

ICPS newsletter[®]

Migration: A New Public Policy Issue

The latest issue of "Gosudarstvennoye upravleniye v perekhodnykh ekonomikakh", the Russian-language version of the Local Government Brief, features problems of migration in transition countries, its underlying causes, and its effect on social and economic development. Due out in early April 2004, this bulletin is published by ICPS at the request of the Open Society Institute's Local Government and Public Service Reform Initiative (LGI) program

In search of security, stability and new opportunities, certain individuals and social groups have been leaving post-soviet countries en masse. Meanwhile, national and local governments across the region have been struggling to come up with policies to deal with internal migration, a phenomenon that is relatively new for most of them. Movement within a country's borders—and the related "pushing" and "pulling" forces—presents an increasingly troublesome dilemma for government officials, citizens and international organizations alike.

This latest issue of *Gosudarstvennoye upravleniye v perekhodnykh ekonomikakh* attempts to provide some insights into why people move and why they stay in their own countries. The authors examine policy options, problems and possible tensions for stakeholders, especially local governments.

Market barriers replace administrative ones

Policies of the past—tightly bound up with the centralization of government powers, restricted freedom of movement, forced industrialization, collectivization of land, and in some cases forced resettlement, to name a few—all continue to haunt the politics, economics and societies of the region. The collapse of regimes and the disappearance of entire states from the world map have resulted in the emergence of new capitals that have become new centers of growth, change and power, and new—often hotly debated—borders.

For almost all post-communist states, transformation has come as a result of the

decentralization of political power, economic liberalization and a host of new rights—especially, the free movement of people. Although their citizens now have the right to move freely from place to place, in reality, they face a number of obstacles. Poverty, administrative hurdles and housing shortages can drive some to move elsewhere and prevent others from doing so.

Disparities between city and country spur internal migration

Most often, when it comes to policy-making, internal migration is seen through an "urban-rural" lens. Across much of the region, poverty in rural areas is much more profound than in urban areas. A number of social, economic and political problems plague rural areas, both driving and inhibiting migration.

Most prominently, the collapse of former collective and state farms has left many without work and without access to schools, hospitals and community centers. Many specialized farm workers, such as tractor operators and agronomists, have suddenly found themselves the owners of tiny farms, but without the relevant skills and knowledge.

Unlike most other developing regions of the world, however, such facilities do exist—often in abundance—in post-soviet villages. But this infrastructure is poorly managed and maintained, and funding has all but stopped. Rural areas, as a rule, tend to receive less government funding than urban areas. Their legal/judicial structures are poorly developed and the level of governance is poor. Basic transportation networks and other public services are in collapse.

Macroeconomic model offers an alternative forecast

In 2002, experts from the National Bank of Ukraine, the Ministry of Economy and European Integration, the Ministry of Finance, ICPS, and consultants from the Conference Board of Canada jointly developed a macroeconomic model of Ukraine, under a project entitled "Economic Modelling and Forecasting in Ukraine." Phase 2 of this project, which is aimed at enhancing and applying the model in the day-to-day work of public institutions, is nearing completion.

This model allows economists to develop comprehensive mid- and long-term macroeconomic forecasts for 76 indicators. It also allows public policy options to be analyzed through quantitative measurement of their impact on macroeconomic indicators and to assess the "value" of different policy decisions.

2004 forecasts for key economic indicators in Ukraine were obtained during the latest update of this model in February-March 2004:

Indicator	Forecast for 2004
GDP, billions UAH	306.239
Real GDP growth, %	8.6
Consumer price index (average annual percentage change), %	5.0
Unemployment rate (ILO methodology), %	8.0
Nominal household income growth, %	18.0
State Budget balance, millions UAH	-2 044
Current account balance, millions UAH	2 878
Exchange rate, UAH/USD	5.34

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The cost for local and national governments to reorganize those services and assets that once belonged to collective farms is too high. In addition, the reorganization of ministries and the divesting of powers to local governments has, in many cases, complicated the issue of responsibility. Across the developing world, central governments are continually transferring more functions and services to the local level, often without matching them with the necessary funds or revenue-raising authority. Enormous gaps in some areas are accompanied by duplication of efforts among national, regional and local agencies in others.

Social services carry a heavy burden: housing, healthcare, education and the like often cannot cope with a high influx of migrants. Where collective farms have been privatized, the social services they once provided have not yet been reincorporated into local agencies. Funding—usually the lack of it—often leads to poor-quality services. Inefficient and ineffective tax collection and the “rerouting” of funds through several layers of ministerial bureaucracies result in delays in financing or—most commonly—financing that is completely inadequate to cover the cost of the decentralized services.

Big cities sometimes push people out into the country

For most countries, the rural population declined over the past 10 years as their residents fled to the cities. Particularly in Central Europe, the poor, the elderly and the relatively uneducated have mostly stayed behind. Poor housing markets inhibit the mobility of job-seekers. In Russia, a few major cities like Moscow, St. Petersburg, Yekaterinburg and Nizhny Novgorod have grown substantially in size, economic prosperity and industrial diversity, while both infrastructure and opportunities have continued to deteriorate in most smaller towns and rural areas.

There is another side to this coin, however. The high cost of living in urban centers and the inability of municipalities to cope with rapid growth

have encouraged—or forced—many to seek employment in smaller towns or in the farm sector. In these areas, agriculture became an important source of livelihood as industries contracted, and people began to return to the land in order to survive. In Romania, for example, agriculture has, for all intents and purposes, become a social safety-net. The newly-gained ability to own land in many countries has certainly also encouraged such movement. In many countries, in fact, agriculture’s share of GDP has increased steadily over the past decade.

Local and national interests conflict over migration issues

The internal movement of people is, in many ways, discouraged by local governments, at the same time as central governments tend to promote it. Yet, migration is largely in the hands precisely of local governments. With the shift of power to lower levels of government, the policies and specific actions of local officials have a significant impact on how the immediate issues of post-communist development and change are handled. When many municipalities face either dramatic population flight or attract incoming undesirables such as poor laborers from the countryside, domestic migration can be seen as an unwanted additional burden if it is not directly supported by local organizations and businesses.

Local governments often compete to attract the most desirable newcomers—the well-educated, the well-off and well-trained—who make it possible for them to experience sustained growth. In some places, this has led to restricting access or even deporting recent migrants or members of certain ethnic groups to ease the burden they place on social services. One example is the refusal to provide bilingual education or medical services to those who rarely pay taxes.

Minimize the negative impacts—and seize the opportunities

For those countries experiencing significant and rapid demographic growth, the impact of migration on the health and ecology of its population can

be devastating. Large inflows of people often lead to hastily-built shanty towns characterized by poor sewage, inadequate water treatment facilities, and ineffective waste removal services.

Migration can even spur the spread of diseases. There is a direct connection between a population’s mobility and the spread of infectious diseases such as TB and HIV. Moreover, mobility and migration patterns pose considerable challenges in terms of assimilating newcomers.

Often, the movement of people within national borders can, in fact, benefit local growth and, ultimately, promote the prosperity of the entire country. Cheap migrant workers benefit business, newcomers offer new opportunities and services, and cultural diversity and the related need for new goods and services can stimulate economic growth.

Not only does mobility affect economic growth, but it can also, in fact, have a positive impact on local governance. The ability of citizens to move freely within the boundaries of their countries can enhance the efficiency of decentralized government by allowing households to essentially “shop” among different locales as providers of public services. In an ideal situation, this could encourage governments to offer the best services at the lowest price, adjusted to the needs and desires of citizens. Unfortunately, in transition countries where mobility is often limited, this relationship has yet to fully emerge.

To draw on the positive potential of migration and to effectively manage the risks attached to it, there is a critical need to expand on available knowledge and information related to the consequences of this process and related issues, regardless of how distant they may seem at first glance. ■

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