University of Macedonia
Economic and Social Sciences
Postgraduate Studies Master's in Economics

MASTER THESIS

Migration Processes In Transition Economies from Plan to Market: The Case of Armenia

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September 2001
Thessaloniki

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INTRODUCTION

The rapid socioeconomic development and geopolitical transformations, which characterize the end of the 20th century, are resulting in a continuously intensified social and economic fluidity (Hobsbawm, 1990). The collapse of the authoritarian regimes and central planning economic system in Eastern Europe and the former U.S.S.R. has been followed by the dismantling of the Old Post-war World Order defined the economic and political division of the world. The New Order and the increased degree of interdependence between states, at both the economic and political levels, calls for the restructuring of national and regional economics as well as the re-definition of international relations.

The global economy is currently being reshaped within the new trajectories of recent technological and scientific progress (information technology, genetics, etc.) and is dominated by international organizations, huge multinational corporations and massive flows of financial capital (Robertson, 1992). Guided by neo-liberal policies, the national and regional markets are being unified into a global network. As Frobel, Jorgen and Kreye have pointed out (1983), the restructuring of production at a global scale presupposes a new international division of labor. And as Sassen (1988) has noted, the mobility and allocation of labor force worldwide depends on the flows of capital investment at a global scale.

Within this context of globalization, the nature, geography and character of international migration is being significantly transformed (Castles and Miller, 1993; Harris, 1995) and the global map of migration is changing (King, 2000). Although the main migration wave comes from the developing countries of the "South" to the advanced industrialized economies of the prosperous North, however, the end of the Cold War generated new massive movements of migrants and refugees: East-West migration, especially from Eastern Europe to EU (Cohen, 1991). New strategies concerning the migration process have been developed: irregular migration is one of these, much more evident nowadays than before; illegal trafficking of people is another one, often connected to organized crime (Ghosh, 1998).

Today, more than ever before, migration is becoming a sociopolitical phenomenon of paramount concern for two reasons. One is the ongoing population explosion, which is causing an increasing population movement between developing and developed areas of the globe, such as Mexico to United States, Africa to Europe, and Central Asia to Russia. The other is the vast economic dislocations which followed the spectacular collapse of

Communism in Eastern Europe, and which are fuelling massive movements of people from the continent's East to its West.

There are of course specific factors that attract migrants in a specific country or region or that make people leave their home countries and look for a better future abroad. Push factors, such as economic deprivation, unemployment or low wages, or even authoritarian regimes, wars and environmental devastation in the home countries, lead people to take the path of emigration. On the other hand, pull factors, such as economic prosperity and better living standards, scarcities in labor supply or higher wages in the destination countries, make them attractive to potential immigrants.

The analysis of European migration streams since World War II should differentiate between four phases (Zimmermann, 1994): the periods of war adjustment and decolonization, labor migration, restrained migration, and finally, dissolution of socialism and afterwards.

The period of war adjustment and decolonization covers the period between 1945 until the early 1960s. The number of people displaced by the war was estimated at about 20 million.

The period 1955-1973 displayed considerable labor migration. Already in the 1950s, labor shortages in some countries induced openness-and sometimes even active recruitment policy-for labor immigration. For example, Germany established a guest worker system by means of a series of recruitment treaties with Italy, Spain, Greece, Turkey, Morocco, Portugal, Tunisia and Yugoslavia. Similarly, Italians from the south moved to Switzerland, and Portuguese and Spaniards to France. All in all, net immigration to the north from the Mediterranean countries was about 5 million. France also received the most African migration, while the transoceanic migration from the West Indies, India and Pakistan was directed to Great Britain. The Netherlands received immigrants from Indonesia, Latin America, Turkey and Morocco. Especially in the cases of France and Germany, waves of immigration matched themselves to the business cycle. To a large extent, immigrants contributed to Europe's post-World War II economic growth.

The period of restrained migration from 1974-1988 began all over western Europe at the end of 1973, when labor recruiting was abruptly stopped in the face of increasing social tensions and fear of recession after the first oil price shock. But family migration and political immigration dominated the period of restrained migration. Also the number of illegal immigrants rose significantly.

The last period, dissolution of socialism and afterwards, since 1988 or so, has been dominated by East-West migration and strong inflow of asylum seekers and refugees.

According to estimates of the United Nations High Commissioner for Refugees, the total number of asylum seekers and refugees in Europe was only about 190,000 in 1987, but had already reached 700,000 by 1992 and it is continuing to rise with significant rates dew to regional conflicts in South and Eastern Europe and the Middle East.

During the last three decades, the countries of Southern Europe (Portugal, Spain, Italy and Greece), which had a long tradition of emigration both before and after Second World War, have been transformed to immigration countries (King 2000). This transformation has happened gradually, as part of a more general process of transition that is still taking place, and which is characterized by a dialectical interaction of global, regional and local socio-economic, socio-spatial and political changes. The explanation for this transformation lies in the structure and the dynamics of change of the world capitalist system and the position of Southern European economies within it. Under this general perspective we can understand the considerable social, economic, political and demographic change in Southern European countries after the Second World War and especially during the past three decades. Currently, in all Mediterranean Europe immigrants constitute a relatively large percentage of total economically active population (Linardos-Rylmon, 1993); in the case of Greece, this share is possibly in excess of 10%. As a Southern European state, Greece has not escaped the massive waves of immigrants, especially after 1989 and the collapse of the Eastern Block, when migrants from the neighboring Balkan countries (notably Albania), some former Soviet republics, as well as people from the Mediterranean and Middle-East countries started arriving in massive waves.

Much research in economics is devoted to studying whether migration is economically beneficial for the immigration country. There are numerous papers which investigate the economic performance of immigrants in the host economies and their contributions to the welfare systems of the host countries (Galor and Stark, 1991; Borjas, 1994). The beneficial aspects migration may have for the home country economies has received less attention. But migration can also be welfare enhancing for those individuals who stay behind. One channel to re-distribute the welfare gains of migration to non-migrants who remain in the source country are remittances. Savings and remittances of migrants may provide badly needed capital inflows, help to overcome capital constraints, and act as development support for the migrant's home region. For example, in 1973, transfers from Turkish and Yugoslav workers in Germany into their home countries totaled to over twice the amount obtained through exports of goods from these countries to Germany; over the period from 1960 to 1984, transfers of Greek workers from Germany to Greece amounted to 16% of Greece's capital

goods exports in the same period; Remittances of Pakistanis from the Middle East finance some 86% of Pakistan's trade deficit in 80s.

As we see the problem of migration is very actual in our days and there are crucial questions connected with it such as: What is the relevance of economic, political, societal and institutional factors concerning the observable migratory movements? Are determinants in the sending countries ("push migration") more important than conditions in the potential host countries ("pull migration")? How far must living conditions converge in order to make migration incentives disappear? Does the real and aggregate social-economic effect of migration flows? And so on.

Our interest concentrated on the case of Armenia. We try to discuss the above-mentioned problems and to give answer as much it possible.

Our work consists from four chapters. In the first chapter main migration theories and models are presented. In the second chapter the situation in the Armenian labor market is described (employment, unemployment and wages). In the third chapter the postwar migration developments with emphasis on the transition period are described. In chapter fourth the consequences – costs and benefits, of migration in Armenia are given. In the final section the main conclusions are summarized.

I

INTERNATIONAL MIGRATION: MAIN THEORIES AND MODELS

After giving a general description of the history and current migration processes it will be very useful also to review economic theories of labor migration as well as the existing empirical evidence on the determinants of labor migration with some social-economic effects for both host and home country. There is a number of theoretical hypotheses and models concerning the determinants of migration flows but only relatively few empirical insights in immigration from the developing world. This is mainly due to the insufficient data. Moreover, existing *empirical* studies have neglected one important aspect so far which has been put forth in the discussion only since the beginning of the 1990s: the short and medium run effects of development on migration.

Examples of still basically open questions include: Why has migration from the developing countries to the industrialized world been so small so far, despite the enormous differences in living conditions? What is the relevance of economic, political, societal and institutional factors concerning the observable migratory movements? Are determinants in the sending countries ("push migration") more important than conditions in the potential host countries ("pull migration")? How far must living conditions converge in order to make migration incentives disappear? Finally, there is also the question whether improving living standards in the Third World might result in an increase of migration flows to the industrialized countries.

A variety of theoretical models has been proposed to explain international migration employing radically different concepts, assumptions, and frames of reference. Neoclassical economics focuses on differentials in wages and employment conditions between countries, and on migration costs; it generally conceives of movement as an individual decision for income maximization. The "new economics of migration," in contrast, considers conditions in a variety of markets, not just labor markets. It views migration as a household decision taken to minimize risks to family income or to overcome capital constraints on family production activities. Dual labor market theory and world system theory generally ignore such micro-level decision processes, focusing instead on forces operating at much higher levels of aggregation. The former links

migration to the structural requirements of modern industrial economies, while the latter sees migration as a natural consequence of economic globalization and market penetration across national boundaries.

Given the fact that theories conceptualize causal processes so different levels of analysis – the individual, the household, the national, and the international – they cannot be assumed, a priori, to be inherently incompatible. It is quite possible, for example, that individuals act to maximize income while families minimize risk, and that the context within which both decisions are made is shaped by structural forces operating at the national and international levels. Nonetheless, the various models reflect different research objectives, focuses, interests, and ways of decomposing an enormously complex subject into analytically manageable parts; and a firm bases for judging their consistency requires that the inner logic, propositions, assumptions, and hypotheses of each theory be clearly specified and well understood.

1. *The Neoclassical approach*

Most economic models explaining individual migration behavior are based on the so-called "neoclassical" approach. Probably the oldest and best-known theory of international migration was developed originally to explain labor migration in the process of economic development. The neoclassical approach to migration analysis can be traced back to Smith (1776) and Ravenstein (1889). The basic assumption of this model is that individuals maximize their utility subject to a budget constraint. The central argument evolves around wages. Migration mainly occurs because of geographical differences in the demand and supply of labor markets. Regions with a shortage of labor relative to capital are characterized by a high equilibrium wage, whereas regions with a large supply of labor relative to capital are faced with low equilibrium wages. This wage differential causes a migration flow from low wage to high wage regions. In response to this migration flow, the supply of labor in the high wage region increases; subsequently, the wage in this region falls. Similarly, due to migration, the supply of labor in the low wage region decreases and the wages in this region rise. The migration flow ends as soon as the wage differential between the two regions reflects the costs of movement from the low wage to the high wage region. As a result, the model argues, labor migration emerges from actual wage differentials between regions, i.e. the larger the wage differential the larger the migration flow.

This early approach was extended in various ways. In order to explain migration in less developed countries, Todaro (1968, 1969) and Harris and Todaro (1970) dropped the neoclassical assumption of full employment in the sending and the receiving region and included consideration of the probability of employment in the destination region by migrants. Contrary to the pure neoclassical theory, migration, in this extended model, is determined by expected rather than actual earnings differentials. The key variable for migration is earnings weighted by the probability of finding; employment in the destination region. Several modifications of the basic Harris – Todaro - model have been developed to make it more realistic (Bhagwati and Srinivasan, 1974; Stiglitz, 1974; Calvo, 1978; Schmitz, Stilz and Zimmermann, 1994). However, these modifications do not change the basic findings of the original model.

a) Neoclassical economics: Macro theory

Mirroring the flow of workers labor-abundant to labor-scarce countries is a flow of investment capital from capital-rich to capital-poor countries. The relative scarcity of capital in poor countries yields a rate of return that is high by international standards, thereby attracting investment. The movement of capital also includes human capital, with highly skilled workers moving from capital-rich to capital-poor countries in order to reap high returns on their skills in human capital-scarce environment, leading to a parallel movement of managers, technicians, and other skilled workers. The international flow of labor, therefore, must be kept conceptually distinct from the associated international flow of human capital. Even in the most aggregated macro-level models, the heterogeneity of migrants along skill lines must be clearly recognized.

One of the main approaches of neoclassical macro model is so called *trade model,* Bauer and Zimmermann (1999), which received particular importance for the evaluation of future migration flows between CEEC countries and the current member countries of the EU after the planned enlargement is the effect of free trade on migration flows. According to the standard neoclassical trade model, increasing trade is a substitute for international migration. According to this model, the removal of trade barriers leads to a specialization in the production of goods, for which a country has relatively abundant supply of input factors and thus a comparative cost advantage. Assume two countries, a developed country with many skilled workers relative to unskilled workers, and a developing country with many unskilled workers relative to skilled workers. Assume further that there are two goods, one that is produced by skilled workers and one that is

produced by unskilled workers. Producers in both countries have the same technology. In this setting, trade is determined by the factor endowments of the two countries: the developed (developing) country will import the good produced by unskilled (skilled) workers, and specialize in the production of the good produced by skilled (unskilled) workers. Trade between these two countries will decrease the wages of unskilled workers in the developed country and increase the wages of skilled workers, and vice versa in the developing country. In the long run, the factor prices for skilled and unskilled workers across the two countries are equalized. In general, the basic trade model states that trade or the mobility of production factors between countries will result in equalized factor prices, i.e. equalized wages and interest rates in the countries involved in free trade. If factor prices are equalized, however, the incentive to migrate disappears. Therefore, trade can be seen as a substitute for international migration.

The simple and compelling explanation of international migration offered by neoclassical macroeconomics has strongly shaped public thinking, and has provided the intellectual bases for much migration policy (Ranis and Fei, 1961; Harris and Todaro, 1970; Todaro, 1976). The perspective contains several implicit propositions and assumptions:

1. The international migration of workers is caused by differences in wage rates between countries.

2. The elimination of wage differentials will end the movement of labor, and migration will not occur in the absence of such differentials.

3. International flows of human capital – that is, highly skilled workers – respond to differences in the rate of return on human capital, which may be different from overall wage rate, yielding a distinct pattern of migration that may be opposite that of unskilled workers.

4. Labor markets are the primary mechanisms by which international flows of labor are induced; other kinds of markets do not have important effects on international migration.

5. The way for governments to control migration flows is to regulate or influence labor markets in sending and/or receiving countries.

b) Neoclassical economics: Micro theory

Corresponding to the macroeconomic model is a microeconomic model of individual choice (Sjaastad, 1962; Todaro, 1976, 1989; Todaro and Maruszko, 1987). In

this scheme, individual rational actors decide to migrate because a cost-benefit calculation leads them to expect a positive net return, usually monetary, from movement. International migration is conceptualized as a form of investment in human capital. People choose to move to where they can be most productive, given their skills; but before they can capture the higher wages associated with greater labor productivity they must undertake certain investments, which include the material costs of traveling, the costs of maintenance while moving and looking for work, the effort involved in learning a new language and culture, the difficulty experienced in adapting to a new labor market, and the psychological costs of cutting old ties and forging new ones. All these we call "migration-impending factors" and they are very important for decision-making process to migrate, and so it will be better to give deeper explanation and description of migration-impending factors[1].

- *Migration costs.* There are a lot of costs connected to migration. These costs comprise e.g. direct expenditures and forgone earnings during the migration process, but also psychological costs. Because of the fundamental differences between societies, the latter should be high in case of migration between developing and industrialized countries. The restrictive attitude of many western countries vis-à-vis immigration also results in higher migration costs.

- *Expected unemployment in the host country.* Neither can it be guaranteed that migrants find employment at the destination nor that their human capital is transferable. Thus, at least upon entry, immigrants tend to be confined to the unskilled segment of the labor market, where employment opportunities are often bad anyway. Expected and actual difficulties in job search result from lacking knowledge of institutions, language and habits in the host country. On the other hand one must also take into account that unemployment might not per se mean a complete lack of income, because social security systems in the industrialized countries are well established in general. Again the attitude of the industrialized countries plays an important role by impeding employment of migrant labor and access to social security systems through institutional and legal restrictions.

- *Uncertainty and the option value of waiting.* An important aspect, partly connected to the arguments above, is uncertainty. Economic and non- economic aspects of the migration decision could emerge to be different from expectations. Acquisition of

[1] Michael Vogler, Ralph Rotte, "The Effects of Development on Migration: Theoretical Issues and Empirical Evidence", Journal of Population Economics (2000) 13: Page 487

information in order to reduce uncertainty, however, is costly. No individual will be able or willing to spend unlimited resources on it, so uncertainty itself may impede migration. This non- migration, however, could also be result of a strategy. Investment in migration might be lost if the situation in the home (destination) country develops more (less) favorably than expected. Therefore it could be optimal not to migrate for the time being, but to collect more information and to await the further development at home and in potential destination countries.

- *Income valuation.* A further question is whether higher future incomes in the destination country are really highly valued in the individual's decision process, or whether it is mainly short-term income differentials and migration costs which determine his decision. Another problem might be a higher valuation of income at home than income abroad. Similar to the costs of migration, this may be due to psychological causes.

- *Relative income situation.* According to the "new economics of migration", which builds on well-known standard results of group research in social psychology and sociology, migration incentives may not result from existing absolute income differentials but from the income position relative to a reference group. In brief, if one is poor among poor, incentives to migrate might be lower than if one is poor among (relatively) rich.

These microeconomic considerations enable us to draw some conclusions for the macro level although any aggregation implies a problem of mixing behavioral and distributive effects.

Potential migrants estimate the costs and benefits of moving to alternative international locations and migrate to where the expected discounted net returns are greatest over some time horizon (Borjas, 1990). Net returns in each future period are estimated by taking the observed earnings corresponding to the individual's skills in the destination country and multiplying these by the probability of obtaining a job there (and for illegal migrants the likelihood of being able to avoid deportation) to obtain "expected destination earnings." These expected earnings are then subtracted from those expected in the community of origin (observed earnings there multiplied by the probability of employment) and the difference is summed over a time horizon from *0* to *n*, discounted by a factor that reflects the greater utility of money earned in the present than in the

future. From this integrated difference the estimated costs are subtracted to yield the expected net return to migration.

This decisionmaking process is summarized analytically by the following equation:

$$\mathbf{ER(0)} = \int_0^n [\mathbf{P_1(t)}\ \mathbf{P_2(t)}\ \mathbf{Y_d(t)} - \mathbf{P_3(t)}\ \mathbf{Y_o(t)}]e^{-rt}\,dt - \mathbf{C(0)} \qquad (1)^2$$

where **ER(0)** is the expected net return to migration calculated just before departure at time **0**; **t** is time; $\mathbf{P_1(t)}$ is the probability of avoiding deportation from the area of destination (1.0for legal migrants and <1.0 for undocumented migrants); $\mathbf{P_2(t)}$ is the probability of employment at the destination; $\mathbf{Y_d(t)}$ is earnings if employed at the place of destination; $\mathbf{P_3(t)}$ is the probability of employment in the community of origin; $\mathbf{Y_o(t)}$ is earnings if employed in the community of origin; **r** is the discount factor; and **C(0)** is the sum total of the costs of movement (including psychological costs).

If the quantity **ER (0)** is positive for some potential destination, the rational actor migrates; if it is negative the actor stays; and if it is zero, the actor is indifferent between moving and staying. In theory, a potential migrant goes to where the expected net returns to migration are greatest, leading to several important conclusions that slightly from the earlier macroeconomic formulations:

1. International movement stems from international differentials in both earnings and employment rates, whose product determines expected earnings (the prior model, in contrast, assumed full employment).

2. Individual human capital characteristics that increase the likely rate of remuneration or the probability of employment in the destination relative to the sending country (e.g., education, experience, training, language skills) will increase the likelihood of international movement, other things being equal.

3. Individual characteristics, social conditions, or technologies that lower migration costs increase the net returns to migration, and hence, rise the probability of international movement.

4. Because of *2* and *3*, individuals within the same country can display very different proclivities to migrate.

5. Aggregate migration flows between countries are simple sums of individual moves undertaken on the basis on individual-benefit calculations.

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[2] D. S. Massey, J. A. Graeme and others, "Theories of International Migration: A Review and Appraisal", Population and Development Review, Vol. 19, No. 3 (September, 1993), Page 435

6. International movement does not occur in the absence of differences in earnings and/or employment rates between countries. Migration occurs until expected earnings (the product of earnings and employment rates) have been equalized internationally (net of the costs of movement), and movement does not stop until this product has been equalized.

7. The size of the differential in expected returns determines the size of the international flow of migrants between countries.

8. Migration decisions stem from disequilibria or discontinuities between labor markets; other markets do not directly influence the decision to migrate.

9. If conditions in receiving countries are psychologically attractive to prospective migrants, migration costs may be negative. In this case, a negative earnings differential may be necessary to halt migration between countries.

10. Governments control migration (especially immigration) primarily through polices that affect expected earnings in sending and/or receiving countries – for example, those that attempt to lower the likelihood of employment or rise the risk of underemployment in the destination area (through employer sanctions), those that seek to rise incomes at the origin (through long-term development programs), or those that aim to increase the costs (both psychological and material) of migration.

2. *Human Capital Theory*

Sjaastad (1962) introduced the human capital model to migration research. This model, which probably became the most influential and widely used approach, treats migration as an investment decision of an individual (Burda, 1995). Depending on their skill levels, individuals calculate the present discounted value of expected returns of their human capital in every region, including the home location. Migration occurs, if the returns, net of the discounted costs of movement, are larger in a potential destination region than the returns in the country of origin. The cost of movement not only include money costs like travel expenses, differences in the costs of living, and foregone earnings while moving, but also psychological costs arising, for example, from the separation from family and friends. It should be noted that every individual evaluates the returns and costs in a different way, depending on personal characteristics such as age, gender, and schooling (Dustmann, 1996). For example:

- According to the human capital model, the likelihood of migration decreases with age, reflecting the smaller expected lifetime gain from moving for older people.
- Individuals with higher education should exhibit a higher migration probability, because an individual's greater ability to collect and process information gained through higher education, reduces the risks of migration.
- The risks and costs of movements are expected to rise with distance, because information about labour market conditions will be better for closer locations.

The human capital model is not only helpful in modelling permanent migration but also in dealing with temporary migration, which is very important for countries with a guest worker system like Germany or Switzerland. There are several explanations for temporary migration. Subsequent migration could be the result of:

- decreasing costs due to information obtained from the first move.
- a higher preference for consumption in the country of origin if compared to consumption in the receiving country (Djajic and Milbourne, 1988; Dustmann, 1994).
- an unsuccessful prior move (Grant and Vanderkamp, 1985).

A further cause of large, subsequent migration could be that the economic conditions of other locations improve. In general, it is expected that an increase in immigration cause a decline in wages of receiving country. In the case of rigid wages due to union behaviour or minimum wages, immigration could also lead to increased unemployment in the destination country. Both declining wages and increasing unemployment receiving country might, therefore, make it beneficial for individuals to move on to another region or to return home. Rising wage and employment possibilities in the sending country, due to the emigration of labour, may also improve the incentives for return migration.

In essence, the main contribution of the human capital approach is that one should not only pay attention to aggregate labour market variable like wage and unemployment differences but should also consider the importance of the heterogeneity of individuals. Empirical studies should take into the consideration the socio-economic characteristics of migrants. In contrast to the standard neoclassical framework, individuals within the same country can display very different propensities to migrate, because the rate of remuneration on specific human capital characteristics is different in the destination and receiving country. The human capital approach concludes that the probability of

obtaining a job in the destination country depends on the skill level of the migrants and their incentives to invest in destination-specific human-capital.

3. Asymmetric Information about Worker Skills

So far, we have only considered models with a symmetric information pattern. In other words, it is assumed that employers in the destination region have all relevant information regarding the abilities of immigrants. With asymmetric information, however, the theoretical propositions may change substantially (Stark, 1991). A possible asymmetric information pattern occurs when migrants have full information concerning their abilities, but employers within the destination region cannot observe the immigrants' true skill levels. In this case it is efficient for the employers to offer all immigrants a wage reflecting the productivity of the average immigrant. If the assumption of imperfect information on the part of employers is combined with the assumption of heterogeneous workers, i.e. of workers who differ in their skills and abilities, the following two polar cases are obtained: the first is characterised by a positive discounted wage differential for migrants with low skill levels. In contrast to the case of symmetric information, asymmetric information results in a migration pattern characterised by a reduction in the quantity and quality of migration or, alternatively, having no effect at all. In the second case, there are migration incentives for high-skilled workers through a positive wage differential for them. Either migration of all workers in a region or migration marks this case by none when introducing asymmetric information.

In the long-term, it is realistic to assume that the employer will learn about the true skill level of the immigrants, so that the immigrants will receive a wage reflecting their true productivity. This leads to an increased quantity and quality of migrants. Furthermore, the wages of low-skilled migrants will increase. This prospect of higher wages in the futures results in a rising migration of high-skilled individuals and, hence, in a rising short-term wage for the low-skilled persons remaining in the home country. A change in the skill composition of the migration flows could also be observed, if the employers of the destination country would make efforts to receive more information about the skill levels of the immigrants. Alternatively, it is possible that migrants may invest in signalling devices, such as certificates. It can be shown that the skilled migrants have the highest probability of investing in such signals. Furthermore, signalling results

in an U-shaped migration pattern with respect to skill levels, meaning that only the lowest and the highest skilled individuals will migrate.

To summaries, allowing for asymmetric information in models of labor migration results in a rather unclear picture of migration: it depends on the initial migration incentives for workers with different skill levels, the time horizon of the analysis, investments by employers in information gathering, as well as investments by migrants in signaling their true skill level.

4. The New Economics of Migration

In recent years, a "new economics of migration" has arisen to challenge many of the assumptions and conclusions of neoclassical theory (Stark and Bloom, 1985). A key insight of this new approach of migration is related people – typically families or households – in which people act collectively not only to maximize expected income, but also to minimize risks and to loosen constraints associated with a variety of market failures, apart from those in the labor market (Stark, 1991).

a) Family migration theory

In the theories discussed above, migration theory focuses on treating migration as a problem of individual decision-making. A different approach challenges many of the foregone conclusions by postulating that families or households typically make migration decisions.

Mincer (1978) examines the influence of an increased labour force participation of wives on the migration decision of families. Household size and the number of working family members increase the sources of costs and benefits from migration. Those family members who do not move on their own initiative often have to face reduced earnings and employment possibilities in the labour market of the destination country. Therefore, a family will only migrate, if the gains of one family member internalise the losses of the other family members. Mincer (1978) shows that increases in the labour force participation rates of women lead to increased interdependence of the partner's migration decision, which results in both less migration and more marital instability. Increased marital instability, in turn, encourages migration as well as an increase in women's labour force participation. Furthermore, migration should decrease with increasing family size.

A number of authors argue that a family migration theory based on human capital and job search concepts pays insufficient attention to the full range of processes that affect the migration and labour market behaviour of married men and married women (Duncan and Perrucci 1976; Sande1977; Spitze 1984; Bonney and Love 1991; Hanson and Pratt 1991). The present analysis of family migration is responsive to three sets of theoretical concerns. These relate to: first, differences in work experiences and search strategies between women and men; second, gendered differences in migration determinants; and third, the importance of migration history in accounts of family migration.

Gender differences in a wide range of labor market characteristics are well established (for example, Sanderson 1990). The time-space constraints associated with daily life in metropolitan settings contribute in important ways to women's experience of work (Dyck, 1990). Thus, many women have shorter commutes and different search strategies than men (Hanson and Johnston, 1985; Hanson and Pratt, 1991). Spatial job search models are undermined by the kind of gendered and localized structure of job searching reported for Worcester, Massachusetts (Hanson and Pratt 1995). Graham and Shakow (1990) question human capital assumptions about returns to investments in the secondary labor market (typically staffed by women). Kessler-Harris claims that employers perceive women's commitment to family as making them less worthy of receiving on-the-job-training investments and other benefits. In general, non-employment considerations, especially those centered around family obligations, modify the ways in which human capital and job search models apply to the labor force experiences of married women.

Second, women and men have different migration experiences. Although much migration takes place for economic reasons (Long 1988), the importance of non-economic motivations for women 's migration, including family responsibilities and life course factors, is illuminated by research on gendered migration (Chant 1992; Momsen 1992; Buijs 1993; Tyner 1994). Women's migration responds to both economic and non-economic factors. Within a family, the blending of economic and non-economic motives for migration creates sex-specific implications for labor force participation. Family members who migrate to assist in elder care giving and other activities may be obliged to interrupt spells of work. Such care taking responsibilities typically fall to women, who may not realize returns to earlier human capital investments. Likewise, the decision to stay may also be gendered from different cultural settings.

What is apparent is the centrality to family migration of social processes outside the rubric of human capital and job search concepts. What is less apparent, but equally as important, is that a family's post-migration employment experiences are dependent upon their previous migration and work choices. For example, married women working in the secondary labor market and receiving fewer investments in their stock of general skills may be less marketable in destination labor markets. Some wives may recognize, and plan for, the need to enter spatially ubiquitous employment sectors, even though such choices do not realize maxi- mum human capital returns on prior investments. Thus, our third point of departure recognizes that family migration occurs in the context of a family's previous experiences with migration. Migration history affects employment through experience (learning-by-doing) and selectivity (Bailey 1993). Available empirical evidence further suggests that migration history has different employment implications for women and men. McCollum 's (1990) ethnographic study of women migrants concluded that migration, and the household activities that stem from moving, are seen as women's work.

b) New economics of migration

A different starting point was chosen by the new economics of migration. This approach models migration through risk-sharing behavior of families. Unlike individuals, households are in a position to control risks related to their economic well-being by diversifying the allocation of household resources, such as family labor. While some family members can be assigned economic activities in the local economy, others may be sent to work in foreign labor markets where wages and employment conditions are negatively correlated or weakly correlated with those in local area. In the event that local economic conditions deteriorate and activities there fail to bring in sufficient income, the household can rely on migrant remittances for support. With this kind of model, it is possible to explain migration flows in the absence of wage differentials.

In developed countries, risks to household income are generally minimized through private insurance markets or governmental programs, but in developing countries these institutional mechanisms for managing risk are imperfect, absent, or inaccessible to poor families, giving them incentives to diversify risks through migration. In developed countries, moreover, credit markets are relatively well-developed to enable families to fiancé new projects, such as the adoption of new production technology. In most developing areas, in contrast, credit is usually not available or is procurable only at high

cost. In the absence of accessible public or affordable private insurance and credit programs, market failures create strong pressures for international movement.

A feature of this new approach is the assumption that families not only evaluate their income in absolute terms but also in relation to other households (Stark, 1991). In the relative deprivation approach, migration occurs in order to improve the income of a household in relation to a reference household. Therefore, not only do the income differentials between the regions of origin and destination matter for the migration decision but also the income distribution in the original location. According to this theory, high-income inequality in the home country results in stronger, relative deprivation, which, in itself, causes high migration rates. This approach is also applicable to models with individual decision-making.

The new economics of migration changes the evaluation of the migration decision by emphasizing the family as a decision-making unit. This unit not only wants to maximize income but also seeks to minimize risks to the family income and to overcome labor market restrictions in the country of origin (even if this is not combined with a increased family income). It should be noted that these models are mainly applicable to countries in which it is not possible to secure family income through private insurance markets or governmental programs.

The theoretical models growing out of the "new economics" of migration yield a set of propositions and hypotheses that are quite different from those emanating from neoclassical theory, and they lead to a very different set of policy prescriptions (Stark, 1984; Stark and Yitzhaki, 1988; Stark and Taylor, 1991, Stark, 1991):

1. Families, households, or other culturally defined units of production and consumption are the appropriate units of analysis for migration research, not the autonomous individual.

2. A wage differential is not a necessary condition for international migration to occur; households may have strong incentives to diversify risks through transnational movement even in the absence of wage differential.

3. International migration and local employment or local productions are not mutually exclusive possibilities. Indeed, there are strong incentives for households to engage in both migration and local activities. In fact, an increase in the returns of local economic activities may heighten the attractiveness of migration as a means of overcoming capital and risk constraints on investing in those activities. Thus, economic

development within sending regions need not reduce the pressures for international migration.

4. International movement does not necessarily stop when wage differentials have been eliminated across national boundaries. Incentives for migration may continue to exist if other markets within sending countries are absent, or imperfect, or in disequilibria.

5. The same expected gain in income will not have the same effect on the probability of migration for households located at different points in the income distribution, or among those located in communities with different income distributions.

6. Governments can influence migration rates not only through policies that influence labor markets, but also through those that shape insurance markets, capital markets, and futures markets. Government insurance programs, particularly unemployment insurance, can significantly affect the incentives for international movement.

7. Government policies and economic changes that shape income distributions will change the relative deprivation of some households and thus alter their incentives to migrate.

8. Government policies and economic changes that affect the distribution of income will influence international migration independent of their effects on mean income. In fact, government policies that reduce a higher mean income in migrant-sending areas may *increase* migration if relatively poor households do not share in the income gain. Conversely, policies may reduce migration if relatively rich households do not share in income gain.

5. Network Migration Theory

A dynamic view of migration is given by the network approach. According to this framework, migration may become a self-perpetuating process, because the costs and risks of migration are lowered by social and information networks (Taylor, 1986; Massey and España, 1987; Massey 1990). Due to a lack of information about the labor market in the region of destination, the first person moving faces high costs and risks. After the migration of the first individual, the monetary and psychological costs of migration are substantially lowered for the relatives and friends of this individual in the original location. Furthermore, existing network ties lower the risk associated with migration to a

foreign region, because individuals can expect help from previously migrated people to find a job in the destination country. This reduction of costs and risks leads to a higher net return from mobility and, thus, to a higher migration probability. A new migrant raises the number of persons in the region of destination who themselves hold social ties to the home country, which results in a self-perpetuating migration process. However, not all people in the sending region may be affected, hence this process may eventually stop. Another factor, which weakens this self-feeding process, is the rising wages in the sending country and the falling wages in the receiving country, which subsequently lowers the possible benefits of moving. These diminishing effects are very important for the stability of this model, because it would otherwise unrealistically predict the migration of whole countries.

Through emphasis on growing network relationships and the associated reduction in costs and risks, this model suggests a smaller correlation between wage differentials, employment prospects, and the migration decision than the neoclassical model. This approach relies not only on the migration decision of individuals or families at one point in time but also considers every migration decision of a person to alter the economic and social situation in which subsequent decisions are made. A change in relative economic conditions at one point in time will effect migration decisions in all future periods by starting additional network migration.

6. Dual Labor Market Theory

Although neoclassical human capital theory and the new economics of migration lead to divergent conclusion about the origins and nature of international migration, both are essentially micro-level decision models. What are the units assumed to make the decision (the individual or the household), the entity being maximized or minimized (income or risk), assumptions about the economic context of decisionmaking (complete and well-functioning markets versus missing or imperfect markets), and extent to which the migration decision is socially contextualized (whether income is evaluated in absolute terms or relative to some reference group). Standard distinctly apart from these models of rational choice, however, is dual labor market theory, which sets its sight away from decisions made by individuals and argues that international migration stems from the intrinsic labor demands of modern industrial societies.

Piore (1979) has been the most forceful and elegant proponent of this theoretical viewpoint, arguing that international migration is caused by a permanent demand for immigrant labor that is inherent to the economic structure of developing nations. According to Piore, migration is not caused by push factors in sending countries (low wages or high unemployment), but by the pull factors in receiving countries (a chronic and unavoidable need for foreign workers).

Although not in inherent conflict with neoclassical economics, dual labor market theory does carry implications and corollaries that are quite different from those emanating from micro-level decision models (Massey and others, 1993; Zenou and Smith, 1997):

1. International labor migration is largely demand-based and is initiated by recruitment on the part of employers in developed societies, or by governments acting on their behalf.

2. Since the demand for immigrant workers grows out of the structural needs of the economy and is expected through recruitment practices rather than wage offers, international wage differentials are neither a necessary nor a sufficient condition for labor migration to occur. Indeed, employers have incentives to recruit workers while holding wages constant.

3. Low-level wages in immigrant-receiving societies do not rise a response to decrease in the supply of immigrant workers; they are held down by social and institutional mechanisms and not free to respond to shifts in supply and demand.

4. Low-level wages may fall, however, as a result of increase in the supply of immigrant workers, since the social and institutional checks that keep low-level wages from rising do not prevent them from falling.

5. Governments are unlikely to influence international migration through policies that produce small changes in wages or employment rates; immigrants fill a demand for labor that is structurally built into modern, post-industrial economies, and influencing this demand requires major changes in economic organization.

7. World system theory

Building on the work Wallerstein (1974), a variety of sociological theorists has linked the origins of international migration not to the bifurcation of the labor market within particular national economies, but to the structure of the world market that has

developed and expanded since the sixteenth century (Portes and Walton, 1981; Sassen, 1988; Morawska, 1990). In this scheme, the penetration of capitalist economic relations into peripheral, noncapitalist societies creates a mobile population that is prone to migrate abroad.

Driven by a desire to higher profits and greater wealth, owners and managers of capitalist firms enter poor countries on the periphery of the world economy in search of land, raw materials, labor and new consumer markets. In the past, this market penetration was assisted by colonial regimes that administered poor regions for the benefit of economic interests in colonizing societies. Today it is made possible by neocolonial governments and multinational firms that perpetuate the power of national elites who either participate in the world economy as capitalists themselves, or offer their nation's resources to global firms on acceptable terms.

According to world systems theory, migration is a natural outgrowth of disruptions and dislocations that inevitably occur in the process of capitalist development. As capitalism has expanded outward from its core in Western Europe, North America, Oceania, and Japan, ever-larger portions of the globe and growing shares of the human population have been incorporated into the world market economy. As land, raw materials, and labor within peripheral regions come under the influence and control of markets, migration flows are inevitably generated, some of which have always moved abroad. (Massey 1989).

8. A General View: Push- and Pull-Migration

A general view of labor migration can be given by the push- and pull- framework, which integrates the previously discussed theories. Zimmermann (1996) defines demand-pull migration and supply-push migration in line with shifts in the aggregate demand and supply curves of the receiving economy. Assume a standard price-output diagram like Figure 1(a) with an upward-sloping supply curve. If aggregate demand increases from D0 to D 1, output and prices (or wage) rise. With rising wages, it is beneficial to allow immigration in order to avoid inflation and to obtain a further increase in output. Hence, the supply curve shifts downward from S0 to S1, and the distance AB in Figure 1(a) is pull migration. Conversely, an inflow of migrants without a change in demand shifts the supply curve downwards; prices fall, while output rises. Hence, the distance AC in Figure 1(a) is push migration. A different case of push migration occurs, if, due to a supply

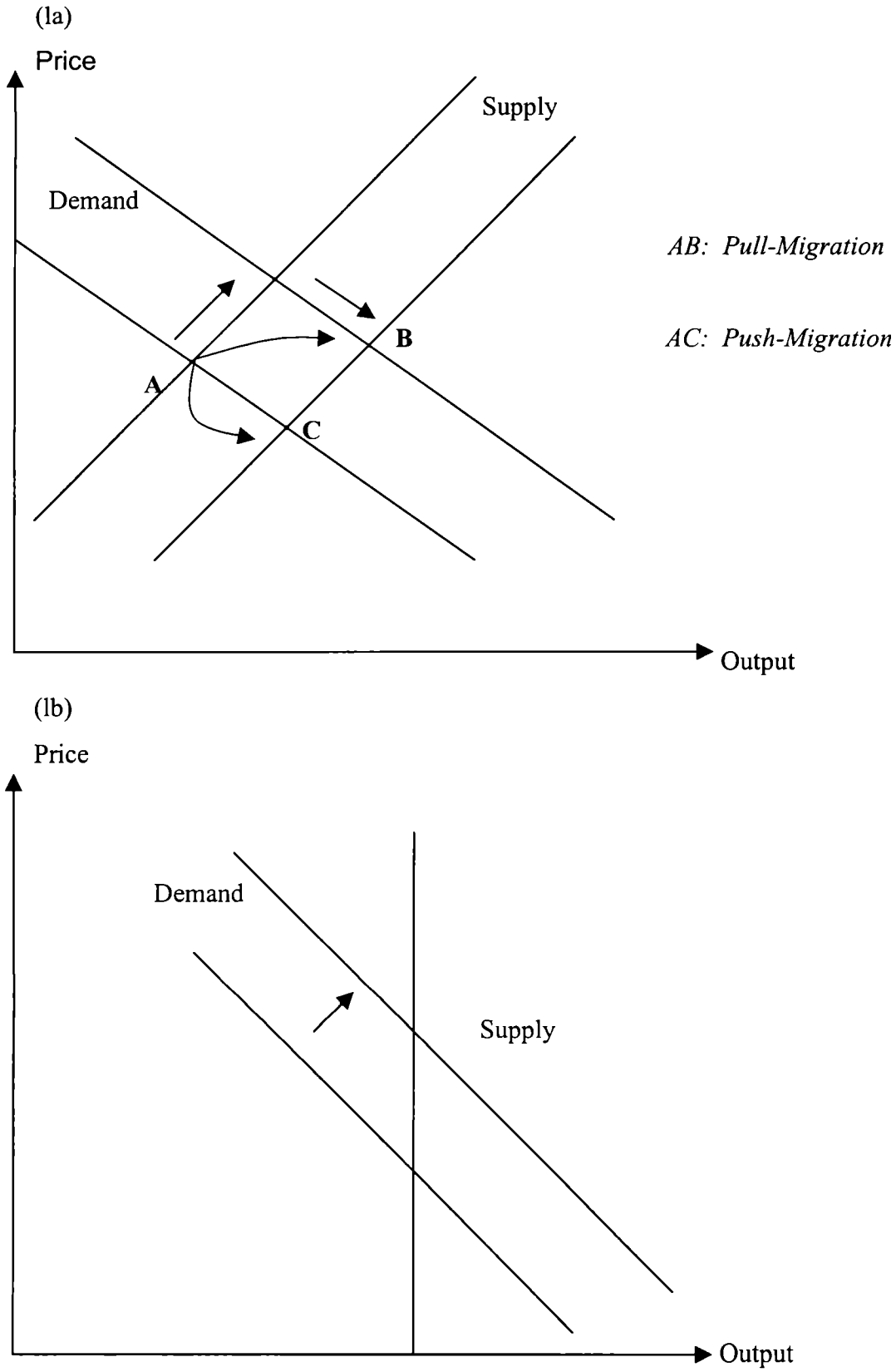
if, due to a supply shock, (a reduction of native labor supply, for instance), the supply curve shifts upwards (say from equilibrium point C to A in Figure 1(a)). This is (at least partly) compensated by immigration, so that the equilibrium moves again down the aggregate demand curve.

To summarise, push-supply migration affects the aggregate supply curve alone, while pull-demand migration deals with migration (and hence a shift of the supply curve) that responds to a shift in the demand curve. All internal factors affecting aggregate demand are considered to be determinates of pull migration, while all internal or external factors affecting the aggregate supply and that are also associated with migration are defined to be determinates of push migration. This is a particular way to define push and pull, namely to stress the economic context of the inflow of workers.

In the case of a vertical aggregate supply curve (see Figure 1 (b)), the supply and demand curves of labor are only affected by real wages. If the trade unions (or other institutional constraints) fix real wag Is above the equilibrium level, for instance at A_1 in Figure 1(c), this results in unemployment of about A_1 A_2. Immigration (or push migration) shifts the labor supply curve and increases deficits due to payments of unemployment compensation. This, in turn, in turn, affects aggregate demand and increases prices, while leaving output constant. Hence, there is stagflation caused by the immigration of workers or (more precisely) by push migration.

In practice, push migration arises from various sources. Among them are positive economic conditions in the receiving countries relative to the sending regions as measured by variables such as unemployment, wages, working conditions, social security benefits, and the structure of the economy. Demographic determinants such as size and age distribution of the working population also effect the labor supply decisions of migrants. Family migration and inflow of asylum seekers and refugees are also considered to be push migration. Family migration as chain migration may also be affected by family reunification policies in destination countries. In one sense, this could be considered pull migration. However, it affects the supply-curve of the receiving economy alone, hence, this is defined to be push-supply migration. Only if reunification policies were changed, in response to changes in aggregate demand, would this be considered pull - demand migration.

Figure 1. Push and pull migration and the economy[3]



[3] Klaus F. Zimmermann, "European Migration: Push and Pull", International Regional Science Review 19, 1 & 2: 95-128 (1996), Page 97

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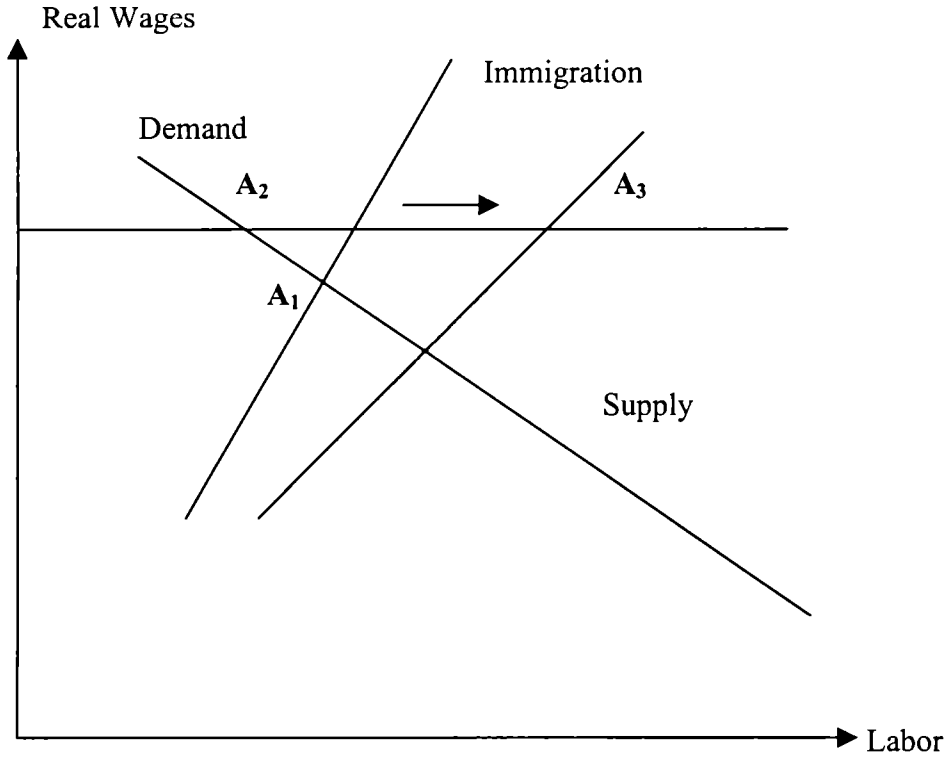

9. Empirical studies on migration

a) Aggregated Data Research

Most empirical studies of migration use data aggregated on the country or a region due to a lack of available individual data sets or insufficient computer facilities (Molle and van Mourik, 1989; Geary and Ó Gráda, 1989; Eriksson, 1989; Lundborg, 1991(a); Faini and Venturini, 1994; Poot, 1995). Typically, this is either cross-section data or time-series data. Cross-section studies are mainly applied to internal migration research, whereas international migration research concentrates on time-series data.

Before presenting the main results with regard to the most important determinants of migration, we will discuss some of the problems regarding the measurement of migration. Commonly used definitions of the dependent variable are net migration, gross migration, and the rate of migration[4]. The rate of migration is the number of migrants moving from the origin to the destination country weighted by the population living in

[4] T. K. Bauer and K. F. Zimmermann, "Assessment of Possible Migration Pressure and its Labor Market Impact Following EU Enlargement to Central and Eastern Europe", IZA Research Report No 3, July 1999, Page 23.

the country of origin at the beginning of the period of the respective analysis. This concept takes into account that countries with a large population also have a higher number of potential migrants. Net migration is defined as the absolute difference between emigration and immigration in a region. Gross migration is either defined as the number of emigrants in the country of origin or the number of immigrants in the destination region. The use of the net migration measure is compounded with problems, if emigration and immigration flows are correlated. In other words, a migration model using net migration flows as a dependent variable cannot separate the various push and pull factors that are responsible for the gross migration flows in both directions. This could result in biased empirical results. Therefore, it is often better to use gross migration flows or gross migration rates as a dependent variable instead of net migration.

Migration studies using time-series data often face the problem that they are unable to discriminate between labour migrants and non-labour migrants. Because economic reasoning does not motivate the migration decision of non-labour migrants, the inclusion of both types of migrants could lead to biased estimation results. For example, a positive effect of income on migration for labour-migrants may be weakened by a conflicting behaviour of non-labour migrants (Greenwood, 1985; Lundborg, 1991(b); Fields, 1991).

(b) Micro Data Analysis

Since the early 1980's several surveys of individuals have been conducted. This data opens up the possibility of overcoming the problems o aggregate data and of testing the relevance of individual and local characteristics. Among the most widely used data sets in migration research are the Panel Study of Income Dynamics (PSID), the National Longitudinal Surveys (NLS) and the Census Public Use Microdata Samples (PUMS) for the U.S., or the Sozioökonomische Panel (SOEP) for Germany. Since these data sets in general have no information regarding the economic and social situation of immigrants before their emigration, it is not surprising that most of the empirical research concentrates on internal migration. Only a few data sets have been collected in the sending countries that could identify the destination country of immigrants (Taylor, 1986, Ó Gráda, 1986, Stark and Taylor, 1991, and Adams, 1993).

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Concluding this chapter about the main theories of international migration we would like to say the following. Theories developed to understand contemporary processes of international migration posit causal mechanisms that operate at widely divergent levels of analysis. Although the propositions, assumptions, and hypotheses derived from each perspective are not inherently contradictory, they nonetheless carry very different implications for policy formulation. Depending on which model is supported and under what circumstances, a social scientist might recommend that policymakers attempt to regulate international migration by changing wages and employment conditions in destination countries; by promoting economic development in origin countries; by establishing programs of social insurance in sending societies; by reducing income inequality in places of origin; by improving futures or capital markets in developing regions; or by some combination of these actions. Or one might advise that all of these programs are fruitless given the structural imperatives for international movement growing out of market economic relations.

Whatever the case, given the size and scale of contemporary migration flows, and given the potential for misunderstanding and conflict inherent in the emergence of diverse, multi-ethnic societies around the world, political decisions about international migration will be among the most important made over the next decades. Likewise, sorting out the relative empirical support for each of the theoretical schemes and integrating them in light of that evaluation will be among the most important tasks carried out by social scientists in ensuring years. We hope that by explicating the leading theories of international migration and by clarifying their underlying assumptions and propositions, we have laid the groundwork for that necessary empirical work.

ARMENIA

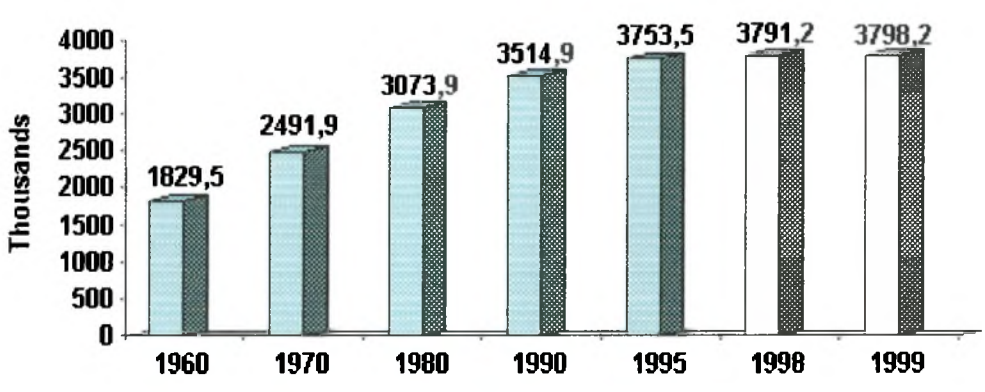
General Background

The Republic of Armenia is situated in the northeast of the Armenian Upland, in Trans-Caucasus, within the geographical region of the Middle Eastern Crescent, in particularly in South-western Asia, East of Turkey. It referred to the Commonwealth of Independent States (CIS) of the former soviet countries. Armenia is also referred to the group of countries of Eastern and Central Europe and parts of Asia "with economies in transition". The Capital of Armenia is the City of Yerevan, which celebrated its 2780 anniversary in 1998.

The first Republic of Armenia was established as independent state in May 1918, however in 1920, it joined the Soviet Union, as a Soviet Armenia. In September 1991 the country regained its independence and established a third Republic of Armenia as a socially oriented democratic presidential republic.

Due to the national conflicts in the region in 1888, and later in 1915-1918 many thousands of Armenians fled their native land. They have settled all over the world and established their families abroad. By the end of 1920, after the tragedy of genocide, only 720 thousands inhabitants remained in Armenia. Fertility rates and general population rise marked the succeeding decades. According to the official estimates that reflect the results of the 1989 population census, by January 1990 general population increased more than twice, as compared to 1960th. The following graph shoes the dynamics of Armenian population during last four decades.

Graph 1. Population size dynamics, 1960 – 1999



* Source: National Statistical Service

It should be noted that the figures of *Graph 1* for the years 1998-1999 are not accurate, because they do not reflect the continuous labour outflow during the last decade. According to the World Factbook 1999, population of Armenia counted 3,409,234 inhabitants, as estimated for July 1999. There is also another independent experts' opinion, saying that actually, population of Armenia in present is about 3.1 million. While official migration figures report that 53.700 people, less than 1,5% of the total population, left Armenia between 1991 and 1998, more accurate data collected by the Ministry of Transport and independent exports revealed that this figure is, in fact, closer to 700.000. The main reasons for emigration are low incomes, unemployment, unstable geopolitical situation and difficult living conditions. The predominant majority of Armenian emigrants seek for their fortune in Russia.

Ethnically Armenia is a homogenous country, as ethnic minorities account for less than three percent of the entire population. These minorities include Kurds, Yezidis, Assirians, Russians, Greeks, Jews and others. Before 1960th the population of Armenia was mainly rural, but since that time the process of urbanization was speeded up. Currently, more than two thirds of Armenians live in urban areas. About 1,2 millions of people live in the capital city of Yerevan.

II

Employment and Living Standards in Armenia

1. Labor Market, Employment and Unemployment

The economic basis for the labor market formation was created by the liberalization of the economy at the beginning of 1990s, while the legal basis was founded by the adoption of the RA State Law on Employment in 1992. The analysis of dynamics and trends of changes of the employment here is based on the official statistics, as well as on the data of certain sample surveys conducted to study the mentioned problem

At the beginning of 1990's one of the specifications of labor market was that the decrease of employment and the increase of unemployment were not equivalent to the decline of the macroeconomic indicators. Thus, if in 1993 the GDP in the Republic had decreased by 2.1 times over 1990, while the volume of industrial production had decreased by 2.3 times, then the total employment had decreased only by 1.1 times, while the number of industrial-production stuff - by 1.3 times. In 1992 the average monthly level of officially registered unemployment was 1.8%. Since 1992 a continued decrease in total employment was recorded in Armenia, the annual average rate of decline in employment during the period 1992-2000 amounted to 2.6%, which is weakly correlated with general economic processes. In spite of some economic growth (in 1998 the level of GDP of 1992 was exceeded by 120%), the decrease of the number of employed is still recorded. According to official statistics, the rate of participation for 2000 fell to 63.4%, while in 1997 it was 70.8% and 1999 – 63.9%.

Data on the distribution of employment in all branches of the economy, which includes private sector employees and farmers, is only available once a year. According to *Table 2.1 and Graph 2.1* the data for 1990-1999 radical changes in the distribution of employment are noted. In 1990, the leading sector of the economy was industry, absorbing more than 30% of total employment, while in 1999 the number of people employed in that sector declined by more than two and a half times. The sharp decline of employment was also observed in the construction sector, as well as in science, transport and communication. Simultaneously, the agricultural and forestry sectors sharply reached advanced positions reflecting the impact of the first land privatization within the CIS since the beginning of the 1990s and general macroeconomic conditions.

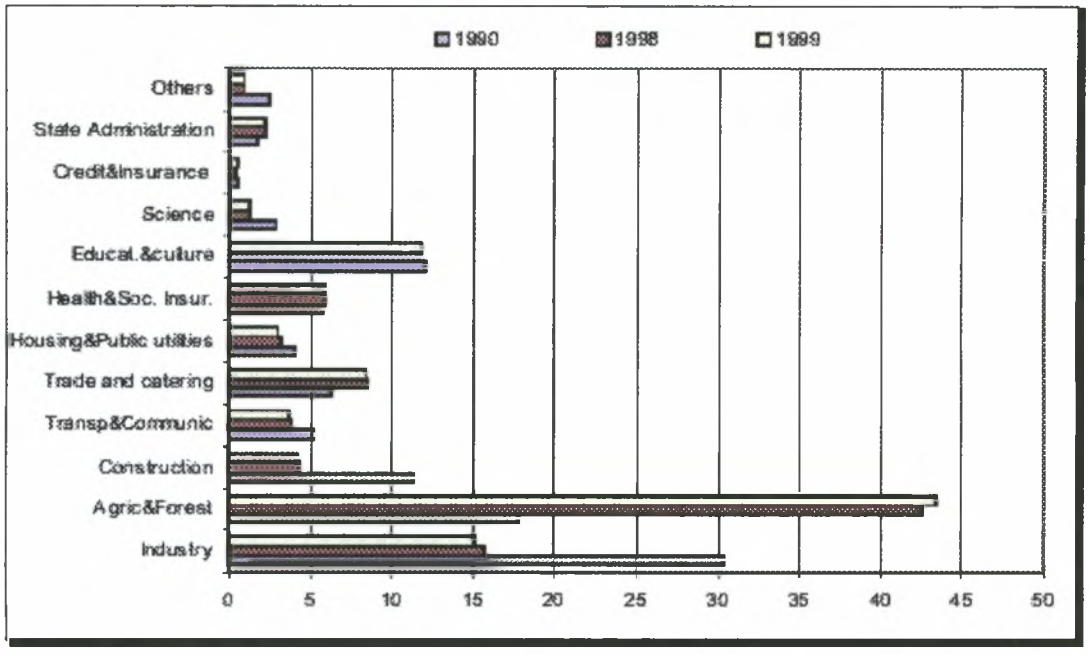
The number of employees in these sectors of the economy almost doubled, thus reaching approximately 43% of total employment. Other important spheres for involving the labor force are the services and trade. The pick for the whole trade sector appeared in 1995, when employment increased by 57% as compared 1994. During the last two years trade is no longer attractive (this is a prevent in the dynamics of real wages, which are given in part 2 of the current chapter), thus contributing to the decrease in service sector employment (Table 2.1 and Graph 2.2).

Table 2.1. Employment by main branch

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
	Thousand of persons									
Industry	494.8	458.2	405.2	362.5	355.2	302.9	255.0	228.9	210.0	195.2
Agriculture and forestry	289.1	389.0	487.1	522.2	504.3	551.9	586.0	566.6	568.0	562.4
Construction	184.1	176.9	135.4	117.4	96.8	76.0	68.0	59.7	56.0	53.6
Services	623.6	605.3	522.1	510.4	504.3	531.9	514.0	504.3	489.0	475.7
Others	38.5	42.1	28.3	30.8	27.0	13.7	12.6	13.0	12.0	11.3
Total number employed	1630.1	1671.5	1578.1	1543.3	1487.6	1476.4	1435.6	1372.5	1335.0	1298.2
	% Of total									
Industry	30.4	27.4	25.7	23.5	23.9	20.5	17.8	16.7	15.7	15.0
Agriculture and forestry	17.7	23.3	30.9	33.8	33.9	37.4	40.8	41.3	42.5	43.3
Construction	11.3	10.6	8.6	7.6	6.5	5.1	4.7	4.3	4.2	4.1
Services	38.3	36.2	33.1	33.1	33.9	36.0	35.8	36.7	36.6	36.6
Others	2.4	2.5	1.8	2.0	1.8	0.9	0.9	0.9	0.9	0.9
Total number employed	100	100	100	100	100	100	100	100	100	100
	% Change, YOY									
Industry		-7.4	-11.6	-10.5	-2.0	-14.7	-15.8	-10.2	-8.3	-7.0
Agriculture and forestry		34.6	25.2	7.2	-3.4	9.4	6.2	-3.3	0.2	-1.0
Construction		-3.9	-23.5	-13.3	-17.5	-21.5	-10.5	-12.2	-6.2	-4.3
Services		-2.9	-13.7	-2.2	-1.2	5.5	-3.4	-1.9	-3.0	-2.7
Others		9.4	-32.8	8.8	-12.3	-49.3	-8.0	3.2	-7.7	-5.8
Total number employed		2.5	-5.6	-2.2	-3.6	-0.8	-2.8	-4.4	-2.7	-2.8

* Source: National Statistical Service

Graph 2.1. Employment by branches in 1990-1999 (% of total number employed)



* Source: National Statistical Service

The creation of new working places as a tool to resist the increasing unemployment in the Republic was actually connected with the development of the private sector. According to the *Table 2.2*, 70.6% of the employed population is employed in the private sector, 28.9% - in the state sector and the government system, 1.0% - in social and religious organizations and funds. In 1991 this indicators comprised 30.1%, 67.2% and 2.7% correspondingly. Thus, the employment in the state sector decreases, while in the private sector it increases. A considerable part of those employed in the private sector falls on the share of rural economies (the number of those employed in rural economies constitutes one third of the total number of those employed in the economy). The dynamics of number of employed in the economy and the structure of its changes by the sectors of economy are presented in the table below:

Table 2.2. Dynamics of number of employed in the economy and its changes by the sectors

Years	Total number of employed in the economy, in % over the previous year	Distribution of number of employed by the sectors of economy, as % of total		
		State	Private	Public and religious organizations, and foundations
1991	102.5	67.2	30.1	2.7
1992	94.4	58.9	39.2	1.9
1993	97.8	56.4	41.9	1.7
1994	96.4	53.4	45.2	1.4
1995	99.3	49.8	48.9	1.3
1996	97.2	38.9	59.9	1.2
1997	95.6	37.1	61.7	1.2
1998	98.4	32.6	66.2	1.2
1999	96.7	28.9	70.6	1.0

* Source: National Statistical Service

The development of the private sector in the Republic is connected with the creation of new economic entities, as well as with the process of privatization. The privatization process has started in the Republic since early in 1990s (with the privatization of small units of trade and services sphere) and progressed since 1995 by privatization of big and medium-size enterprises of the production sphere. Though this phenomenon has promoted the increase of the private sector, however it doesn't entail to the increase of the level of employment but was accompanied with the decrease of the staff and by accumulation of hidden unemployment. Thus, if the share of obvious not full employed comprised 5.6% in 1993, in the industry comprised 9.1%, then in 1997 these indicators comprised correspondingly 16.2% and 41.0 %. The problem of not-full employment was sharper in the big-size enterprises. Thus, in the enterprises with 100 and more employees 81% of persons who are concentrated on compulsory administrative leave, 95% of part-time employees (on the base of results of the Labor Force Survey conducted in June 1996). On the contrary, according to the results of the same survey the small-size enterprises (up to 100

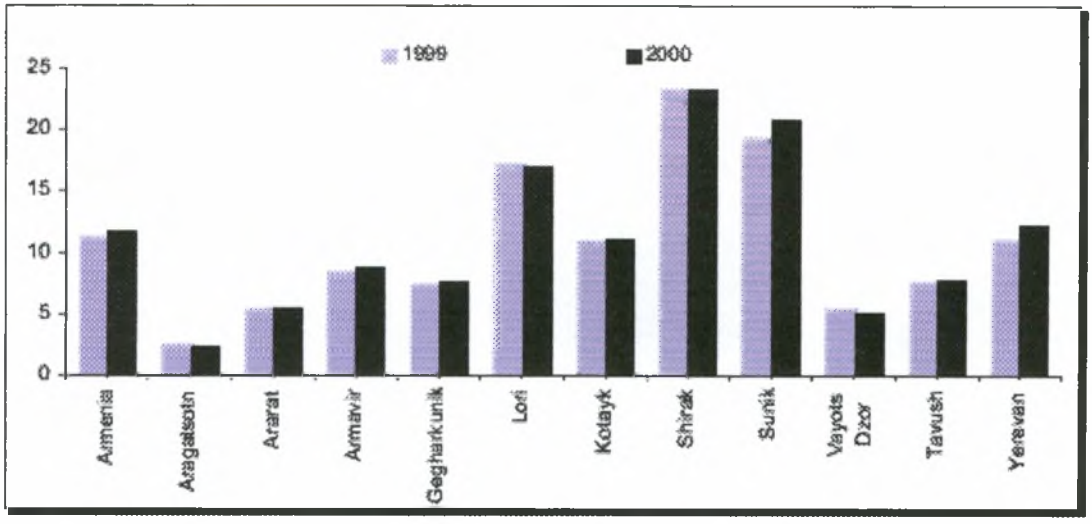
employees) are distinguished by reduction of superfluous labor force and high efficiency of working places turnover. Thus, we can say that since the beginning of 1990's in the Republic the increase of employment was noted in the private sector: in 1998 over 1991 it comprised 75.6%. The private but not big-size enterprises served as sources for new working places (which entailed the structural changes of working places on behalf of stable working places). It is known, that the working places in the state sector and in the big-size industry are stable, but in the small business they are described as a not stable.

It should be mentioned that, in general, the seasonal factor greatly influences employment. This influence is more vivid in the spheres of agriculture, processing industry, construction and trade

The officially registered unemployment in the Republic had a trend of increase during 1992-1997, besides some exceptions noted at the end of 1994 and at the beginning of 1995. Only in 1998 the decrease in the number of registered employed were recorded during the whole year. That was stipulated by the changes in RA Law on Employment and by the reduction of unemployment definition (one-year length of service at the minimum). The level of officially registered unemployment has increased from 1.8% to 10.8% during 1992-1997, while in 1998 it comprised 9.3%.

It should be noted that aggregate data do not reveal differences in the unemployment rate by region. The highest level of officially registered unemployment in 2000 was in the earthquake zone – in Shirak (23,3%) and Lori (17%) marzes (Armenia divided into 11 regions which are called marzes) – as well as in the south of Armenia – Sunik marz (20,8 %), while in Yerevan (12,2) it was almost in line with the average for the total economy (Graph 2.2).

Graph 2.2. Unemployment rate by regions / marzes (% EAP)



* Source: National Statistical Service

The distribution of the number of unemployed by sex reveals the higher share of women: (Table 2.3). In 2000 women constitute 64.4% of the officially registered unemployed, in 1998 it comprised 69.4%, and 63.5 % in 1992. While the data on age structure testified about the continued increase of 30 - 50 age group: from 39.4 % - in 1994 it has increased to 54.7% in 1998 and 60.0% in 2000. The shares of other age groups remain on the same level or have changed not so essentially. 65.5 % of unemployed have a secondary and not-full secondary education, 23.0 % have a secondary specialized education and 11.5% have a high education.

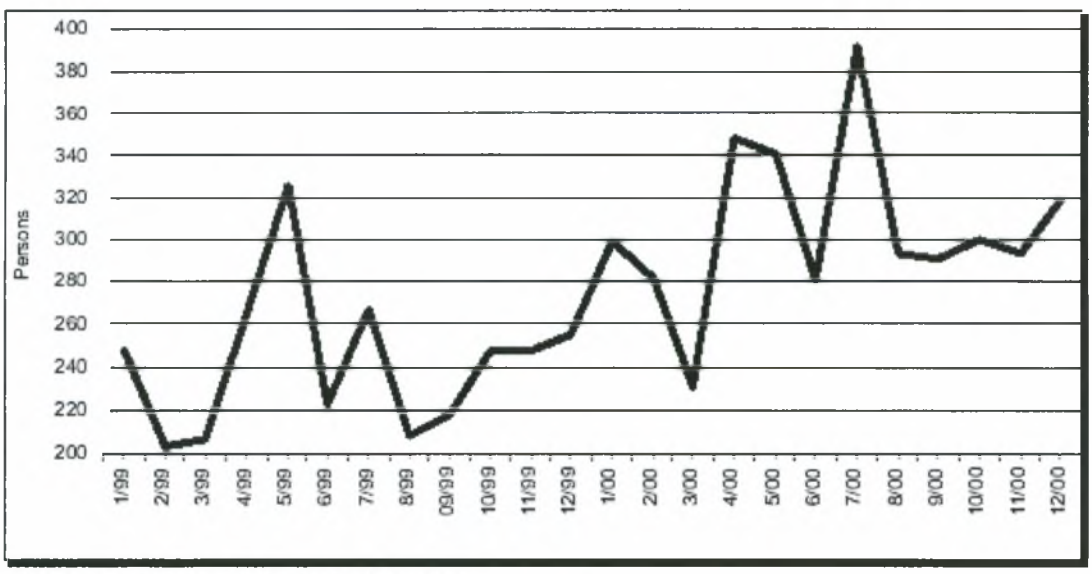
Table 2.3. Comparison of the Unemployed by Sex, Age and Education, 2000

	The total number of the unemployed	Women, % of the total
Unemployed, the total number	100	100
Including: at the age of:		
Up to 18	1.3	1.2
18-22	7.9	8.1
22-30	21.9	21.9
30-50	60.0	61.3
Older than 50	8.9	7.5
Education:		
Higher	11.5	11.2
Secondary, vocational	23.0	22.9
Secondary, general	58.4	59.9
Secondary, incomplete	7.1	6.0

In spite of quite derisory unemployment benefits (about 6 USD or one seventh of average salaries), the share of unemployed-beneficiaries in total number of unemployed in 2000 was only 11.8, reaching the lowest indicator since the beginning of 1996, when it was 30%. The number of beneficiaries in 2000 almost halved with respect to the previous year and decreased by more than 60% in the fourth quarter 2000 on a year-on-year basis. In December 2000 – only 10.9 thousand persons out of 153.9 thousand unemployed (a ratio of 7.1 %) were receiving unemployment benefits.

Due to the reasons mentioned above, people are not motivated to apply and find a job through employment state service. Both work-seekers and employers prefer to bypass these state agencies. Therefore, there is a steady discrepancy between officially registered indicators of labor supply and demand. In 2000, labor supply or number of people searching for job and registered at the employment service continued to grow (+2,7 %, y-o-y), while labor demand (officially registered number of vacancies) decreased (by 15,8%). As a result, in 2000 the number of registered unemployed per job vacancy increased with respect to the previous year and reached 252 people per vacancy. The surcharge of vacant working places at the end of December 2000 was about 320 people per vacant place (Graph 2.3). Also there is a faint tendency to decrease is registered in the average duration of unemployment: in December 2000 it was 12.9 months, while in December of 1999 and 1998 it was by 0.4 and 1.2 months longer respectively. .

Graph 2.3. Labor supply per vacancy (number of officially registered job seekers per vacancy)



* Source: National Statistical Service

In 2000, only 5,9% (or 10.6 thousand persons) of applicants found jobs with the assistance of the sate employment service. However, the situation is getting a job through the intermediation of state services is slowly improving as the relative indicator for previous years was even less – 5,3 % in 1999 and 3,6% in 1998. At the same time, the low efficiency of finding job via the state services intervention was also reflected in the average time it took to connect the applicants to the work places since, in 2000 the average time was 14.4 months (14.3 – in 1999 and 15 – in December 2000). This flow of the state services is to benefit of private companies: as the experience of a few private firms providing employment services show, they are quite successful, thus satisfying about 80% and 40% of the applications of employers and work-seekers respectively.

2. Nominal and Real Wages

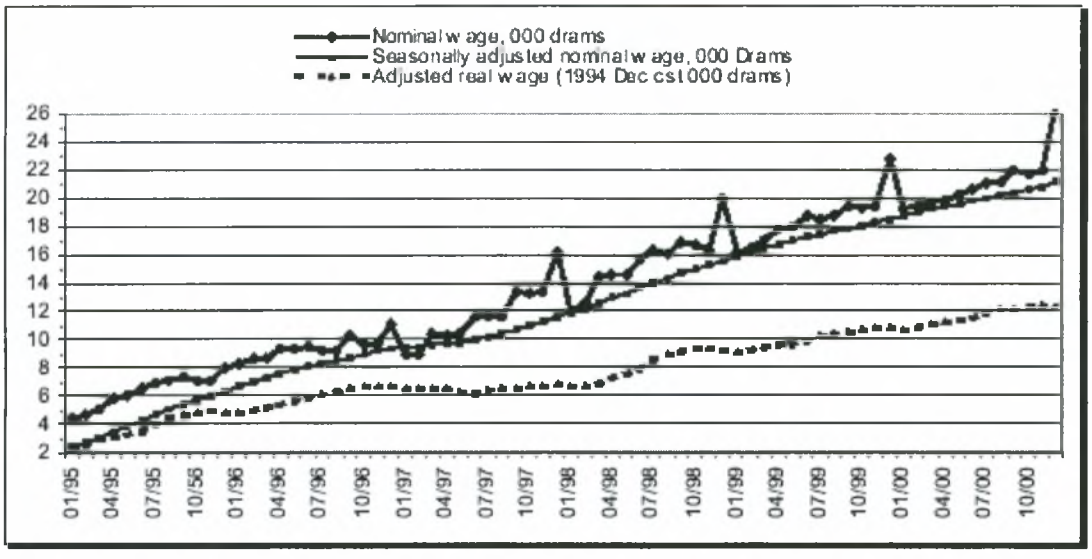
Unfavourable situation in the labor market resulted in the low level of average wages in both nominal and real term. According to the data from the 9,000 entities that reported to the National Statistical Service, the average monthly nominal wage in 2000 amounted to 21 thousand drams (about 39 USD – compared to an over 50 USD cost of minimal consumption basket) – 13.4% higher than a year ago. Applying this performance to the available data on average wages in 1999 for the whole economy, we can consider the dynamics of real wages (Table 2.4). As the data indicate, the speed of y-o-y growth in real wages, that in 1995-2000 was exceeding the growth of real GDP, accelerated in 2000 as compared to the previous year. Similarly to past years, wages in the non-budget sphere of the state sector in 2000 were notably higher than wages within the budget sphere (26.5 th. And 14 th. nominal ADR, respectively).

Table 2.4. Dynamics of nominal and real monthly wages (1994-2000)

	1994	1995	1996	1997	1998	1999	2000
Nominal ADR	1748	7060	9469	13581	18000	20157	22858
Real (cst 1994 ADR)	1748	2564	2895	3649	4450	4954	5662
Nominal USD	5.9	17.4	22.9	27.7	35.7	37.7	42.4
	Changes, % YOY						
Nominal ADR		303.9	34.1	43.4	32.5	12.0	13.4
Nominal USD		192.8	31.7	20.8	28.8	5.7	12.5
Real		46.7	12.9	26.1	22.0	11.3	14.3

The analysis of monthly data on seasonally adjusted real wages (in constant 1994 December ADR, deflated by CPI) in the state sector (Graph 2.4) shows that the year-on-year growth rate of real wages through the year fell gradually, from 18,3% in January to 13,5% in December 2000.

Graph 2.4. Average monthly wage in the Economy; 1995-2000



* Source: National Statistical Service

The pattern of sectional developments of the monthly wages in real terms indicates, that during 1994-1999 wages grew faster (compared to overall economy) for civil servants (in 1999 – 6.4 times as compared to 1994), in the transport and communication sector (5.5 times), as well as in housing, healthcare, education and public governance (Table 2.5). At the same time, differentiation of nominal wages by economic branch remains wide. The average monthly wages in 1999 in banking were 3.5 times above the average of the entire economy, in transport, communication and construction 1.75 times above the average. By contrast in agriculture average monthly wages were 36% lower and in social services (education, healthcare, culture and arts) about 50% lower than the average. Hence, it is doubtful, whether the promised by the government positive changes in wages for employees in the social services sector, particularly in education (an increase of 30% over the next two years) will motivate specialists to keep their positions.

Table 2.5. Average monthly wages by branches

	1995	1996	1997	1998	1999	1994	1995	1996	1997	1998	1999
	Index (1994=100)					Ratio to average (%, nominal term)					
Total economy	146.7	165.6	208.7	254.6	283.4	100.0	100.0	100.0	100.0	100.0	100.0
Industry	112.9	154.3	192.0	213.0	343.9	141.3	108.8	131.6	130.0	118.2	121.6
Agriculture	251.4	232.5	252.4	243.3	306.8	59.3	101.7	83.3	71.7	56.7	64.2
Transport and communication	250.2	324.5	322.2	444.8	545.0	91.0	155.2	178.2	140.4	158.9	174.9
Construction	90.1	126.7	144.2	189.1	211.5	234.7	144.1	179.6	162.1	174.3	175.2
Trade and catering	207.8	168.7	297.8	301.0	303.0	95.1	134.7	96.9	135.6	112.4	101.7
Housing	328.6	169.9	222.8	295.5	361.3	77.3	167.9	79.3	82.5	89.7	98.5
Healthcare	146.3	177.1	216.9	250.3	322.2	50.5	50.4	54.0	52.5	49.7	57.4
Education	138.4	168.7	221.0	260.0	341.0	41.7	39.3	42.5	44.1	42.6	50.2
Culture and arts	130.8	169.0	240.9	257.2	320.1	42.0	37.4	42.9	48.5	72.4	47.4
Science	122.0	161.6	176.7	209.7	279.0	87.5	72.8	85.4	74.1	72.1	86.5
Banking	94.7	81.1	94.4	120.6	202.4	491.6	317.5	240.9	222.3	2332.9	351.1
Government	95.0	287.3	369.3	455.5	640.6	64.0	41.5	111.1	113.3	114.5	144.7
Others	106.3	178.2	260.0	302.4	403.4	69.6	50.4	74.9	86.7	82.6	99.0

* Source: National Statistical Service

The analysis of data on wage arrears, which is based on information from the 9,000 entities that reported regularly to statistical service, leads to the same conclusion as well. Not only is the level of compensation for work low, it is also often paid with delays, especially in the social services sector (Table 2.6). Accumulated wage arrears increased markedly in 2000, reaching a peak in June (2.3 month's wage fund in average compared to 1.3 – in January 2000). Only in December 2000 were some arrears paid off due to the allowance of the National Assembly to spend privatization receipts on wages for the state sector. However, in December accumulated arrears were by about 20% higher than in December of last year. As shown in Table 2.6, accumulated wage arrears were a major problem in agriculture (As December, 5,4 months), forestry (8,7) and construction (2,7). The issue of wage arrears was a problem for the public sector as well (about 3-monts salaries for December 2000 – in education, healthcare, science, etc).

Table 2.6. Wage arrears by branches of economy

	Nov-99	Dec-99	Jun-00	Sep-00	Nov-00	Dec-00	Dec-99	Jun-00	Sep-00	Nov-00	Dec-00
	Cumulated wage arrears, ratio to wage fund, %						Fresh arrears, share of total arrears, %				
Total	**150.2**	**136.5**	**230**	**203**	**212**	**154**	**23.6**	**22.1**	**25.2**	**20.0**	**19.9**
Industry	211.8	240.4	230	213	225	187	15.3	21.0	23.7	19.3	19.1
Agriculture	617.2	421.2	642	651	764	535	17.3	14.8	13.5	12.4	23.5
Forestry	725.8	697.1	982	687	1123	874	11.6	8.4	9.0	8.2	7.3
Transport	14.6	12.9	12	11	167	13	23.1	23.3	24.4	19.0	23.9
Communications	15.7	3.8	0	0	25	13	96.5	0	0	41.0	56.0
Construction	301.2	271.6	358	283	284	267	27.4	23.2	27.8	26.4	25.1
Trade, Material supply, Procurement	157.1	153.3	215	233	222	145	22.4	16.0	13.9	15.9	14.6
Information services	204.9	59.9	215	241	159	6	9.2	34.7	34.6	52.5	21.8
Other branches of Material prod.	133.5	102.7	235	236	285	165	46.7	29.2	34.2	23.1	29.1
Housing, Public utilities	304.6	236.7	331	380	427	303	32.2	24.4	23.7	19.3	25.9
Health care, sports and social ins	112,4	106,7	322	262	304	282	30.5	11.5	14.3	12.3	11.6
Education	50.0	54.2	259	127	81	45	62.6	29.8	57.0	36.2	36.6
Culture	176.1	192.2	359	477	365	24.3	23.1	17.7	18.2	16.4	
Arts	152.9	137.5	433	572	550	350	43.8	22.9	17.0	17.0	25.1
Science	177.0	163.4	331	321	336	282	30.8	20.4	21.5	20.4	20.1
Credit, Insurance	0.0	0.0	0	0	1	1	-	100.0	-	69.9	28.1
Gen. adminis.	137.4	77.5	230	259	206	119	21.1	24.7	19.3	19.1	15.3

* Source: National Statistical Service

All the above given information will help us in our further description of migration processes in Armenia and understanding their main reasons.

III

Migration Processes in Armenia

The 20th century was one of political cataclysm for Armenia. It was a period marked by the collapse of empires, the restoration of Armenian statehood and definition of Armenia's place in the South Caucasus and Asia Minor. The century started and ended with large-scale movements of forced migrations. This phenomenon had a major impact on the social, economic and political development of Armenia. Of no less importance is the impact of these waves of migration on the dispersion and settlement of Armenians throughout the world and in the area of the former Soviet Union. These changes had an equally significant impact on the conditions in which the Armenian minorities lived, opportunities for maintaining their livelihood, and their ability to organize their communities in various countries.

1. Migration Processes until 1991

From the 1960s up to the early 1980s, the main migratory trend in Armenia was the steady repatriation of ethnic Armenians from all other Soviet republics, mainly from Georgia and Azerbaijan, and about 2-4 ths from far abroad Armenian Diasporas. In addition, since the 1960s Armenia experienced significant seasonal labour migration to other Soviet republics, and particularly to Russia. Due to the some decrease of the social-economic development rates in the second half of 1970-s, since the beginning of 1980-s the external migration turnover of the Republic's population had a negative balance. However, stably comprising only 10-12 ths people annually or only 0.3 % of the population and 15-18 % of the natural growth, the negative balance of external migration has not an essential impact on the favourable demographic and social-economic situation of the Republic. Exception was made by the years 1989-1991, when negative rate of migration was replaced by the positive, which was caused by the large flow of the refugees and compelled migrants to Armenia, connected with the well-known events in the region: Karabakh conflict and war with Azerbaijan, as well as the disaster earthquake in Spitak.

In a course of the last 13 years several migration streams appeared in Armenia. Catastrophic earthquake of 1988 caused death of 25 000 people resided in northern part of Armenia. Tens thousands houses and buildings were destroyed, about 500 000 people remained without shelter. The first days after the disaster an evacuation of people from the disaster zone were organized. A part of the population was settled in rest houses and hotels within the republic. About 150 000 people were displaced to the countries of the former USSR. Besides that, about 70 000 people left the country on there owns and settled down outside of Armenia. Also about 100 000 people were displaced in other regions of Armenia.

This was the **first migration flow** followed the natural disaster.

The second flow was a result of Karabakh conflict. After bloody battle within the territory of Azerbaijan, in Sumgait town, Kirovabad, afterwards in Baku, 1989 hundreds thousand Armenians escaped to Armenia and Russia. 360 000 refugees from Azerbaijan in a course of 1988-1990, later about 75 000 refugees from Nagorno-Karabakh, about 72 000 residents of villages from the border with Azerbaijan regions. They had to leave their native places, which became the scene of battle and frontier wars. Followed by 6 000 refugees-Armenians from Abkhazia, victims of conflict in Georgian territory. Meanwhile, as a result of this conflict, about 167 000 Azeris left Armenia in 1989-1990. These are the figures of the **second flow.**

Thus, the international conflict and the war have become reasons for the second vaster migration flow that touched the frontier states and the whole region.

Armenia was neither economically nor socially or psychologically prepared to receive such a large number of immigrants. The situation was further complicated by ethnic conflict, earthquakes, and the radical transition to a completely new system of socio-political relations, as well as the absence of institutional mechanisms and experience in facing and dealing with uncontrolled massive processes. For these reasons, during the initial period, the country failed to adequately meet the challenges of this great number of new and complex social problems, particularly the problem of forced migration. It must be remarked that the acceptance and settlement of Armenian migrants from Azerbaijan proved to be most difficult. They were not Armenian speakers, nor did they bear Armenian culture. Their major cultural influence was Russian and Azerbaijanian urban cultures.

The economically unfavorable conditions in Armenia at that time intensified social polarization, impoverishment and unemployment, as well as the alienation of

native and immigrant Armenians. The situation was further worsened by the absence of appropriate social policy. This made the problem particularly difficult for the refugees, as it left the issue of their social status unresolved, leaving them to the mercy of humanitarian assistance. Consequently, it kept the refugees in Armenia vulnerable, marginalized and stigmatized as a social group. The stigma of "alien" and "minority" group resulted in the rendering of this group of Armenians as competitors with the residents of the country for homes, jobs, and welfare benefits. The migrants themselves experienced an identity crisis, the severing of social ties, diminishment of self-confidence, loss of a sense of security, and all the hardships of the existence of non-status refugees in an alien cultural environment.

Many of refugees from Azerbaijan were not satisfied with conditions in weakened Armenia and moved to the West, Russia, Europe and USA. After the genocide of 1915 it was the second by its amount flow of Armenians - refugees of the 20th century. Here we speak about migrants, who left their houses, possession, savings gained in a course of many years.

Improvements in the condition of these refugees came about through contributions of international organizations in the form of financial help and through re-socialization programs. Despite the overall positive impact of these programs, they were locally restricted in their aims, size and effects. They failed to make essential changes in the process of refugees' re-socialization – only a small part of the refugees were successfully integrated in Armenian society.

Finally, the **third flow** of migration in Armenia started and continues till nowadays in hard winter of 1990-1991. It was a time of hard energetic crisis, when people had electricity only 1-2 hours a day. Apartments had no gas, no central hitting. Armenia was in blockade by Azerbaijan, and no petrol, gas and fuel used to enter the republic. Hundreds thousands people became unemployed. Armenia was experiencing its hard economic crisis. Once more thousands Armenians moved to abroad.

Above described all movements of Armenians are concluded in the *Table 3.1*, which is clearly shows that the migration balance was negative in 1980s except 1989-1991. The positive balance of mentioned years was caused by the mass inflow of refugees and displaced persons from the conflict zones. So we cannot say that this was natural movement of people to approve their living conditions, it was only the way to survive and not to be killed, it was forced deportation.

Table 3.1. Migration of the RA population for 1980-1991

(Thousand people)

Years	Emigrants	Immigrants	Migration Balance
1980	47,0	38,6	-8,4
1981	44,5	38,2	-6,3
1982	47,3	39,7	-7,6
1983	50,2	40,9	-9,3
1984	56,3	45,3	-11,0
1985	66,2	50,8	-15,4
1986	66,6	54,9	-11,7
1987	70,7	60,3	-10,4
1988	105,5	73,6	-31,8
1989	87,7	101,6	13,9
1990	54,1	90,2	36,1
1991	50,2	71,2	21,0

* Source: National Statistical Service

2. Mass Migration in Armenia after 1991

By the end of 1991, Armenia started witnessing mass emigration of ethnic Armenians (especially refugees and IDPs) towards the CIS and other countries. The main causes of such emigration are the difficult socio-economic situation in Armenia, owing to the earthquake, the prolonged conflict with Azerbaijan over Nagorno-Karabakh, the transport blockade, the energy crisis, and the ensuing dramatic drop in living standards. In addition, many young men have fled abroad to avoid being drafted into the military. The emigration of Armenians has been facilitated by the existence of a sizeable Armenian Diaspora abroad, and by a long-standing tradition of both seasonal and long-term migration.

According to independent experts, approximately 700 000 Armenians left the country during several years. Mostly they moved to Russia, and only 15% - to Europe and USA. Many of them left the country temporarily, preserving their citizenship and apartments. In fact, they live in Russia illegally, with no citizenship, with any right for ownership. In most cases they have their commercial business there. At the beginning the majority of migrants, 66%, were men and 74% were in the age of 17-60 years old.

It means that economically active and enterprising people used to leave the country to seek job. The pick of migration was in 1993 when about 250.000 people left the country. The flow of big migration started in harsh winter 1991 and stabilized only in 1996- 1997 on the level of 50-60 thousand people per year. But after presidential election in 1998 and especially after terrorist act in the building of National Assembly on 27 October 1999, again the flow of migrants sharply increased. Continuous economic crisis and political unstable situation of last years are the main reason of increasing migration flows.

With the purpose of making an estimation of the migration volume, a number of selective inspections have been carried out, as well as the volumes of air transportation have been investigated, taking into account the fact that during the last years the aircraft was almost the only transport means connecting Armenia with the external world.

Table 3.2. Air passenger transportation of RA, 1992 – 1998

(ths. people)

Years	Departures	Arrivals	Discrepancy
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	496,9	-20,5
1997	504,9	473,6	-31,3
1998	441,1	417,5	-23,6
Total	4264,7	3654,3	-610,4

* Source: National Statistical Service

As it can be seen from the table, during the last eight years the number of the people leaving the republic by air transport has exceeded the number of the those arriving by 610,4 thousand people, and in 1992-1994 this figure already made up 497,5 thousand people, that was conditioned by disintegration of the Soviet Union, the break-up of economical connections due to it, Karabakh conflict, transport blockade, and by deterioration of socio-economic conditions of the population in the result of the energy crisis. Since 1995 a certain stabilization of the migration

processes was observed in the republic, which was probably caused by stabilization of the socio-economic situation as well as relative easing of the intensity of the work market connected with the mass outflow of labor force (in 1993 the republic passed the minimal point of economic disintegration and further began a small, but stable growth of GDP/Gross Domestic Product - 5,4%). In the same period the continuous import of electro carriers and 24-hour supply of electricity to the population were restored. The decrease of intensity of migration processes was also affected by military-political stabilization – establishment of armistice since 1995 and the financial crisis of the Russian Federation in 1998.

The inspection of transportation volumes per separate months shows that in 1994-1999 the number of the people who arrived in the republic in some months exceeded the number of those who have left, which allows to assume, that a part of the migrants has left the republic temporarily, for seasonal work which was characteristic in 1980-s. The data on air transportation per months also testify to it.

However, this figure, which comprised about 16% of official estimation of population at the beginning of 1999, cannot be explained as a volume of emigrated population from the Republic.

On the one hand, apart of this, not so wide, but significant part of emigration implemented by other ways during 1992-1998 was not included also. Thus, certain number of emigrants has departed by "Yerevan-Tbilisi" railway routing operating during the first half of 1992. Afterwards, it is not secret that during 1992-1994 the number of without ticket departures by good transportation airplanes was not small. Finally, the number of departed and not-returnees by separate bus routings during the last years (mainly by tourist visas) was also significant.

On the other hand, it is not possible also to neglect the fact that the certain part of said 610.4 ths. departed and not-returned air passengers were not the citizens of Armenia i.e. they were refugees not included in the official estimates of population of the Republic. According to the expert estimation that based on the certain indirect information (i.e. approximate numbers of railway, air and bus routings, estimations of the Department of Migration and Refugees of RA and etc.), the total volume of the firsts (150-170 people) is neutralized by the practically equal volumes of the seconds. If this expert estimation accords to the reality (the probability of which is very high),

then we can state that during 1991-1998, 760-780 ths. people have emigrated in general (permanently or temporary) from Armenia, however, of which, only 610 ths. people, i.e. the same 16 % of general population units, were residents of the Republic.

In its turn, it allows to record that it was possible to register prevalent part, but only the 4/5 of emigration activity of the general population.

In this regards it is necessary to receive answers of two cross-connected questions:

a. What does stipulate such under-estimation?
b. Who are the not-registered emigrants?

It is possible to state, that the answer of the second question is hidden under the above-mentioned fact, estimated as an unreliable unexpectedness, i.e. under the fact that the volumes of family emigration exceed the volumes of individual emigration by almost 2/3. At the least, 3 facts allow to doubt the reliability of such relations.

The first of them are the data of sample survey conducted by the working group of Pr. S. Karapetyan in 1995 with the financing assistance of UN. According to these data, the family emigration comprised only 45 % of the total volume of emigrants during 1991-1995.

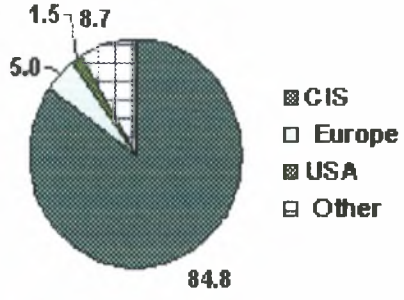
The second fact is received by the given inquiry and means, that the said prevalence took place during each of observing years, but was not formed as a result of emigration processes of the last years, which would be logically acceptable (individually emigrated persons take with them other members of their family in future). It is enough to mention that according to the data of the given inquiry the total volume of family migration exceeds the individual one during 1991-1995.

The third fact is also resulted from this inquiry.

It is as following: according to the answers of control questions on the emigration activity of the next door neighbors, the family emigrants comprised only 43% of the total number of emigrants i.e. they not only exceed, but even concede by about 1/4 the number of individual emigrants. All this mentioned, as well as the fact that the data of family emigration are received from the next door neighbors of empty dwellings at the inquiry time, who are not interested in providing not reliable information, serve as a basis to conclude that it was impossible to record mainly the individual emigrants, i.e. 43-45%.

According to the data taken from Ministry of Statistics and Ministry of Transport 2/3 of those that leave the republic and arrived in it is made up by the citizens of the RA, of them 47,7 % - permanent residents of the republic. Besides 16,5 % of the flow are made up by former citizens of the RA, 15,1% - by foreigners. The overwhelming majority of transportation (84,8%) is made in the direction of the CIS countries, from them 3/4 in the direction of the Russian Federation.

Graph 3.1. Distribution of emigrants by place of settlement



* Source: National Statistical Service

Migration from Armenia to Russia is encouraged by the more favorable economic conditions in Russia, a demand for mobile and highly professional labor resources, and the presence of employment opportunities. Of no less importance are also the following factors:

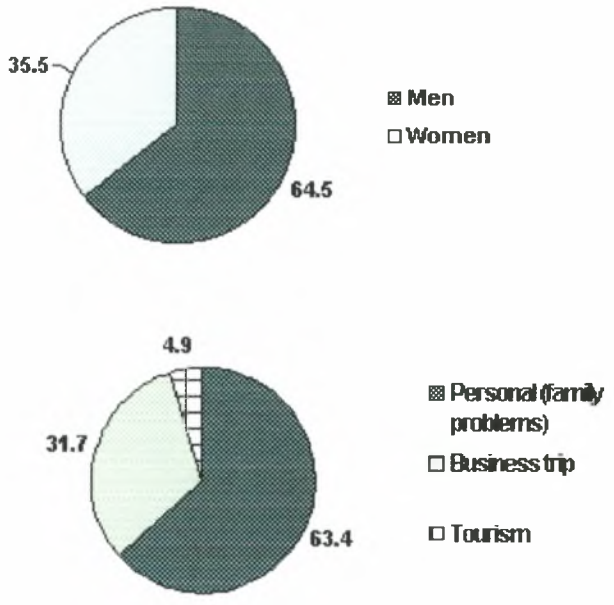
- the relative ease in transferring funds from Russia;
- favorable conditions for entrepreneurship;
- real non-competitiveness with the local inhabitants;
- the tradition of Armenian seasonal migration into Russian towns and villages from the Soviet period;
- the continuing mentality of being in a common state as in Soviet times;
- the small cultural distance, knowledge of the Russian language, and cultural affinity; and
- similar life experiences, life values, and problem-solving skills.

All these factors made forced migration from Armenia a socially acceptable and even an approved phenomenon.

The men travel almost twice more often than woman (accordingly: 64,5 and 35,5%) which is probably a consequence of the return of men from temporary work.

The main mass of the travelers crossing the border of the RA -53,4% - makes trips of personal (family) character, 41,9% leave the country with business purpose and 4,7% - with the purpose of having a rest (tourism).

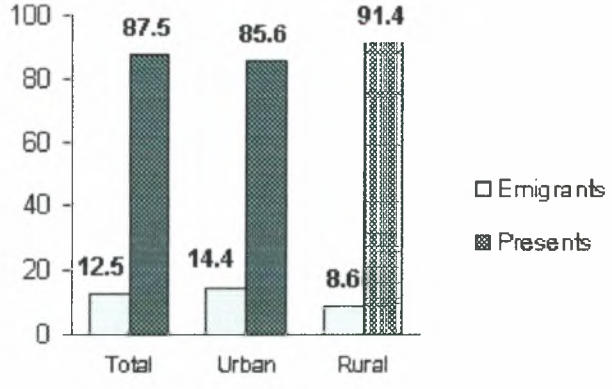
Graph 3.2. Distribution of Passengers by Sex and Purposes of Their Trips



* Source: National Statistical Service

There is also essential difference between the emigration activity of rural and urban population.

Graph 3.3. Share of Emigrants in the total number of population



* Source: National Statistical Service

The regional differences of emigration activity are also significant. Emigration activity, the marzes of the Republic are divided into 3 groups.

Marzes, where the emigration activity of population is relatively lower. These are Ararat and Armavir marzes i.e. the marzes settled in the most favorable land of Ararat Plain, two marzes with mostly rural population.

The second group comprises marzes, which population emigration activity is slightly differs from the average Republican indicator.

The essential variety composition of this group is very interesting. Together with Siunik, Vayots Dzor and Tavoush boarding marzes not only the centrally located Aragatsotn marz, but also the capital of the Republic appear there. It should be noted, that the factors that preconditioned the not high emigration level of population in given marzes are not the same. Thus, for Yerevan City such a factor was the relatively satisfactory social-economic situation, while for Aragatsotn marz - the fact that it is located in Ararat Plain and is close to Yerevan City - a consumption market for agricultural products. While the attachment to land of a great part of population on one side, and not-developed emigration traditions on the other side, were decisive factors for the first 3 marzes.

In the rest 4 marzes, essentially exceeds the average Republican level. Thus, in Gegharkounik and Kotaik marzes it exceeds by 25%, in Shirak -over 15% and in Lori - about 7%. By the way, it should be noted that in Gegharkounik case this was preconditioned by not-favorable weather conditions for high efficient agricultural production development on one side, and by well-developed traditions of emigration activity of the population (mainly for seasonal works) on the other side. In Kotaik case, it was preconditioned by paralysis of industrial potential of medium-size industrial towns, while for Lori marz and especially for Shirak marz, the unfavorable social-economic conditions caused by consequences of disaster earthquake were undoubtedly the decisive factors.

It is evident, that such emphasized differences should have their relevant reflections including as a structural changes first of all.

3. The "Brain Drain"

We would like to mention at once that in spite of persistent talks about serious "brain drain" from Armenia, today there is no any special survey on this problem.

Weak attempts of the government of RA in 1995 for revealing the scale and volume of the "brain drain" from academic sphere were not succeeded. Completely ridiculous number about several tens scientists, left our country, did not correspond to the real data. And there were two main reasons. First, the matter was in the fact that the system of Academy of Sciences of RA itself during past years "grew thin" twice. Instead of 6 thousand scientific workers today there are only about 3,5 thousand. It means nothing but the following: flowing off the scientific personnel to other spheres, and first of all to the business sphere, partly sphere of education, state services and international organizations. Many of those, who left the sphere of science at the beginning, later left for abroad. Due to this reason such "doubled" "brain drain" was not fixed in academic sphere as the departure of scientists abroad.

The second reason is in the fact that many scientists are working on contract base, mainly in foreign countries but they are still registered in their scientific institutions as staff members, who are in long-term scientific mission. Together with this, administration of these scientific institutions close their eyes on the fact, that contracts of the scientists are being prolonged year by year, or after their short-term return to Motherland, their contracts are renewed and they again leave for "long-term business trip". In fact this is the "brain drain", which is not registered juridical. This type of departure of specialists and scientists can be called "soft brain drain". They are still registered in their institutions, while in fact all their efforts and knowledge they put in the development of science of foreign countries.

Unlike this soft form of brain drain, the first one, described above, can be called "latent" brain drain. It characterizes the form, during which scientists and specialists firstly leave the usual sphere of scientific-professional activity, and later leave for abroad for looking for better conditions for work.

In order to know the scales of brain drain, it is enough to mention that among 700.000 people, who left Armenia, 30% were with higher education, 16% - secondary special and 33% - secondary education.

Data testifies about the fact, that most of all among emigrated specialists were representatives of humanitarian and technical sciences, and also sciences about nature. Approximately one third of specialists of these spheres left the country during 1991-1997. Specialists of other spheres also left, but in a smaller number. Thus, approximately 12% of lawyers, economists, and teachers left the country during the same period. This disproportion is explained, of course, by demands of market economy. As a rule, those specialists are living, who are turned out to be unclaimed in their country, or those, who are looking for better conditions for work and for possibilities to expose their capacities. In this concern Armenia today can suggest a little to its specialists and scientists. Armenia always marks out with the high level of education of the population (98,9% of literacy) and high percentage of people with higher and special professional education. In former years Armenia also was considered a labor redundant republic, including for specialists with higher and professional education, i.e. labor resources and specialists always were more, than working places for them. But, during last ten years flows of specialists became a mass phenomenon. Armenia quickly became a country, the main articles of the export of which were qualified personnel and specialists with higher education.

Frequency of these migrants' personal and business visits to Armenia is very high. Many specialists, left for temporarily, even intentionally are working abroad in such firms, which has close business contacts with partners in Armenia. Their unwillingness to loss touch with homeland, family, relatives and friends is so high, that they are trying to find any chance to visit homeland. Huge accounts for international telephone talks, which are paid monthly by Armenians here and abroad also, testify about the frequency of contacts. The necessity of permanent communication for them is so high, that they are using effectively even the most modern possibilities of Internet access.

It is completely obvious, that many of specialists, left for abroad, will be glad` to any possibility to have personal and business contacts in homeland and assist in their development. Possibilities, existing in Armenia for this purpose, are not big. But the increased bureaucratic state apparatus also prevents from their development and expansion. Corrupted state bureaucrats are the serious hindrance for the development and enlargement of business contacts between local and migrated specialists and scientists. Even scientific contacts are sometimes weakening, meeting insuperable bureaucratic barriers, raised by corrupted bureaucrats from the science.

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For conclusion of this chapter we would like to say following:

Till now there was no any serious survey, conducted among persons, who left Armenia. The Armenian Sociological Association conducted the only one survey in 1997 in Germany among illegal Armenian migrants, who left for finding job and asylum. According to the result of the survey was published the book "Back to Homeland. Armenian Returnees from Germany", where was described the condition of deported from Germany Armenians to homeland. We can confidently say that specialists, migrated from Armenia, have no intention to return, at least until economic and political situation in the country would be comparatively improved. They are not going to return to homeland for becoming again unemployed. For many of them return to homeland is somewhat far and not real perspective. But we can judge about the intention to return at least by two sufficient factors. In Armenia, and particularly in Yerevan, there are many empty apartments now. These are houses of migrants, left for abroad. Until they sell their apartments and houses in Armenia, still there is a hope that they would return to homeland. Together with this, we would like to mention here, that the part of them doesn't sell their apartments because of low prices. Another part keeps them consciously, as a dacha or houses in homeland, where they will never live, but time-to-time they will visit and see their relatives.

About migrants' intention to return enough clearly says also the fact that practically all Armenians try to settle basically in the new places of living. Approximately one forth of all migrants have already completely settled there, even buy personal houses and apartments. Children of migrants-Armenians are visiting local schools, wives are working and acquiring home. Very many of them have received or are waiting for receiving new citizenship. Particularly it concerns with those migrants, who left for Russia. Characteristic feature of migrants, left for Europe and USA, is the firm decision to settle there forever. It is not mere chance, that just these migrants sell their houses and property before departure. It is explained, firstly, by the fact, that departure of migrant's family to "far abroad" is connected with big expenses. Secondly, those who have ventured to do it, have a firmly intention never come back. Unlike them, among those migrants, who left for Russia and "near abroad", there are many people, who left temporarily for finding a job and earning money for family. In the conscious of these migrants departure from Armenia has temporary, sometimes season character, and they are attentively following the changes of the situation in the homeland, hoping to return some day.

IV
The Consequences and Perspectives Of Migration in Armenia

The previous chapter showed us that the export of labor at the beginning of the 1990s was, in essence, a specific branch of the Armenian economy. As in many other countries with labor surplus, the Armenian government actually stimulated labor migration. The political and socioeconomic consequences of labor export were not fully calculated. In its covert and open support for labor migration, the government relied on short-term economic effects, expecting large-scale remittances from migrants. In fact this occurred and continues to occur. The expectations were proven true and money transfers to Armenia in the form of remittances were somewhat more than the amount received in the form of official assistance to
Armenia. It is estimated that in the mid-1990s these remittances on the average covered about the 25 percent of the family budgets. The volume of monetary transfers from Armenians, living abroad as labor migrants makes up enough big sums. We would like to mention that starting with the disastrous earthquake in 1988 monetary and pecuniary assistance of Armenian Diaspora (mainly from Europe and USA) is sharply activated. Further to this assistance were added investments from members of families, who migrated to other countries for seeking a job.

According to estimates of international experts in 1995-1996 Armenia is receiving annually about 450 million US dollars from relatives and friends, living in foreign countries. The percentage of monetary transfers from migrant Armenians in this total sum makes up about 60-65%. The rest 35-40% consists of transfers from Armenians of Diaspora to their relatives and friends, living in Armenia. After the August 1998 crisis in Russia the volume of monetary transfers considerably decreased. Economic situation of Armenians, emigrated to Russia and other CIS countries, is sharply worsened and correspondingly the volume of their transfers to the homeland decreased. According to estimations of different experts, the volume of monetary transfers decreased up to 40%. But since 2000 it again increased due to the improvement in the economic situation in Russia.

Thus, they facilitate the social condition of the state, and besides. The main flow of monetary transfers is taking place unofficially. As a rule, money is transferred through familiar people in cash and in US dollars. Primarily, almost all sums were being transferred in this way. Gradually different private companies, dealing with money transfer from abroad to Armenia started to work, such as Western Union, bank "Anelik" and others. Except the advantages, which could be continued, economic migration has negative aspects. As far as the economically active part of the population left the country, the independent market faced lack of enterprising people, thus formation of the middle class in a new social structure of the society has been prolonged for decades.

Due to the high rate of remittances and the economic crisis in Armenia, the government did nothing to create any mechanisms for the regulation of migration.
It also published no data on migration or population numbers. Moreover, following a radical-liberal course, the government relied on the uncontrolled market, supposing that the market would balance the migration streams. In reality, the uncontrolled market in no way restricted, but naturally favored the labor flow into countries with labor demand.

From the above-maintained facts we see the positive consequences of migration – benefits.

But on the other hand, the negative consequences of migration – costs – the high emigration rates and the significant proportion of highly skilled personnel among the emigrants, the postponement of marriages, the fall in fertility rates, the reduction of family size and the overall decrease in population growth are more obvious and dangerous for future. For this reason in our further discussion we shall concentrate on the above-maintained negative effects and try to discuss them more detailed.

We would like to begin from structural changes of population from sex-age side (Table 4.1).

Table 4.1. Structural Changes of Population Sex-Age Composition (%)

	Structural changes (percent point)		
	Total	**Male**	**Female**
0-4	0	0	0
5-9	0	-0,1	-0,1
10-14	+0,1	+0,1	+0,1
15-19	+0,2	0	0
20-24	+0,1	-0,1	-0,1
25-29	-0,4	-0,4	-0,4
30-34	-0,7	-0,5	-0,5
35-39	-0,4	-0,3	-0,3
40-44	-0,3	-0,4	-0,4
45-49	-0,3	-0,3	-0,3
50-54	+0,1	0	0
55-59	+0,2	+0,1	+0,1
60-64	+0,4	+0,2	+0,2
65-69	+0,3	+0,1	+0,1
70+	+0,7	+0,3	+0,3
Total	0	-1,3	-1,3

* Source: National Statistical Service

These data give not only a clear picture of impact of disproportionate distribution by sex and age of emigration flows on the sex-age composition of the population of the Republic, but also serve as a basis to estimate both present and further consequences of the latest.

Thus, according to the *Table 4.1* data, the mass emigration preconditioned the deformation of proportions of sex-age composition of the present i.e. resident population of the Republic. It concerns first of all to the decline in share of more active part of population, both in reproduction and social and economic context, i.e. 25-49 aged population (by 2,1 percent point in the whole, including by 1,9 - males and by 0,2 percent point – females) and as a sequence, increase of the share of elders i.e. 60 and more years old population (by 1,4; 0,6 and 0,8 percent points

correspondingly), older population i.e. 50-59 years old population (by 0,3; 0,1 and 0,2 percent points correspondingly), as well as juveniles and young men i.e. 15-24 years old population (0,3, -0,1 and + 0,4 percent points correspondingly).

It is evident, that such artificial fluctuations have their negative reflections. Still not long ago the increase of burden rate of the population able to work was estimated as the most undesirable sequence.

If there was not any emigration, then there would be 430 children up to 16 aged and 256 elders - 60 and more aged i.e. 686 disables per 1000 working age representative of the general population. However, due to the emigration the sequenced structural changes bring to the fact, that the said data comprised 445, 288 and 733 correspondingly for present population. In the other conditions this will mean that every 1000 able population have to take care for by 15 more children and by 32 more elders i.e. by 47 more disables. However, this approach is principally incorrect for present conditions, as it is still doubtful what part of present disables is maintained by present workable population without normal job and earnings, and what part - by assistance from abroad.

In contrary, the negative character of changes in sex proportions is substantiated. It is not only the high share of women by 1,3 percent point, in the total number of present population, but also the decrease of the share of active reproduction-aged male population.

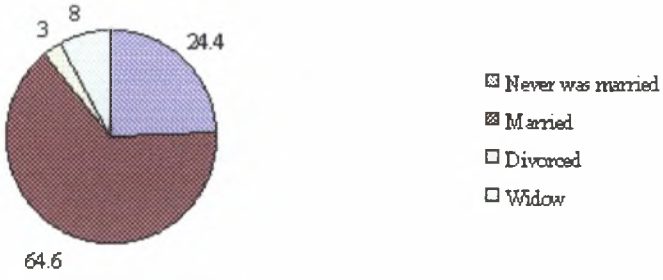
Not entering into details, let us state only the following facts: per 1000 representative of the most fruitful female population i.e. 20-24 years old, there are only 755 men aged 25-29 years, who are considered as the main group of male population to comprise couples for them. By the same consistency and logic, per 1000 women aged 24-29 years – 809 men aged 30-34; per 1000 women aged 30-34 year – 833 men aged 35-39 years. This means that every 4-th woman in 20-24 age group, every 5-th woman in 25-29 age group, and every 6-th – in 30-34 age group, or the greatest part of woman at fertility age (as in Armenia since 35 years the fertility rate sharply declines to zero-level), appears in "outside" condition in the context of child birth (by the reason of not having a possibility to find a fiancé, or absence of a husband).

It is more than evident that this circumstance is one of the decisive factors that bring to sharp decrease of absolute and relative numbers of the population fertility rate and marriages indicator in the Republic in 90-s (by 2 times and more than by 2 times correspondingly). By the way, it should be noted that its influence is not completely ceased. On the other side, it is also evident, that this situation has a negative impact on the social health indicator of the Republic.

Such negative effects are viewed from analysis other important social and demographic indicators such as the marital status, education level, economic status and etc.

Judging by Graph 4.1, the recorded part of individual emigration has not any essential impact upon the marital structure of the presents population.

Graph 4.1. Distribution of 16 and more years old population by marital status (in %)



* Source: National Statistical Service

It only caused some decline in shares of married and never married persons, and an increase in the share of widows (widowers) and divorced persons, stipulated by age and by sex distribution peculiarities, and sequent to relatively low emigration activity. However, this fact does not refute the possible significant indirect impact of emigration on marital structure of the population in nearest future. It will be determined by above-mentioned disproportions in distribution by sex of the population at the active reproduction age as sequence of emigration, as well as by further decline of the new family creation process, stipulated by low living-standards of the population, and will be revealed by high representativeness of never married

persons, partly the divorced persons and widows (widowers) among the marital aged population.

According to another data from National Statistical Service, there is certain impact of emigration on education structure. The relatively higher educated level of emigrants, or which is the same, the relatively higher emigration activity of high-educated persons is the factor that preconditions this event. Thus, this is bringing the decrease of the education potential of the population in the Armenia.

It will also be interesting and useful to show the economic status of emigrated and remained persons (Table 4.2).

Table 4.2. Structure of the Present Family Members by Their Economic Status, (%)

Social and economic groups	Total	Of which		Structural changes (percent points)
		Absent	Present	
	1	2	3	3-1
Work at the state sector	10,3	3,8	10,6	+0,3
Hired work at the non-state sector	3,0	11,9	2,5	-0,5
Self-employee	12,0	10,2	12,1	+0,1
Employer	0,3	1,1	0,2	-0,1
Pensioner-beneficiary	15,1	2,3	15,8	+0,7
Pupil-student	18,2	12,2	18,5	+0,3
Housekeeper	8,6	7,4	8,7	+0,1
Registered unemployed	2,9	2,1	3,0	+0,1
Not-registered unemployed	14,7	18,2	14,5	-0,2
Ward	12,3	11,7	12,3	0
Other (don't know)	2,6	19,1	1,8	-0,8
Total	100	100	100	0

* Source: National Statistical Service

First of all, it allows to notice the essentially different proportions of presents and absents populations by economic status.

Thus, for the first group the main types of beneficial activity are the self-employment (12,1%) and work at the state sector (10,6%), while for the second group - these are, first, the hired work at the non-state sector - 11,9%, then self-employment – 10,2%. By the way, as it was expected that the work at the state sector is not an essential type of activity for absents (3,8%, which is by 2,8 times lower than the same indicator of presents). In the contrary, the hired work in non-state sector is not preferable for the presents (2,5% or only 21% of the same indicator of the absents).

It is noteworthy, that the share of employers (1,1%) among absents is by 5 times higher than among the presents (0,2%). It can be explained as a fact that confirms the availability of two equally undesirable and full of perfect consequence phenomena:

The first one is - the unfavorable conditions in the Republic to deal with individual entrepreneurship.

The second is – the sequent of the first phenomenon i.e. the individual entrepreneurs are squeezed out.

It should be noted, that the data presented in this table prove another assumption also, i.e. the level of employment of emigrants, in its entirety, is higher - 27% than the presents one - 25,4%.

The main factor, which preconditions this event, is the main purpose of individual emigration i.e. to emigrate and find a job at less expenses, earning enough money to maintain the family members both inside and outside of the motherland, which preconditions also the low share of pensioners and beneficiaries, pupils and students, housekeepers, registered employees, and wards among the absents over the presents.

Regarding the share of not-registered unemployed among the presents – 14,5% versus 18,2% among absents, it is conditions only by the higher emigration

activity of representatives of this group, which in its turn is explained by the willingness to find a job abroad at least.

Summarizing the results of analysis of given table's data, we can record that the individual emigration phenomenon is a "tool" to solve partly the problem of employment for present families members. It is enough to state, that providing 7-10% of work places for present families members, this phenomenon certainly reduces the level of unemployment (taking into account the present situation of the labor market in the Republic, we can state that the prevalent part of persons, who have work abroad, will be unemployed in case they are in the Republic). It should be noted, also that for the prevalent part of emigrants the purposes of their trips are "to search a temporary work".

All above given information conformed that the migration is a serious negative phenomena and that should be minimized. The policy of the current authorities differs from the policy of the radical-liberals of the early 1990s. Today, serious attempts are being made to create jobs in Armenia. The state's attitude toward migration has been more fully elaborated, a government department of migration has been established and preparations for a census in the autumn of 2001 have started.

Regarding the further development of external migration processes, it should be noted that their reliable projection is very difficult challenge.

This was stipulated by fact, that these trips are not traditional emigration i.e. are not planned, substantiated, provided with all necessary documentation, but are obligated by unfavorable social and economic conditions, and as a rule, are, a territorial movements - by unknown time and by not - clarified official status, for many part of absents and persons who are going to leave. This is testified by the high share of persons among individual emigrants who have no a certain decision on whether return or to stay, as well as by question whether the apartments for many part of respondents are remain after them.

It is evident, that in such conditions both the emigration and higher re-emigration processes should be mainly stipulated not only by inter-republican factors i.e. actual process of treatment of unhealthy phenomena in the "social and economic

systems", but by external factors i.e. an essential changes in approaches to already resident and newly arriving Armenian emigrants by foreign countries in which territory Armenians are settled, as well as the political, social or economical shocks (which possibility is not excluded: referring the economic crisis in RF on 17 August, 1998). It is doubtless, that the first and the second factors as well as their possible emigration and re-emigration consequences are practically the phenomena, which are impossible to project.

It should be noted, that the above-mentioned should be considered as not a reference of unanticipation of external migration prospects (middle-term and long-term) of the Republic, but only a highlight of a fact, that the reliability of such projections is very low.

Conclusion

On the threshold of the 21st century, Armenia proved to be a country of forced emigration. To date, official data on migration from Armenia have not been published. However, according to various estimates, over 700,000 people have left the country – tens of thousands of highly qualified specialists and entrepreneurs amongst them. The main reasons for forced migration from Armenia are difficult life conditions: social, moral and psychological unstable atmosphere, the lack of jobs: lack of working places and lack of work by specialty, meager salaries: impossibility to earn enough money to provide satisfactory living standards. Summing up the above listed factors we can conclude that a sense of deprivation or neediness is the initiator of emigration. In addition, the slow and indefinite recovery from the 1988 earthquake, the danger of renewed hostilities, as well as a situation of no war/ no peace with Azerbaijan deepened the sense of instability in the country.

Migration, however, has resulted in a number of positive effects. Some of the most important are:

- *Obtaining considerable material resources by the population of Armenia, in the form of remittances sent by forced migrants from abroad to their families. It is thanks to emigration that a great number of families have been able to survive during such a difficult period.*
- *Remittances in turn stimulated entrepreneurship, and particularly promoted the development of small businesses, trade and services in Armenia.*
- *Emigration also contributed to reducing social tensions and unemployment through decreasing labor supply.*

The negative effects of emigration can be named as follows:

- *Removal of the entrepreneurial capital and economically active, competitive, highly qualified labor power and the weakening of the production potential of Armenia.*
- *Transformation of Armenia into a homogeneous country with all its social and political consequences.*
- *Deformation of proportions of sex-age composition, decrease of education potential of the population of Republic.*

- *Postponement of marriages, the fall in fertility rates, the reduction of family size and the overall decrease in population growth.*

But I would not like to finish my work on these dramatic notes. I prefer to be more optimistic for the future and to give the wishes of Armenians who are far and with whom I have talked.

Each Armenian far from their Motherland does not loose a hope and desire to go back to Armenia. They hope that one-day, when the social-economic situation will change and become well, they will find themselves in Armenia. They know that everywhere except in Armenia they are guests and only in Armenia they can feel themselves at home – their home is Armenia. And we know that everybody wish to live and die at his home.

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