

Labour market of the Eurasian Economic Union: the leading role of migration

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Abstract This paper focuses on the labour market issues in the Eurasian Economic Union (EAEU). Moreover, it highlights the leading role and the importance of migration in the context of the development of this market. The social and economic importance of the labour market in the countries of the Eurasian Economic Union is manifested in the globalisation of the modern world economy. The development of labour relations suggests the creation of new approaches to the evaluation of the regulation of employment of the labour force at the national and supranational levels. The emerging risks which associated with the migration security require represent the need to research and address the problems of the formation and future development of the EAEU single labour market.

This paper presents an analysis of the development and improvement of the common labour market of the Eurasian Economic Union. We describe the problems of labour migration and forms the prospects for the functioning of the common labour market in the EAEU countries. Moreover, we reveal the role of the Russian Federation as a leader in the receiving of foreign migrants. Finally, we propose some measures and regulations allowing to mitigate the migration flows among the EAEU countries.

1 Introduction: general concepts of the migration

Eurasian Economic Union (EAEU) is an economic union of several former Soviet Union states located in Central and Northern Asia and Eastern Europe and encompassing Armenia, Belarus, Kazakhstan, Kirgizstan, and Russian Federation. Founded in May 2014 and coming into force on the 1st of January 2015, EAEU envisages many provisions including the single market (likely to inspired by the European Union's Single Market) with the free movement of capital, goods, services, and people (Vinokurov 2017). It is the issue of labour migration in the EAEU that presents an interesting subject of the scientific research (Tarr 2016).

In spite of its importance, the issues of the formation and the development of the labour market in the integration space have not been studied sufficiently (Todaro 1969; or Mortensen and Pissarides 1994; Jandová 2012; Čábelková et al. 2015; Kirkham 2016; Roberts and Moshes 2016; or Niño-Amézquita et al. 2017). There are still some pertaining problems which are associated with the increasing or the decreasing of the employment of the individuals, the reducing or the increasing of the unemployment rate in the labour market, the lack of united, common and effective solutions for the establishment and the development of the labour market (Melnik and Mityushina 2016; Medvedev 2016; Fursov et al. 2018). The authors of the scientific studies did not fully disclose the factors which influence to the emergence of existing problems. Moreover, there is a lack of elaboration of measures to solve these problems.

The role of the labour market for the Eurasian integration is explained by the fact of the formation of unified labour resources in the EAEU is the creation of factors for the development of the modern economy of the countries which are participating in the EAEU and rise it to a new level.

The system of the social and labour relations takes the existence from its subsystems, where the necessary mechanisms are regulated. Also, the development of a common labour market in the EAEU is very important because of the economic efficiency which is emerging as a result of the formation of the market value of the labour resources. The methods of the integrated management of the system are created at the level of the EAEU and at the level of the national labour markets.

In this paper, we argue that the creation of the EAEU has opened up new opportunities for the individuals to choose the unimpeded movement of the labour. In this regard, there is a need of developing the process of regulating and delimiting the labour force as a low-skilled and a high-skilled.

2 Statistical analysis of the labour market in the territory of the EAEU

There are some macroeconomic factors which have the influence of the national labour markets of the member countries of the economic or political union (Alesina et al. 2005). These are demographic factors (a fertility and a mortality, a natural growth, a migration processes, etc.), economic factors (a change of a price policy, an inflation), social factors (an income level of the population, a level of a social security of the population, etc.), organisational factors (the level of a labour organisation and a production), legal factors (a development of the legal framework governing labour relations, terms of an employment, a dismissal, a protection of labour rights, etc.). (Luzina et al. 2016).

The EAEU labour market model has a number of common features which distinguish it from the other models. The EAEU pays attention to the social protection of the working population in the participating countries. At the same time, the main obstacle to the smooth functioning and development of the common EAEU labour market is the existence of the differences in the each country of such factors as social and labour standards in the field of the education and professional training of the individuals, wages, medical insurance conditions, and the obligation of pension payments to the workers.

It is necessary to take into the account of the following peculiarity of this problem which consists in the unequal number of working people in the member countries of the Union. For example, the Russian labour market exceeds in aggregate the labour markets of the Republic of Kazakhstan and the Republic of Belarus by about 5 times (Eurasian Economic Commission 2019). This due to the difference in the population of the countries (see Table 1 that follows).

Table 1. Population dynamics in the EAEU member countries (2014-2017), men

Indicator	2014	2015	2016	2017
Republic of Armenia				
The number of the resident population on January 1	3 017 079	3 010 598	2 998 577	2 986 151
Natural increase (+), decrease (-) of the population	15 317	13 885	12 366	10 543
Migration gain (+), outflow (-)	-21 800	-25 900	-24 792	-23 500
Republic of Belarus				
The number of the resident population on January 1	9 468 154	9 480 868	9 498 364	9 504 704
Natural increase (+), decrease (-) of the population	-3 008	-998	-1 600	-16 755
Migration gain (+), outflow (-)	15 722	18 494	7 940	3 874
Republic of Kazakhstan				
The number of the resident population on January 1	17 160 855	17 415 715	17 669 896	17 918 214
Natural increase (+), decrease (-) of the population	267 022	267 647	269 463	261 253
Migration gain (+), outflow (-)	-12 162	-13 466	-21 145	-22 130
Kyrgyz Republic				
The number of the resident population on January 1	5 776 570	5 895 062	6 019 480	6 140 200
Natural increase (+), decrease (-) of the population	126 249	128 644	124 685	120 454
Migration gain (+), outflow (-)	-7 757	-4 229	-3 965	-3 925

Russian Federation				
The number of the resident population on January 1	143 666 931	146 267 288	146 544 710	146 804 372
Natural increase (+), decrease (-) of the population	30 336	32 038	-2 286	-135 818
Migration gain (+), outflow (-)	270 036	245 384	261 948	211 878

Source: Eurasian Economic Commission (2019)

We analyse the population dynamics of the Union member countries as a whole. It can be noted that the situation of the EAEU labour market is complicated by the fact that the total population of the countries tended to decrease for about 20 years. It affects negative to the state of the labour market and the availability of the specialists who are high qualified.

For the period from 2014 to 2017, there is a decrease in the population in Belarus and Russia. Also during the period under review there is a migration outflow of the population in Armenia, Kazakhstan, and Kyrgyzstan. There is a general decline in the population in the EAEU member countries. In our opinion, the solution to this problem can only be the attracting migrants to replenish labour resources.

It is necessary to take into account the scale of the movement of labour, which depends on the host country of the EAEU.

The leader among the EAEU member countries in accepting of foreign migrants is Russian Federation. Figure 1 that follows shows the number of migrants from the EAEU member countries in the Russian Federation (see Fig. 1).

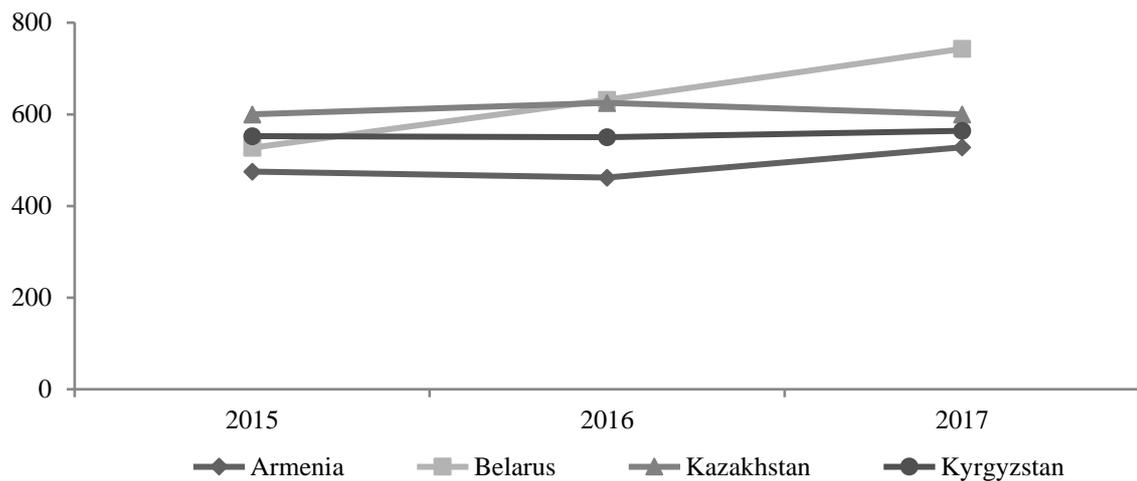


Fig. 1. The working population of the EAEU member states on Russian labour market (2015 – 2017), thousand people

Source: compiled by the author on the basis on the Eurasian Economic Commission (2019)

It becomes apparent that this influx was formed due to the implementation of the state programs to attract the labour migrants into the country. However, the migration exerts its influence, both positive and negative, on all spheres of the life activity. Previously conducted studies (Gorn et al. 2018; or Luzina et al. 2019) showed that the illegal migration remains a problematic issue for Russia.

3 Problems of the illegal migration

Many authors consider the impact of the migration on the main spheres of society. Therefore, according to most authors, the main areas of influence are (Sidenko et al. 2010; Vasil'eva 2014):

- the labour market (including the increase in the unemployment, the increase in the foreign labour, the qualification structure of the migrants, the irrational use of the labour);
- the economic situation (damage from the illegal labour activity of migrants, budget expenditures on the regulation of the migrants, decline in the production in certain industries, an export and a transfer of capital abroad);
- the law and the public safety (the crime rate among the migrants);

- the ethnic balance of the population (the migration load on the local population);
- the sanitary and the epidemiological well-being (the prevalence of the infectious diseases among the migrants, the contribution of the migrants to the overall morbidity).

An important problem on the way to the smooth functioning of the common labour market is the problem of illegal migration in the EAEU. As a rule, the labour migrants are low-skilled labour. The migrants pose a problem for the national labour market of any country, since they crowd out the local workers, thus “selecting” jobs. Among the EAEU countries, the majority of the migrants are present in Russia due to the size of the country’s area, the constantly developing economic situation, the availability of plenty of the jobs.

Currently, the majority of the migrants in the Russian Federation are represented by the individuals from the countries of the Commonwealth of Independent States (CIS), i.e. some of the countries represented in the process of joining the EAEU.

The largest number of the migrants follows from Ukraine, Kazakhstan, Uzbekistan and Tajikistan. The main reasons for the migration in the EAEU member countries are the job search, the better living conditions and the desire to improve or change the lifestyle.

The most “dangerous” or “volatile” migrants on the national labour markets of the EAEU are illegal migrants who move from one country to another, resorting to a violation of the international, national legal norms. The illegal migration leads to social tensions. There are conflicts arise between the people because of the ethnicity, the negative attitude of the local population towards the migrants manifested due to the inappropriate behaviour of the migrants in the country of the residence, the disrespect of the local culture, rules, traditions, and non-observance of the other norms. In addition, the illegal migration is a threat to the social, economic, political situation in each country. The absence of the barriers between the countries on the free movement of the labour resources in the EAEU allows low-skilled labour in terms of the legal migration to be satisfied with the price offer and the working conditions of the host country. The interest of the employee here is a well-paid work in a foreign country in the labour market.

After a certain duration of the work and the acquisition of the new experience, the employee may continue to perform the work in a foreign country or return to his country.

In the first case, an employee who is the labour migrant to some extent solves the problem of low-skilled labour, replenishment of high-quality labour resources in the labour market. Overall, it appears to us that the following four key problems exist in the EAEU labour market:

1. The lack of flexibility in the national labour markets of the countries participating in the EAEU;
2. The labour movement (the migrants and the illegal migrants);
3. The lack of regulation of the employment and the unemployment of the population;
4. The existence of the informal employment.

The main directions for the formation and future development of the common EAEU labour market are the activities of the Eurasian Economic Commission, aimed at promoting the employment, applying the agreed wage prices and its conditions, filling the market with highly skilled labour. It is necessary to create the large-scale centres of a single educational space on the basis of the EAEU for the training of the highly qualified specialists, the decent staff, as well as the avoidance of the informal employment and the fight against the unemployment.

The positive development of the overall labour market contributes to the organisation of the institutions, special authorised labour bodies for the functioning of the interstate control over the movement of the labour. At the same time, it is necessary to take into the account the needs of the EAEU member countries in the monitoring system and the selection of personnel in specific areas of the labour activity. In addition, a single tax and a migration information base are required, which implies the creation of the interstate agreements between the EAEU member countries.

4 Conclusions

All in all, it seems that the common labour market of the EAEU should be harmonised, in finding a constant balance, well-functioning on the basis of a single infrastructure. Another prospect of the common EAEU labour market is the accession of other countries to the EAEU, which will increase the budget growth due to paid income taxes, optimise the labour, minimise the illegal labour migration due to the expansion of the EAEU borders.

With all that outcomes and conclusions, we might state that in general the common labour market of the EAEU has positive prospects in its development at the economic level. Nevertheless, it also becomes clear that the creation of a highly significant general labour market of the EAEU is preceded by a well-adjusted regulation of national labour markets. In these labour markets, the policy should be created for the dependence of the increase in wages of workers on the growth of the labour productivity, a balanced taxation system, and decent the social

guarantees. As a rule, the idealised functioning of the individual elements leads to the well-functioning work in the whole.

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