

MISCELLANEOUS: СООБЩЕНИЯ, ДИСКУССИИ, РЕЦЕНЗИИ

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«MIGRATION OVERHANG»
IN RUSSIAN ECONOMICS

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«МИГРАЦИОННЫЙ НАВЕС»
В РОССИЙСКОЙ ЭКОНОМИКЕ

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In Russia, where people suffer greatly from predominance of officialdom, corruption and excessive monopolism, which lead to the growth of prices, the market bases are distorted and democratic foundations of social order are deformed. The statement of market distortions is not a theoretical problem regulated in statistical reports. This problem engenders aggravation of social tension in different spheres of social life. This applies also to migration which is an major problem in modern Russia. Today, the problems created by migrants and migration are not discussed much. But these problems are the consequences of Russian economics' peculiarities and will manifest until its' character changes.

The international labor migration is an objective process in the open economy and it is an integral part of globalization. All developed countries are involved in the orbit of labor migration. And it benefits migrants as well as the hosting country. In the USA, they developed the theory of a melting pot which spread all over the world. According to this theory, the American nation is formed from immigrants and they made Amer-

ica the foremost country in the world. But practice shows that for the nations and cultures that have already formed this way is unproductive. The migration process is like a double-edged sword, it cuts both sides: it multiplies the national product of the country accepting migrants and simultaneously strengthens its social problems in spite of the policy of multiculturalism and tolerance which is actively carried out.

May be it is necessary to follow certain economic, trade, social macro-proportions which are not yet established by science. Otherwise, you can get into a peculiar «globalization migration trap», when the government of the country, trying to solve certain tasks and problems, provokes by its actions even more serious problems. In this way, some countries including the USA encountered the problems of mass illegal migration, asocial behavior of migrants, and excessive burden on the society. More than that, it turned out that labor migration has certain consequences – when the second and the third generation of migrants which settled in the country differ in their world view from their parents and are often

inclined to perception of aggressive ideologies, Islamic in particular.

The system of multiculturalism sustained a defeat in civilized Europe with its century-long traditions of democratic organization. If so – what shall we say about Russia with all its social, economic and political problems? E. Gaidar in his latest scientific works¹ held to the opinion that Russia, due to its Soviet, past lags 40-50 years behind the West in its level of economic and social development. We can argue about specific figures but it is absolutely clear that for the past 20 years we have almost caught up the West, at least in one question – the intensity of international migration. Russia now is the second country in the world (after the USA) in amount of accepted migrants; it left behind all the countries of the European Union. Therefore, «the migration trap» – is an urgent problem for Russia.

We think that this «trap» in Russia is manifested, first of all, in the form of a peculiar «migration overhang», i.e. an excessive overflow of the national labor market with cheap and mainly illegal unqualified work power, which leads to:

- firm dependence of the country on an inflow of foreign work power;
- deformation with the following degradation of the national labor market;
- strengthening of shadow economy position in the country;
- loss of sphere of activity for a considerable part of national small-scale business;
- support of criminal structures and corrupted officialdom;
- making the industrial sphere of the economy primitive.

However, the main consequence of the «migration overhang», and we agree with M. Delyagin in that, – is the breach in ethnic proportions in the country². Russia is a multiethnic country with 193 nations, with the established economic ties, with intertwining cultural and national traditions. The inflow of new nations into the

country – Chinese, Vietnamese, Turks, Uzbeks, Tajiks, Kirgiz and others with their traditions alien to Russians leads to a tough rejection of new-comers by local population. Even more so because 90-95 % of them are temporary labor force which initially had to stay in Russia for only 90 days, but in fact more than 3,5 million stay in Russia illegally for a year and even more.

The problem is aggravated by two circumstances:

– The migrant flows from the agrarian countries of the East don't spread all over Russia and are not connected mainly with agricultural production, but they are concentrated in 10 megapolices in the European part of Russia, first of all, in Moscow and St-Petersburg. They settle there in retail and street commerce, construction, housing and communal services, roads construction. All in all millions of young, healthy, hungry men who couldn't realize themselves in their homeland are gathered on a limited territory; as a rule, the majority of them don't have any education and don't speak the Russian language.

– A great part of local population in turn became embittered by their life conditions in modern Russia, they don't believe in laws, receiving evidence of that every day. That is why sometimes they are ready to commit mob law, all the more so while according the data, published by N. Svanidze in «Argumenty i F акты»,³ in Russia, there live 6 million men with a poisonous past.

The «migration overhang» was formed in Russia, first of all, due to the policy of opening the borders with the East, the post-Soviet Central Asia, not taking into account the half a century experience of England and France. Their experience showed to be negative by the 90-es of the last century. Half of the citizens of Marseilles now are the South African expatriates, in London – from territories of the former British Empire. Secondly, Russia has a lot of unsolved institutional, economic and social problems concerning its native population; it takes the 76-th place in the world according to the «indices of happiness».⁴ Though this policy of «open migration doors to the East» eliminates any possibility to solve the problem of visa-free travel between Russia and the European

¹ See, for instance: Гайдар, Е.Т. Гибель Империи: уроки для современной России. URL: <http://www.yeltsin-center.ru/sites/default/files/gibel-imperii.pdf> (date of access: January 4, 2015)

² Аргументы и факты. № 24. 2013 г.

³ Аргументы и факты. № 30. 2013 г. С. 6.

⁴ Аргументы недели. № 46. 24 ноября. 2011 г.

Union countries, the Russian authorities support this policy substantiating it with what they think unconditional arguments.

They mention a basic factor – the demographic situation in Russia. It is well known that from 1998 till 2011, in Russia, there was a so called «Russian demographic cross» when absolute mortality exceeded the birth rate. This was the reason for government actions to stimulate financially the birth rate in the country with the help of «the maternal capital» and unrestrained external migration policy. Though these measures showed to be not so effective if we assign a primary importance not to the government ambitions but to the task of preservation of the nation to which A. Solzhenitsyn urged the authorities. Actually, «the maternal capital» gives an instant result. But those who are born now will enter the labor market in 20 years, at the same time a mature person wants to work till the age of 70 and more, but in Russia, the life expectancy for men is slightly above 60.

Some scientists think that the Russian territory doesn't have enough population, it needs 50-70 million people more.¹ The government think that it is not possible to solve this problem by means of a natural growth. From here follows the elaboration in 2012 of a Government Migration Program, according to which, by 2025, about 15 million migrants will enter the country annually. They hope that part of them will settle in Russia forever and that will improve the situation with the birth rate.

But these considerations to compensate population losses by means of migrants are unreal, because for the past 10 years only 2 million 700 thousand people got Russian citizenship, which is 2 % of the Russian population now. If we consider a longer period – the last 25 years – the population in Russia has decreased more than 3,7 million people taking into account the nationals from the Baltic countries and other post-Soviet states which is not as catastrophic as the followers of the mass acceptance of migrants think.

Russia has really serious demographic problems. Its population gets older. According to the government estimates, in the nearest 10 years,

the able-bodied population will be decreasing about 1 million annually. It will not be possible to replace them by an inflow of immigrants. According to the most optimistic forecasts, they may substitute about a half of labor decrease of Russians physically, but in quality, professionally, they are 90 % worse.

We should rely upon our resources and possibilities, investing in health and education of the nation at the European level, not as we do it now. The Russian government policy now is «the movement up the stairway which leads down»: the new-comers form ghettos on the territories of big cities with mainly Russian population. For example, in St. Petersburg, there are some streets and areas (like the territory of Apraksin Dvor, or Mohovaya Street and Bumazhnaya Street) where the native population is afraid of going outside. The same thing happens in other big cities: Moscow, Yekaterinburg and others.

According to common sense: there should be as much population in the country as it is given by God, nature and history. We should preserve and multiply it, not increase it by foreign nations. Otherwise, the history of ancient Rome, the Byzantine Empire, Austria-Hungary and Khasar Kingdom will repeat again. Lev Gumilev wrote about it, and the historian A. Epifantsev reminds us². As a matter of fact, in the modern world conditions, each country doesn't have the problem of population deficiency and working labor. Russia doesn't have this problem either: in the country, there is rather a misbalance towards the unqualified and semiskilled workers.

From the middle of the 50-es till 1991, the USSR used a system of forming construction battalions in the army, which contravened the international convention On the Compulsory Labor³. In these battalions, there served more than 300 thousands of people on the basis of military duty, but in fact it was a labor duty. The contingent of the construction battalions were mainly the young people from Central Asia and about 20 % of former prisoners from Russian territories⁴. Construction battalions served not only the needs of the army but also the needs of about 20

² Аргументы недели, № 28, июнь 2013 г.

³ Комсомольская правда, 7 января 1990 г.

⁴ Комсомольская правда, 7 января 1990 г.

¹ День за днём. № 22. 31 мая 2013 г.

ministries and agencies of the USSR. Soldiers fulfilled the functions of unskilled laborers at the factories, took part in the agricultural work. These were self-sustained organizations where soldiers were paid about 10 euro a month.

There are no inner sources in the country now, and Russia again has encountered the problem of labor forces shortage, though the conditions have changed: the migrants came to replace the soldiers from Central Asia. The qualified labor force is necessary for the modern market, but the main part of Russian business uses only a cheap force. As the result, the country not only learns the new market phenomena, but resuscitates the old Soviet models in the labor sphere using some new labels. In these conditions, the human capital is not evaluated in the society in any form, and the social lift is ruined and substituted by pulling strings.

The «migration overhang» didn't appear in Russia unexpectedly – it accumulated in the society for years, interlacing with other problems which were not solved in Russia: the absence of competitive market environment, dominance of monopolies, insecurity of private property rights and despoilment of state property, omnipotence of shadow economy and officials' corruption. The «overhang» today influences negatively the basis of the society – the motivation to labor. It washes away because it doesn't secure people the possibility to realize themselves and their ambitions, to solve their complicated daily problems, to get a worthy labor payment to keep the family.

This situation is promoted by a hard policy of paternalism which was inherent to the Soviet period and was liquidated after 1991, but it was gradually revived during the Yeltsin rule and re-established completely when Putin-Medvedev came to power. The main thing in this policy is developing among the population a hope in the state which can solve all personal problems in exchange to peoples' loyalty and approval. Instead of creating conditions for real freedom of choosing their fate in market conditions, the state not only gives presents to the citizens in the form of material goods, such as benefits and privileges, incomes' indexation, distribution of houses and various compensations in the result of technological and ecological catastrophes, but

also makes fantastic expenditures – financing Sochi Olympic games in 2014 and the World Cup Football in 2018. They give promises to make the life in the country better by 2010, then by 2015, then by 2020. And all that is done in the name of one person.

As a result, such policy of combination of non-market authoritarian administration methods in a not too wealthy state with a real market economy existing in the country engenders the beggars' psychology among certain parts of the population. According to sociologists' assessments, there are about 6 million citizens infected by the beggars' psychology and they hope to get more sops from the authorities. Part of the population considers migrants to be «scapegoats» and avenge them with their dissatisfaction with new stagnation in the country. As a result, in Russia, there form double standards of behavior to people, the society is indifferent to undisguised exploitation of foreign people by businesses, and authorities use the migration's carte blanche in their internal political struggle. As a goal of his Administration activity, President Putin declared the creation of Eurasian economic space in the nearest future which would provide free border transition for the citizens of the Commonwealth. V. Zhyrinovsky and M. Prokhorov make their Russian play against the migration background and Moscow Mayor S. Sobyanin¹ and his opposition competitor in the election campaign A. Navalny put the migrants problem as the major tasks of their election programs. Local authorities have their own reasons. In Russia, the rules of foreigners' registration have changed. If migrants stay on some territory for more than 11 months, they increase the quantity of the local population, which gives a reason for local authorities to ask for an increase in subsidies to the region. Besides, migrants are a desired contingent during various types of elections (at local and federal level), because, as practice showed, they are able to vote «correctly».

The situation in the country is such that neither state authorities nor businesses understand the real state of things concerning the «migration overhang» in the economy. Nobody in Russia can tell exactly how many labor migrants are

¹ Аргументы и факты, № 14. 2013 г.

now in the country. The quota asserted by the government for the 2013 is 1 million 700 thousand people¹. But the Migration Office responsible for reception of labor migrants says that there are 3-4 million foreigners working in the country in reality, and independent experts say that there are 2-3 times more migrants. In spite of the fact that there are about 700 legislative acts in the country which regulate migration², the Migration Office doesn't control the situation. There are no strict rules of entry to Russia for migrants from the East, so they come with their internal passports to which a migration card is inserted; this card is intended for 3+1 months stay in the country. As a result, the majority of «migration overhang» in the Russian economy is formed by illegal immigrants who exceeded the time of stay in the country.

In modern conditions, the national labor market runs the greatest risk, because it is in bad condition without migrants. There are more than 5 million unemployed people in the country, and at the same time there is a shortage of labor hands: the structure of demand and supply is diametrically opposite. For example, in the spring of 2013, the supply at the Moscow labor market was 0,53 persons as per a labor place, which is the lowest for the past 5 years. This situation is explained not by the shortage of labor power but by an extremely low labor payment: why should one work if he cannot live on that payment? Besides, the level of shadow economy is high in the country (about 30 %), it absorbs the unemployed without depriving them of this status and leaving for them the possibility to receive the dole.

The «migration overhang» promotes the system degradation of the Russian labor market because it allows employers to hold back the salary growth of their workers and make it very low. As Academician D. L'vov noted, it is the dumping of foreign labor force at the labor market that formed the uniquely low share of salary in the gross domestic product of Russia. The government considers this as one of the advantages of Russia in attracting foreign investments into the country. It doesn't see that in the economy,

there reveals the process similar to the Gresham Law known in science. This law operates in the money circulation field, provided that both gold and silver are simultaneously used as monetary metal. In this case, «worse» money force out the «better» money. The latter move to the other markets or hoard. It is similar to the situation with migrants in Russia: being «worse» workers, but extremely profitable to employers, migrants expand their areal and press out «better» Russian workers. Meanwhile they repeat the myth about the traditional Russian laziness, optionality and hard drinking in opposition to migrants' diligence. We think that improvement of the Russian labor market is possible only if the state secures the growth of volume and quality of education in the country. This can reduce the need for migrants to the acceptable level, which the society can adapt to the real needs of the state.

It is clear that without a preliminary adjustment of initial principles there is no sense to put and solve the complex migration problems. It is necessary to start from the border. It is called a state border, but it is not such in respect of Central Asian states: a lot of labor migrants overflow the country as tourists. To prevent the entrance into the country of «tourists –street-cleaners,» it is necessary to correlate the flow of migrants depending on internal demand. For that, in Russia, it is necessary:

- To regulate a system of quotas in which current migrant quotas are being changed and sold. The rate of quotas should be determined according to the state demands and not according to the interests of private business. All out-staffing structures which organize delivery of migrants to megapolises should be eliminated from the market.

- To stop the practice of migrants' searching for work all over the country. To exclude divergence in registration, residence and place of getting the patent for work.

- Employers who employ illegal migrants should be punished; they should be legally responsible for this. The existing practice of administrative punishment of dishonest employers doesn't have any social effect: in 2011, the activity of 12,192 firms was suspended, 18,240 officials and 15,440 juridical persons were fined more

¹ Аргументы и факты, № 33. 2013 г.

² Смена, 17 июня 2013 г. С. 8-9.

than 2 billion rubles in total. In spite of this, the sphere of shadow migrants' labor is growing.

– To separate the policy in respect of labor force reproduction on the one hand and the use of labor migrants for current economic purposes on the other. Labor migrants should return home when the term of their work is finished. They should not remain in the country creating all the above mentioned problems. But the current state policy in this question is similar to the policy of the USSR in respect of production of meat and milk. Collective farms grew cows of the so called meat-milk group: first, they gave milk and then they were used as meat. As a result, they got from a cow as much milk as from a goat and meat as much as from a sheep.

– They should change the process of deportation of illegal migrants: migrants should not be sent to places where they live, get medical service and food for free, but they should work and earn money for living and travel home. It is immoral to spend tens of millions of rubles of Russian taxpayers annually to send migrants home.

– In Russia, there is a law according to which Russian citizens have a priority right for vacant jobs, but it is not observed in reality, because there is no mechanism of ensuring it. More than that, some companies in the oil industry, construction, entertainment, consumer, food and alcohol industries get the traits of ethnic firms where only people of one nationality work. The Migration Service, MVD, the Ministry of Labor and businesses should cooperate to execute laws and to avoid discrimination of Russians in their own country.

– It is necessary to change the existing practice of job assignment for foreign migrants in Russia, leaving preferential conditions (a visit to the FMS with passport and migration card) only for citizens of Custom's Union countries (Belarus and Kazakhstan). All the rest (Kirgiz, Uzbeks, Tajiks, Ukrainians, Moldovans, Azerbaijanis, Armenians) should get into country with the working visas as all other foreigners. To get the right to work they should get the corresponding quota with the help of their employers and to present all the necessary documents. This is a standard international practice and there is no reason to deviate from it for the sake of former Central Asian republics which separated in 1991 and forced out

other nationalities from all kinds of jobs making them return to Russia. It is also fair, because migrants and employers don't want to legalize the fact of job officially for the sake of economy.

– Employment agencies should check the level of qualification of migrants before they give them a job permission, because as a rule, migrants provide false information. Migrants without professional training should not get the right to work.

It is necessary to make a long-term bilateral agreement with Central Asian states about the use of their labor resources on the territory of Russia. Taking into account the old traditions of international communication, it is necessary to stipulate for joined efforts in establishing the Russian language centers in these countries, free Russian libraries, students' exchange in Russian Universities, establishing centers of professional training for necessary specialists and qualified workers. The Russian federal budget should give money for these purposes. These measures are also necessary, because in Central Asian countries, there is a shortage of workers, as too many young people have gone to work to Russia. As a result, the Central Asian governments introduce restrictive measures against those who go to Russia to work.

Efficiency of Federal Migration Service activity is very low especially nowadays, after its reorganization in 2007. The formation of the «migration overhang» and negative attitude of the population to the vague migration policy is the evidence of that. It was proven by the events in Birulevo (near Moscow) in November 2013. This service should be liquidated; it should be substituted by some other administrative service, analogous to the USA Migration Service. It would be reasonable to create a Coordination Council in the Government of the Russian Federation. It could coordinate an activity 1) of the scientific center which would elaborate economic policy in migration sphere at the Ministry of Labor, 2) of a special migration service aimed at the work with migrants at the Ministry of Internal Affairs, 3) of a powerful independent migration police, which is not connected with any force structures, which should control the rules of residence of labor migrants in Russia.