

## Economic Theories of Labor Migration

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### Abstract

*The article presents the review of labor migration economic theories evolution from the middle of the XIX century, when Ravenstein E.G. founded the modern economic theory of manpower migration in market economy, to the latest ideas of labor migration regularities within New Economic Geography framework by P. Krugman. On the research basis, the conclusion about absence of the uniform theory of labor migration and its moving factors is received. However, the existing theoretical approaches may be used to solve certain social and economic objectives.*

**Keywords:** migration laws, Ravenstein, push and pull factors model, neoclassical migration theory, dual labor market theory, world-systems theory, labor migration, new economic geography

### 1. Introduction

Migration always played an important role in formation of the population and, respectively, labor market of the certain countries and territories. However, basic changes of character and the direction of migratory streams occurred from the second half of the XIX century. First of all, it was caused by revolutionary changes in life and working conditions of the population in most developed countries of Europe and the New World, owing to rapid development of the industry, transport and communicative means. Construction of factories, railroads and mass production with division of labor and economy from scale changed the nature of work, and also territorial possibility of its implication. Millions of people were torn off from the traditional residence and compelled to hit the road in search of the better life.

In the beginning as a terminal point of movements, the so-called countries of traditional immigration – Australia, Canada, and the United States were allocated. However, in post-war time in the world grew not only the migrations volume, but also its structure changed: instead of Europe, the countries of Asia, Africa and Latin America became the dominating source of migrants in the world, and Europe itself began to accept migrants actively. At a boundary of the 1970th and 1980th even the countries of Southern Europe, Italy, Spain and Portugal, many decades delivering migrants in the New World and richer countries of Northern Europe, started taking workers from Africa, Asia and Eastern Europe.

In 1990-2000-ies labor migration increased many times and gained the supranational institutional character connected with disintegration of the Soviet Union, formation of fifteen new states and political regimes change in nearly twenty countries of Eastern Europe which inhabitants emigrated mainly for economic reasons being guided, at the same time, on mental, cultural and political factors.

In the XXI century there came the new migratory stage, which captured the whole countries of the North Africa and the Asian macroregion. Largely caused by military threat, humanitarian and political factors, labor migration got a character of mass and badly controllable phenomenon. Today labor migration amplifies, despite of significant language, cultural, religious and political distinctions of migrants and the population of the countries in which they arrive.

The process of labor migration became considerably more active in recent years; moreover, the tendency of its growth around the world can be observed. US Department of Labor estimates that the share of labor migrants increased from 150.3 million people in 2005 to 231.5 million people in 2013 and reached 3.2% to the total number of a world's population. In 2013, industrialized countries received 135.6 million labor migrants (10.8% of the population), and developing countries – 95.9 million people (1.6% of the population). This is almost 40% higher than similar indicators in the beginning of the 2000s.

In these changing conditions, most sharply there was a question of theoretical judgment of labor migration prospects and forecasting its influence on developed and developing countries labor markets. There is no uniform, harmonious theory of migration nowadays. The existing theories were developed generally in a separation from each

other and describe only several aspects. Nevertheless, all of them can serve as a starting point for understanding of modern migratory processes and their influence on the labor markets.

## **2. Migration Laws of E.G. Ravenstein**

English and German geographer E.G. Ravenstein made one of the first attempts to conceptualize migratory processes in his work 'Laws of Migration'.

The famous English statistician and the demographer U. Farr at the end of the XIX century stated a hypothesis that migrations develop without any certain regularities, like chaotic Brownian motion. This statement was challenged by his contemporary E.G. Ravenstein (1885) who considered that the general regularities of migratory processes development can be revealed. In response to U. Farrah, he formulated of migration laws (Ravenstein, 1885). Originally, it was seven laws, subsequently, when studying migratory data on the USA and other countries their quantity increased to eleven. Ravenstein migration laws attempt to explain and forecast both internal and international migration. Many of these laws are fair up to the present moment; they continue to serve as a starting point for the majority of migration models even more than a century later that testifies their objectivity and deep theoretical validity.

On the basis of studying of large volume of empirical material, Ravenstein (1885) allocated the following laws of migration:

- There is a reallocation of the population between territories.
- Territories differ mainly according to economic characteristics.
- Most of migrants move to short distances.
- Migration happens step-by-step.
- To each migratory stream there corresponds the return stream.
- Migrants on long distances migrate in large industry and trade centers.
- City residents are less mobile than residents of rural areas.
- Women are more mobile than men in movements within the country; men are more mobile than women in movements on long distances.
- Big cities grow mainly because of migration.
- The volume of migration increases with development of the industry, trade and transport.
- The main reasons of migration are economic.

Migration laws had a huge impact on the later works in the field of modeling and conceptualization of migratory processes. Based on extensive empirical material, E.G. Ravenstein managed to allocate accurately and rather objectively basic characteristics of migratory processes. However, his laws have quite descriptive character and explanations the migration reasons and the factors promoting reproduction of this phenomenon are absent.

## **3. Push/Pull Factors Model of Everett S. Lee**

Along with Ravenstein laws, econometric model of Everett Li developed in the 1960th also belongs to classical migratory theories. According to this model, various groups of migration factors operate on each territory: the holding, pulling and pushing out, defining arrival and leaving, where some factors affect most of people, and some – only certain individuals.

In his eminent research, Li (1966) one of the first managed to point the factors influencing migratory processes. Some factors of economic character (unemployment, low level of the income, heavy taxes) can belong to the pushing; social and political (poverty, discrimination, restrictions on a freedom of worship and religions, wars); adverse natural and climatic conditions, etc.

The high level of economic development, higher income, safety, opportunity to get access to labor market (including in informal sector that is especially important for illegal immigrants) and other factors belong to pulling ones.

Together with pushing and pulling, migratory processes are affected by intermediate factors. Intermediate factors increase with growth in distance between territories and they can act as limiters of migratory streams. These include transportation costs, legislative regulation of movements, availability of information on the alleged region of arrival, etc.

Li (1966) notes that migration is selective process and the same factors can influence different people differently. He notes that the attracting factors make bigger impact on highly educated people who have a certain position in the outcome region, but they can receive more favorable offers in other place. High mobility is characteristic for highly qualified specialists because migration often means career ladder promotion and increase in the income level. By contrast, the negative, pushing factors play bigger role for low-skilled workers (Lee, 1966).

According to Li, a person becomes the active agent in labor market, who has an opportunity for independent decision-making to migrate or not. The potential migrant will make the decision to migrate in case if the combination of the pulling and pushing factors is so strong that it justifies difficulties, which will be endured by potential migrants in the process of moving.

The important characteristic influencing the migration tendency is stay at certain stages of life cycle. So, those who enters labor market or marries are inclined to escape of the parental house, whereas the people who are getting divorced or leaving labor market (for example, retiring) can make reverse migration.

In the theory, much attention is paid to econometric characteristics of the migrant and stages of his life cycle. However, Li concentrates on economic factors of migration, losing sight of non-economic. At the same time, despite a set of the rational reasons of migration, the irrational and personal reasons can also influence this process.

#### **4. Neoclassical Migration Theory: Macro and Micro Levels**

The neoclassical migration theory based on fundamental researches of the second half of the XX century comes from existence of free competition and the perfect market of production factors. Initially the theory was developed for an explanation of labor migration in the process of economic development. This theory characterizes migratory processes both on macro and micro levels.

Migration is a result of geographical distinctions in work supply and demand. A signal to migration is distinctions in wage levels (income) between territories of departure and entrance. It should be noted that the wage level has to be sufficient to cover movement expenses. According to the neoclassical theory, migration study is similar to the solution of a problem of effective resources placement, that is why this approach found the practical application in many countries of the world.

So, the USSR made attempts to overcome discrepancies between requirements of economics in certain territories and existing on it labor, connected to uneven economic development. The direction of migratory streams is defined by economic characteristics of territories: if they are attractive, there is immigration on the territory, if they are negative - emigration. The direction of these streams (from regions with a low wage to regions with a high wage) and streams of the capital are opposite (Massey et al., 1993).

The disadvantage of this model is that labor market cannot be perfect and balancing of demand requires time whereas at the perfect market there would be no unemployment. At least, migration does not counterbalance supply and demand on labor in short terms.

The provisions of this theory at the micro level include a number of conceptual assumptions:

- The international labor migration is caused by distinctions in a salary between the countries.
- After the elimination of the wage gap on a global scale movements of labor will stop.
- The human capital streams, in cases of high- and low-qualified labor, can occur in different directions owing to various driving forces influencing these processes.
- Labor market is the main mechanism by means of which there are international streams of labor. Other types of the markets have much more smaller impact.
- The governments of the countries can operate migratory streams, mainly, by influencing on labor market.

According to microeconomic model of an individual choice, certain rational individuals make the decision to migrate on the basis of the expenses and the profit analysis connected to moving. One of key components is the assessment of the expected benefit from an earnings gap. The international migration is understood as a form of investments into the human capital. People choose the movement territory so that in that place they could be the most productive, taking into account their qualification (Massey et al., 1993). Substantive, in the countries with the low income the gap in compensation between unskilled and skilled workers can make about 20% whereas in the countries with the high income this gap can be at 10-30 times (Camarota & Jensenius, 2009).

However, they have to incur the certain costs connected with expenses on transport, job search, efforts on studying of a new language and culture, psychological expenses of breaking old communications and making new and the other difficulties arising in the process of adaptation to a new residence. The expected benefits from resettlement are more the higher education level of migrants is. It often leads to that migrants, as a rule, have higher education level, than the population of the outcome country in general (Massey et al., 1993).

## 5. Dual Labor Market Theory of M. Piore

As a result of restrictions research of the neoclassical theory of labor migration, M. Piore (1979) developed the theory of dual labor market according to which the international migration is a result of labor market own requirements in modern industrial society. According to this theory (Piore, 1979), the international migration is caused by a stable demand for immigrants' work that is inherent in developed countries economic structure. By Piore (1979), immigration in countries of origin is caused by such factors as low wages and high unemployment, and opposite in host countries, where is a need for foreign labor.

Piore (1979) connected demand for immigrants' work with four fundamental characteristics of modern industrial society: structural inflation, motivational problems, economic dualism and labor demography.

The salary reflects not only of supply and demand conditions, it also transfers the status and prestige, social qualities. People consider that the salary has to reflect the social status. If the employer seeks to attract unskilled labor, he cannot simply raise a salary, as it will break certain communications between the social status and remuneration. If the salary at the lower level of hierarchy increases, there will be pressure upon salary increase at other levels. The salary has to be increased in all official hierarchy to hold them according to their social expectations; this problem is known as structural inflation. Involvement of local workers during shortage of labor by salary increase is expensive and unprofitable operation for the employer that compels it to search more attractive decisions, such as import of migrants who are ready to work for lower wage.

The professional hierarchy is also important for motivation of workers as people work not only for the sake of profit, but also for accumulation and maintenance of the social status. Sharp motivational issues arise at the lower layers of official hierarchy because they have no high status, which needs to be supported. This problem is inevitable and cannot be eliminated, because it will always exist in the bottom of any hierarchy. Employers need workers who consider the lower level jobs as a means of earning money, for whom work is only the income, without consequences for the status or prestige. Those are immigrants, the majority from which aspires to earn money for specific goals (to improve a state and wellbeing of the house, construction of the house, payment for school, purchase of land, acquisition of consumer goods). Because of different living conditions in developed and developing countries, the salary of the migrant by local standards is sufficient though he understands that has the low status abroad. Such migrants do not consider themselves as part of the accepting society.

The splitting of labor market characterizes industrialized countries, because of an inherent duality between labor and capital. The capital is the fixed production factor whereas work is a variable one: when demand falls, there is a dismissal of workers. This dualism creates distinctions between workers and conducts to bifurcation of labor. Skilled workers in capital-intensive sector work with the best equipment and tools. The employer is compelled to invest in these workers by providing specialized preparation and education. Their work is difficult and demands considerable knowledge and experience. Because of high costs of workers in primary sector, they are tried to be kept from leaving, in this context their labor becomes the factor similar to the capital.

In labor-consuming secondary sector, workers have unstable, unskilled work positions, they can be dismissed at any time with insignificant or zero expenses for the employer.

Thus, the dualism between labor and the capital extends on labor in the form of the segmented structure of labor market. Low wages, unstable conditions and also lack of reasonable prospects for mobility in secondary sector complicate involvement of local workers who, on the contrary, get a job in primary, capital-intensive sector where salaries are higher, workplaces are safer and there is a possibility of professional improvement. To fill the lack of demand on secondary sector, employers address to immigrants (Piore, 1979).

The market economy duality creates a stable demand for workers who are ready to work in inadequate conditions and for a low wage, with small chances for further promotion. Women and teenagers took these positions earlier. Women were ready to consider temporary job with low earnings since the man was breadwinner in a family and for the woman the family was on the first place and they were not afraid to lose work. For teenagers it was additional opportunity to earn money and to accumulate experience.

However these two sources of labor were reduced for three reasons over time: growth of the women share involved in economic activity (emancipation and career aspirations, the development of divorce institute which caused the necessity to support yourself independently), decrease in birth rate and expansion of formal education (decrease in a share of the teenagers involved in work). This imbalance led to increase in demand for immigrants.

The theory of dual labor market does not claim and does not deny that actors make rational and mercenary actions as predict microeconomic models. Negative attitude of people in the advanced industrial countries to low-paid workplaces opens opportunities for employment of foreign workers. Consequences of the dual labor market theory differ from similar

consequences of microeconomic models (Piore, 1979):

- The international labor migration is based on demand of the developed countries employers.
- As demand for migrants is formed due to structural requirements of economy, the level of a salary isn't a condition for labor migration therefore employers can employ workers, without raising a salary.
- Low salary level in host countries won't increase in response to decrease in number of immigrants.
- Low salary level in host countries can decrease as a result of increase in number of immigrants.
- Possibilities of the government influence on the international migration are low, only serious changes in economy can affect demand for immigrants.)

Disadvantages of M. Piore theory lie in the fact that it deals with exclusively pull factors and misses the push one, connected with demographic transformations in developing countries. Also, as a number of researchers notes (Massey et al., 1993), this theory doesn't consider mechanisms of making decision on migration.

## **6. World-systems Theory of I. Wallerstein**

The works of Immanuel Wallerstein considering migration in a context of the world-system paradigm are of considerable interest. According to I. Wallerstein, the world (or the specific country) is divided on the periphery and the center. As a result of capitalism expansion the periphery structure changes, there is a dispossession of peasants lands, development of the cities. Globalization accelerates migratory processes, and the arising global cities create demand for work of immigrants (Wallerstein, 1989).

According to Wallerstein (1989), in process of economic relations penetration into the periphery, noncapitalistic society forms the mobile population, which is located to migration abroad. Aspired by higher profits and wealth, owners and managers of capitalist firms entered on the territory of the poor countries, which were located on the periphery of world economy, in search of the earth, raw materials, labor and the new consumer markets. In the past, the colonial regimes have helped the market penetration. Those regimes were appointed to poor regions in favor of economic interests of colonial societies. Today it became possible thanks to the neocolonial government and multinational corporations that immortalize the power of national elite, which participate in world economy as capitalists, or offer their country's resources on the acceptable conditions.

According to the world systems theory, migration is a natural result of violations and dislocations, which create in the process of economic development. As capitalism extended in Western Europe, North America, Oceania and Japan, the increasing part of the globe and increasing population were included in world market economy. And as the land, raw materials and labor in peripheral regions fall under influence and control of the markets, there are migratory streams, part of which goes abroad (Massey & Douglas, 1989).

The main theoretical views are reduced to the following statements:

For achievement of the greatest profit, capitalists seek to mechanize production, to apply industrial resources. Integration and association of lands leads to destruction of traditional land use systems, based on inheritance and a general law of use. Mechanization of production reduces need for manual skills that results in labor redundancy. It is a factor for mobilization of labor.

Extraction of raw materials for sale on the world market requires industrial methods that rely on paid work. The offer of a salary creates the labor market based on the new concept of individualism, personal benefit that conducts to social changes. These tendencies promote geographical mobility of labor in developing countries.

Some people – in the process of penetration in their areas of market relations – move to the cities that lead to developing countries urbanization, many go abroad because globalization creates material and ideological communications on regions of the capital emergence. Foreign investments which stimulate economic globalization come from a small number of the world largest cities, whose structural characteristics create a great demand on work of immigrants.

Investments and globalization are followed by creation of transport and communication infrastructure, the international movement of labor in general corresponds to the international movement of goods and capitals in the opposite direction. Process of economic globalization creates cultural ties between the main capitalist countries and developing countries adjoining to them. The world economy copes from rather small number of the city centers in which, as a rule, concentrate banking, finance, management, professional services and hi-tech production.

In the US, the global cities include New York, Chicago, Los Angeles and Miami, in Europe it is London, Paris, Frankfurt and Milan, in the Pacific Ocean – Tokyo, Osaka, and Sydney. Within these global cities, the big wealth and a highly educated manpower creating steady demand for services of unskilled workers are concentrated (cleaners, waiters,

employees of hotels, house servants). At the same time, movement of heavy industrial production abroad, growth of hi-tech production in the field of electronics, computers and telecommunications, and also expansion of a services sector, such as the health care and education, create the dual structure of labor market with a great demand on workers as at the top and lower levels, but with rather weak demand in the middle.

Poorly educated citizens do not wish to take up low-paid workplaces in the lower professional hierarchy, creating steady demand for immigrants. Meanwhile, well-educated citizens and the qualified foreigners apply for highly paid work in the top hierarchy of professional distribution and wealth concentration, what helps to feed demand for immigrants' services. Citizens with secondary education cling to jobs below average, migrate from the global cities, or rely on social insurance and support programs. The world-system theory claims that the international migration follows the political and economic organization of the extending global market from what six various hypotheses follow (Massey et al., 1993):

The international migration is a natural consequence of a capitalist formation of the market in developing countries; penetration of global economy into peripheral regions is the catalyst for the international movement.

The international labor stream follows the international stream of goods and the capital, but in an opposite direction. Capitalist investments cause the changes forming the mobile population in the peripheral countries while strong material and cultural relations with the main countries are established at the same time, leading to the transnational movements.

The international migration is especially characteristic for the former mother countries of colonial powers and their colonies because cultural, language, administrative, investment, transport and communication ties were established long before and they allowed to develop free competition that led to formation of the specific transnational markets and cultural systems.

The international migration is connected with globalization of market economy; channels of the government immigration level regulation lie in of corporate foreign investment activity regulation and control of the international streams of the capital and goods.

Political and military government interventions of the capitalist countries for protection of their investments abroad and support of the foreign governments in aspiration to expanse in the global market when they fail, make movement of refugees, directed to the concrete key countries, making other form of the international migration.

The international migration, eventually, has a little common with a salary or distinctions in employment between the countries; it follows from dynamics of creation of the market and structure of global economy.

## **7. New Economic Geography and Labor Migrations**

The New Economic Geography is a type of economic analysis, which is aimed to explain the agglomeration effects and advanced development of region economy by creating models of an imperfect competition with increasing returns.

New economic geography models also describe the effects of skipping, 'big jump' – the mechanism explains the phenomenon of leaders changing in periods of rapid technological change, when 'the last become the first'. Technologically and economically backward nations have less experience. The new technique allows them to take advantage of lower wages in order to enter the market. If new equipment or technology, institutions, structures are more productive than the old ones, then there is a change of leaders. These are examples of leadership in England in the early phases of the Industrial Revolution, or strengthen American leadership in the first half of the 20th century. Often, the factors that provided the country with an opportunity to become a leader at one stage of technical and economic development, in the next stage become a brake and prevent its dynamic development. The initial success turns in the subsequent failure.

Paul Krugman's explanation of changing economic leaders based on the nature of technological change. They are evolutionary (incremental) and revolutionary (radical). Gradual technological changes are mainly caused by learning in work process and occur more quickly in countries with already established advantages in technologically advanced sectors.

However, there are periods of radical technological breakthroughs that will fundamentally change the technological foundations of society. Such breakthroughs open a window of opportunities for new players. When an innovative technology becomes available, initially it does not seem much better than the old one; and for the nation, which has the lead in the old technology, it may even seem worse.

New technology leaders – is often poorer country than the old leaders. But precisely because of their poverty, they dare to introduce new technology to take risks, that does not seem rational and sensible to old leader. Old country-leader workers have higher wages, so the new technology or industry that initially is less productive and less profitable than the older one is not attractive for them. However, new, poorly tested technologies may be of interest to an outsider, in which

old former technology got less developed, because wages are lower than those of the leader.

The idea of a link between high wages for workers of leaders and their failures in the rapid introduction of new technologies and the transition to new economic activities with higher productivity, belongs to J. Curry and other authors (Curry, 1989). He wrote about the overvaluation of the Dutch currency among the factors that led to the economic decline of Holland in the 18th century. Similarly, England then gave the leadership to the US: its currency has also been overstated. The American producers pay less wages and had no experience in the old technology. In the context of the ongoing technological revolution it became their advantage (Brezis et al., 1993).

In the near future, according to Krugman (2010), the US may lose its leadership, because the dollar is overvalued today. For simplicity, we can assume that the overvalued currency and exchange rate is equivalent to real wages overvaluation.

Drawing on fifteen years of research Paul Krugman (Krugman, 1991, 2010; Thisse, 2011; Fujita et al., 1999) considers the mechanism of innovative development, which is based on the change technology country-leader. In a situation of minor (evolutionary) improvement in the economic leader of the dominant technology remains. Krugman's research showed us why the country-leader is not responsive to new technologies that provide great productivity. Introduction of new technology always involves considerable uncertainty and risk. In the presence of uncertainty, any monopolist will take less innovative effort than his potential rivals, relying more on the rental income and the preservation of its previous position - even though he knows that this rent will gradually disappear.

The reluctance of countries to introduce new technology is the result of decisions of individual firms, which may or may not be rational, because technological competence is at the national level rather than at the level of individual firms. Firms in country-leaders do not want to introduce a new technology, because from the point of view of an individual firm this technology was originally alien to a country where there is a collective experience of using old technology.

In times of normal, incremental technological change, increasing returns to scale help to strengthen economic leadership. But in times of new inventions or major technological breakthroughs economic leadership, as it is associated with high salaries, can slow down the introduction of new ideas in the developed countries. When it comes to radical technological change, economic leadership itself becomes the source of its failure.

To first backward country has become a new economic leader, simultaneously performance of several conditions is needed:

- the difference in wages between the leading countries and potential new leader must be strong;
- new technology should appear for experienced producers initially unproductive compared to the old;
- experience in the old technology must not be applied when using new technology;
- the new technology should enable a significant improvement in productivity compared with the old.

This mechanism of advanced innovative development works not only at the national but also regional and municipal levels.

These findings Krugman supports with the conclusion that the state government in order to create or maintain a competitive economy should support innovative firms and innovative development of regions based on a combination of scientific, industrial, technological, organizational, market, monetary and other factors (Gurieva, 2015).

## **8. Conclusion**

Scientific approaches of the labor migration economic theory serve for understanding the reasons and factors not only previous, but also modern processes of the international migration. Studying of theoretical views of different authors helps to understand regularities and consequences of migratory processes, to build forecasts, to pursue more weighed and rational migration policy. The analysis of accumulated theoretical views on the nature of labor migration promotes scientific judgment of a world phenomenon of labor migration steady (stable) increase, helps to predict influence of migratory processes on structural and dynamic characteristics of economically busy population both in industrially developed and developing countries.

In spite of the fact that now, the uniform general theory of labor migration is absent, the modern economic theory connects it with uneven technological development of the different countries economy.

Using broad empirical material, E.G. Ravenstein was one of the first who marked out the main features of migratory processes. However, its laws were mainly descriptive, but they had a huge impact on the subsequent works in the field of modeling and conceptualization of migratory processes. Along with Ravenstein laws, econometric model of Everett Li developed in the 1960th also belongs to classical migratory theories. According to this model, various groups of migration factors operate on each territory: the holding, pulling and pushing, defining arrival and leaving, and some

factors affect most of people, and some – only certain individuals. For this reason, classical migration theories do not lose the relevance up nowadays and are used for the solution of distinct purposes and tasks.

Representatives of neoclassical economic theory (e.g. Massey D.S., Arango J., Hugo G., Kouaouci A., Pellegrino A., Taylor J.E., etc.) suggest that migratory flows are set to differences in wages, living standards. For them, migration is the first and foremost element of the labor market, as well as a form of human capital accumulation.

As a result of restrictions research of the neoclassical theory of labor migration, M. Piore developed the theory of dual labor market according to which the international migration is a result of labor market own requirements in modern industrial society. According to this theory, labor migration is peculiar duality: on the one hand, the international migration of labor caused by the constant demand for immigrant labor that is inherent in the economic structure of developed countries. On the other hand, immigration to the countries of origin, caused by low wages and high unemployment

According to Wallerstein (1989), considering migration in a context of the world-system paradigm, in process of penetration of the economic relations into the periphery, non-capitalist society creates a mobile population, which is located to the migration abroad. Driven by a desire for higher profits and wealth, owners and managers of capitalist firms have entered the territory of the poorest countries, which are located on the periphery of the world economy, in search of land, raw materials, labor and new consumer markets. Today it has become possible thanks to the neocolonial government and transnational corporations, seriously affecting the national elites who either participate in the global economy as capitalists themselves, or offer the resources of their country in international companies on acceptable terms

Finally, the most advanced research on the nature of labor migration is explained by the new economic geography (NEG), whose founder – P. Krugman - won the Nobel Prize (2008).

In our opinion, NEG approach explains more exactly than others the spatial economy development connected with growth of the innovative assets cost (human capital makes a basis of these assets) which are in the region territory and involved in global exchanges system. Justification of economic leaders change is based on technological changes nature: Krugman considers that in world economy there come periods of radical technological breaks, which radically change technological bases of society. Such breaks open 'windows of opportunities' for new players. When the innovative technology becomes available, initially it does not seem much better, than old; and the nations playing the leading role in old technology not always the first master innovative methods of production.

The new technological leading countries of the XXI century in the past were much poorer, than the leading countries of the last century. But because of their poverty, they decided to introduce new technologies, seriously risking that, apparently, it isn't rational. Despite the fact that new technologies are impossible without a new quality workforce that is capable to self-development and professional growth, the value of human capital in poor countries is much lower due to the low value of the national currency.

The idea of the relationship between higher wages for the workers and their leaders in the rapid introduction of new technologies and the transition to new economic activities with higher productivity belongs to John Curry and others (Curry). He explained that the inflating of the Dutch currency is among the factors that led to the economic decline of Holland in the 18th century. Similarly, Britain gave the US its technological leadership: the national currency of the United Kingdom was also overpriced. American manufacturers were paid during the period of rapid industrial growth significantly lower wages without having any experience in the old technology. In the context of the development of scientific and technological revolution this has become their significant competitive advantage (Brezis).

According to P. Krugman research, the US may lose its technological leadership in the near future, because the dollar is significantly overvalued.

The proposed hypotheses have different implications for the development of migration policy. Depending on which model is supported, policies can regulate international migration through changes in wages and working conditions in the host countries by promoting economic development in countries of origin, creating a social insurance program, improvement of futures or capital markets in developing regions, or a combination of these actions.

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