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**LABOR MIGRATION IN THE SYSTEM OF TECTONIC SHIFTS  
OF WORLD ECONOMY: METHODOLOGICAL ASPECT**

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***Abstract:** The paper deals merely with some methodological aspects of labor migration throughout the globe. The paper finds growing power of Courts of Law, non-governmental organizations and mass-media rather important determinants for the process analyzed. The author concludes that the growth of global population at modern stage of tectonic shifts in world economy goes on as result of complex interaction between its regeneration and re-diversification. The rate of economic growth and development will depend upon solution of the problem of human capital.*

***Key words:** labour market, human capital, cross-border migrations.*

**Introduction**

Ukrainian scholar O. Purygina underlines that such complicated modern phenomenon as international migration should be studied in complex with taking into consideration the trends being intrinsic to the world economy. In general, migration is both “mother” and child of global problems and processes<sup>1</sup>. The current trend of world economy is so called tectonic shift which are likely to be a system and a stage in globalization of world economy regarded as a super-system. Thus, the system of tectonic shifts as a boundary communication in future will absorb all constituents of globalization which contribute to global social & economic development the cumulative energy as pre-condition of its evolution. International labor migration is a process begotten by certain reasons and goes on under certain conditions forming in such way the mega-functional system of international labor migration. Simultaneously, international labor migration is an element of tectonic shifts system within world economy which is transformed as result of interaction through self-organization. Hence, one has to apply synergic and system approaches for its investigation. In particular, due to system approach any system is considered to be a set of mutually linked elements which are carried out through exogenous agents. System approach is the form to apply in theory of cognition and dialectics for investigation of social & economic processes. Implementing the essentials of general theory of systems, the

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<sup>1</sup> Пуригіна, О.Г.. *Міжнародні економічні конфлікти*: Навч. посібник [Текст]/О.Г. Пуригіна. - К.: ЦУЛІ, 2008. - 280 с. - ISBN 978-966-364-712-8

system approach regards each element of system as a large and complex system being an element of more overall system at the same time. Having chosen the tectonic shifts of world economy as an environment for the development of international labor migration, we just point out the change of tempo and conditions of globalization and try to spot the points of bifurcation promoting the new qualitative contents of development.

That means that those tectonic shifts of world economy are not considered to be an alternative to globalization but as an exposition of its form being adequate to challenges of civilization.

### **Tectonic Shifts of World Economy**

M. Castells also stated that modern global economics, which originates from informational output and competitiveness, is characterized with its interdependence, asymmetry, regional features, growing diversification in each region, optional usage, and exceptional segmentation and, as result, with very unstable geometry which leads to obscurity of historic economic geography<sup>2</sup>.

Currently in mass media and special literature there is promoted a notion that data possession secures the global domination, and that it is the most valuable resource of the mankind. Although the information itself without the mechanism of its application and implementation in nothing but pure knowledge. Information has always been existing, the problem of its usage has been hidden in the adequacy of its comprehension and application, in the ways of its processing and the period for institutional forms to get used to it. Thus, in ancient times the applied knowledge “techne” or “fine art” was highly appreciated as its goal was production “on the basis” of reliable knowledge, not only practical skills and training. According to E. Agazzi, the ancient societies were ones based on knowledge, but they did not succeed to form economics being essential for the development of productive forces<sup>3</sup>.

The diversification by medieval church of slavery and free labor resulted in the recognition of slavery labor as a body work, and free labor was accomplished by soul. This difference lied in the base of notion of free art bearing intellectual nature and they were different from mechanical arts within entrepreneurship. In social aspect the mentioned diversification was fundamental as it by nature substantiated the diversification of society into classes. Hierarchical diversification in its different forms has been retained till present times, its most used type is diversification of labor into physical and intellectual, where the latter discretely prevails. Thus, the representatives of Western civilization are mentally concerned that an individual of high social stratum has to be well-educated. This ideology claims that representatives of lower levels regard education to be a “social elevator” for their children and expect in such way them to obtain not only well-paid job but also the features of social priority.

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<sup>2</sup> Castells Manuel - *The Rise of the Network Society, With a New Preface: Volume I: The Information Age: Economy, Society, and Culture*. Publisher: Wiley-Blackwell | 2009-08-24| ISBN: [1405196866](#) | DJVU | 656 pages, P.2

<sup>3</sup> Agazzi E. *The Idea of a Knowledge-Based Society*. [Electronic resource]. – Mode of access: <http://gtmarket.ru/laboratory/expertize/5270>

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Industrial epoch in development of human civilization is characterized by industrial economics which at the end of 20<sup>th</sup> century was transformed into economics of mass production highlighted by overwhelming development of service sphere. This so-called “post-industrial” period was faulty interpreted in a number of issues as an end of “industrial society” as technology can not be associated only with machine-building, and decline of “myth about machine”, according to D.Mumford, did not at all mean the collapse of technological network which sieges the everyday life of civilized society. To the contrary, there is spotted its acceleration linked to more sophisticated and penetrating technology, which is based on technology of information and communication and, so to say, “manipulates” the social ideas, way of thought, advantages, social establishments etc.

E. Agacci underlines that understanding of this epochal change resulted in verification in scientific circles of the notion of economics of knowledge where so-called “human capital” is an engine. The competence formed by an individual on the basis of knowledge is different from modernization of material artifacts. The result of “human capital” usage should involve some technical innovation which is likely to improve the competitiveness of some products or processes on the global market. To win and retain the niche on the global market, society should invest into specific type of education - R&D i.e. into oriented university and laboratory programs where “specialized labor force” of new order works and matures. Regardless the specialized labor force of traditional industrial era, this new labor force does not require hand-work skills of coordination of physical actions; although it should be literary in IT sense, trained in data processing, using of algorithms, searching of relevant simulations. But it is likely to be insufficient because one has to use the skills of IT professionals, mathematicians, engineers, naturalists, who tend to contribute greatly to economics on this stage of its development <sup>4</sup>.

In the system of tectonic shifts there goes on the formation of new productive forces in global economics through the synergy of sub systems. The mechanisms of system development at first promote the regional diversification of world economy and then withhold it by means of the necessity of capitalism era prolongation as well as global social & economic, technological development. That means we should state that world elites have not completely realized that dramatic reconstruction will not leave any chances for capitalism which has turned out to be the break but not the engine of progress.

M. Castells frowns on existence of world economy and considers it can be talked about if economic agents really work within global interconnected network covering the planet. Though this economy has not become independent in political sense, the national governments continue to play an important role in management of economic processes. But nevertheless, economic expectations are predominantly associated with global economics because in global scale there is functioning the strategic production and commercial activity alongside with accumulation of capital, concentration of knowledge and information management. Political dependence of this global system determines the economic processes and strategies of competitive agents. Hence, the scholar is concerned that internal division into regions is the system characteristics of informational / global economy as the institute of state is originated by society but not by economic system. Thus, the peculiar meaning in

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<sup>4</sup> *Финансовые тревоги как проявление тектонических сдвигов.* [Electronic resource]. – Mode of access: <http://www.echo.msk.ru/programs/tectonic/802004-echo/>  
<http://www.liberal.ru/articles/cat/5352>

informational economy is paid to complicated interaction processes between existing political institutions and further globalizing economic agents.

Despite the worldwide influence of global economy, its existence and form touch only certain segments and economic structures, countries and regions proportionally to their rank in international division of labor. New global economics is highly-dynamic, exclusiveness and simultaneously very unstable system due to its restricted character. Although informational economy influences upon entire planet and, thus, can be considered to be global, the majority of world population does not work for it and purchase its products<sup>5</sup>. Russian scientists T. Khamdamov and N. Kosolapov believe that development of world economy and human civilization takes place in the form of subsequent phases of globalization and regional splits. Revising “regional splits” from the viewpoint of hypothesis of periodic shifts of cycles in concentrated reinforcement of economic links between regional subjects of international relations and deterioration of economics links on the background of united political & economic framework comprising the leading subjects of international economy. Regional split her is a form of “shrinking” which is the formation of new social local systems i.e. unions or confederations etc. on the basis of development of deep and intensive international links<sup>6</sup>.

So in the phase of regional split, the role of national economies lies in utilization of their potentials providing the development of their economic systems under conditions of autarky. In the phase of globalization other types of competence provide the accomplishment by certain countries of competitive functional roles in global economy. The current phase of globalization is characterized by overcoming of world commerce growth over gross world product under simultaneous deepening of international division of labor. Here comes the situation where global market dictates the costs on goods and services, and labor cost is defined by national job markets. That means that paradox has been formed in the world economy where relevant force in different countries is paid at different rates, and corresponding output differ less in quality.

It is expected that competitive climb of world economy will be followed with stage-by-stage flattening of labor standards in highly-developed and developing countries. But the economic branches and professional spheres of highly-developed countries will return existing labor standards, and non-traditional ones will face their considerable reduction.

Globalization of job markets will result in:

- reduction of consumption level within the population of highly-developed countries towards the goods imported from developing ones;
- reduction of prices on goods and services of so-called old branches of economy of highly-developed countries;
- growth of efficient aggregate demand in developing countries;
- further social diversification in global and national scale.

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<sup>5</sup> Castells Manuel - *The Rise of the Network Society, With a New Preface: Volume I: The Information Age: Economy, Society, and Culture*. Publisher: Wiley-Blackwell | 2009-08-24| ISBN: [1405196866](#) | DJVU | 656 pages, p. 85-90

<sup>6</sup> Косолапов Н.А. *Глобализация: сущностные и международно-политические аспекты* // Мировая экономика и международные отношения. – 2001. – Vol.3 – С.72.

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Thus it should be stated that there is going on a creeping diffusion within the nations constituting so-called “golden billion” which is not likely to grow considerably in global scale but its apparent share will move to developing countries.

Under the level of modern technologies in production sectors 20 per cent of world labor force are sufficient for satisfaction of material demand of the mankind. Under such conditions the value of labor force for global economy decreases. There appears the requirement of transition to a new technological order within which one can efficiently utilize the existing human potential and employ the rest of population in branches involved in satisfaction of non-material requirements.

One could determine such technological order as informational, and it has to find the mechanisms of exchange between the 20 per cent share of industrial labor force and the rest 80 per cent as it is going to make up the efficient demand on industrial products. During transition to new ways of production the role of labor force being able to accomplish the given tasks which involve the elaboration of innovative products and technologies grows remarkably. On the stage of tectonic shifts of world economy its representatives will be not numerous that will result in reinforcement of hierarchy among all spheres of social life.

An Indian Muslim reporter M. Akbar writes: “West will perhaps face the confrontation with Muslim world. The very fact of Islam wide-spreading from Maghreb to Pakistan will provoke the struggle for new world order”. B. Lewis also shares this idea: “We face the moods and movement of absolutely different level that are not submitted to governmental and political control. To some extent this is a conflict between civilizations, i.e. perhaps irrational but historically substantiated reaction of our old counterpart against our Judas-Christian tradition, our civil well-being and global expansion from both sides”<sup>7</sup>. According to K. Mahbubani the conflict between “the West and others” as well as reaction of non-West civilizations on Western power and values will become the central axis of global policy<sup>8</sup>.

Russian scholar Ye. Yasin’s vision of prospects looks more attractive. He thinks there is no prospect of contradiction between the West and rest of the world because there are no reasons for collision of developed markets (DM) and “emerging markets” (EM). Though there is multi-pole world that will produce the irregularity and turbulent character of world economy development during coming decades. There will only exist an overcoming development of post-industrialized nations as well as impulsiveness and instability of development of innovation-oriented economic systems, This, in prospect, will create the qualitative equilibrium of global development.

The decrease of migration rates will occur after the nations will reach the development level of \$7,000-10,000 GDP per capita under flattened differentiation of incomes (Ginny’s coefficient is less than 0.45) and 60-70 per cent share of urban population. It is expected that by the end of the century the countries inhabited by 85 per cent of global population will have had much more comfort living conditions and less differences in standards of living. Having reached an innovative stage, the countries will

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<sup>7</sup> Lewis B. *The Roots of Muslim Rage*. — «Atlantic Monthly». Vol. 266, Sept. 1990; p. 60; «Time», June 15, 1992, p. 24—28.

<sup>8</sup> Mahbubani K. *The West and the Rest*. — «National Interest», Summer 1992, p. 3—13

enter such phase of development which will be marked with a great variety of events and changes in global scale under higher homogeneity and stability of institutional systems. The growth will be predominantly promoted by innovations, and there will be spotted the excessive impulsiveness and fluctuation due to distortion of innovative stream. Altogether, such development of events assumes an increased mobility of labor force within advanced services sphere and stabilization of international labor migration in natural terms when private reasons will prevail if there is the need of foreign employment.

The scientist suggests the main problems for the countries, which have reached an innovative stage of development, will be linked with adaptation to permanently changeable conditions of globalization development and interaction with EM. It is obvious they will be compelled to make big efforts to secure the competitiveness of “old branches” and balanced diversification of their economies. In addition, EM will farther lose their competitive advantages promoting the reinforcement of industrial production in developed markets. Though the reinforcement of industrial positions will expose the increase of automation level and result in general decrease of workers in real sector.

The main process to further determine dynamics of EM development will be post-industrialization phase prolongation via renting of modern western technologies as well as attracting extra labor and natural resources. To enter the innovative phase of development the technologically advanced EM should defeat remnants of agrarian social order and domination of hierarchic social structures: totalitarianism, bureaucracy, weakness of legal system etc. Development of EM post-industrialization phase after exhausting of cheap sources for growth will come across institutional obstacles being the harder to overcome the stronger need in preservation of own traditional values is<sup>9</sup>. Furthermore, even highly-developed nations do not want to lose their traditional values at their own will.

### **Growing Power of Courts, Non-governmental Organizations and Mass-media**

Particularly, the President of Czech Republic V. Claus, a world leading specialist in finance, believes that “loss of traditional values, populism of democratic politicians, growing power of courts, non-governmental organizations and mass-media” threaten the liberal democracy and European market economy<sup>10</sup>. International business, after successful economic experiment of vaccination with market relations to so-called “Asian tigers”, deliberately optioned rich in labor and natural resources china and India for long-term super revenues initially having transformed their traditional economy into production facilities.

The most probable scenario of world economy development is suspending of tectonic shifts as a stage of globalization. This will result in implementation of global community potentials, business and territorial integrated units. The promoting conditions will be the decreasing of relative value of assets and goods from highly-developed countries. It will be balanced with values of functional roles being accomplished by these

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<sup>9</sup> Ясін Е., Снеговая М. *Тектонические сдвиги в мировой экономике, или подъем на новый технологический уровень*. Апр 15, 2009 [Electronik resource]. – Mode of access: <http://www.politekonomika.ru/000008/?p=323>.

<sup>10</sup> *Президент Чехии считает, что Запад возвращается к социализму и задыхается без свободы*. [Electronik resource]. – Mode of access: <http://www.segodnya.ua/world/Prezident-CHehii-schitaet-chto-Zapad-vozvraschaetsya-k-socializmu-i-zadyhaetsya-bez-svobody.html>

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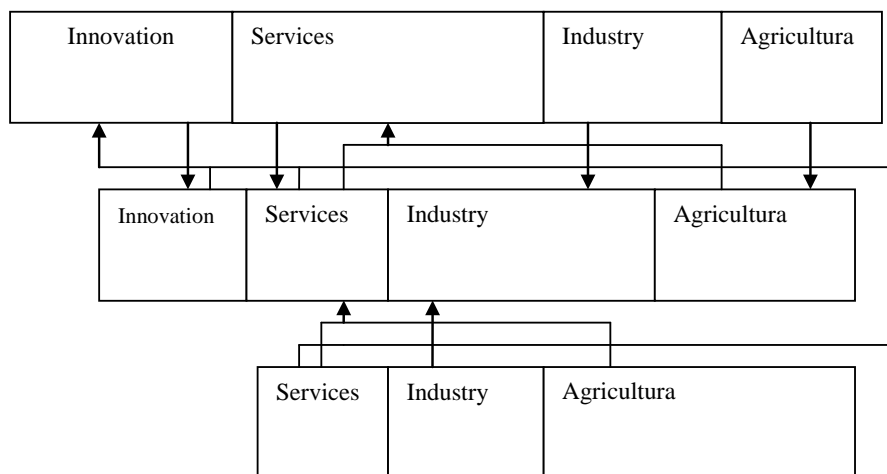
countries in global economy with the purpose to strengthen the competitiveness of their assets, currencies and merchandises. Into the bargain the growth of domestic consumption of imported from western countries goods and services will be inevitable condition for abolishment of disproportions in exchange between DM and EM. One has to keep in mind the fact that Chinese economy will further make up the demand on Western technologies and technologic sectors. The labor force employed in these sectors will be paid at higher rates, others will face the reduction of standards for personal consumption.

Hence, the tectonic shifts of world economy commenced the process of stratification in terms of national economy structure where certain labor force streams have been formed (sketch 1).

Thus, the highest stratum contains the members of OECP whose economies have four segments: innovative, service, industry, and agrarian. It should be noted that these countries have absolute advantages in all these spheres but in different correlation. The low level of unemployment with high rate of vacancies is intrinsic for these national economies, particularly at low segment of job market i.e. sphere of services where the migrants of middle stratum are employed.

These countries also practice so-called “brain hunting” that means attracting of human potential from innovative and service sectors of countries of middle stratum sectors and advanced service sphere from countries with traditional economy. The mentioned above countries are likely to be donors of highly-qualified labor force from so-called old branches which apparently are losing the development resources in middle stratum countries.

**Figure 1. Labor migration segmental & strata links of global economy**



*Source:* by own to Author

The middle stratum comprises NIC which are marked with formation of innovative sector and preferred in comparison with other activities financing. These economies base on powerful industrial sector and are indentified as global workshops. The latter has relative advantages in service sphere, but approach the edge of absolute advantage in industry and

agriculture. This reflected in input external circuit of labor force in industrial sectors high and low stratum, meanwhile circulative labor migration was spotted in other sectors of national job markets (Figure 1). The fact of possession with absolute advantages in the spheres of excessive usage of developed industrial factors indicates their minimal requirement in external assistance. In particular, agriculture of middle stratum ultimately requires specialists being able to organize highly technological agrarian production which was elaborated in the countries of higher stratum where agriculture is being suspended.

The lower stratum comprises the countries with so-called traditional economy which is the most numerous in terms of business entities and population. Their economies are not attractive for investors, and the sectors of their economy due to lack of power press out its best labor resources to the countries of middle and high strata, bereaving these nations of any growth prospects. Transnational companies are interested only in deposits of natural resources and can excavate them up to complete exhausting of soils and deposits. We should state that labor migration exposes the links not only between the strata, but also inside each stratum, although economic motivation does not prevail in the structure of promoting items.

### **Conclusion**

The flexibility of international labor migration delegates its elasticity to its types and forms. The migrants change their status under pressure of conditions and this complicates the analysis of international labor migration. Labor migrants are apt to come back sooner or later. Legal labor migrants can become illegal if they violate the terms of job contracts. Illegal labor migrants to the contrary obtain legal status due to governmental campaign of migration amnesty. It should be also noted that international statistics, unfortunately does not take into consideration such facts. As result, the researchers of international labor migration have to make their own conclusions about potential opportunities for the process development<sup>11</sup>.

Currently the counsel services of highly-developed countries treat international migrants as potential labor migrants, that gives opportunity to consider this trend as an objective phenomenon. Migration streams as constituents of globalization process are changing under influence of tectonic shifts in world economy. Dynamic development of tourist industry resulted in the fact that the majority of labor migrants uses the tourist visas for penetration abroad and, thus, fakes the international statistics of both tourist industry and international migration of labor resources.

The growth of global population at modern stage of tectonic shifts in world economy goes on as result of complex interaction between its regeneration and re-diversification. The rate of economic growth and development will depend upon solution of the problem of human capital.

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<sup>11</sup> Ивахнюк И.В., *Международная трудовая миграция*. М.: Экономический ф-т МГУ, ТЭИС, 2005. С.30



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**MIGRACIJE RADNE SNAGE U SISTEMU TEKTONSKIH  
PROMENA U SVETSKOJ EKONOMIJI: METODOLOŠKI ASPEKT**

***Rezime:** U radu se izučavaju pretežno metodološki aspekti globalne migracije radne snage. Sve veći uticaj Sudova, nevladinih organizacija i masovnih medija utvrđuje se kao značajna determinanta analiziranog procesa. Autor zaključuje da je globalni rast stanovništva u ambijentu tektonskih promena u svetskoj ekonomiji nastaje kao posledica kompleksnih interakcija između regeneracije i rediverzifikacije. Stopa privrednog rasta i ekonomski razvoj zavisice od načina na koji će se rešavati ključni problemi humanog kapitala.*

***Ključne reči:** tržište rada, humani kapital, međunarodne migracije.*