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Labor Migration Challenges in Economic Planning: A Case Study of Astana

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LABOR MIGRATION CHALLENGES IN ECONOMIC PLANNING: A CASE STUDY OF ASTANA

Bolat L. Tibekov, Kamal Fatehi, Foad Derakhshan, and Jim Herbert

ABSTRACT

The end of the cold war removed a major barrier against free trade and consequently, globalization of business spread economic developments around the world, created job opportunities, particularly in industrial sectors, which led to migration of many people who were in search of a better life. Newly independent countries have emerged and many have been, or are in the process of, integrating into various trade packs of the free market system. This labor migration has taken place at various levels. This work studies the attributes of domestic migration and the challenges it has created for economic and urban planning. The article outlines the results of a study conducted to understand the migration patterns into the newly established capital city of Kazakhstan, Astana, for planning purposes.

Keywords: Labor Migration, Newly Independent Countries, Kazakhstan

INTRODUCTION

Although labor migration is as old as the history of human civilization, its patterns have changed over time. The most prominent factor affecting labor migration in recent decades has been the end of the Cold War and integration of the ex-communist centralized economies into the global free-market system. The end of the cold war removed a major barrier against the free trade and consequentially, globalization of business spread economic developments around the world, created job opportunities, particularly in industrial sectors, which led to migration of many people who were in search of a better life. Newly independent countries have emerged and many have been, or are in the process of, integrating into various trade packs of the free market system. This labor migration has taken place at various levels. Cross-country migration of labor from less developed to more developed countries have been intensified by exodus of labor from many ex-communist (particularly Eastern European) countries to Western Europe and the United States. Economic and political challenges of this trend go beyond the scope of this paper. At the

domestic level, labor migration has rushed from rural areas to cities where industries are located. Although this is not a new trend, it has been a major planning concern for developing countries in recent years. This work studies the attributes of this domestic migration and the challenges it has created for economic and urban planning. The article outlines the results of a study conducted to understand the migration patterns into the newly established capital city of Kazakhstan, Astana, for planning purposes.

HISTORY OF MIGRATION

History of labor migration goes back to the dawn of civilization. However, concrete statistical data on migration became available only in the 20th century. Limitation of national approaches, language differences, and lack of cooperation among various agencies have further complicated estimates (Harzig, 2008). A cornerstone in migration studies was the creation of the United Nations, which led to the availability of more reliable information (Hoge, 2006). From 1990 to 2005, the number of migrants in the world rose from 155 million to 191 million, three percent of the world population (Hoge, 2006). From 1985 to 2005, the number of international migrants in industrialized nations more than doubled from 55 million to 120 million (Marting 2008). This group sent \$232 billion home in 2005, of that \$165 billion went to developing countries (Hoge, 2006).

Migration is as old as the history of man. At earliest stage of social development, members of tribes migrated looking for opportunities to hunt and find better places to live. Over thousands of years, people have migrated to avoid natural disaster, war, famine, ethnic and religious persecutions, economic hardship, lack of work, and to find a better and more suitable home. As civilization grew, migration expanded in scale and geography from domestic to international to global. This trend particularly intensified during the last century when travel, communication, and education made migration easier and more attractive.

The 20th century witnessed unprecedented growth in migration. Political, economic, cultural, and technological forces all played their roles in expansion of migration. The end of the Cold War led to integration of the Eastern European and Central Asian countries into the Western economic community. Following the success of the Common Market, regional economic treaties such as NAFTA and ASIANA mushroomed. The European Union was created signaling the green light for globalization of large and medium-size companies. Development of new technologies such as Internet, mobile phone, and other communication advances created new virtual organizations that made globalization a reality for even smaller companies. Satellite technology made television programs and other similar services accessible to the world population and promoted the creation of a global culture (Haton, 2008).

Recent developments portray even a more complex picture. Rapid growth of developing economies such as China and India combined with the slowing growth of developed economies has generated a reverse migration from developed to developing economies. This reversal has been welcomed by some developed economies, which had struggled with integration of migrating workers. This integration has been a challenge for the governments of developed countries due to the social and economic problems the migrant communities has created- such as

cultural clashes and the burden of the cost of housing, education, and health care (Freeman, 2008).

Among many forces, which have caused man to migrate, one factor, the search for a better life, has increasingly become more dominant. There are obstacles that hinder individuals from migration, such as cultural differences, discriminatory attitudes of the host society, family ties, language differences, political and government restrictions on travel, and lack of education and skills (Ness, 2007). Domestic migration (within the same country) from rural to urban areas has intensified in recent decades. For newly industrialized countries, such as China and India, this trend has created many planning challenges. Although domestic migration provides economic opportunities for individuals as well as businesses, it creates many problems such as pressure on weak infrastructures (like schools and urban facilities), ethnic tensions, and social unrest. The responsibility for dealing with challenges resides not only with the migrating individuals but also with many government agencies and community organizations (for examples see *Economist*, January 5, 2008).

Migration Patterns in Central Asia and Kazakhstan

During the 20th century Western economies, the United States and Western Europe, attracted most of the world migration and absorbed the challenges it brought about (Munz, 2006). Governments of these industrial countries responded to these challenges as a result of pressure from business, social, and political forces. In Soviet-based economies, governments played a more active role to address migration problems. The end of the Cold War led to the creation of independent Eastern European and Central Asian countries. Consequently, in the last two decades of the 20th century a new group of migrants emerged. Political changes in these now independent republics facilitated travel and migration of labor. Opportunities for higher paying jobs were the main force behind most of this migration.

The population migration created social and economic problems and tensions in both Western and Eastern nations. Migration of Poles to Ireland levied stress on the Irish economy and created a brain drain for Poland (*Business and Finance*, 2006). Eastern European and Central Asian countries experienced migration among themselves as well as to the industrial West.

Movements of people among the newly formed Commonwealth of Independent states (CIS) were easier. This was due to several reasons. First, travel among member nations did not require visas. Second, there were similarities among transportation and communications systems. Third, education systems and labor markets of these countries were compatible and complementary (Tishkov, 2005). Problems common to migration elsewhere such as ethnic conflicts were present, however (Ivakhnyuk et al., 2007). An important reversing trend was repatriation of citizens of the former USSR to their national states, which created its own problems. To tackle mounting problems, Russia and Central Asian countries created the "Labor Migration Council" (BBC News, November 24, 2006).

Before the end of the Cold War, Kazakhstan was mainly known as a place of forced exile. After the dissolution of the Soviet empire, the country shifted course and started to attract a large number of workers. This was mainly due to the economic reforms and development of oil

reserves, which contributed to a healthy economic growth. In the period of 2000-2007, the economy grew by 10 percent (*Economist*, March 24, 2007). This trend led to an increase in the number of legal as well as illegal migrants. Presently, there are about 400,000 illegal workers among a population of 15.2 million creating a challenge for the government. To address the problem, the government has tried to lure illegal workers out of the shadow economy. In 2006, the Ministry of Interior launched a pilot program through which 160,000 migrants were legalized (BBC News, July 30, 2006). Integration of the migrant workers has been a challenge for both the new immigrant community as well as repatriating workers coming back to Kazakhstan (Sadovsakaya, 2007).

Migration to Astana

Astana, like other capital cities, has played a key role in domestic migration. Historically, some newly established states integrated the development of a new capital city at the core of their economic development programs. In these cities, government institutions, along with their supporting organizations played a key economic role creating the cultural framework and supporting the social side of the city life. In addition to employment with government agencies, non-governmental jobs were created. For these cities, planning to deal with the logistics of the influx of immigrants has been a major constraint.

Two distinct periods in the history of migratory developments in Astana can be identified. The first period, from 1939 to 1979, was characterized by Soviet domination, particularly during Stalin's repressive regime, development of industrial and engineering projects, and associated housing construction. The second period, from 1988 to 2003, began with the independence of the Republic of Kazakhstan when the capital city was moved from Almaty to Astana. This latter phase peaked during the 1999-2001 period. During this period, the population of the city increased by more than 57 percent, reaching over half a million at the beginning of 2004. The main reasons for the influx of people were a dynamic labor market, shorter average unemployment period, high level of wages, the opportunity for fast career growth, and increased industrial and residential building construction.

On December 10, 1997, the capital of Kazakhstan was moved from Almaty to Astana, which at that time was called Akmola. President Nursultan Nazarbayev signed a decree on October 20, 1997 authorizing this transfer, and the parliament of the country approved this decision on the same day. Akmola was founded in 1830 as a Cossack fortification. Two years later the settlement was given the name of Akmolinsk, and in 1862 acquired the status of a town. In the 19th century Akmolinsk was a large commercial and a major agricultural center of the steppe. The region surrounding Akmola was famous for its wide assortment of dairy products. The name "Akmola" was derived from "ak mol" meaning "white plenty." A major reason for moving the capital city to the geographic center of the Euro-Asian continent was to contribute to the economic development of the region and the development of the country. Akmola was also strategically located away from the borders with the neighboring countries. During the Soviet period the city was relatively wealthy. Even during the most austere period of the communist rule, there was always a variety of meat, sausages, and dairy products available. It was known for its light, white bread with a delicious crust and visiting journalists would always take home a "karavay" (round loaf).

Now Astana is a thriving modern city, a political center, and a source of cultural activity. Present day Astana hosts new modern government and business offices, a number of good quality hotels to accommodate visitors, apartment blocks matching European standards, beautiful squares and boulevards, modern roads, as well as river promenades on both banks of the River Ishim. Since 1997, the population of Astana has increased from just fewer than 300,000 to more than 500,000 (as of late 2004). This growth has been mainly attributed to the massive influx of government employees as well as those working for private sectors who seek well-paid jobs and business opportunities in the city's prospering economy. It has been predicted that due to normal growth and additional immigration the population will grow to under a million in a decade. The area of the city of 248 square kilometers easily allows for such an expansion.

Construction and services constitute a major part of the Astana economy, both of which still hold enormous potentials for growth. The development of Astana has been very important to the country. The government has passed legislations that emphasize attracting foreign investment to the city. The business investors in Astana enjoy considerable benefits and tax incentives. While the old town, located on the right bank of the River Ishim, reflect the history of the city, new construction in recent years has led to the development of a totally new city center on the left bank which includes Government offices, private housing and entertainment facilities.

It is expected that a significant amount of investment would be attracted to this promising region. The government believes that the geographical location of the new capital located on the main crossroads that connect Pacific Ocean and Europe will enable it to become a major transportation center. At present, Astana serves as a transportation hub in the center of the Republic. All roads coming from Siberia to Central Asia, from China to Europe pass through Astana. A new airport is now under construction that should be capable of accepting all types of modern aircrafts.

ASTANA'S MIGRATION STUDY

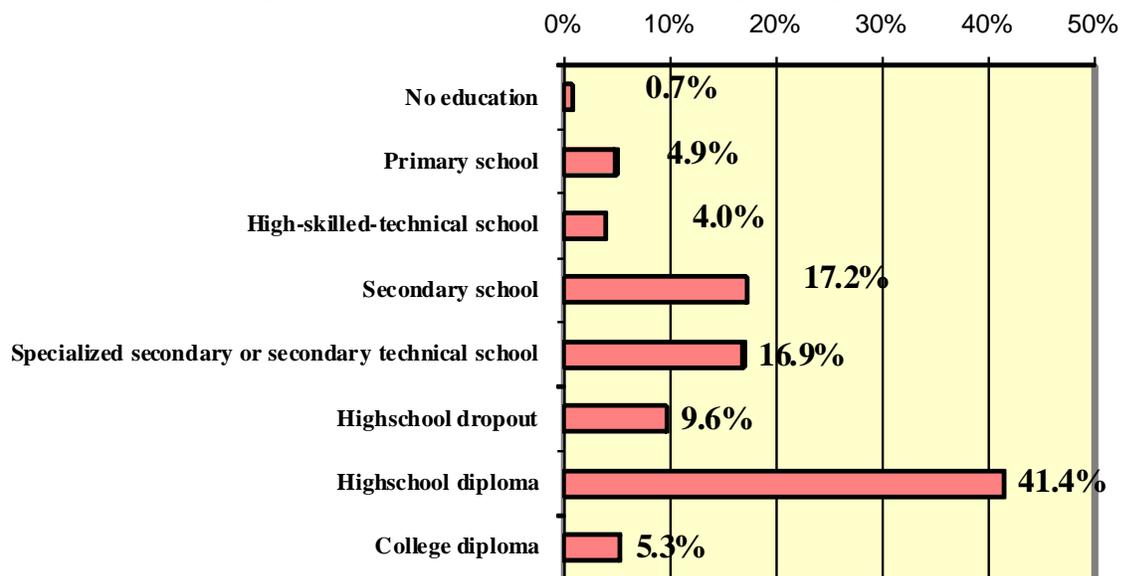
The following study was carried out in the winter of 2003-2004 in Astana. The purpose of research was to determine the demography of migrants to Astana and their adaptation in the new, capital city. The Ministry of Economy of Kazakhstan planned to use the collected information for public policy decisions. The research used two sources of information. First, the archival data from various government agencies were used. Second, local residents and four groups of migrant people were interviewed. These groups included the following:

- 1· Ethnic Kazakhs-immigrants. Ethnic Kazakh immigrants are known as Oralmans – a term meaning “people who came back.” They come from across Asia – mainly from former Soviet republics, but also from countries such as Afghanistan and Mongolia.
2. Internal migrants. These are immigrants from other areas of Kazakhstan (including the people from Almaty).
3. Re-emigrants. This group is composed of the former residents of Astana who have returned to Astana.
- 4· Other immigrants. The foreign citizens, who work in Astana for a fixed time period or intend to remain in Astana permanently.

Research collected data on variables such as age, marital status, education level, employment, place of residence, and the reason for immigration. Information was also gathered on social-economic, political-legal, cultural-language, adaptation to the new climate of the capital city, and the attitude toward various groups of migrants.

The study was conducted with help from various government agencies and institutions. Two organizations, in particular, were very instrumental in data collection: the Committee for Migration at the Ministry of Labor and Social Protection of the Population of the Republic of Kazakhstan and the Management of Migratory Police in Astana. In addition to government statistics, data was collected through informal interviews and focus groups. Among those interviewed there were 132 immigrants, more than 700 local residents, and 25 re-emigrants. In May 2005, a preliminary report on this study was published in Russian. The report was prepared to assist government agencies in Astana in their public policy planning efforts.

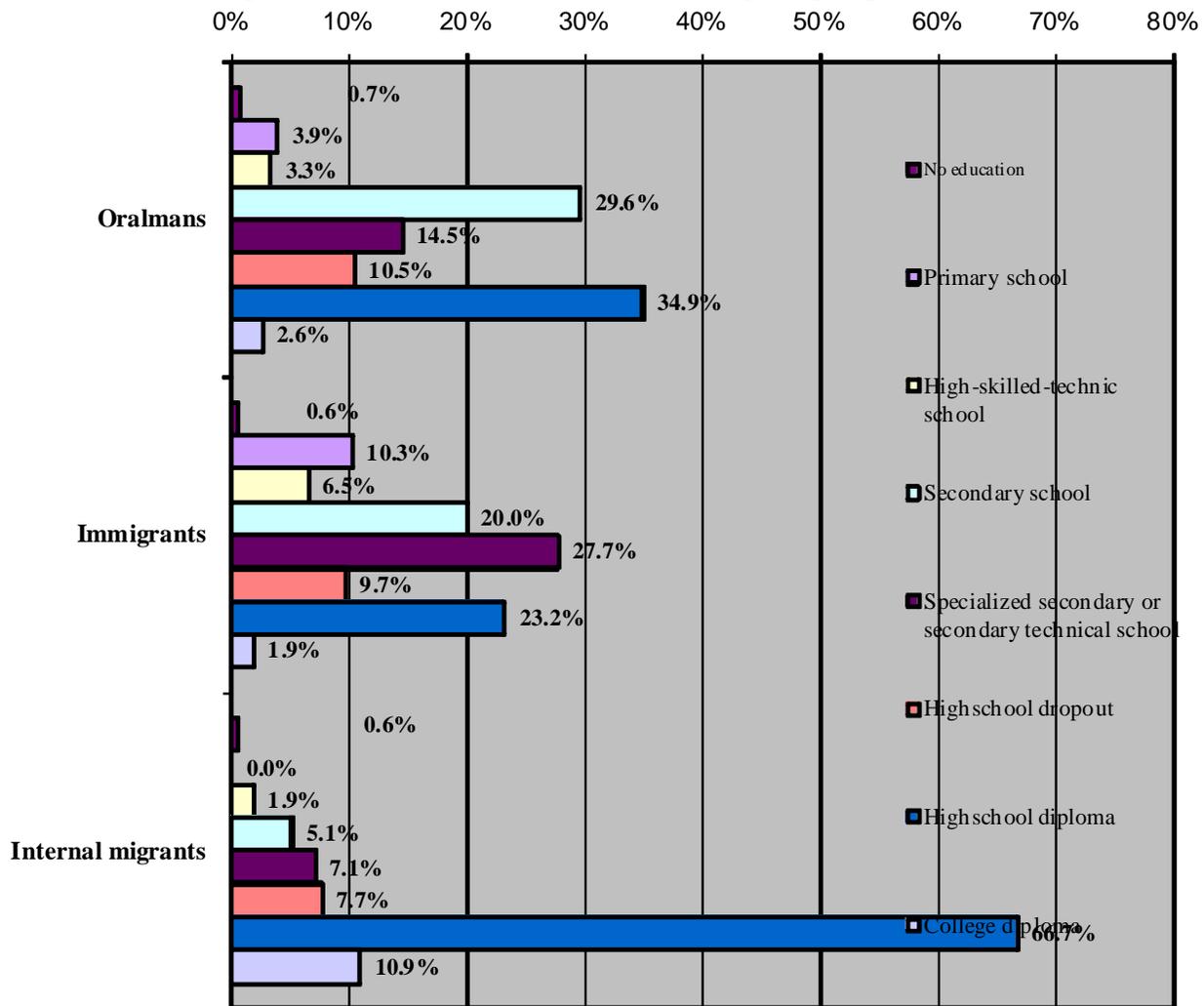
Figure 1. The level of education among all migrants



Attributes of the Migrants and Adaptation Challenges

Although there were many groups of migrants with different attributes, in general most migrants to Astana were young and of the working-age. About 40 percent of migrants were between 25-39 and 26 percent were between 15-24 years old. Oralman mostly arrived in Astana in search of work and higher pay and more than 52 percent were married. The internal immigrants were generally civil servants and were mostly single. Almost half of the migrants had a high school education (41.4 percent), 17.2 percent had general secondary education and 16.9 percent had specialized secondary or secondary technical education. Only 5.3 percent of migrants had a college degree. The largest number of persons with high school education was among internal migrants (66.7 percent), and the least educated were re-immigrants (23.2 percent). Statistics on education for all immigrants and various groups of immigrants to Astana are presented in Figures 1 and 2.

Figure 2. The level of education of various migrant groups



The largest group of migrants to Astana was working professionals (44.4 percent). Internal migrants were mostly civil employees (44.6 percent). One fourth of Oralmans were student (24.8 percent), and more than one fifth (21.7 percent) were laborers. Thirty six percent of immigrants and more than a third of internal migrants (35.3 percent) had their own apartments, whereas only 16 percent of Oralmans were homeowners.

The most stated reason for migration of Oralmans to Astana was the desire to return to their historical native land (82 percent). On the other hand, the major reason for immigration of internal immigrants and other immigrants was the absence of prospects for growth in their former location (34 percent and 20 percent respectively), and low pay (15.3 percent and 18.7 percent). According to Kazakhstan’s Agency for Migration and Demography, nearly 260,000 Oralmans had moved to Kazakhstan, almost half of them from Uzbekistan. Kazakhstan official estimates show that about 967,000 ethnic Kazakhs remain in Uzbekistan, but some experts contend that up to 500,000 additional ethnic Kazakhs may be in that country.

Oralmans Migrants

Two third of this groups of migrants were between 15 to 39 years of age. Oralmans of Astana typically arrived to the new capital city from rural regions of Uzbekistan, Mongolia, and Russia. Eighty percent of Oralmans were registered with the immigration office. Of those who were not registered, more than half had no opportunity to do so. At the same time 92.1 percent of Oralmans who had not received citizenship, expressed desire to become citizens. After arrival in Astana, Oralmans faced a very serious language problem. As Oralmans, they all spoke the Kazakh language, but only one third of them knew Russian. Similarly to most large cities, in Astana the Russian language was widely used in interpersonal contacts and generally was demanded at work. This made the Oralmans of Astana the least integrated into the economic life of the capital city. Only 38.9 percent had a permanent job in Astana and this was due to the lack of skills, education, and professional training. More than a third of Oralmans had a high school education (34.9 percent), and only 2.6 percent a college education. Listed problems were associated with the language barrier and the lack of citizenship in some cases. Many engaged in activities other than their original areas of training. Many worked in nongovernmental organizations. A significant number of this group was unemployed and lived on various state supported programs. Some of them were retired and lived on their retirement benefits. These factors prevented them from using some available services or getting mortgages for the purchase of properties. Only 16.0 percent had their own apartment and 10.7 percent owned homes. Before arrival to Kazakhstan, 85.5 percent of Oralmans considered themselves as being well off. Now only 74.7 percent thought they had an adequate income. This group generally believed that their financial position had deteriorated since their arrival to the capital city.

Internal Migrants

This group was composed of citizens of the Republic of Kazakhstan who had moved to Astana after it became the capital city in 1998; therefore, their level of their adaptation was relatively high. They worked in the education sector and as civil employees and scientists. They arrived from Almaty, Karaganda, and nearby regional centers. They were the largest group of immigrants, and more educated (two thirds had college education, 10.9 percent had postgraduate study or a masters degree). A significant portion (92.3 percent) of this group had stable employment in Astana. Compared with the other groups, internal immigrants were more successful in adapting to the new environment due to the fact that they had stable earnings, no citizenship problems, and no language difficulties. They were actively using bank services (72.7 percent), and had pension plans (84.7 percent). More than a third of them had their own apartments, and one in ten owned a house. Nevertheless, the interviews revealed that the majority (81.8 percent) of internal migrants estimated their financial position as average but thought that their wages should be higher. Internal migrants did not face many integration problems or face political, legal, cultural, and language difficulties. They described themselves as very successful in adapting to their new environment.

Re-emigrants

Members of this group were natives of Astana and the Akmola region who had been living in the area before but had immigrated to Russia. They quickly adapted to the situation in the new

capital city. Almost all members of this group had permanent jobs and mostly expressed the presence of favorable employment factors. Many were entrepreneurs who owned their businesses, especially in housing and construction. Others were involved in the service sector. Although many saw themselves as having insufficient training and education, they described their state as financially comfortable.

Other Immigrants

This group arrived from the former Soviet republics and other foreign countries in search of high paying jobs. Members of this group of immigrants to Astana were generally older and more educated. Two thirds had permanent jobs, more than half worked in private enterprises, and their skills and qualifications were in high demand. In general, they worked as highly qualified workers (44.4 percent). Eighteen percent worked for non- governmental organizations. Seventy five percent of those who were interviewed described their financial position as “average” before migrating to Astana. This number increased to 80.5 percent after immigration to Astana. However, members of this group generally felt their financial position had improved after arrival to Astana.

Only 80 percent of other immigrants to Astana were registered with the immigration office, even though law required it. The following reasons were given for not registering with the immigration office: More than a quarter of those who had not registered (26.3 percent), simply did not consider registration to be an important issue. They had no desire to register with the immigration office. Almost one third (31.5 percent) of them pointed out that they preferred to live without lawful registration. One fifth expressed the lack of opportunity as a reason for not registering. They mostly stated that they could not find someone to assist them in the registration process. According to the interviews, another factor for unwillingness to register was the official employment problems they could experience as foreign citizens.

The majority of foreign immigrants did not aspire to become citizens of the Republic of Kazakhstan. They considered living in Astana as foreigners a better option, especially since knowledge of Russian was sufficient for employment. More than half of other immigrants knew Russian sufficiently well. This was typical for immigrants from the former Soviet republics. Nearly two thirds of other immigrants did not know the Kazakh language and did not consider this to have posed a problem in finding a job.

Incorporation of Immigrants Into the Local Population

As expressed by those interviewed, local residents of Astana had generally a positive attitude toward migrants. They had the most favorable attitudes toward those who had come from Almaty and the least favorable attitudes toward the Oralmans. The stated reasons for attitudinal differences were that the migrants from Almaty were more educated and had an urban life style. On the contrary, Oralmans were considered rural people with less education.

CONCLUSION AND SUGGESTIONS FOR PLANNING

Despite expected difficulties of adaptation to life in Astana, more than half of those interviewed (53.4) percent would not consider moving to other locations. In general, they felt that migrants to the new capital city had started to play an important role in the city. There were about 315,200 immigrants compared to the total local population of 510,533. The feeling of the importance of the role immigrants have played is a positive attitude that planners can tap. However, important challenges remain for migration planners in providing housing and jobs to Oralmans and other migrants. Other important issues for the future development of the new capital are construction of new schools, hospitals, entertainment facilities, and provisions for other social services. Also, provisions for expansion of local language education must be made. The Constitution of the Republic of Kazakhstan, has declared Kazakh language as the state language, creating an urgent need for language training for immigrants who have traditionally relied on their knowledge of Russian to get their work done.

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