

## Labor Migration and Money Transfer: Economic Aspects

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### Abstract

*This article examines the impact of remittances on the country's economy and its socio-economic aspects.*

**Key-words:** Unemployment, Labor Migration, Migration Processes, Donor Countries, Recipient Countries, Remittances, Migration Capital.

### 1. Introduction

External labor migration is one of the main factors influencing the socio-economic development of sending and receiving countries, and its role in shaping the structure of the labor market and labor resources, regulating demographic processes, employment, and living standards is constantly growing. Migration has become an integral trend of the modern world in the 21st century, influencing large-scale transformations on earth.

### 2. Literature Review

External labor migration emerged many centuries ago and has undergone significant changes over the past period. A more active theoretical elaboration of international migration problems began in the second half of the twentieth century as part of the economic growth model. His main idea is that the international location of the labor force, which is one of the factors of production, affects the rate of economic growth, due to differences in the level of wages between countries.

Many economists around the world have been working on labor migration. Foreign scholars include D.Mill, D.Stewart, E.Ravenstein, Keynes, D.M., A.Luns, J.Harris, Dj. Hix, M.Piore, D.Solou,

D.Bhagvati, V.Bening, T. Schultz, L. Sjaastad, and G. Borjas researched the types and directions of migration, their socio-economic consequences, wages, and incomes of participants in labor migration.

Among the scientists of the CIS countries S.I. Abilkalikov, Y.A. Yanovsky, V.B. Supyan, L.L. Rybakovsky, E.V. Vinogradova, V.A. Iontsev, I.S. Maslova, S.V. Ryazantsev, I.P. Nikolaeva, E.V. Tryukanova, J.A. Zayonchkovskaya, A.A. Grebenyuk studied the influence of economic, demographic, and political factors on labor migration, forms, features, scale, structure, and rates of development of migration.

The main concepts used in the study of international migration problems are immigration, emigration, remigration, migration residue, “influx of smart people” concepts proposed by prof. I.P. Nikolaeva [1].

The main types of external labor migration of the population were studied by prof. V.A. Iontsev in terms of classification of factors and forms of impact on the country of origin and the country of entry [2].

In the Republic of Uzbekistan R.A. Ubaydullaeva, O.B. Ata-Mirzaev, L.P. Maksakova, Q.X. Abdurahmonov, D.A. Artiqova, D.N. Rahimova, Z.Y. Khudoyberdiev, B.A. Togaev, Kh.P. Abulkasimov, A.V. Vakhabov, T.T. Juraev, and others can be mentioned. These scholars focused on the demographic and social aspects of labor migration.

In the study of labor migration, the order of its sex, age, education, marital status, profession, previous migration experience was given in the research of academician Q.Kh. Abdurakhmanov. These descriptions are compared with the composition of the labor force in the places where migrants are located and left, which allows a more complete and comprehensive assessment of not only the number of migrant workers but also quality indicators [3].

Kh.P. Abulkasimov's research states that unemployment, the impact of external labor migration on social security, and the activation of labor mobility is one of the main tasks of the labor market [4].

Scholar T.T. Djuraev commented in his research works on the fact that the supply of labor in the labor market of the republic is more than demand and in the future, the increase in its official emigration is an important factor in replenishing flows in the economy and the positive effects of formal labor emigration on the national economy [5].

As a result of the recent sharp increase in international migrants, many countries are paying close attention to the regulation of external labor migration, illegal migration, remittances, and their impact on living standards. Given the urgency of the issue, emphasis is placed on improving the legal framework for migration, the practical application of labor exports, taking into account the positive impact of remittances on the economy, living standards.

### **3. Research Methodology**

In the study of the impact of remittances on the economy, the methods of scientific observation, analysis, and synthesis, comparison, comparative and systematic analysis, generalization were used.

### **4. Analysis and Results**

Labor migration is also important for countries that supply and receive migrants. International experts include the United States, Canada, developed countries of Western Europe, Australia, the United Arab Emirates, Saudi Arabia, and others. Donor countries supplying migrants include the Philippines, Algeria, Tajikistan, Kyrgyzstan, Uzbekistan, Poland, and others, as well as Russia, Latvia, Estonia, and others. According to the World Bank, the total number of migrants in 2020 amounted to 281 million, an increase of 60.0 million compared to 2010 and 108.0 million compared to 2000. Or 2.8 percent of the world's population in 2000, 3.3 percent in 2010, and 3.6 percent in 2020 [6].

52% of labor migrants are men and 48% are women. 74 percent of migrants are people between the ages of 20 and 64, and 14 percent are young people under the age of 20. It can be concluded that some countries are losing a certain part of their working-age population. This can hurt their economy [7].

International remittances in migration processes bring great benefits to the economies of developing countries, including reducing poverty and inequality and improving access to health and education systems. For example, according to UNESCO reports, international remittances generally have a positive impact on education in low- and middle-income countries. In particular, as a result of the inflow of personal remittances in Latin America, spending on education increased by an average of 53%, and in 18 countries in Africa and Asia by 35% [8].

According to the World Bank, remittances to the group of two countries in 2018 amounted to 529.3 billion US dollars, which came from foreign direct investment inflows (\$ 461.9 billion) and official development assistance (162.6 billion in 2017). dollars) became the largest source of external funding. However, the factors driving the dynamics of individual remittances vary from country to country.

In 2018, the total volume of remittances from all migrants in the world amounted to 689.4 billion US dollars, an increase of 102.4 billion US dollars compared to 596 billion US dollars in 2017 [9].

Of these transfers, \$ 450 billion came from developing countries. Migration statistics show that remittances are a major capital inflow, 3 times higher than official development aid. That's only 15 percent of their income. The remaining 85% is spent on the economy of the country where migrants live (taxes, social payments, etc.) [10].

In 2015, migrants accounted for 3.3 percent of the world's population and 9.4 percent of the world GDP. According to the Center for Global Development, if all borders are opened, 78 trillion dollars can be added to world GDP.

Since 2006, India and China have been the main recipients of migrant remittances, and in 2018, they accounted for more than 20% of total remittances worldwide. More than half of the remittances sent to China by migrants came from the United States and Hong Kong. Mexico (5.2% of global revenues), the Philippines (4.9%), and Egypt (4.2%) are also among the top five countries in terms of migrant remittances. It should be noted that in the Philippines and Egypt, migrant transfers play an important role in economic development, as they account for more than 10% of each country's GDP.

It should be noted that Germany ranks second in terms of remittances. In 2016, the total remittances from Germany amounted to 4.2 billion euro. This figure is 700 million euros more than in 2015. Remittances from Germany to Syria increased by 18 million euros in 2015 and 67 million euros in 2016.

Remittances to Turkey in 2016 amounted to 800 million euros (19.2% of all transfers). Perhaps this is not a transfer of labor migrants to their home countries, but a combination of two or more effects. Because instead of spending money to improve living conditions in Turkey, some families may strengthen their position in Germany, where more than 3 million Turks and Kurds (half of whom have Turkish citizenship) live.

Labor migration is one of the factors increasing financial investment transactions. Currently, the inflow of private capital to developing countries is growing rapidly. Eighty-two percent of private capital inflows came from 20 of the 135 developing countries. Low-income countries, home to 51 percent of the world's population, accounted for 8.5 percent of this capital inflow from 1990 to 2008 [11].

Of the 80 countries that provide information on their balance of payments to the International Monetary Fund, 52 receive income from labor exporters.

For many host countries, the inflow of remittances has exceeded the amount of official financial assistance provided to these countries and is an effective tool for overcoming the economic hardships of the poor.

Uzbekistan has also become one of the active participants in international migration processes as part of the global socio-economic system. The right of citizens of our country to engage in professional activities abroad is proclaimed and strengthened in the Law of the Republic of Uzbekistan "On Employment" (February 1992). The creation of an organizational and legal framework in the field of labor migration began with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated July 14, 1993 No 353 "On the management of import and export of labor."

Remittances from labor migrants make a good contribution to the development of the country's economy. Taking into account the increase in the volume of labor migration, remittances from labor migrants in Uzbekistan, ie the economic effect, has exceeded 6 billion US dollars.

Economic effects of labor migration:

1. They earn money by working to support their family.
2. Improve their financial situation.
3. They improve their homes.
4. They buy expensive things.
5. They pay for their children's education.
6. Provide financial assistance to low-income relatives.
7. They will be able to maintain their health (pay for treatment, buy the necessary medicines, etc.). [12]

Thus, remittances to the Republic are often spent on various social services - education, medicine, cultural recreation, sports, which allows us to interpret the relevant funds as social transfers of great importance for the development of human capital.

Table 1- Dynamics of Remittances to the Republic of Uzbekistan (mln.US dollars)

Indicators	Years								2020/ 2007 (+, -)	2007 й.
	2007	2009	2010	2016	2017	2018	2019	2020		
Republic of Uzbekistan	3232,7	2798,0	2797,7	3041,0	4172,0	4217,1	6009,1	6000,3	2767,6	43,3

Source: Calculated by the author based on data from the State Statistics Committee of the Republic of Uzbekistan.

The analysis of the data in the table shows that remittances from migrant workers are an important component of the economy of Uzbekistan, as well as several CIS countries. The volume of remittances to the Republic of Uzbekistan began to rise again in 2016. In 2020, the volume of these

shipments amounted to 6000.3 million US dollars, which is almost 2 times more than in 2007, an increase of 185.6%. Compared to 2019, it increased by \$ 17 million or 0.3 percent.

Remittances to Uzbekistan, as a targeted source of family income, make a significant contribution to improving welfare and living standards.

Table 2 - The structure of the total income of the population of the Republic of Uzbekistan, %

№	Name of indicators	Й И Л Л А Р					
		2010	2013	2015	2017	2019	2020
	Total income	100,0	100,0	100,0	100,0	100,0	100,0
	Including:						
I	<b>Primary income</b>	75,7	73,0	83,1	79,1	74,6	74,3
	hence;						
1	Income from production	73,4	70,3	80,8	75,8	71,7	70,9
2	Income from property	2,3	2,8	2,3	3,4	2,9	3,3
II	Income from transfers	24,3	27,0	16,9	20,9	25,4	25,7

Source: Data of the State Statistics Committee of the Republic of Uzbekistan.

They serve the education, health, and other needs of family members. At this point, it is possible to develop a forecast for 2021-2025 by conducting a factor analysis of the income of the population.

Table 3 - Factor Analysis of Income of the Population of the Republic of Uzbekistan

Years	Y	X1	X2	X3
2010	50436,5	36213,4	1210,5	13012,6
2011	66670,5	47336	1666,8	17667,7
2012	82153,6	56850,3	1971,7	23331,6
2013	101661,2	69536,3	3049,8	29075,1
2014	117888,9	84054,8	3065,1	30769
2015	158699,8	119183,5	4919,7	34596,5
2016	185036,5	140072,6	7401,5	37562,4
2017	220811,8	156776,4	9274,1	54761,3
2018	282762,5	203589	12724,3	66449,2
2019	346461,5	246680,6	12126,2	87654,7
2020	401501,5	284664,6	13249,6	103185,9

Source: author's accounts

To do this, we first create the following model:

$$Y = a_0 + a_1 * X_1 + a_2 * X_2 + a_3 * X_3$$

Y- Total income of the population

X<sub>1</sub>- Income from production

X<sub>2</sub>- Income from property

$X_3$ - Income from transfers

According to the results of the econometric analysis obtained on the multiplier function of population income, the multidimensional determination coefficient ( $R^2$ ) was equal to 1,000, indicating that Fisher's calculated value on the F-criterion ( $F_{calc} = 5725 > F_{table}$ ) was greater than its tabular value. However, the regression equation was obtained by comparing the number of free degrees and the alpha value of 0.05 with the Student's value in the table (the t-criterion is 35.0860).

Table 4 - Affecting the Income of the Population of the Republic of Uzbekistan the Results of the Econometric Model of Factors

Method: The least-squares method				
Selection periods: 2010-2020				
Number of observations received: 11				
Variables	coefficient	Standard error	t-statistics	Probability
Income from production ( $X_1$ ),	1.001561	0.003023	331.3417	0.0000
Income from property ( $X_2$ )	0.957119	0.027659	34.60447	0.0000
Income from transfers ( $X_3$ )	1.004795	0.006111	164.4308	0.0000
C	-110.1648	55.89367	-1.970970	0.0894
R-squared	1.000000	Mean dependent var		183098.6
Adjusted R-squared	0.999999	S.D. dependent var		117716.0
S.E. of regression	89.81753	Akaike info criterion		12.10873
Sum squared resid	56470.33	Schwarz criterion		12.25341
Log likelihood	-62.59799	Hannan-Quinn criter.		12.01752
F-statistic	5725680.	Durbin-Watson stat		2.558666
Prob(F-statistic)	0.000000			

Also, all influencing factors t-Student criteria  $tx_1=331,3 > tx_3=164,4 > tx_{жад}=35,0860 > tx_2=34,6$ .

Darbin-Watson statistics  $d_L$  and  $d_U$ , the significance level was calculated at  $d_{wl}=0,60 < d_w=2,558 > d_{wu}=1,74$ . In this model, the reliability of the main influencing factors was tested and the following model results were obtained:

$$Y = 1.0015605633 * X_1 + 0.957119171991 * X_2 + 1.00479513575 * X_3 - 110.164767215$$

The Fisher criterion ( $F=5725680.$ ;  $R^2=1,000$ ) was determined for this last regression model. Through the coefficients of sensitivity (elasticity) of the factors, the values of the t-student criterion were determined by factors factor  $tx_1=331,3 > tx_3=164,4 > tx_{жад}=35,0860$ , ie MAPE-16,78, TIC-0,03.

The above analysis, along with a positive assessment of their impact on the economy in the context of the growth of migration capital, which currently constitutes a large number of financial resources, requires further improvement of this mechanism. This mechanism should be implemented not only for consumer demand, housing, education, or medical services but also by creating favorable conditions for business development.

The above analysis allows to formulate several conclusions and recommendations on the regulation of labor migration:

1. In the context of transformational processes in the economy of Uzbekistan, the state must regulate labor migration.

Development of the draft law "On external labor migration", law defines the tasks and directions of migration policy in Uzbekistan, taking into account the specifics of external migration, programs of cooperation with foreign countries in the field of external labor migration, as well as measures to regulate informal migration flows.

2. External labor migration is becoming a key mechanism for regulating the labor market and reducing it, which is a constant pressure - increasing labor resources. It has also become and continues to be a major source of income for migrant families, meeting their needs for food, education, and health care. Remittances from foreign labor migrants are a factor in the development of small businesses and entrepreneurship, as they become a part of foreign exchange earnings. From this point of view, it is expedient to develop state programs aimed at regulating the export of labor.
3. It is necessary to form the Institute of Migration Management in the Republic and develop this activity. However:
  - Creation of a general database on employment opportunities in foreign countries;
  - It is expedient to improve the statistics of labor migration and its accounting.

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