

INCREASING THE POSITIVE ROLE OF LABOR MIGRATION IN THE ECONOMY OF UZBEKISTAN

Safarov Sindor Sanjar o'g'li

Tashkent State University of Economics Masters' student in MME-01

+998932403308 s.safarov@tsue.uz

Abstract: This article presents an analysis of migration and its meaning, causes and consequences of labor migration, and the impact of labor migration on the economy of Uzbekistan. Practical recommendations for improving the foundations of sustainable development are also highlighted, and it is recommended to lay the groundwork for future green migration routes.

Keywords: migration, labor migration, Cobb-Douglas function, analysis of labor migrants of Uzbekistan, money and market goods, long-term migration directions.

Introduction.

The word migration has been given the same definitions in different forms. For instances, 'Migration is the movement of persons away from their place of usual residence, either across an international border or within a State, to a new residence.'¹ by International Organization for Migration, and 'Migration is the movement of people from one place to another, to settle in a new location.'² by European Parliament. But in short, "Migration" means the movement of people from one area to another. There are two main reasons for population migration in the world: political and economic. The political cause arises due to political instability in a certain country and forms the flow of refugees. But now the economic reason of migration is playing a more important role. People's attempts to improve their quality of life are shaping their migration from rural to urban areas and from developing countries to developed countries. It is necessary to clarify the positive possibilities of labor migration and develop recommendations for the economy of Uzbekistan, because the economy of our country is formed through international and domestic relations.

The main part.

Labor is the basis of any production. This is well established in the Cobb-Douglas production function:

$$Q=A*L^a*K^b$$

Whereas Q - output, A- technological development, L - labour, K - capital, a - output elasticity w.r.t. labour, b - output elasticity w.r.t. capital.

For developing countries like Uzbekistan, the fastest change in terms of increasing production, increasing GDP, stimulating exports, and increasing effective employment can be achieved only at the expense of labor migration. For this reason, we assume that it is natural for the country to reach the level of developed countries in the production of its technological progress. Because labor productivity is somewhat higher in developed

¹ <https://wmr-educatorstoolkit.iom.int/module-1-what-is-migration-resources>

² <https://www.europarl.europa.eu/topics/en/article/20200624STO81906/exploring-migration-causes-why-people-migrate>

countries, and it is easier for Uzbekistan to ensure technological backwardness on the basis of technological purchases. If we build production on the basis of capital, higher human capital plays a key role to achieve efficiency in capital expenditure, and assuming that capital will run out in the long run, this has a negative effect on our economy. Based on these principles, the analysis of labor migration is important.

Uzbek labor migration numbers have reportedly declined over the past decade-plus. In 2010-2014, upwards of 4 million Uzbeks were estimated to work abroad; today the estimates range from 2-3 million, according to Uzbek media reports. The new measures strive to reduce the level of illegal labor migration. Upwards of 90 percent of migrants go abroad without formal work authorization. Those working abroad account for a significant share of Uzbekistan's economy. According to World Bank figures, Uzbek labor migrants sent home \$16.7 billion in remittances in 2022, an amount equivalent to 21 percent of GDP. Numbers fell significantly in 2023, but are still substantial. These funds, while enriching the country's money market, can have a negative impact on the goods market. The reason for this is that they are not supplied with local goods, and because of this, domestic prices will have an inflationary effect. To prevent this, I recommend providing these currencies with imported products, and the main part of these imported products should be reflected in high technologies that stimulate production.

A decree issued by Uzbek President Shavkat Mirziyoyev in early April significantly expands the authority of the government's External Labor Migration Agency. It should be noted that all the countries mentioned in this decision are developed countries. In the weeks since the decree's publication, Uzbek officials have signed labor-migration agreements with several foreign states. For example, the UK has agreed to accept up to 10,000 Uzbek medical professionals to work as support staff at hospitals and clinics across Britain, according to an April 28 Uzbek report. Another deal has created 390 openings for Uzbek workers at Volkswagen and Volvo facilities in Slovakia, according to Radio Ozodlik, RFE/RL's Uzbek-language service.

If we expect that many of these migrants may return to their homeland in the long term, when they return to Uzbekistan, they should be effectively attached to the production or service sectors according to their specialties. Otherwise, when they spend their income, they will go abroad again in the long term, which can serve to increase the gap between the real and potential GDP of our country. For this, it is necessary to improve the organization of production that matches the interests of those specialists. It is also necessary that we define actions that are aimed at increasing the effectiveness of green employment, inclusive employment and similar employment in accordance with long-term development strategies.

Conclusion:In general, labor migration has its causes and consequences, which are highlighted in the article to a certain extent. Labor migration from developing countries like Uzbekistan to developed countries has a direct and indirect impact on the country's economy. Uzbekistan is following the path of development, using long-term strategies to increase the positive impact of labor migration on the national economy. Several recommendations for increasing the efficiency of migration and sustainable development for the country were highlighted.

References:

1. Decision of the Senate of the Oliy Majlis of the Republic of Uzbekistan, Law of the Republic of Uzbekistan "On Foreign Labor Migration" dated 13.09.2022 No. SQ-617-IV
2. Kalandar Abdurahmanov. Labor economy: Theory and practice / Textbook. Revised and supplemented 3rd edition. T.: "Fan" publishing house of the Academy of Sciences of the Republic of Uzbekistan is a state enterprise. T.: 2019.-544 p.
3. <https://eurasianet.org/uzbekistan-striving-to-improve-conditions-for-labormigrants#:~:text=Uzbek%20labor%20migration%20numbers%20have,level%20of%20illegal%20labor%20migration>
4. <https://www.iom.int/countries/uzbekistan>
5. <https://mehnat.uz/en/subordinate-organizations/position/241>