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## **4. ECONOMIC AND SOCIO-ECONOMIC DETERMINANTS OF MIGRATION**

### **4.1. Introduction**

Theoretical ideas explaining the migration of population in terms of economic and socio-economic factors are based on different key-determinants, depending on geneses, scope and spatial scale of the given idea. Basic economic determinants of migration include variables defining the dynamics and level of economic development as well as the structure and economic connections between the areas of migratory inflow and outflow. Not less important are various socio-economic characteristics of migrants such as sources of income, professional activity, employment structures (according to sectors and forms of ownership, branches of national economy), level of professional skills, earnings (incomes), unemployment rate, etc. In some theoretical studies on migration the above-mentioned explanatory variables are correlated with some spatial, demographic, social and others variables.

### **4.2. Migration Determinants in the Classical Theory of Economy**

According to R. Domański (1990) in the classical theory of economy migrations are mainly considered as a response to labour mobility. It is assumed that migratory inflow to a given area is directly proportional to its economic attraction, defined in terms of labour market conditions (level of earnings, supply of work). It is also taken for granted that there is a negative correlation between the migration inflow and outflow. Furthermore, this theoretical approach adopts the following simplifying assumptions: 1. A migrant acts as *Homo oeconomicus* motivated exclusively by economic reasons and aiming to maximise his own income, 2. A migrant possesses a thorough knowledge on possibilities of employment and salary levels in different regions, 3. Workers in a given regional system are numerous and do not differ in respect of skills, values and needs, 4. There are no restrictions on migrations. Given such presumption, the migratory flow would be directed from regions of lower real earnings and higher unemployment rate to regions of higher earnings level and lower unemployment rate. This migratory flow would continue until a balance in both regions in respect of real earnings would be achieved. It would lead eventually to equilibrium of labour demand

and labour supply in both regions. Migration inflow diminishes regional shortage of labour, whereas the migratory outflow reduces the superfluity of labour. This deterministic conception, based on a single-cause relationship, has a static character and the assumptions it adopts are unrealistic. In reality, migratory behaviour is subject to various limitations (spatial, psychological, social, economic, political, cultural, etc.) and the migrants do not have a complete knowledge on their field of mobility. He assumes an attitude of *Homo eligens* or a man making unceasingly decisions characterised by a rational functional and spatial selectiveness, taking into account both economic and non-economic factors.

Empirical research confirms the hypothesis that the in-migration is correlated with the economic attractiveness of an area and denies the hypothesis of an inverse correlation between inflow and outflow of population. Interpreting empirical data some researches (Lowry 1966; Lausing and Mueller 1967) found that migration outflow is completely independent of economic characteristics of migration-generating region, being only influenced by its demographic conditions. Consequently the outflow of population would be independent on inflow. Results of researches on migration in urban regions of post-industrial countries deny not only the well-established hypothesis about negative correlation between in-migration and out-migration, but also the alternative hypothesis saying that the outflow is independent of inflow (Cordey-Hayes 1975). As a matter of fact, a very strong positive correlation has been observed between intensity of in-migration and out-migration. Regions of economic growth feature high migratory inflow and outflow whereas the converse happens in declining regions where both inflow and outflow are low.

#### **4.3. M. Cordey-Hayes' Neoclassical Conception of Migration**

The migration theory put forward by M. Cordey-Hayes (1975) explains migration between urban areas in terms of local labour market. It assumes that the probability of migration outflow from the given region depends on situation on the labour market, diversified mobility of region's inhabitants and their knowledge (information) about the possibilities of employment existing outside their own region. This theory explains a feedback between in-migration and out-migration.

The attractive labour market in regions of economic growth is characterised by a large supply of jobs and low unemployment rate. Such circumstances favour continual unforced rotation of employment because workers have ample opportunities of changing jobs in order to fit better into the labour market. In such regions migrants must accept a stochastic process of self-adaptation, which consists in acquiring new skills and keeping track of

trends on local and regional labour market. Economic conditions favouring changes in local labour market stimulate professional mobility and impel the workers to be acquainted with possibilities of work in different places, thus increasing the probability of migration outflow. In addition to this, availability of jobs accounts for an intensive inflow of population. Thus in regions exhibiting economic growth, intensive in-migration accompanies a high level of out-migration.

High unemployment rates in regions suffering economic decline make workers particularly prudent while making a decision about changing job, and also restrains the inflow of population from other regions. Local labour market assumes then a static character, because a small number of working-age people change employment and qualifications. Such a situation leads to increasingly narrow professional specialisation and discourages workers from gathering information about a wider labour market. Low level of professional mobility restrains migratory inflow and outflow.

This theory based on realistic foundations has a dynamic character. It implies a multiple cause-and-effect chains (feedback loops) and interaction between different participants in the labour market, with a dynamic approach to the job availability. The introduction to this construction of feedback between out-migration and in-migration has important implications for spatial policies and planning. Planned investments in regions of economic growth should assure them an increasing economic attractiveness, which may draw migratory inflow to the region as a compensation for an outflow of young, dynamic and most active of group of population. An important part of migration within developed countries takes place between economically strong regions. Therefore national spatial policy should aim at regional differentiation of economic restructuring and directing migratory flows to well-developed regions that boast a variety of employment possibilities and high level of professional mobility.

P. Aydalot (1976) argues that spatial mobility of population is mostly determined by macro-economic factors. The socio-economic space plays an active role in shaping people's spatial mobility, because it conditions economic and social distribution of work, social stratification and the structure of authority in the society. In the modern world the transfer of know-how is the main stimulator of different forms of human mobility, including migrations. According to neo-classical economic theories the optimum location of economic activity requires minimisation of the costs of labour and materials. Today, in high-industrialised countries these costs are of relatively lesser importance than in the past, because the efficiency of an investment largely depends on modern technology and suitable location. The development of new kinds of economic activity, resulting from technical and technological progress following the decline of traditional activities, leads to the polarisation of socio-economic space. In urban areas

that harbour the most innovative and economically effective kinds of activity, firms tend to shift toward peripheries, although businesses preferring central location remain in the regional nodes. The spatial dispersion of economic activity is the driving force of spatial mobility of population, contributing to increasingly diversified directions of migration. In urban areas the shift of enterprises away from the centre is followed by migratory movements toward peripheries. Migration becomes increasingly independent of economic factors.

#### **4.4. The Theoretical Migration Pattern Based on the Theory of Human Capital**

The theoretical migration pattern based on the theory of human capital put the emphasis on the microeconomic scale. The theory of human capital was created by G. S. Becker (1975), the 1992 Nobel prize winner in the economics. He employed in an innovative manner the standard neo-classical theory of capital to analyse demand for education and calculation of its costs as well as expenses for gaining additional professional skills. He assumed that people spend money not only for current needs, but also with the view of future advantages. The readiness to invest money in education is proportionate to the prospective level of income attainable thanks to higher educational level. The expenditures for education include not only schooling fees and earnings lost during education, but also psychical costs connected with learning. Hence, education must be considered as an investment rather than consumption. The educational level of society depends on the relations between the incomes lost in the course of training and the incomes expected to be earned in the future.

L. A. Sjaastad (1960) was probably the first researcher to voice the opinion that migration movements are undertaken not with the view of short-term benefits, but with regard to futures improvement in life conditions. An individual (a household) moves having in view first of all the increase in human capital, i.e. ability to generate an income throughout the course of life. A person decides to move only if the change of residence is likely to produce profits exceeding the costs of migration. As a rule migration does not bring immediate advantages; they appear only some time later. Therefore migration – like education – represents a specific form of investment. The current costs of this investment are compensated by future profits. It is an investment in human capital; this means investment increasing the productivity of human resources.

W. A. V. Clark (1986) points out two main distinctive features distinguishing this theory from alternative theoretical models explaining the migration decisions. First, this idea underlines that advantages from migra-

tion appear only in the future. It partly explains why disposition to migration diminishes with age: aged people dispose of shorter period of time during which they can gain profits brought about by migration. The theory of human capital assumes that some persons decide to migrate even if at first they do not obtain any advantages or suffer losses because of the movement. Second, the idea explaining migration behaviour on the basis of the theory of human capital does not emphasise exclusively economic costs and advantages, but also non-economic or psychological advantages. The non-economic costs of migration consist in losing or breaking ties with the place of origin and people left there, relatives, friends and others. Non-economic migration advantages are connected among others with the improvement of bioclimatic, social and political conditions in the new place of residence. Net advantages (profits) from migration are proportional to the difference in the usefulness of the places of origin and destination, diminished by the costs of dislocation. They are inversely proportional to the coefficient of discount, referring to future incomes in the target place and expressing an inclination of a migrant to attach greater importance to the present events than to the future ones. A potential migrant prefers dislocations towards places, which make possible maximising net migration advantages.

#### **4.5. The Mechanism of Migration in the Light of the Economic Theory of Human Behaviour Proposed by G. S. Becker**

An attempt to formulate an economic theory of migration on the basis of G. S. Becker's economic theory of human behaviour (1990), requires the development of three basic foundations: 1. The maximising character of migration behaviour, 2. Influence of markets with different efficiency in coordinating activities of migrant and flat owners, 3. The steadiness of certain migration patterns.

In accordance with the first presumption a migrant is conscious of his own migratory objectives and their hierarchy. He is also aware of the means he disposes of and whether they are suitable for the achieving these objectives. Without this knowledge it is impossible to rationally calculate costs and profits of migration, and to maximise the usefulness of migration. Irrespective of whether individual migration decisions are habitual, traditional or haphazard, a change in the potential area of migration, based on the comparison of the relative attraction of accessible destination places leads to rational migration behaviour.

Whether based on economic or non-economic premises, an individual decides on migration when the expected usefulness of the target place of residence exceeds the advantages from staying in the hitherto place of residence or moving to other places. Migration decisions are based on an

account of advantages and of losses (comfort and discomfort), relating to a change of residence. There is an optimum length of stay at a given place, defined by the moment, in which the usefulness of prolongation of this stay is less useful than a residence change. People decide to migrate only if expected advantages attained in a new select place will be greater than in a hitherto existing place or other accessible places.

The maximisation of migration behaviour, that is to say the rule of migration rationality, consists in the fact that a migrant acts (at least partly consciously) with the view of advantages following change of residence place. The desire to acquire these advantages motivates the migrant to use available means to put the dislocation into practice. Faced with the variety of potential target places, the migrant must take into consideration limited means at his disposal. Such places have to be prioritised according to their usefulness and means must be suitable to the realisation of aims, in order to execute dislocations assuring the maximum usefulness.

The housing market represents an objective form confrontation of migrant's housing needs and aspiration with the supply of flats and housing-services. This market functions in such a manner that migrant behaviour becomes mutually coherent. Prices and other tools of the housing market determine availability of housing supply. Housing market verify and modify assessments made by potential migrants regarding values and defects of flats they search, thus co-ordinating the migration action. The competitive housing market better satisfies migrants' housing needs than a monopoly system. Migration can be also influenced by various tools of housing-policy (e.g. ground taxes, real estate taxes, interest rates of housing credits and hypothecary credits).

The housing market is a feedback system responding to the migratory movements. Disturbances in the real housing market – in its traditional, narrow economic sense – influencing migratory movements can result from the functioning of a parallel “shadow-market”, connected with non-market housing-sector. Migrants analyse the profits from change of residence place in terms of both real prices of flats or flat rents and the “shadow “ prices or rents (spreadsheet). A similar migrant's reaction can be expected toward both kinds of prices and rents. It does not follow that all migrants must necessarily have thorough information about accessible, possible places of migration. Every migration includes certain costs of gaining such information. A migrant looking for a more expensive flat (house) is disposed to invest more effort to get such information. Migrants are not always fully conscious of their efforts aiming to maximise migration advantages and sometimes fail to express clearly the reasons of own dislocations (the role of subconsciousness). In this case it is not essential to divide migration decisions into important and less important, those undertaken seldom or repeated and the role of different social strata or regions.

A migrant, as a decision-making individual, acting as a consumer on the housing market, tends to exhibit certain steady housing preferences (tastes). The change of place of residence allows the migrant to gain profits owing to the most efficient combinations of available housing of different quality, that is, vacancies. All migrants' preferences are considered as constants over time and space, if they are not related to the market of goods (supplies) and housing services, but they refer to fundamental aspects of human life, such as the satisfaction with a flat, its prestige, etc. Such preferences among people belonging to different social strata and cultural circles are more or less similar. Presuming steadiness of preferences, concerning particularly the satisfaction with flats used, it is possible to predict migrants' reaction toward changes on the housing market. Consistent migration preferences reflect first of all the migrant's own interest. The notion of a migrant-'vulgar egoist' has been replaced here by the notion of a migrant-'educated egoist', who takes into consideration the relationship between his own and others' migration activity, assuring himself an optimal effect.

Thus, the presented theory emphasises the rationality in migrants' behaviour. They make the decisions according to a overall account based on their own constant preferences and prospective advantages and losses resulting from dislocations. The main migrant's objective is the maximisation of broadly understood profits from migration regarded as an investment.

#### **4.6. Conclusion**

In conclusion it should be emphasised that different theories discussed above are based on various economic and socio-economic determinants of migration, associated with some spatial, demographic and social variables. In the classical economic theory, which emphasises the macroeconomic dimension, migrations are explained mostly in terms of mobility of employment. The neo-classical theoretical conception of Cordey-Hayes explains migration movements through the level of development and the functioning of the local labour market. In several recent theories migrations are considered at the microeconomic scale. Particularly successful results have been attained by using the theoretical model of migration based on the theory of human capital. Theory of population's spatial mobility based on the Becker's economic theory of human behaviour promises interesting research possibilities.

The empirical investigations of various combinations of economic and socio-economic determinants of migration in different countries and regions, referring directly or indirectly to a given theory of migration, confirm most of presumptions on which they rely.

## **Streszczenie**

### **Ekonomiczne i społeczno ekonomiczne determinanty migracji**

Koncepcje teoretyczne, wyjaśniające ruchy migracyjne ludności w oparciu o rozmaite czynniki ekonomiczne i społeczno-ekonomiczne, różnią się istotnie doborem kluczowych determinant, uzależnionym w szczególności od genezy, zakresu przedmiotowego i skali przestrzennej danej koncepcji. Do podstawowych determinant ekonomicznych migracji zaliczane są zmienne określające dynamikę i poziom rozwoju ekonomicznego oraz strukturę i powiązania gospodarcze obszarów napływu i odpływu migracyjnego. Nie mniejsze znaczenie eksplikacyjne jest przypisywane różnym cechom społeczno-ekonomicznym ludności (migrantom) tych obszarów, odnoszącym się do źródeł utrzymania, aktywności zawodowej, struktury zatrudnienia (według sektorów i form własności oraz działów i gałęzi gospodarki narodowej), poziomu kwalifikacji zawodowych, wysokości płac (dochodów), poziomu bezrobocia itp. W niektórych studiach teoretycznych migracji wymienione wyżej kategorie zmiennych objaśniających zostały powiązane dodatkowo z odpowiednio wyselekcjonowanymi zmiennymi przestrzennymi, demograficznymi, społecznymi i in. W artykule przedstawiono ekonomiczne i społeczno-ekonomiczne uwarunkowania migracji w świetle klasycznej teorii ekonomii, neoklasycznej koncepcji M. Cordey-Hayesa, konstrukcji teoretycznych opartych na teorii kapitału ludzkiego i ekonomicznej teorii zachowań ludzkich G. S. Beckera