and provides migrants with opportunities for a better life. However, it can also create problems in the area of the income distribution, as local workers in certain market segments may suffer economic losses, at least temporarily. Therefore, tax and labor market policies should be used to support incomes and retrain local populations facing labor market difficulties.

⁸National Bank of Georgia. Annual Report 2021. p. 39.

⁹ National Bank of Georgia. money transfers. 2022.

In addition, an active labor market and immigration measures aimed at integrating immigrants, such as language training and promoting professional knowledge verification, can help achieve even better immigration outcomes in host countries. Finally, international policy coordination is needed to address the problems associated with refugee migration. This includes co-financing the costs of hosting refugees, from the world's international organizations, and promoting the formation of markets and their integration in developing countries, which is important for our country to regulate and meet the needs of the large influx of refugees to Georgia due to the Russia-Ukraine war.

Thus, we can conclude that immigration is important for the economy of Georgia, so there are remittances, thereby increasing the standard of living of the population and their purchasing power, which in turn is the basis for the increase in demand for products and services, as well as for a part of the population to be able to absorb developed technologies and bring rich international experience to our country. But it is necessary to control the so-called labor migration. "Brain drain", since the drain of highly skilled personnel should not become a hindering factor for the country's economy, as highly professional, qualified personnel is a prerequisite for raising the level of the economy of any country and developing the country.

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