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Social Impact of Emigration and Rural-Urban Migration in Central and Eastern Europe

Executive Summary

Belarus

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Belarus remains one of the least-reformed countries within the CEE and European CIS region. Its economy is dominated by public-sector activity, with a focus on heavy industry and agriculture, the products of which are exported to Russia and other CIS countries. Only energy and raw materials are exported to the EU. This pattern of production and distribution renders Belarus vulnerable to shifts within Russia's economy and dependent on a high level of economic integration with its more powerful neighbour. Intensive economic relations with Russia, as well as the two countries' mutual Soviet past, make Russia the main destination country for Belarusian labour emigrants.

Estimates of the emigration rates for Belarus vary, with official statistics differing from those produced by the World Bank or from receiving countries. Official statistics only include those persons who officially deregister their place of residence and do not take irregular migration - a widespread phenomenon within CIS countries - into account. These statistics show that 600 000 people have left Belarus within the last 20 years representing almost 6% of Belarus' population at the point of gaining independence in 1991. But these departures were compensated by the same number of arrivals, so the total population loss within 1989-2009 related to migration was 40,000 people. According to the World Bank there are 1.8 million Belarusians living abroad, but this group also includes those who emigrated from Belarus as early as 1970. Yet whatever the exact figures, emigration is an acute issue for Belarus, exacerbating demographic issues associated with a shrinking and ageing population.

The country's most intensive emigration flows took place in the early 1990s, fuelled by economic turmoil, repatriation and family unification, and new opportunities to emigrate to Western countries and Israel. By the mid-1990s, these motives had diminished in importance, and emigration became largely a strategy for coping with fast-rising poverty rates. During a mid-2000s period of rapid economic growth, attended by rising incomes and significant poverty reduction, emigration was primarily driven by the desire to improve incomes further and realise personal potential more fully than was possible within Belarus' state-dominated economy. For this reason, EU countries and the United States became increasingly significant destinations for Belarusian (temporary) migrants, although Russia retained its role as the primary destination country. The flow of temporary labour-associated migration is still dominated by men, while female migration is on the rise. Male migrants predominantly seek employment in Russia's construction sector while female migrants represent the majority in EU countries where they work in the service sector.

The effects of emigration are clearly visible within the Belarusian labour market. One prominent issue is a labour shortage within the construction sector, although this is in part related to overheating within the sector itself. The information technology sector too is affected by emigration, as skilled personnel within Belarus are actively recruited by multinational companies. More broadly, the country has a shortage of blue-collar and healthcare workers, but these issues are related more closely to over-regulation of the labour market and the centralised healthcare model than to emigration. However, emigration - particularly irregular labour migration - does have negative consequences for the social security system, as the consequent reduction in contributions to the Social Security Fund puts additional pressure on a pay-as-you-go (PAYG) pension system already stressed by an increasing dependency ratio.

Internal migration is a more widespread phenomenon within Belarus than is emigration. This usually takes the form of rural-urban migration, as well as of movement from all regions to Minsk, which holds a dominant position within the Belarusian economy. Rural areas are characterised by significantly poorer living conditions and lower incomes than urban areas, along with a comparative lack of infrastructure, healthcare and education services. Though a significant source of employment in rural areas, the agricultural sector is largely state-controlled, dependent on significant government support and offers comparatively low wages. Few private-sector opportunities exist. This combination of factors drives a significant share of rural young people of working age, particularly women, to migrate to the cities. Education is a key motive in many such moves, as most universities are situated in Minsk or other regional centres. These internal migration flows tend to unbalance the rural population structure, and outlying areas suffer from a lack of young people, particularly women. The

tendency of skilled or educated individuals to seek higher wages in cities leaves rural areas without the agricultural experts, engineers, teachers and healthcare workers who might otherwise help address regional infrastructural or economic deficiencies.

Emigration and internal migration have inevitable social consequences. Traditionally vulnerable social groups in Belarus include children, the elderly, single parents, unemployed individuals and other economically inactive persons. The welfare of these population groups is closely interrelated with migration issues. Women children and the elderly suffer from a comparatively high risk of poverty, as they lack employment opportunities. However, emigration of their family members is widely accepted, as this provides them with additional income. The concomitant tensions in family life are viewed as acceptable, as the consequence of non-migration may be unemployment for their relatives. As the unemployment benefit is five times lower than absolute poverty line, this in turn implies an inevitable condition of poverty.

Public support for groups vulnerable to migration is limited to general social security measures. Senior citizens living alone are also provided with a variety of additional social services, including assistance with physically intensive activities and nursing, in return for largely symbolic fees. The provision of these services in rural areas is limited, however. Targeted social assistance is provided for a maximum of just 6 months per year, and is designed to increase household income only to the absolute poverty line. Thus, the primary policy recommendation aimed at improving the welfare of migration-vulnerable groups through the social security system include: i) increasing the poverty line and related social payments, ii) broadening the social services network, iii) recruiting volunteers and NGOs to this kind of activity, and iv) introducing a reasonable unemployment benefit.

Belarusian officials frequently allude to the importance of international migration issues, but public activity rarely extends beyond the rhetorical. Practical implementation of migration-related policy takes place largely within the context of bilateral agreements with CIS countries and Baltic States on the issues of labour migration and social security provision. Similar agreements with EU countries are largely lacking. Moreover, these agreements only cover official migrants, leaving the significant population of irregular labour migrants without access to these benefits. Beyond these instruments, the Belarus government has implemented some policy measures aimed at facilitating return migration, and provides some support to the Belarusian diaspora with respect to education and national culture. However, the potential of the diaspora population, which today exceeds 2 million people, has been tapped only to a minimal extent due to the domestically weak business environment and limited political contacts with this emigrant population. An intensification of cooperation with Belarusians living in Western countries, in combination with the creation of a more transparent business environment within Belarus itself, could prove an attractive way of spurring foreign direct investment. A portion of the National Programme on Demographic Security for 2011-2015 is intended to encourage return migration by providing highly-skilled people within certain professions with up to \$1000 to cover migration and resettlement costs. This mechanism is slated for introduction in 2012. If in fact implemented, it could prove beneficial to a Belarusian labour market that currently suffers from shortages of healthcare personnel, engineers and other specialists. However, this measure alone is insufficient, as the economy's problems are rooted in labour market over-regulation and low wages.

In order to boost economic development in the regions and to restrain rural-urban migration flows following measures are recommended: i) the provision of tax incentives for small and medium-sized enterprises (SMEs) registered in rural areas and small towns, ii) the offer of lower interest rates on housing loans, and iii) an increase in public investment in rural areas. In the long run, such policies could contribute to improving the quality of life - and by extension the attractiveness - of rural areas and small towns. However, these measures should be complemented by agricultural reforms aimed at increasing private sector participation and boosting efficiency, thus reducing the currently unsustainable (up to 5% of GDP) level of public support.