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MIGRATION PATTERNS AND IMPACTS: LESSONS FOR UKRAINE

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MIGRATION PATTERNS AND IMPACTS: LESSONS FOR UKRAINE

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Ukraine's socio-economic after the war recovery should become an absolute priority of state policy and include a number of complex tasks of overcoming catastrophic humanitarian shocks; ensuring accelerated restoration of normal functioning and development of domestic institutions, sectors of the economy and markets; rebuilding housing, transport and social infrastructure; ensuring the development of human potential; and encouraging the growth of positive expectations in Ukrainian society. At the same time, interaction with global actors should be central, in particular, in achieving the social goals set out in the current EU-Ukraine Association Agreement and the tasks associated with Ukraine's EU candidate status obtained in June 2022.

This requires significant resources, physical and human capital, as well as reliable system of their multiplication. However, their natural «losses» and the war make these tasks extremely difficult to implement.

POPULATION/LABOUR MIGRATION – CONTRADICTIONARY MANIFESTATIONS

We have repeatedly emphasised that **human capital is the most important development factor**, and its significant loss will complicate economic recovery. In this context, a special role is played by migration processes that are often associated with the departure of large numbers of people from their «traditional» places of residence for other (safer) regions or even abroad. The outflow of labour for various reasons is not something unusual. Quite the contrary, the vast majority of countries face labour outflows, labour shortages, and the like now and then.

When analysing migration processes, the focus is often on the benefits, risks and losses that migration flows bring to the country of destination. At the same time, it is believed that the country that «exports» the population/labour force bears significant economic, social, and humanitarian losses. While this is true in most cases, one should not forget about certain opportunities and positive aspects for an exporting country. Second, negative consequences will only emerge if the state

takes a passive stance on the issue of citizens leaving the country for permanent or long-term residence.

Therefore, the focus is on migration components and their **impact on the donor country's socio-economic environment (where impacts may be contradictory)**, as well as on certain areas of socio-economic policy that can **mitigate the consequences of workers and their families leaving for abroad or even use such processes for strengthening transformations in the country.**

Loss of human capital. There is no doubt that emigration of large segments of the population or the export of labour poses significant risks to the effectiveness of socio-economic and socio-political transformations. Let's focus on the following.

Although the problem is extremely broad, the so-called «brain drain» particularly stands out as it can be extremely painful for society and its development, both socio-economic and humanitarian. If earlier the brain drain mostly referred to scientists and qualified professionals, who for various reasons¹ wanted to live and work outside their

¹ Most often, these are factors of economic (higher welfare of well-paid skilled work) and political (access to freedoms of the democratic world) nature.

homeland, then such processes in recent years increasingly include not only scholars and members of creative intelligentsia in general, but also students who intend to obtain a Western education and work in various institutions of developed countries.²

The level of brain drain in international comparisons is assessed based on the Human Flight and Brain Drain Index. Of course, the index value for emerging economies is in most cases significant (as flows are directed from emerging to developed countries), while the index for developed countries is much lower,³ and in this case, it is usually not an outflow (since counter-flows can to some extent balance each other), but rather knowledge and experience sharing.

Unfortunately, according to this ranking, Ukraine is actually in the bottom (unsatisfactory) half of the list (Table «Brain Drain Index»⁴), neighbouring Angola, Bolivia, Pakistan, and Peru.

When talking about the factors, components and consequences of migration, attention is often on the countries for which people leave their homeland, and thus on the resulting difficulties and benefits for the host country. Here it should be noted that:⁵

- ✓ immigrants help filling important niches in both fast-growing and slowing sectors of the economy;
- ✓ young immigrants, who make the largest and most mobile group, are usually better educated than older generations and therefore adapt to the labour markets of the host country more easily;
- ✓ at the initial stages of their stay in a «new» country, immigrants are often

BRAIN DRAIN INDEX. 2022*		
	Ranking	Value
Australia	177	0.4
Sweden	176	0.6
Canada	174	0.8
Denmark	172	1.0
Singapore	167	1.6
Austria	164	1.7
United States	163	1.8
United Kingdom	157	2.4
South Korea	143	3.4
China	137	3.5
Poland	115	4.6
Ukraine	81	5.9
Peru	80	5.9
Pakistan	79	5.9
Bolivia	78	5.9
Angola	77	5.9

* Scale from 0-10; lower value means lower outflow.
Ranking includes 177 countries.

ready for a wide range of activities as an opportunity to «get a foothold» in the new country.

Of course, the country's openness to immigrants initially requires significant resources. Therefore, the key question of how to maximise the benefits or minimise the costs of migration, both for host countries and for migrants, requires complex legislative and regulatory coordination not only within individual countries but also in the context of cooperation with partner countries. This is also due to the rapid ageing of the population in most host (developed) countries, including the EU, which increases the demand for migrants to compensate for labour shortages in certain areas or based on social opportunities and needs (box «Specifics of immigration policy»⁶).

² Li W., et al. Intellectual migration: considering China. – <https://www.tandfonline.com/doi/abs/10.1080/1369183X.2020.1739393?journalCode=cjms20>.

³ Of course, mental work in developed countries is valued much higher than in emerging ones.

⁴ Human flight and brain drain – Country ranking. – https://www.theglobaleconomy.com/rankings/human_flight_brain_drain_index/.

⁵ Is migration good for the economy? – <https://www.oecd.org/migration/OECD%20Migration%20Policy%20Debates%20Numero%202.pdf>.

⁶ Brexit and the future of immigration in the UK and EU. – <https://www.financierworldwide.com/brexit-and-the-future-of-immigration-in-the-uk-and-eu/#.W-vhiPkzaHs>.

SPECIFICS OF IMMIGRATION POLICY

Migration policies may vary significantly even in the neighbouring countries, including developed European nations. Below is a brief comment on the specifics of immigration policy changes in the UK following Brexit.

As an EU member state, the UK had a fairly open migration policy before the “divorce”. In particular, citizens of most European countries could mostly freely live and work in the UK. As a result, the Kingdom’s governments have been consistently criticised by the locals and communities, who saw immigrants as the cause of unemployment among the local population.

Today, the UK seeks to limit migration from mainland Europe by introducing work and residence permit

criteria for EU citizens, similar to the system that previously applied to non-Europeans. In other words, EU citizens will now have to apply for work permits based on their qualifications and skills and can be classified into one of two groups – “low-skilled” or “high-skilled” workers. The former will be eligible for temporary permits lasting two to three years but will not be eligible for long-term residence. High-skilled workers will be eligible for a five-year work permits and eventually apply for residence.

Therefore, high-skilled workers are always welcome in a country, including in the context of building human capital. As for low-skilled workers, the need for them is rather situational.

A significant number of migrants who have no close relatives in the country of destination still try to join the labour force of this country. And according to experts, an increase in the migrant inflow by 1 percentage point relative to total employment in the country increases production by 1% in the fifth year of migrants’ stay in the new place.⁷

While the host country can partially regulate migration flows and thus receive more benefits than losses, the consequences for the countries of emigration are seen as negative or contradictory.

First of all, the negative effects concern human capital and the outflow of skilled labour. In particular, the outflow of skilled labourers affects the migrants’ countries of origin in the following ways:⁸

- ✓ human capital of the country of origin weakens, thus creating a shortage of highly skilled labour;
- ✓ at the same time, labour productivity decreases together with reduced filling of budgets;
- ✓ the need for social protection is growing against the decreasing resource revenues;

It should be added that labour outflows affect the institutional and macroeconomic capacity of the country as a whole through:

- ✓ reduced quality of work of government institutions in the exporting country, as some skilled civil servants may also leave or move to the private sector to replace those who have emigrated;
- ✓ reduced incentives and lower attractiveness of the business and investment climate, as international business is highly dependent on the quantity and quality of potential employees in labour exporting countries;
- ✓ imbalanced tax system with the redistribution of tax revenues from income taxes (due to the lack of demand for highly skilled labour and added value in production) in favour of consumption taxes. However, given the low purchasing power of households, maintaining an «average» standard of living requires an inflow of funds from migrant workers or those who have settled and work abroad;
- ✓ forced redistribution of funding in areas related to human capital. Thus, deterioration of the demographic structure

⁷ McDonald M., et al. Migration to Advanced Economies Can Raise Growth. – <https://www.imf.org/en/Blogs/Articles/2020/06/19/blog-weo-chapter4-migration-to-advanced-economies-can-raise-growth>.

⁸ P. Izhevskiy, I. Kravets, International migration of labour force and its impact on the domestic labour market of Ukraine – <https://economyandsociety.in.ua/index.php/journal/article/view/1915/1843>.

due to emigration («loss» of young people and increase in the share of older people) prompts increase in spending on social assistance programmes, primarily pensions, while spending on education needs to be reduced.

However, even in such situations, one should not ignore some positive consequences: for example, a shortage of skilled labour in the face of needs and measures to stimulate or accelerate economic growth is a factor in the noticeable growth of wages in certain industries or professions. Although this brings certain inflationary risks, the positive accelerated dynamics absorbs such risks, leading to a real improvement of well-being in the country even with the loss of labour.

Ukrainians' (un)preparedness to migrate.

It is not surprising that migrants face the risk of the so-called poverty trap, which is not easy to escape. This is often due to the fact that resettlement from one's own country to, for example, Western Europe requires significant funds. Various intermediaries promise financial assistance, but in reality, it can be a financial «noose».

For today's Ukraine, this has a very ambiguous consequence. The fact is that many Ukrainians before the war sought to migrate to the EU countries, but understood that, first, they would hardly find a job that would pay their current expenses, including housing and utilities and «normal life» in general, and second, they hardly had any prospects abroad without a stable job due to lack of knowledge of the language, proper specialisation and qualifications, and the like.

The war and the support of the Europeans opened a window of opportunity for this category of Ukrainians, as humanitarian and social assistance, housing and employment benefits create preconditions for staying in

Europe, even for those who had only dreamed of it before with the hope that the current problems would be resolved over time. And this is probably the only way for those who have lost their homes and livelihoods due to the war to maintain at least the smallest level of well-being.

It should be reminded that migration flows are very difficult to regulate, even if there is a need to do so.⁹ In particular, the numerical indicators of the migrant inflow and outflow do not always correspond to actual situation, even if to ignore irregular migration, whose participants eventually become legalised. For example, during the coronavirus pandemic, a significant number of migrants got «stuck» elsewhere because they were unable to return home following the introduction of significant restrictions and bans on entry to countries.¹⁰ Although governments found a compromise and extended temporary residence and work permits for migrants already in the country to avoid uncontrolled riots and unrest, this was only a partial solution for regulating migration flows, which could not resolve the socio-economic difficulties of migrants and their families.

This is something that Ukrainian migrants and displaced persons who found refuge in EU countries in 2022-2023 should take into account.¹¹ However, it is likely that not all Ukrainians who have left the country will enjoy the «preferential» procedure for obtaining various permits in the coming years. Similarly, the «temporary» status will not always be acceptable for Ukrainians themselves.

However, it was not only the legalisation of Ukrainians in the EU that played a significant role in migration processes originating from Ukraine.

At the beginning of the war, the European Union adopted unprecedented measures to

⁹ World Migration Report 2022. – <https://publications.iom.int/books/world-migration-report-2022>.

¹⁰ Estimates of the components of international migration. – <https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1710004001>.

¹¹ As of February 2023, more than 4.8 million Ukrainian refugees registered for temporary protection schemes in Europe, including more than 2.1 million in euro area countries. This figure is significant and corresponds to about 0.6% of the euro area population. More than 1.5 million refugees registered in Poland, which makes it the largest recipient country of Ukrainian refugees in Europe, while almost 0.5 million refugees registered in Czech Republic. Both countries record a population share of Ukrainian refugees above 4%. – Botelho V., et al. Integrating Ukrainian refugees into the euro area labour market, <https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog.230301-3bb24371c8.en.html>.

ensure free access to the labour market for Ukrainian migrants. Activated in early March 2022, the EU Temporary Protection Directive grants refugees from Ukraine the right to be immediately employed or self-employed. Moreover, although the domestic policies of many developed countries are restrictive in relation to immigrants, primarily in terms of employment, access to social services, and the like, most OECD countries have introduced similar provisions following the EU.¹²

In other words, unlike previous waves of refugees, Ukrainian citizens have been entitled to immediately (after official registration) join national labour markets. This, on the one hand, reduced the pressure on the host countries' public finances, and on the other hand, accelerated the adaptation of Ukrainians in the «new» country.

It should be noted that significant immigration flows in the past used to «un-nerve» societies of European countries, even causing the EU migration crisis in the first half of the 2010s, as such flows were expected to produce complications in labour markets, lower wages due to an excess supply of cheap immigrant labour, increase imbalances in the social system, undermine the security situation and the so on.

Today, however, the situation is «reversed», as Ukrainian immigrants immediately try to find a job (although not always successfully), while their diligence and conscientiousness have long become their trademark in the EU countries.¹³ A recent UNHCR survey suggests that about 40% of Ukrainian refugees were either employed or self-employed as of February 2023, corresponding to roughly half of those who had previously worked in Ukraine.¹⁴

Europeans' quietness regarding the influx of Ukrainians is also due to the fact that their arrival and entry into labour markets is unlikely to reduce wages or lead to higher

unemployment in European countries, as many of them face much higher risks of labour shortages, including due to population ageing.¹⁵

MIGRATION LESSONS OF CENTRAL AND EASTERN EUROPE

Ukraine is now facing severe challenges related to the loss of its people and, consequently, labour shortages, including as a result of massive emigration, with the largest share of Ukrainians who have moved abroad finding refuge in Poland, the Czech Republic, Germany, and, as a percentage of the country's citizens, the Baltic States. However, until recently, these countries also suffered from a significant outflow of population.

In this section, the authors will focus on peculiar socio-economic processes in some countries of Central and Eastern Europe (CEE), in particular Poland and the Baltic States, which **faced significant emigration flows during their own transformations but managed to embark on the path of sustainable growth and development**. Their experience shows that labour migration does not pose critical risks or inevitable negative consequences for the country and its further development. Rather, it produces a number of challenges that, when addressed, create an environment of opportunities that can largely compensate for direct migration losses.

Dynamics of macroeconomic environment.

The collapse of the Soviet Union led to the intensification of significant migration flows, namely large masses of people from former socialist countries migrating to Western democracies.

It is worth recalling that in the late 1980s and early 1990s, thousands of people left Poland for Western Europe. At that time, the first «post-socialist» wave was quite unexpected for the countries to which Poles entered, as the supply of Polish labour was

¹² Responding to the Ukrainian refugee crisis. – https://www.oecd-ilibrary.org/sites/30fe16d2-en/1/3/4/index.html?itemId=/content/publication/30fe16d2-en&csp_97175d429ae5e4e04cd3cccbbfc84945&itemIGO=oecd&itemContentType=book.

¹³ Even before the war, back in the late 2010s, many European countries stepped up measures aimed at increasing quotas and extending temporary visas for Ukrainian seasonal workers.

¹⁴ Botelho V., Hägele H. Integrating Ukrainian refugees into the euro area labour market. – <https://www.ecb.europa.eu/press/blog/date/2023/html/ecb.blog.230301-3bb24371c8.en.html#footnote.4>.

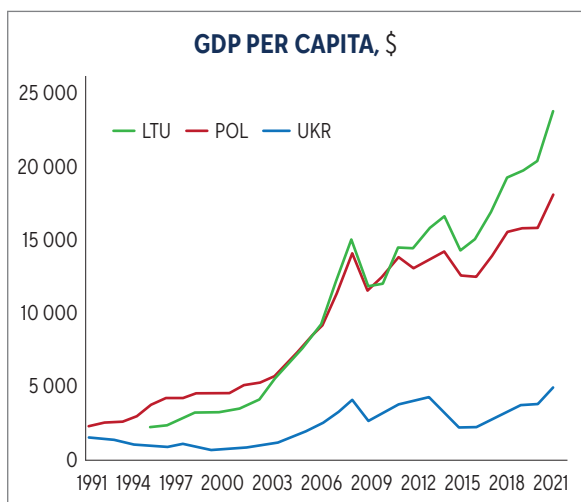
¹⁵ Ukrainian refugees in the European labour market: problems and challenges. – <https://proukrainu.bleisk.cz/ukrainski-bizhentsi-narynku-pratsi-yevropy-problemy-ta-vyklyky/14>. 8. 2022.

way ahead of the labour demand from Western European businesses. Thus, the migrants had little choice but to take up low-paid, low-skilled jobs.

However, one should also recall that a decade later, some recent immigrants managed to adapt to the new environment, while others even returned home with the intention of either starting their own businesses or having gained appropriate experience, working in prestigious companies that had been formed in the country over the past years.

Let us look into some interconnected processes surrounding migration flows and their reflection in the economic performance of Poland and the Baltic States (mainly Lithuania).

First, it should be pointed out that one of crucial factors in «calming down» emigration intentions is economic – GDP growth, which had particularly accelerated after the countries joined the EU (Figure «GDP per capita»). In the 1990s and 2000s, forecasts about the prospects of the Baltic states were mostly pessimistic due to their small population, lack of resources, widespread emigration. In reality, however, the **vast majority of former socialist states managed to create dynamic economies** that consistently raised social standards for their citizens.



Particularly successful is Lithuania, which, having faced significant problems in the early years of reform, has been demonstrating progressive economic trends in recent years and even surpassed Poland in terms of productivity. The country's progress slowed down during the Global Financial Crisis of 2008-2009 and the debt crisis in several EU countries in the mid-2010s, although the state of these countries' finances has remained quite stable during their independence. However, the pace of growth of well-being has since increased again.

Lithuania's peculiarity is its geo-structural policy, which is also becoming a factor of success. Unlike Latvia, for example, where most political, economic, and humanitarian activity is centred in the capital city of Riga, and the rest of the territory rather plays the role of a periphery, Lithuania's business activity is almost evenly distributed throughout the country, and a number of important cities, including Kaunas, Siauliai, and Klaipeda, are quite comparable to the capital Vilnius in economic terms. This allows the country to take advantage of the relative strengths of the country's regions, as well as to attract additional resources from EU funds for regional or infrastructure development.

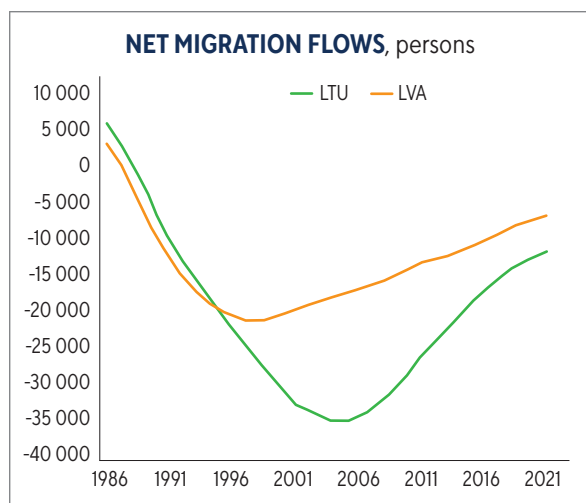
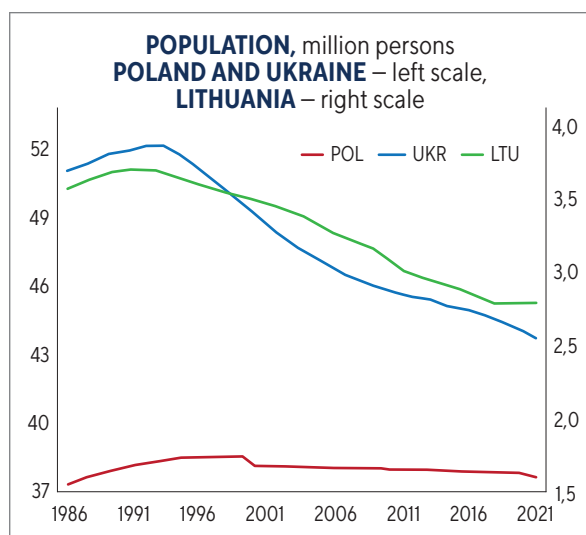
This is very important for addressing migration problems. Said regional distribution of Lithuanian population also means that many Lithuanians live in small towns and villages, where jobs are usually scarce and therefore it is not easy to find a job, which «forces» those who want and able to work out of their usual way of life. Supporting and promoting job creation in the regions means more incentives to continue living in the familiar environment and thus reducing emigration.

It should be emphasised that the accelerated positive economic dynamics for Poland and the Baltic States took place amidst a consistent decline in population, which began in the early 1990s¹⁶ and continues to this day (Figure «Population»), largely due to natural factors (low birth rate,

¹⁶ In the late 1980s and early 1990s, after the collapse of the Soviet Union, many previously deported Poles, Latvians, and Lithuanians returned to their homeland. Such immigration processes led to a temporary increase in the number of citizens.

retirement of the older generation) and large emigration flows. For example, the number of citizens in Latvia and Lithuania has decreased by one-third over the past decades. This should suggest the decline of such countries, but in reality, the situation is the opposite.

Interestingly, emigration flows from the Baltic States increased markedly during 1990s, mainly due to political factors, and until the mid-2000s (Figure «*Net migration flows*»). However, accession to the EU in 2004 played an almost decisive role in slowing down emigration from these countries. Gaining free access to European markets and financial resources helped Baltic citizens understand the stability and prospects for their own development.

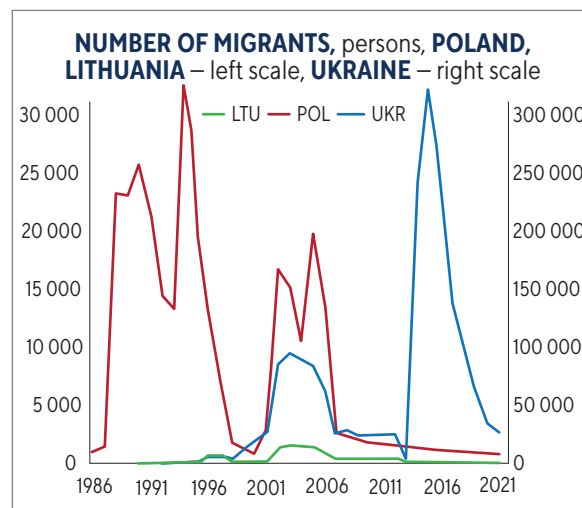


«-» means the excess of emigration over immigration.

As Poland and the Baltic States outlasted the Global Financial Crisis of 2008-2009 and the crisis processes in Western and

Southern Europe in the early 2010s more easily, their successful economic dynamics created preconditions for the return of some of those who had left the country earlier. And with the gradual improvement of the socio-economic situation, especially after joining the EU in 2004, the Baltic States became increasingly attractive to workers and migrants from other post-Soviet states, so the net outflow of population gradually decreased. According to preliminary data, in 2022, more Lithuanians returned to the country than left it.

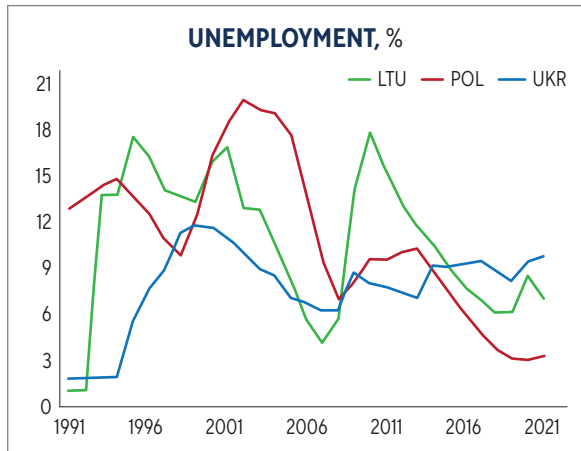
Of course, the flows from Central and Eastern Europe in general and the countries in question in particular were West-bound and largely correlated with economic dynamics. For example, the largest emigration wave from Poland occurred in the early post-socialist years, when the country was undergoing complex and controversial economic «*shock therapy*». Another wave, which already included the Baltic States, took place in the mid-2000s (Figure «*Number of migrants*»), after these countries became full-fledged EU members and thus could take advantage of all the benefits of developed countries.



Employment and unemployment.

A significant contradiction in migration processes reveals itself in the context of employment / unemployment. Consistent economic growth in post-socialist countries created conditions and offered opportunities for accelerated wage growth and better employment (Figure «*Unemployment*»). It should be added that amidst relatively low labour supply typical for the first decade of post-socialist countries, a certain outflow

of labour serves as a significant factor in easing socio-economic tensions associated with high unemployment, at least in the short term.



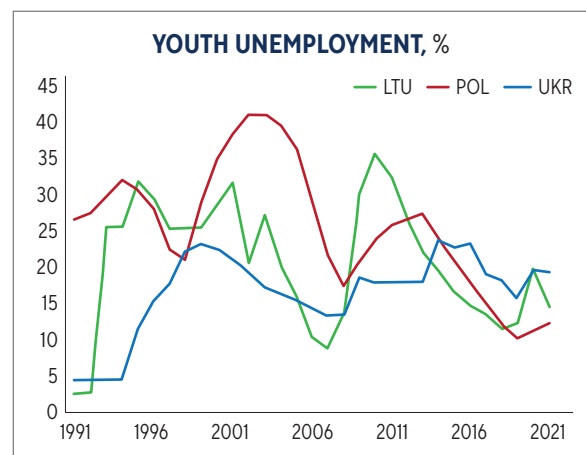
In turn, successful economic policy has helped strengthen national businesses, which, together with the increase in produced GDP, has contributed to the expansion of labour supply. Significant progress in curbing unemployment was achieved only in the last decade, and this did not go unnoticed by those emigrants and migrants who intended to return home – as unemployment declined and incomes stabilised at a relatively high level, net immigration outflows decreased.

Rising real wages and purchasing power, as well as continued positive economic dynamics, entail not only an increase in employment, but also a **growing demand for additional labour**, which may be complicated by the population’s deteriorating age structure. The 1990s, when significant transformations occurred and emigration accelerated, can be described by a natural decline in the birth rate. That is, there are high risks that the most productive part of the population in the next decade will be small and have less influence on accelerating economic growth.

It is worth noting that many countries are making efforts to **keep older people active in the workforce**, and not only by extending the

retirement age, but rather introducing special types of activities that allow retirees willing to work to remain involved. It is likely that such programmes will expand, which, in addition to at least partial job preservation, will help address the issue of social support or social adaptation of pensioners to new living conditions.

Although employment in the CEE countries is yet to be stabilised, two circumstances deserve special note. First, the countries have managed to cope with youth unemployment, which has fallen below 15% (Figure «Youth unemployment»), which is a positive signal for slowing down emigration.

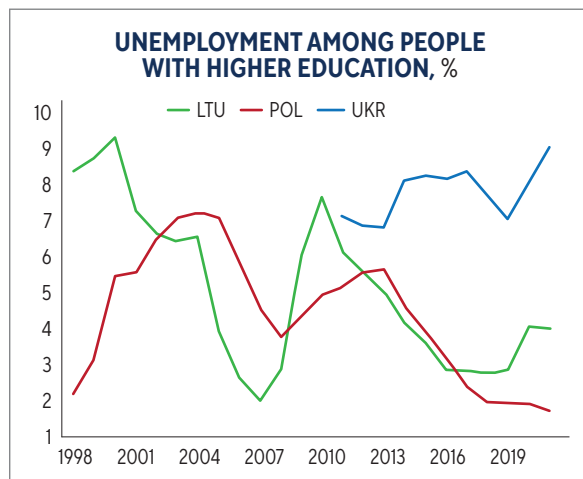


Second, unemployment among people with higher education in Poland and Lithuania is practically non-existent (Figure «Unemployment among people with higher education»), which is an important factor in preserving intellectual and human capital in the countries.¹⁷

Two more important features of the state policy have manifested themselves in Lithuania. In particular, a number of policies are primarily aimed at **strengthening human capital** but may also have an **impact on accelerating emigration** – that is, the results are contradictory, as in many other policies. First, a significant role in retaining young people in the country is played by the policy of involving educated youth in the public administration system, raising the prestige

¹⁷ For example, people with higher education in Latvia still demonstrate a rather high unemployment rate. Therefore, Latvian emigration is characterised by the flight of young, educated people who are focused on long-term or even permanent departure from their homeland.

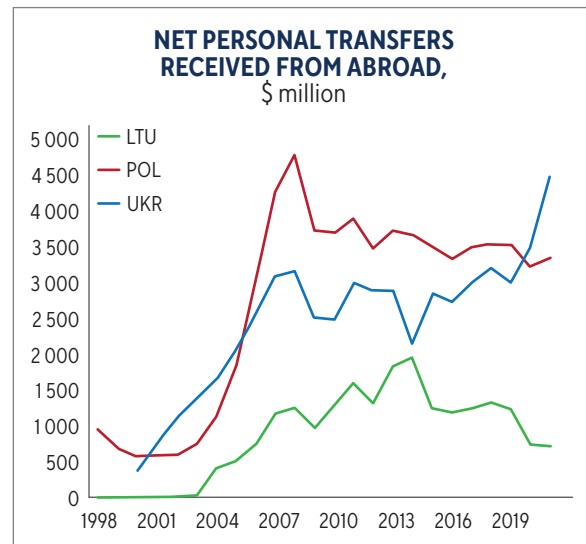
and quality of public administration, which is now reflected in international indices. Thus, while Lithuania's Public Administration Performance Index was 79.8 in 2017, it increased to 80.8 in 2019 and already reached 82.7 in 2020. However, the acquisition of managerial skills increases the quality of young civil servants, and thus the demand for them from the private sector, including the foreign one. That is, there may be a «leaching» of highly skilled employees from the national public sector.



Second, **improving education** as a component of human potential development, which is one of the Baltic States' top priorities, significantly **lowers barriers** to young people's Westward migration. The fact is that back in the early 2000s, when it became clear that 10 post-socialist countries would soon become EU members, knowledge of foreign languages became a prerequisite for employment in the candidate countries. In Lithuania, for example, it became a «norm» that university graduates, in addition to a perfect command of their native language, had to know at least two languages of the EU countries – English as a compulsory plus German, French, Spanish, and so on.

Transfers. Emigration-related losses of labour create significant imbalances in national labour markets. However, it is also appropriate to consider the benefits, associated with emigrants, even though they may not compensate for all losses.

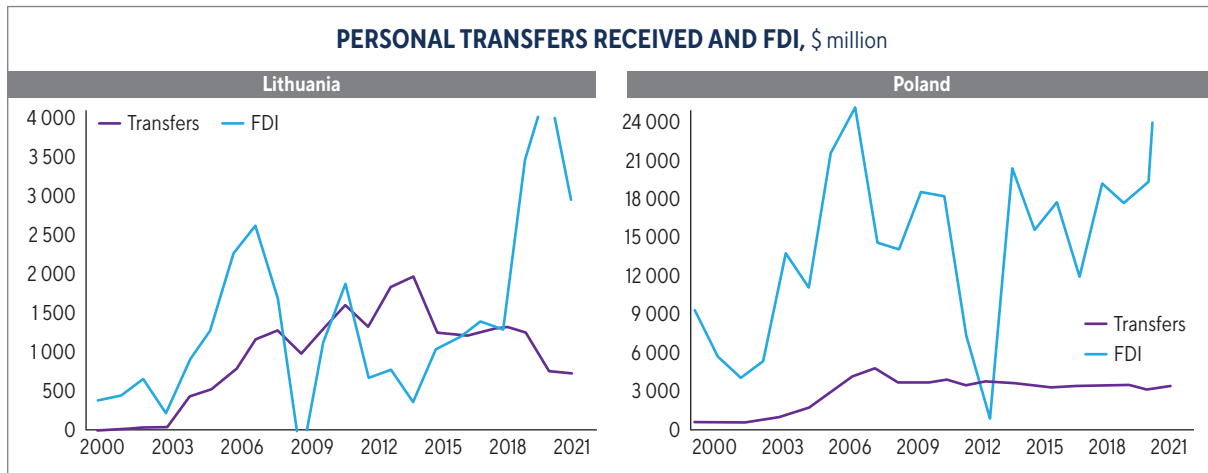
All labour-exporting countries have one thing in common – «reverse flows» or sending part of the earnings to families that remain at home. And even decades later, such resources continue to play a significant role.



Although the population in the countries under study has decreased significantly, the volume of transfers shows only slight decline (Figure «Net personal transfers received from abroad»). The stability of transfers accompanying the above-mentioned GDP per capita growth means that the disposable income of families that have remained in their home country is increasing, and thus improving purchasing power and well-being, which is a factor in deterring emigration.

Let's make one more general remark. Being very important in the context of household income, personal transfers also serve as an investment, both in terms of increasing savings in the GDP structure and increasing spending on cars, real estate, construction of own housing, and business creation. Such transfers are particularly important for small economies, such as the Baltic States and Ukraine,¹⁸ where the volume of transfers is fairly stable and can be commensurate with the volume of foreign direct investment (FDI) inflows (Figure «Personal transfers received and FDI», Box «FDI in the GDP structure»).

¹⁸ In 2021, Lithuania's nominal GDP was \$66 billion, and Latvia's was \$40 billion. For reference, Ukraine's was \$200 billion.



FDI IN THE GDP STRUCTURE

FDI as an important factor of growth and employment deserves an additional comment.

For countries embarking on transformation, foreign investment can play a crucial role in the formation and multiplication of national capital, which is usually extremely small for a successful start of the country's recovery process.

That is why significant FDI inflows in the GDP structure in the first years of rebuild (Figure «Net FDI inflows») in the late 1990s are in fact a reflection of foreign investors' interest and willingness to support the economic acceleration of a particular country.

Year	LTU	POL	UKR
1995	1	2	0
1998	8	4	1
2001	3	5	2
2004	1	5	2
2007	7	6	7
2010	0	4	4
2013	1	4	4
2016	2	3	4
2019	8	5	4

The above imbalances and contradictions in labour supply/demand, where, along with migration outflows that reduce supply, there are positive recovery processes that require additional labour resources, suggest the need for foreign labour. However, foreigners' access to the national labour market often generates serious humanitarian, social, and psychological contradictions that can easily escalate into inter-ethnic confrontations. Bearing this in mind, countries try to develop the legal and institutional framework for attracting foreigners to employment in advance. Anticipating such employment deficit in Ukraine, it would be appropriate to start designing relevant policy measures now.

Thus, despite the risks of the transformation period, post-socialist countries have unfailingly overcome adversity, coped with the challenges and introduced measures aimed at accelerating the formation and further strengthening of human capital even

in difficult conditions. This, in turn, created conditions and opportunities for sustainable socio-economic growth and development. And there are reasons to believe that such policy directions can be effective for Ukraine as well.

SOME CONSEQUENCES AND LESSONS FOR UKRAINE

Ukraine is facing a difficult task of restoring and strengthening its human capital in the post-war period. The war destroyed thousands of production facilities and millions of jobs, some of which will never be restored. Moreover, the requirements of competitiveness will entail not just rebuilding of old production facilities, standards and technologies, but also the formation of a new quality of workers who will be able to work effectively in new information and technological environments. Under such conditions, the risks of further economic losses will no longer be inevitable.

Therefore, establishing a **retraining system for workers**, which has been in decline in recent years, will be crucial for new environments, as it will facilitate redistribution of labour to sectors that are likely to be most active – and hence well-funded – in the post-war period, including construction, engineering, health-care, information technology.

The pandemic and the war have created huge gaps in education that cannot be recompensed by distance learning, so bridging the accumulated gaps should be a priority in Ukraine's recovery. Therefore, secondary education should form a solid foundation for further pursuit of modern knowledge and practices, which can provide young Ukrainians with decent personal competitiveness in domestic and foreign labour markets.

Unemployment among young people with higher education is a significant factor in the loss of human capital and a «push» to emigration. Meanwhile, fluency in at least two European languages has not yet become the norm for Ukrainian university graduates. A good knowledge of foreign languages not only creates personal advantages in the labour market, but also shapes a new civilisational environment in Ukraine. This is especially relevant given the expected growth of international projects in Ukraine in various fields aimed at the post-war recovery, which will increase the demand for qualified personnel with knowledge of several European languages.

Moreover, even if leaving the country, educated young Ukrainians bring certain benefits to Ukraine's international image and its social and psychological perception by people in other countries, since the civilised nature of a particular nation is largely evidenced by its citizens and their actions abroad. The perception of Ukrainians as an educated, civilised, and hardworking nation is likely to become a factor in the country's business and investment attractiveness in the near future. Therefore, despite the risks of the outflow of educated young people, the «struggle» for proper education in Ukraine should only intensify.

The employment policies of many developed countries are noted for their efforts

to involve older people in economic processes, and not only by extending the retirement age, but rather by encouraging and facilitating their socially useful work in areas where their knowledge and expertise may be in demand. Also, this could become a factor in encouraging pensioners to continue their active life, to take a careful rather than indifferent attitude to their health, and so on.

In Ukraine, one way to mitigate the negative impact of the growing shortage of young people in certain sectors of the economy and public life as a result of military losses or emigration could be lowering or even removing age restrictions, for example, when appointing to civil service or local government positions, etc. Obviously, this would require higher level of digital literacy and other necessary knowledge and skills, and thus would be an incentive for further development of adult education in Ukraine.

Speaking about the early return of Ukrainians to their homeland amidst the decline in almost all areas of economic activity, it is necessary to answer the question of how these returnees will affect the labour market with its current high unemployment rate.

Moreover, the shortage of personnel, including due to natural and migration decline, means that Ukraine may need to attract foreign labour. This is especially true for liberated regions that were destroyed by the war. Given the geography of modern migration flows, Ukraine can expect an inflow of labour primarily from Asian countries. Accordingly, we need to be prepared for socio-cultural and socio-psychological challenges, which, as other countries' experience shows, have a significant conflict potential, offsetting the positive economic effect.

Therefore, in order to successfully attract labour resources from other countries, Ukraine needs to have a well-thought-out migration policy that includes compliance with international standards in the fields of migration, international protection, employment and integration. This will also allow for a better understanding of the areas of support for Ukrainians abroad.