

THE IMPACT OF GLOBAL ECONOMIC CRISES ON MIGRATION: UKRAINE AND THE WORLD

Vintse Ottilo

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Annotation. The article highlights a number of global economic crises that always have a significant impact on various aspects of social life, and one of the most striking manifestations of this impact is the change in migration flows. Economic challenges, such as the 2008 financial crisis, the COVID-19 pandemic, and the war in Ukraine, create unique conditions for changes in migration behaviour, both at the level of individual countries and globally.

The modern world is interconnected, and economic crises have a domino effect, affecting all continents. The financial crisis of 2008, which began in the United States, quickly spread to Europe and other regions, including Ukraine, creating economic pressure in countries that have traditionally been donor and recipient countries of migrants. Similarly, the COVID-19 pandemic has caused massive disruptions in labour markets, affecting economic migration and internal mobility.

Economic instability has forced people to look for better opportunities abroad. During periods of crisis, migration routes changed as people sought to get to countries with more stable economic conditions. Therefore, in response to these crises and the war in 2022, Ukrainians migrated more actively to the EU.

Economic crises exacerbate demographic challenges for donor countries. Ukraine, which has long faced the phenomenon of brain drain, continues to lose its working-age population, which deepens its economic difficulties. For recipient countries, migrants are becoming an important source of labour market supply, especially in sectors requiring low-skilled labour. However, this also poses social challenges, in particular those related to the integration of migrants.

The war in Ukraine has become one of the most powerful factors that has changed migration flows in the world. A large number of Ukrainians were forced to leave the country, seeking protection and economic stability in the EU. This process has highlighted the disparities between the rich countries of the Global North and the poorer regions of the Global South, which do not have sufficient resources to help migrants.

Key words: economic crisis, war, pandemic, economic instability.

1. Statement of the problem.

Migration processes are one of the most important socio-economic trends of our time, which have a profound impact on the development of countries of both origin and destination. Global economic crises, in particular the 2008 financial crisis and the COVID-19 pandemic in 2020, are significantly changing the structure and intensity of migration flows. In Ukraine, these processes are of particular importance due to the high level of emigration due to the war that began in February 2022, the growth of labour migration to the European Union, and the need to adapt to new socio-economic realities.

In the context of economic instability, declining living standards, rising unemployment, and uncertainty about the prospects for the development of the Ukrainian economy, many Ukrainians are looking for better living and employment conditions abroad. However, global economic crises

not only increase the level of emigration, but also lead to a reduction in the number of jobs in the host countries, forcing migrants to return home or look for new opportunities in other countries.

Therefore, an important question arises: how do economic crises affect migration flows, what are the consequences of these processes for Ukraine's socio-economic development, and what strategies should Ukraine apply to minimise the negative effects of migration and use the opportunities it offers?

2. These and other questions underline the relevance of this study.

Ukrainian scholars, in particular, have devoted their works to the problems of migration: Aksenova S.Y., Antoniuk V.P., Banchuk O.A., Gladun O.M., Dotsenko A.I., Libanova E.M., Maidanik I.P., Makarova O.V., Pankova O.V., Pirozhkov S.I., Pityurenko Y.I., Prybitkova I.M., Sytnikova N.D., Tkachenko L.G., Cherenko L.M., Khomra O.U. and others.

Over time, new, more complex challenges related to migration arise that need to be addressed by both scientists and managers of various levels involved in the processes of migration changes that are important for the country.

3. The primary **aim** of this research is to analyze how global economic crises affect migration patterns, with a specific focus on Ukraine within the broader international context.

4. Summary of the main material.

Global economic crises, such as the financial crisis of 2008 and the COVID-19 pandemic in 2020, have significantly affected migration processes, creating new challenges for both receiving and exporting countries.

The full-scale armed aggression of the Russian Federation against Ukraine, which began on 24 February 2022, resulted in significant civilian casualties and numerous injuries in different regions of the country. As a result of the hostilities, important infrastructure facilities were destroyed or damaged, and large-scale destruction of civilian buildings was carried out. All these destructions and other consequences of the aggression have led to large-scale migration of the population.

Migration is a consequence of globalisation and is objective. Under current conditions, it is probably impossible to stop or significantly limit migration processes, at least in a democratic way. Given the current trends in the global economy, the introduction of new production technologies, digitalisation, the expansion of multinational corporations and the deterioration of border crossing procedures (especially for Ukrainians), many people will change countries of residence throughout their lives in search of the most comfortable conditions.

Employment and quality of life are crucial factors in determining migration flows, and countries with favourable living conditions are happy to accept migrants, as many of them are experiencing depopulation.

In the European countries to the west of Ukraine, the level of remuneration is much higher than in Ukraine. Businesses in the European Union offer salaries that are 2-4 times higher than the average level in Ukraine, if converted into euros, taking into account purchasing power.

Thus, the main reason for such migration is economic factors, as people seek higher incomes, financial independence and stability.

The authors detail the global economic crises they have identified that led to the migration wave that followed:

- The financial crisis of 2008 led to a decrease in demand for labour in developed countries such as the US, EU and others. In turn, many migrants who worked in construction, manufacturing and services lost their jobs, which led to the return of some of them to their countries of origin.

As history has shown, during the global financial crisis of 2008-2009, the world was in a state of global recession, which led to a significant reduction in business activity, rising unemployment and falling government revenues. Many large and well-known banks, investment companies and insurance organisations declared bankruptcy or were on the verge of doing so. Most industrialised countries and many emerging markets introduced financial support programmes for the economic and/or financial sectors. Several countries, in particular, applied for loans from the International Monetary Fund. The crisis exposed significant weaknesses in financial systems around the world, demonstrating how closely interconnected and interdependent modern economies are [1].

The financial and economic crisis in Ukraine became apparent in autumn 2008, when key economic indicators began to deteriorate and reports of financial difficulties in a number of the country's leading commercial banks emerged. In particular, the media reported a significant decline in demand for iron and steel, which resulted in a decline in exports and a decrease in foreign currency inflows into the Ukrainian economy.

During the same period, real estate prices fell by 25%, and more than 80% of construction projects were suspended. According to the International Monetary Fund, in 2009, Ukraine's nominal GDP in US dollars decreased by 35.6% (from USD 179.6 billion in 2008 to USD 115.7 billion in 2009). As a result, mortgage and construction lending virtually stopped, which led to almost complete absence of demand in the real estate market [2].

To stabilise the financial market and support commercial banks, the National Bank of Ukraine attracted a USD 16.5 bn loan from the International Monetary Fund. In November, the Government received a UAH 3 bn loan to cover the budget deficit. In addition, a number of anti-crisis regulations were adopted to address problems in the construction and banking sectors [2].

For Ukraine, this meant an increase in migration towards Western European countries, in particular Poland, the Czech Republic and others. The unemployment rate in Ukraine rose to 9.3% in 2009, which significantly worsened conditions on the domestic labour market, prompting Ukrainians to look for work abroad. At the same time, the country experienced an economic downturn as remittances from Ukrainian migrants to the country declined.

– The crisis caused by COVID-19 in 2020, in turn, led to massive job losses due to lockdowns and the cessation of activities in certain sectors (hospitality, transport, construction, and especially seasonal work), causing migrants to return home due to job losses and lack of social protection in their host countries.

The COVID-19 pandemic has had wide-ranging economic consequences, including a global recession, the second-longest in recent history. It led to a sharp decline in business activity in the service sector during the quarantine, a stock market crash in 2020, which saw the largest weekly drop since the 2007-2008 financial crisis, and a significant impact on financial markets.

The supply chain crisis in 2021-2022, a surge in inflation, a global chip shortage, panic buying and price increases were other consequences of the pandemic.

In response, many governments have allocated unprecedented amounts of economic stimulus. In addition, the pandemic was one of the factors behind the global energy crisis of 2021-2022 and the food crisis of 2022, which further complicated the situation in the global economy [3].

The first lockdown in Ukraine in 2020 had a significant impact on the decline in business activity. The movement of people decreased by 20-40% depending on the places they visited. Retail turnover and revenues in the trade and entertainment sectors declined. The situation was particularly difficult for industries such as air travel and the hotel business [4].

Unlike European countries, which also imposed severe restrictions in autumn, Ukraine's lockdown had a less devastating impact on the economy. After it ended, most industries quickly returned to pre-quarantine levels. This applies to real estate prices, the number of vacancies, wages, retail trade, and trade turnover.

However, some sectors, such as passenger transport and tourism, remained at a low level due to the global pandemic and were unable to fully recover even during the year.

In terms of foreign trade, the situation had its own peculiarities. Exports, which mainly consist of raw materials, fell slightly, while imports declined more significantly. As a result, Ukraine's trade balance even improved.

However, the uncertainty and unpredictability of the government's actions, as well as the pandemic situation, had a negative impact on investment activity. 2020 was one of the worst years in terms of capital investment in Ukraine's modern history. Many companies froze their investment programmes, waiting for the situation to stabilise and for predictable government decisions. The decline in investment has become a serious impediment to the country's economic development.

Many migrants have returned to Ukraine due to reduced employment opportunities in the EU and other countries where they worked in the sectors most affected by the pandemic (agriculture, construction, tourism). In 2020, according to the UN, more than 500,000 Ukrainians returned home. The crisis has also led to a reduction in remittances, which has affected the country's economy.

– Russia's armed aggression against Ukraine: February 2022 - ...

Since the beginning of the full-scale war with Russia, more than 5 million people, mostly of working age, have left Ukraine. If they do not return, the country risks losing 13% of its GDP annually, which is about \$20 billion. The number of working-age people could fall to 10 million, and even if the economy recovers, its growth will not exceed 2% per year [10].

The decline in population has led to a reduction in consumer spending, which has led to a narrowing of the domestic market and a limitation of economic growth rates that do not exceed 2% per year.

Crises in the labour market and the pension system have become inevitable: by 2050, almost a third of Ukraine's population will be over 60 years old. At the same time, the need for migrants from other countries is already estimated at 1-1.2 million people a year.

Back in 2021, the Ukrainian Institute for the Future published a report on labour migration in Ukraine. According to estimates, the annual economic losses due to people leaving for work were about \$30 billion, or 19% of GDP. At that time, approximately 1-3 million Ukrainians were temporarily working abroad, of whom 300-400 thousand remained abroad on a permanent basis [7].

Given the declining population and migration trends, Ukraine's minimum annual labour demand was already 500-600 thousand people.

According to the UN High Commissioner for Refugees, as of 8 May 2022, more than 5.8 million people had left Ukraine, including about 3.2 million people who went to Poland, 880,000 to Romania, 569,000 to Hungary, 456,000 to Moldova, and 402,000 to Slovakia [9].

After analysing the data, the authors state that the main factors in choosing a country were the presence of relatives or friends (48%) and geographical proximity to Ukraine. Long-term labour ties with these countries, to which Ukraine has been supplying labour for many years (neighbouring Poland, Slovakia, the Czech Republic, and Hungary), also determined the main direction of migration.

In March 2022, the European Union activated the Temporary Protection Directive for the first time in history, which provided displaced persons with immediate access to protection, housing, healthcare, employment, and education. This temporary protection regime is applied exclusively by EU countries and only to displaced persons from Ukraine, including Ukrainian citizens, persons who have been granted refugee status or other protection in Ukraine, as well as those who have been legally present in Ukraine but cannot return to their home country [8].

Currently, Ukrainian citizens account for 98% of all temporary protection beneficiaries in the European Union, with 4.114 million Ukrainians registered for temporary protection in Europe [10].

According to the forecast for Ukraine, the population will decrease annually over the next 25 years. Analysing by age categories, we can note the general ageing of the population, and Fig. 1. shows the projected dynamics of the number of people over 65, as well as a decrease in the number of children under 14. As a result, the number of working-age people in the country is expected to decline [12].

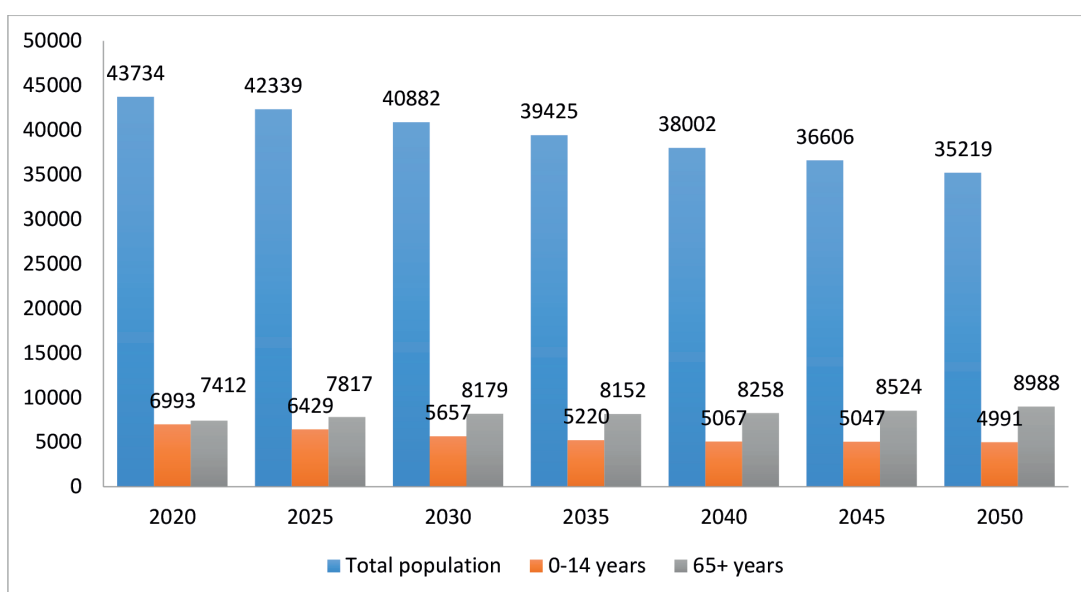


Figure 1. Forecast of the population of Ukraine by 2050, thousand people

Of course, these data are projections, but the downward trend in fertility rates and the increase in the number of people of retirement age in Ukraine will continue. Given the significant impact of the pandemic and the war in Ukraine in 2022, these projected statistics look too optimistic and are likely to differ from the actual situation.

The results of a survey conducted by the Razumkov Centre's sociological service at the Ukrainian state border crossing points in Zakarpattia region showed that the main reason for the latest wave of migration was the desire to find a safe place to live. In particular:

- 55 per cent of respondents indicated that at the time of their departure, there were hostilities in their locality;
- 13 per cent reported that hostilities took place near their locality;
- 10 per cent indicated that there were no hostilities in their locality, but the territory was subjected to bombing or shelling;
- 14% of respondents reported that neighbouring settlements were bombed or shelled;
- only 8% indicated that their settlement or surrounding areas were not subject to any shelling or hostilities [13].

These results indicate that the main factor driving migration is security, as the situation on the ground has become critically dangerous due to active hostilities, forcing people to seek refuge in other regions or countries.

If the government does not take all possible measures to bring these people back, the working-age population of Ukraine could drop to 10-11 million people. This number will be insufficient to ensure stable economic growth, even if sufficient financial resources for recovery and development are available.

5. Conclusions.

The global economic crises have a significant impact on migration processes, causing a decline in migration activity, migrants' return home and a reduction in remittances. This underscores the importance of adapting public policy to changes in the global economy, in particular by supporting returning workers, creating new jobs, and stimulating investment in the local economy.

Currently, remittances from workers or relatives abroad are one of the main sources of foreign exchange inflows to Ukraine's economy.

The main reasons that led pendulum migrants to seek work abroad were mainly financial factors, as confirmed by the survey of temporary migrants conducted in previous years.

However, current migrants are looking not only for work but also for security. They choose countries that have a stable and well-established infrastructure for the employment of Ukrainians, obtain long-term visas and the right to work, and quickly become part of the circle of experienced labour migrants from Ukraine who are ready to help their compatriots integrate into local labour markets. The longer the war in Ukraine lasts, and the greater the economic and infrastructural losses it suffers, the more likely it is that Ukrainians abroad will start looking not only for shelter but also for work.

The most serious problem facing Ukraine is the loss of people, who are its main capital. This will undoubtedly worsen the already difficult demographic situation, increase the labour shortage, deepen the pension system crisis, and most importantly, make it impossible for the economy to grow due to lower domestic demand and lower production rates. In addition, the Ukrainian government should recognise the need to compensate for the existing labour shortage by actively attracting migrants from third countries. At a time of high competition for human resources, Ukraine cannot afford to ignore the problems of labour migration. Solving them will be the key to our economic survival.

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Ottilo Vintse,

*PhD student, Department of Economics, Business and Trade,
"Uzhhorod National University"*