

HOW TO REVERSE EMIGRATION?

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Migration in Armenia. History and current situation¹

In the last two centuries Armenians due to different reasons were a rather mobile nation. At the beginning of 19-th century the bulk of Armenian nation was concentrated in the two empires – Russian and the Ottoman. The contemporary diaspora formation started in the second half of the 19-th century, when the first Armenians from the Ottoman Empire started to arrive at the east coast cities of the United States. The immigration, mainly to Americas and mainly from Ottoman Empire started to intensify and reached the peak at the times of the 1915-1920 genocide, when the main diaspora centers in Northern and Southern America, Europe and Middle East were formed.

A migration pattern of Armenians in the Russian empire and the first 50 years of the Soviet Union was somewhat different. Armenians tended to migrate within the borders of the country. In the end of 19-th century Armenians were mainly concentrated in the South Caucasian region. The biggest Armenian urban population was concentrated in the biggest cities - Tbilisi (Tiflis at that time), where according to some data they comprised more than 80% of the population, and Baku, and much less in Armenia (in the beginning of 20-th century the population of Yerevan was only 30 000). When the independence of Armenia was declared in 1918, the population of the country was about 700 000.

After the first Republic of Armenia was invaded by the Bolshevik 11-th Army and joined the Soviet Union in 1922, the fast growth of the population of the Soviet Armenia started, in the very substantial part due to the inflow of Armenians from the other parts of the Soviet Union, mostly from the other South Caucasian republics. In 1940 the population of the Soviet Armenia was 1 320 000, in 1960 - 1 829 600, in 1970 – 2 491 900. So in 50 years there was more than threefold increase in the number of the population of the Soviet Armenia.

This fast growth in line with migration was also determined by high birth and low mortality rates, which comprised (per 1000 population) in 1940 41.2 and 13.8, in 1950 – 32.1 and 8.5, in 1960 – 40.1 and 6.8, in 1970 – 22.1 and 5.1.

This fast population growth was accompanied with fast economic growth, about 5% annually. The important Soviet specific, which is worth to mention, was very rigid set of regulations of the population movements, especially concerning external immigration. Practically, immigration was forbidden. In the early 50-es even marriages with the foreigners

¹ All statistical data presented in this paper is taken from the official statistical publications of the Republic of Armenia or former Armenian Soviet Socialist Republic.

were banned. This was probably the main reason for the practical absence of immigration in the USSR and consequently in Armenia.

Starting from 70-s and up to the late 80-s in the last century the economic growth, population growth and migration pattern started to change. The economic growth turned down to zero and become negative in the late 80-s due to increased intensity of the systemic crisis of the Soviet economy which in Armenia was aggravated by beginning of the Nagorno Karabach conflict. The population growth slowed down due to stabilization of birth rates on the levels of 22- 24 and slight increase of death rates to the levels of 5.5 – 6.0. The slowing down of economic growth rates created tensions in the labor markets especially in rural areas and small cities. Besides, signing of the Helsinki Agreements in 70-es in certain extent forced the liberalization of the immigration policy of the USSR.

As a result of these developments two types of immigration emerged – seasonal migration, i.e. people temporary working mostly in construction in the other republics of the FSU, mainly in spring, summer and fall and returning home in winter (so called *шабашники*, the number of which according to some estimates was about 150 000 a year) determined by growing pressures in the labor markets in Armenia, mainly in the rural areas and the small cities, and emigrants leaving the country to establish abroad, mainly in the USA (about 70 000 – 100 000 people, according to some estimates). The main part of them were the people, who immigrated to Armenia from the Middle East in the late 40-es and the members of their families.

The immigration from Armenia intensified after the devastating earthquake in December 1988. According to the 1989 census the population of Armenia was 3287 700, and the 1988 estimate was 3457 000. Taking in the account 25 000 dead toll of the earthquake about 200 000 people immigrated in 1988-1989. This was the biggest single wave of immigration from Armenia so far².

The second wave of migration was determined by the Nagorno-Karabach conflict. In 1989-1990 about 170 000 Azerbaijani population left the country and about 360 000 refugees from Azerbaijan came to Armenia. Shortly afterwards the main part of them immigrated from Armenia mostly in Russia and USA.

The third wave of immigration started after declaration of independence in 1991 and was the result of the severe economic crisis, the tremendous cuts in incomes of the most of the population, the collapse of the energy supply and sharp deterioration of the living conditions. For example, GDP level in 1993 – the lowest point of the crisis, comprised 36,2% of GDP level in 1989, which can be considered one of the deepest crises in world history. According to some

² It worth mentioning that the part, approximately 20% of these people returned back to the country in 1990.

estimates some 475 000 people left the country in these most difficult years of transition to the market economy. The immigration continued with somewhat lower rate and after restoration of the economic growth and energy supply in 1994-1995. This emigration boost was also the result of the practically full elimination of the immigration restrictions immediately after independence.

There are different estimates of the amount of the people, who left the country during 1989-2001. According to the data of Armenian Aviation Agency the number of immigrants in 90-es was about 600 000 people. The yearly balances of migration are presented in the *Table 1*. and are based on the information provided by the aviation authorities.

Table 1. Yearly Balances of Migration*

Years	<i>Departures, thous.</i>	Arrivals, thous	Migration (+,-)
1989	87.7	101.6	13.9
1990	54.1	90.2	36.1
1991	50.2	71.2	21.0
1992	865.5	636.9	-228.6
1993	831.0	689.9	-141.1
1994	597.8	470.0	-127.8
1995	507.0	469.5	-37.5
1996	517.4	469.9	-20.5
1997	504.9	473.6	-31.3
1998	439.7	415.5	-24.4
1999	318.6	311.4	-7.0
2000	318.4	292.7	-25.7
2001	403.9	380.2	-23.7
Total	5,496.2	4,899.4	-596.6

* Source – data presented by Aviation Authorities of the Republic of Armenia

It is worth mentioning that the information on migration in the checkpoints, other than airports, namely on bus and railroad transfers are started to be collected quite recently (from the year 2000). For the railroad traffic in 2000 the amount of departures was higher by 13 300 people than the amount of arrivals. In the same year, according to the data provided by the national board guard authority, the amount of people leaving Armenia via Georgian and Iranian border checkpoints was higher than the amount of people arrived by 13 600. So the number of immigrants is certainly higher than reported by aviation authorities. The total amount in 2001,

thus, will comprise about 50 000 people or more than twice higher than is reported by the aviation authorities.

Comparing the 2001 census data, according to which the actual population³ of the country comprised 3 002 000 people, and the estimate of the National Statistical Service of the Republic of Armenia of the number of the population for 2001, which is 3 800 000, we may come to a conclusion, that the number of immigrants was about 800 000 people, which comprised 26.6% of the actual population in 2001. We believe, that the second estimate is more valid.

³ Actual population is the population which was present in the country at the moment of the census

Who are the immigrants, where and why they immigrate?

The only reliable source of information about structure, destinations and motives to immigrate in the countries with open and practically non-regulated migration policy, such as Armenia are migration surveys performed on the country checkpoints. So far two of these types of surveys were performed in Armenia – in 1998 and in 2001. The 2001 survey was performed during the whole year⁴ and was based on interviewing of people leaving the country and arriving in Armenia via checkpoints in all 3 Armenian international airports, 4 checkpoints on Georgian border and 1 checkpoint on Iranian border. 5581 people leaving Armenia and 4508 people arriving to the country were interviewed, so the survey base is enough representative to draw to some conclusions.

The survey served as main source of information for the presented paper.

According to the sample data of 2001 the immigrants are mostly men – 66.4%, when women account for 33.6%. This ratio is rather stable and was practically the same in 2000, 1999 and 1998. The age structure patterns are different for male and female. When the immigration age structure for men is rather even, the population age group from 0 to 19 years accounts for slightly higher share than 1/3, the age group 20-49 years – around 1/3 and the age group over 50 – slightly less than 1/3, the age group 20-49 years account for about 60% of the female immigration, the age group 0-19 accounts for about 22-23%, and the rest are representatives of the age group over 50 years.

It should be mentioned that within these aggregated groups the share of children and elderly is disproportional low. In average, about 75% of immigrants are in working age (18-65 years), about 20% are less than 18 years, and only about 5% are older than 65 years.

The educational level of migrants is somewhat higher than average for the republic – according to 2001 data immigrants with higher and postgraduate education comprised about 34% of all immigrants, when the average figure for Armenia is 29%.

The most popular destination is Russia, which takes about 70 percent of all immigrants. The other popular destination within the CIS is Ukraine, which accounts for another 5% of the immigration. The remaining 25% is distributed between Europe (12%) and USA (10%). All the other countries account for only 3% of all immigration.

The prevalence of Russia may be explained by long term historic ties, absence of the language barriers, absence of the visa regime, the higher employment opportunities than in other FSU countries and the biggest Armenian diaspora in the world. According to some estimates the Armenian diaspora in Russia accounts for about 2.5 million people, of which more

⁴ The survey was performed from February 2001 through February 2002

than 600 000 people immigrated from Armenia during the last 15 years. The other 400 –500 000 immigrated from other former soviet republics, mainly Georgia and Azerbaijan in the same period.

Another issue which is important when considering immigration to Russia and Ukraine, is that in this case two different types of immigration may be considered. First, which concerns about 50% of immigrants is intention to temporary migration – the main goal of these immigrants is to find a job and support the family, which usually stays in Armenia. The main part of these immigrants usually return or spend part of their time in Armenia with their families. This part of immigrants consists almost entirely of males.

People who immigrate to Europe and USA usually go there hoping to establish permanent residence and usually take their families with them. The motivation for the temporary migration is much less and temporary migrants are presented mostly by women who migrate to perform nonqualified and poorly paid jobs such as housekeepers, babysitters, hotel staff, etc. The very substantial part of the immigrants in Europe, particularly in the countries of EU don't have legal residence status and live there under permanent danger of deportation. The situation in the US are somewhat less tense because of traditionally more liberal emigration policy.

It worth mentioning, that rural habitants tend to migrate to the cities, somewhat replacing the urban residents, which prevail in the number of immigrants. It is proved also by the very different immigration activities in the marzes of Armenia. The highest immigration activity is in Yerevan, which accounts for about 35% of all migrants, in Shirak, Lori and Kotaik with the prevailing urban population, the share of which in 2001 was 67, 67 and 60.9 percent accordingly, each of which accounted for about 10% of all migrants, and Gekharkunik with 36.7% of urban population, but with the long term seasonal migration tradition to Russia, which accounts for another 10% of all immigration. All other marzes together accounting for 31% of all the population of Armenia are providing about 25% of all migrants.

According to the data of 2001 migration survey the motives for immigration are as shown in the Table 2.

Table 2. The Main Reasons For Immigration From Armenia During 2001*

Reasons	Age, years			Total	
	18-19	20-49	over 50	Males	females
Lack of work places	11.1	55.6	53.3	58.0	34.3
Lack of work by speciality	-	5.0	5.9	5.4	3.0
Impossibility to earn money to provide satisfactory living standards	3.3	30.1	26.3	29.6	29.1
Social, moral and psychological unstable atmosphere	-	1.0	3.3	1.1	3.0
Geopolitical unstable situation	1.1	0.6	-	0.2	3.0
Lack of perspectives of development in Armenia	33.3	5.2	4.2	3.5	20.1
Difficulties to deal with entrepreneurship	-	1.0	3.0	1.4	-
Other	51.2	1.5	4.0	0.8	7.5

Source – 2001 migration Survey performed by NSS of the Republic of Armenia

As the table shows very clearly the main reasons for immigration are economic ones – the lack of workplaces and impossibility to earn enough money to provide satisfactory living conditions, which in other words mean low and level of earnings. This was the main reason to immigrate for both males (87.6%) and females (63.4%). But it is not the case with the young people age group where lack of perspectives of development in Armenia as well as the other reasons account together for 84.5% of motivation to immigrate. It is rather obvious that in the male part of this age group other reasons are definitely connected with the strong desire to avoid the drafting in military service. For females of the all age groups the reason of the lack of perspectives is the third in the list of priorities to emigrate. It is connected with the more limited career opportunities for women than for men and lesser wages and salaries. The table also shows that economic growth and income increase is the most important single factor to diminish and possibly stop the immigration. The other important issue to keep young males from immigration is military service reform.

What is the immigration cost? What it brings and what it takes

The immigration is a complex phenomenon and should not be judged emotionally. There are certain pluses and minuses which emigration brings.

Among the pluses is the economic impact of emigration on immigrants. Armenians, including Armenians immigrated from Armenia, generally are a successful national minority in almost all countries, where they reside, so immigration usually is a real instrument to improve the material well-being in their new homelands, which, by definition should be more developed and should provide more opportunities, than Armenia is currently able to provide. For the specialists and professionals, especially specialized in high-tech, immigration may provide greater career opportunities, than they will ever have in their homeland.

The other obvious plus are economic consequences for their compatriots, remaining in the country. It worth mentioning two of them. The first is that immigration is lessening the pressure on the labor market, due to the fact, that the main bulk of the migrants are people in the working age. In the countries with excessive labor supply, such as currently Armenia, immigration may in line with economic growth be an instrument to increase employment levels. The second and more important issue is that immigration is becoming one of the most important sources for income generation for the country or their origin in two ways – remittances and investments. According to the results of the Integrated Living Conditions Surveys performed by the National Statistical Service in Armenia in 1998/99 and 2001 the remittances from abroad, most of which were provided by people immigrated in the last 15 years, comprised in 1999 10.45% of all money incomes of the population (15.2% in Yerevan and 16.9% in other cities) and 17.4% in 2001 (16.2% in Yerevan and 19.7% in other cities). It gives an estimate of the total volume of the remittances about \$122 millions in 1999 and \$236 millions in 2001. A very substantial part of the FDI in Armenia are the diaspora money. Total average FDI in Armenia comprised about \$50 million, of which approximately half are the diaspora money. There are some indicators that the share of investments of recent immigrants are increasing.

The experience of some immigration countries, such as Ireland (population 3.5 million people, more than 25 million people of Irish origin are living abroad) and Italy (population 60 million people, about 50 million people of Italian origin are living abroad) shows, that immigrants may play a very significant role in the development of their motherland. For example, Ireland became the main producer of computer equipment in Europe mainly because of mass investments in the Ireland's computer industry made by the people of Irish origin.

The minuses and negative consequences of immigration are many. Because of the

educational structure of immigration (34% of them are people with higher and postgraduate education), career problems of high level professionals (lack of the development perspectives) and incomparable levels of incomes with the same level professionals in the developed countries, immigration creates a serious “brain drain” problem, by the way, not only for Armenia, but for the most of the less developed countries. During 1989-2001 from 250 000 to 300 000 professionals with higher and postgraduate education left the country. According to some estimates about 1/3 of the specialists in engineering and sciences left the country during 1991-1997. Unfortunately, there is still no serious research on impact of the “brain drain” on the development perspectives of Armenia.

It should be mentioned that globalization of the world economy, dramatically increased use of information and communication technologies (ICT), as well as the development of the knowledge economy in the developed world tend to restrict “brain drain” in some fields of activities, such as information technologies, computer software and scientific research by replacing it by the work in the place of residence using ICT to communicate with the headquarters or using widespread grant systems to employ researchers in their home universities. A recent boost of computer software industry in Armenia is a good illustration of this tendency.

Other negative consequence of mass immigration is the lack of qualified workers. Some enterprises are reporting problems with hiring qualified workers in industry and construction, which were in good supply several years ago, but seems to immigrate.

Mass immigration, such as Armenian case, may have rather dramatic consequences on many sides of social and personal life of the people, including gender disparities because of much bigger share of males in immigrants, family and marriage problems by the same reason, age structure distortions, because of much greater share of people in working age in the immigration structure, which will result in increase of the share of children and elderly in population and thus affect the sustainability of the social security and social assistance system and so on.

In its bulk the mass emigration is a process, determined by balance between external and internal factors. External factors are the factors that determine the external labor force demand in Russia and the developed countries as the main destinations of the Armenian immigration. According to the most global forecast the demand of Russia and the developed world in external labor force in the near future will increase due to unfavorable demographic developments, which most probably will continue and even deteriorate. The USA CIA global economic forecast for 2015 stated that developed world by 2015 will have a demand for about 100 million additional workplaces which should be almost entirely fulfilled by external labor

force. So external factors will most probably favor immigration in the next 12-15 years to come.

Internal factors mostly dependent on the sustainability and quality of the economic development (availability of jobs, income policy, protection of labor, social protection and security) and organization of the social life (army service, protection of human rights, civil society institutions, etc) so they are highly depending on the possible actions of the Armenian government and elite. The problem is complicated by fact that demographic developments in the predictable future in Armenia also seem to be unfavorable, aging of the population, decrease in the birth and marriage ratios most probably will continue for some time. Based on that the perspectives, the negative consequences of continuation of the mass immigration in the future will be much bigger than they tend to be nowadays.

Main underlying assumptions of immigration scenarios

In our opinion crucial for the decision to immigrate are two factors – availability of jobs and sufficiency of income, which jointly, according to 2001 survey of immigration (see Table 2) are responsible for 81.2% of decisions to emigrate (the share of the first factor is 51.0% and the second factor - 30.2%). Other factors together are responsible for 19.8% of the decisions to emigrate, of which the lack of perspectives of development in Armenia accounted for 9.6%, all the rest of factors – for 10.2%.

The distribution of immigrants according to the reasons, affecting decision to immigrate is presented in the Table 3:

Table 3. Distribution of immigrants by the reasons to immigrate in 2001*

	% of immigrants	Number of immigrants
Lack of work places	51.0	25 500
Impossibility to earn money to provide satisfactory living standards	30.2	15 100
Lack of perspectives of development in Armenia	9.6	4800
Other	10.2	5100
Total	100	50 000

* Our calculations based on 2001 migration survey data

The two main factors, which account for 81.2% of total immigration are closely related with economic growth. As it is well known the economic growth in Armenia doesn't so far increase the number of working places.

On the contrary, the number of jobs in non agricultural sector of economy during 1989-2001 decreased by 663.1 thousand, or almost twofold. In the period of economic growth of 1995-2001 the number of job cuts in the non agricultural sector comprised 229 700, or 25% of it's 1995 level.

According to the migration figures presented in the Table 1, which, as it was already stated above are underestimated, especially for the period of economic growth, but, in our opinion more or less correctly reflect the tendencies of migration, we may find out, that the volumes of migration in 1995-2001 comprised 170 100 people. As it easily may be seen, the numbers of job cuts and the estimates of volume of immigration are rather close.

Comparing this figure with the volume of the non agricultural job cuts in 1995-2001 we get the ratio 0.74, which mean that in average in the period 1995-2001 a 1% job cut generates a 0.74% corresponding immigration flow. In other words, 3 out of 4 people, who lose the job in 1995-2001 tend to emigrate.

Other basic assumption that the increases in real monetary incomes of population tend to diminish immigration. This is proved by striking difference in the volumes of immigration in the periods of economic crisis and economic growth. In the period of crisis of 1991-1994 the average yearly volume of immigration according to the Table 1 was 120 000 yearly, whereas in the period of economic growth – only about 25 000, or 4.8 times less. It means that the main reasons for immigration were changed – the income shortage as the main reason was replaced by the absence of jobs.

Population real money income increase in 2001 comprised about 800% compared to 1994. It mean that in average for the period of 1995-2001 the 1% increase in real money income of population tends to diminish the number of immigrants, which main motivation to immigrate is determined by the lack of income by 0.6 percentage points.

So the influence of reason for migration of not having sufficient income may be substantially diminished by governments corresponding income and social policy, aimed at the sharp diminishment of the number of the working poor and poor pensioners.

The same thing is much more difficult to do when we speak about job creation. This will demand the substantial conceptual changes in the basic policies of the government, which in our opinion proved to be rather sound and successful.

The substantial part of the influence of other factors are also within the reach of government policy and the level of determination to immigrate due, for example, business environment or military service problems, may be substantially diminished by appropriate government policies.

The influence of the factor of lack of the development opportunities in Armenia is in our opinion determined by the small size of the country, which is an objective restriction of all non-integrated small countries. Probably, the only way to diminish the influence of this factor is integration in the world economic and regional structures and opening up labor markets.

What the future holds. Scenarios of immigration

Here we are presenting two scenarios of immigration - basic and optimistic. The main assumptions of the basic scenario are as follow:

The population demographic forecast is developed by us on the base of the results of 2001 census, 2001 age, sex, and death structure. The births coefficient is projected to grow by 0.001 promille annually as a result of economic growth and income increase. The immigration is not taken into account. The results of the forecast are presented in the Table 4. As may be seen from the table the share of the working age population is increasing through almost all the period of the forecast, achieving the peak of 71.7% in 2012-2013 and decreasing at the end of the period. It means, that there will be an increasing pressure on the labor markets in 2003-2020 compared with 1995-2002.

Table 4. The population demographic forecast for 2003-2020*

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Population Total, thousand	3013.7	3020.4	3028.4	3038.0	3048.3	3060.5	3074.2	3089.5	3106.4	3125.6
Births	32.4	34.0	35.7	37.4	38.9	40.7	42.4	44.4	46.4	48.6
Deaths	25.7	25.9	26.4	26.9	27.4	27.8	28.1	28.4	28.5	28.4
Natural Growth	6.6	8.1	9.3	10.5	11.5	12.8	14.3	16.0	17.9	20.2
Working age population	1860.8	1901.2	1967.6	2007.5	2055.2	2109.9	2159.1	2197.5	2220.9	2242.1
Working age as % to total	61.7	62.9	65.0	66.1	67.4	68.9	70.2	71.1	71.5	71.7
	2013	2014	2015	2016	2017	2018	2019	2020		
Population Total, thousand	3147.0	3170.7	3195.9	3222.6	3249.7	3278.0	3306.5	3335.2		
Births	50.8	52.8	54.5	56.0	57.5	58.6	59.6	60.4		
Deaths	28.1	27.9	27.8	28.1	28.2	28.5	28.7	29.1		
Natural Growth	22.2	24.8	26.7	27.9	29.3	30.1	30.8	31.3		
Working age population	2257.1	2268.2	2272.6	2273.3	2269.9	2266.0	2259.4	2252.2		
Working age as % to total	71.7	71.5	71.1	70.5	69.9	69.1	68.3	67.5		

*Our estimates based on the results of 2001 population census

The average rate of economic growth for 2003-2020 is assumed 6.0% for 2003-2010 and 5% for 2011- 2020 which is near to the Armenian PRSP draft assumptions.

Each 1 percent of growth will increase incomes of population by 1.308 percentage points⁵. The amount of employed will grow with the speed, which was registered in 2002 compared to 2001, when the general level of employment which in 2002 was equal to 1 281 900 people grew by 1.34% compared with the GDP growth of 12.9%⁶, and there will be no substantial changes in the employment structure.

The annual amount of people decided to immigrate because of the lack of working places will decrease in the ratios equal to the level of annual increase of employment.

As a starting level the level of 50 000 immigrants of 2001 is taken.

The influence of factor of the lack of opportunities is projected to diminish by 2 and other factors by 3 percentage points yearly.

Scenario also takes into account the factor of job supply. The current level of employment of population in the working age⁷ according to the official statistics was in 2001 73.2%, of which the employment in agriculture accounted for 33.0%, in nonagricultural sector for 40.2% of working age population. Unemployment accounted for 6.1% of the working population. We believe, that these rates are inflated and not reflecting the real employment situation⁸. According to 2001 Integrated Living Conditions Survey the number of people reported incomes from non-agricultural employment comprised 35% of working age population, of which 25.6% reported incomes from hired employment and 9.4% - from self employment. Another survey, performed in 2002 reported level of employment in agriculture as 18.9% of the working age population. Thus the alternative estimate of the level of employment of the working age population in 2001 is about 54%, which is much more realistic than official one. We will also assume that the realistic level of unemployment in all the period of forecast will comprise 15% of employed population. So the ratio of active population (employed and unemployed) to population in working age in 2001 comprised 62%.

The basic assumption from the job supply side is that immigration motivated by lack of working places will stop, when the ratio of active population to the working age population will achieve 70%.

⁵ Calculated on the base of the actual growth rates of GDP and money incomes of the population in 1997-2002

⁶ This is rather strong assumption. During 1990-2001 the employment was diminishing every single year. Only in 2002 slight increase of employment by 17 000 jobs was officially reported.

⁷ In transition countries like Armenia with dynamic employment structure and high share of shadow activities the employment and self employment estimates of the activity of population are more reliable than estimates based on the measuring the levels of unemployment.

⁸ For comparison. The share of active population in developed countries with low level of unemployment comprise 65-75 % of the working age population. In Soviet Armenia in 1989 this ratio comprised 68%.

Taking into account all these assumptions the results of the basic scenario are presented in the Table 5. Although the basic scenario projected the significant decrease in the volumes of immigration – by 25% in 18 years, and the decrease in all the components of immigration except the biggest one – connected with employment is much more significant – 55% in 18 years, however this development of events bring to the significant decrease of the number of population. It is worth mentioning, that at the end of the period there is a tendency for the stabilization of the number of population and the small growth will take place starting from 2035. The basic scenario clearly shows the crucial importance of job creation for the purposes of diminishing the volumes of immigration.

Table 5. The basic immigration forecast for 2003-2020 in thousand

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Immigration Total	47.806	46.830	45.891	44.988	44.118	43.281	42.525	41.842	41.180
Including:	25.111	24.998	24.885	24.774	24.663	24.554	24.455	24.336	24.278
Due to the lack of the working places									
Due to the lack of Income	13.285	12.66	12.064	11.495	10.954	10.438	9.988	9.596	9.219
Due to the lack of Perspectives	4.609	4.517	4.427	4.338	4.252	4.167	4.083	4.001	3.921
Due to the other reasons	4.798	4.654	4.514	4.379	4.248	4.12	3.997	3.877	3.76
Active population, thousand	1112.5	1119.4	1126.4	1133.4	1140.5	1147.0	1153.0	1159.0	1165.0
Working age Population, thousand	1823.0	1864.2	1931.3	1971.8	2020.2	2075.5	2125.3	2164.1	2188.1
Active population as % to working age population	61	60	58	57	56	55	54	54	53
Number of population	2918	2878	2841	2807	2774	2743	2715	2688	2665
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Immigration Total	40.54	39.919	39.317	38.734	38.169	37.621	37.09	36.575	36.075
Including:	24.19	24.103	24.017	23.932	23.847	23.763	23.68	23.597	23.515
Due to the lack of the working places									
Due to the lack of Income	8.857	8.51	8.176	7.855	7.547	7.251	6.999	6.693	6430
Due to the lack of Perspectives	3.843	3.766	3.691	3.617	3.545	3.474	3.404	3.336	3.269
Due to the other reasons	3.648	3.538	3.432	3.329	3.229	3.132	3.038	2.947	2.859
Active population, thousand	1171.0	1177.1	1183.2	1189.4	1195.5	1201.7	1208.0	1214.2	1220.6
Working age Population, thousand	2210.0	2225.2	2236.8	2241.5	2242.7	2239.8	2236.3	2230.0	2223.2
Active population as % to working age population	53	53	53	53	53	54	54	54	55
Number of population	2645	2627	2612	2600	2588	2578	2571	2564	2557

That's why the optimistic scenario projections differ from the basic one in only one aspect – the scenario assumed that from 2003 on the economic growth will start to create jobs in such an amount that will substantially offset the number of job cuts. It also mean that the type of development based in great extent on increase of the labor productivity is supposed to be replaced, or rather complemented by the type of growth, which is based on the enlargement of the volume of the labor force, which is rather strong assumption.

The assumption projected that each percent of economic growth will increase labor demand by 0.5%, so growth is evenly based on increase of productivity and increase of the volume of labor used. The results of the optimistic scenario are presented in Table 6.

Table 6. The optimistic immigration scenario for 2003-2020 in thousand

	2003	2004	2005	2006	2007	2008	2009	2010	2011
Immigration Total	45.38	43.86	42.4	41.0	39.6	38.42	37.33	36.27	35.24
Including:	23.14	22.47	21.82	21.18	20.56	20.01	19.53	19.05	18.58
Due to the lack of the working places									
Due to the lack of Income	12.83	12.22	11.65	11.1	10.58	10.12	9.72	9.34	8.97
Due to the lack of Perspectives	4.61	4.52	4.43	4.34	4.25	4.17	4.08	4.0	3.92
Due to the other reasons	4.8	4.65	4.51	4.38	4.25	4.12	4.0	3.88	3.76
Active population, thousand	1200.7	1236.8	1273.9	1312.1	1351.4	1388.6	1423.3	1458.9	1495.4
Working age Population, thousand	1824.6	1866.6	1934.1	1975.2	2024.0	2079.8	2129.9	2169.1	2193.4
Active population as % to working age Population	65	65	65	65	66	66	66	66	67
Number of population	2921.2	2884.0	2849.6	2818.2	2788.9	2762.6	2739.0	2718.0	2699.7
	2012	2013	2014	2015	2016	2017	2018	2019	2020
Immigration Total	34.24	33.28	15.08	14.59	14.12	13.66	13.22	12.8	12.39
Including:	18.13	17.69	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Due to the lack of the working places									
Due to the lack of Income	8.62	8.28	7.96	7.65	7.35	7.06	6.78	6.51	6.26
Due to the lack of Perspectives	3.84	3.77	3.69	3.62	3.55	3.47	3.40	3.34	3.27
Due to the other reasons	3.65	3.54	3.43	3.33	3.23	3.13	3.04	2.95	2.86
Active population, thousand	1532.8	1571.1	1610.4	1650.6	1691.9	1734.2	1777.5	1822.0	1867.5
Working age Population, thousand	2215.4	2231.1	2260.3	2265.0	2266.0	2262.9	2259.3	2252.9	2245.9
Active population as % to working age Population	68	70	71	73	74	76	78	81	83
Number of population	2684.7	2672.7	2681.4	2692.0	2704.6	2718.1	2733.2	2748.8	2765.2

As Table 6 shows, the decrease in immigration volumes is much sharper - 3.6 times 18 years and population decrease is started to grow again from the level of 2 672 700 people from the year 2013, so stabilization takes 10 years instead of 32 years in the base scenario and in a higher number of population figure. This dramatic decline in immigration is mostly due to the job creation, and the reverse point in immigration motivated by lack of working places will take place in 2013, when the ratio of active population to working age population will achieve 70%.

So the job creation is the key to diminishing immigration. If Armenia continue to grow, it will certainly take place, no matter when.

Immigration Policy Options

The scenarios described above are based on quantitative estimates of the affects of dynamics of economic and other relevant factors on the reasons, which cause the decisions to immigrate and implicit assumption, that government policies towards immigration will remain neutral, i.e. state will not interfere and affect the decision to immigrate, except measures connected with the cases of supposed avoidance from the military service, which currently are not very efficient and are no able to stop immigration of young males aged 18-19.

The question looked at in this part of the paper is what may be consequences of the government immigration policy change on volumes and intensity of immigration in future. The estimates presented here are inevitably qualitative because of lack of any analytical data.

The current policy, as it was already mentioned is liberal and there are almost no restrictions on immigration except military service avoidance issues.

The most direct way of the policy change is implementation of different restrictions on immigration, suppose introduction of the two types of passports – external and internal, when people intended to travel outside the country should apply to the government authorities to obtain external passports, the system which exists in the former USSR and was very efficient tool to restrict and in many cases to prohibit immigration, and was abolished shortly after independence. Besides being the potential source of corruption this system is also a straight violation of the basic human rights of the free choice of the place of work and residence.

The other option is based on distinction of the two main types of immigration – so called working immigration, when the main goal is to find job abroad, earn some money and usually return to the country of permanent residence, and permanent immigration when the main goal is to move to other country and establish permanent residence there.

As 2001 migration sample shows more than half of the people decided to immigrate are intended to find a temporary job abroad and return home after certain time or after earning certain amount of money. The amount of people with these intentions highly correlates with the number of people, whose reasons to emigrate are determined by the lack of working places.

2001 migration sample also shows that these two main types of immigration also determine the age and family structure of immigration.

In the case of working immigration the immigrants are mostly married men in working age (when immigrating to Russia, Ukraine and other CIS countries) and women in working age

(when immigrating to USA)⁹ and in the prevailing number of cases they are not taking their families with them due to economic reason.

On the contrary, people decided on permanent emigration usually take family members with them, sell their belongings prior to immigration, or after establishing abroad either return to take with them the members of the family remaining in Armenia, or family members immigrate for family reunification.¹⁰

There different types of immigration have different consequences for the country. The first is that according to some sources the main bulk of remittances from abroad are coming from the people who work abroad on the temporary basis, and there remittances have permanent character and usually continue as much time as these people work abroad, whereas the remittances from the people emigrated to establish permanent residence abroad, have tendency to discontinue or substantially diminish when all the family is established abroad.

As we already mentioned the remittances from abroad are the single most important source of the external financing of the country and according to the 2001 Integrated Living Conditions Survey accounted for 11.1% of Armenian GDP, which is more than all external assistance including grants and concessional credits from bilateral donors and international organizations.

So the tendency of increase of volumes of the working (temporary or seasonal) immigration or the shares of this type of immigration in total immigration volumes will tend to increase the volumes of remittances, whereas the increase of the permanent immigration or the shares of this type of immigration in total immigration volumes will tend to decrease the volumes of remittances.

The other important difference is that the rate of the return of the working immigrants to the home country according to the international experience is much higher than the rate of return of the permanent immigrants, which is also proved by the 2001 Armenian migration survey¹¹.

We already mentioned that starting from the 70-es of the last century Armenia become a country with excessive labor supply and continued to be as such till now.

⁹ This distinction in our opinion is determined by the different structure of the availability of jobs for the immigrants in the CIS and western countries. In Russia and Ukraine they are mostly construction work, in USA - services mostly in household and less in trade and catering sectors.

¹⁰ Of course, these are only intentions, and things may turn out differently, but as 2001 migration survey of people arriving in Armenia shows, that the rate of return of people, who left the country with the intention to establish residence abroad is much less than for the people, whose intention to immigrate was temporary work abroad. The purposes of arrival are also different. In the case of permanent immigration people usually arrive to take the remaining family members with them or as tourists, whereas in the case of working immigration they arrive to see their families of to reestablish in Armenia.

¹¹ Unfortunately, the mentioned survey is not providing enough information to quantitatively estimate the return rates for the working and permanent immigrants, so on this stage estimates may be only qualitative.

All this brings to conclusion that the policy aimed at increase of the share of working immigration will have more favorable impact on country, as from the point of acceleration of growth, as well as for softening a lot of negative influences of immigration than current neutral immigration policy, taking also into account, as we already mentioned above, that the external labor demand in developed countries is predicted to increase in the next 15-20 years to come.

The new, active immigration policy should be aimed at the promotion of the working and seasonal immigration. Two levels of this policy should be implemented. The government activity level should be aimed at the facilitation of the processes of accepting of the working immigrants in the recipient countries and the protection of their rights at the level of intergovernmental relations. The business activity level should be aimed at the organization of the process of working immigration and include a whole range of activities and regulations, starting from provision of information on availability of jobs abroad and ending by implementation of the system of measures aimed to avoid and substantially restrict illegal immigration and people trafficking.

The design of such a policy and its instruments is a theme of a separate report. Here we can mention that such a policy in our opinion is a most efficient way to put immigration on the service of the goals of the economic and social development of the country.

How long term development perspectives may affect migration?

The most crucial problem facing the country is the problem of choice of the long term development pattern – moving forward alone with the priority of bilateral relations with the countries believed to be the strategic partners of Armenia, or aiming to join integration structures. The decision on the choice of the development pattern is a complex political and economic issue and giving recommendation on this matter is not the subject of this paper. Anyway, the decision, when taken and implemented will substantially affect the long term directions and intensity of migration processes.

Decision to move forward alone, which in our opinion means stronger political and economic ties with Russian Federation and the possible lessening of American and European interest in Armenia, will keep the current mode of immigration unchanged – about 75% or even more immigrants will move to Russia and the share of migrants to USA and Europe most probably will diminish. The same, in our opinion will happen if Armenia will decide to join the new forming Eurasian Economic Community with inevitable Russian dominance. The CIS where Armenia is a member in our opinion cannot be considered as an economic integration structure, it is mostly political union.

The other and only economic structure, which Armenia may wish to join is EU. The process of accession may take 15-20 years from now. But joining the EU will dramatically change the immigration itself. The country will become an element of the united labor market with no restrictions to work and freedom of residence in any member country of EU and most probably the migration outside the EU borders will simply disappear. From the other hand, taking into account the experience of countries with excessive labor supply like Portugal or Spain after the EU accession, the freedom of labor movement within EU will become probably the most important single factor of fast and sustainable development of the country.