

Spatial mobility of the human capital is today one of the key mechanisms to reallocate efficiently labour resources and, to some extent, to increase their productivity. The main goal of raising the level of human capital mobility, and especially labour mobility in Russia, is to make the labour market more flexible. Via this “more flexible” labour market we can handle the tasks of decreasing the levels of poverty and unemployment.

In this work we consider two main types of internal migration: temporary and constant. To account for temporary migration is of crucial importance, as it’s less expensive than the constant one from the financial point of view, which makes it available for the larger population share of Russia. Key incentives to migration are economic. It fits into our model constraints, as here we do not account for social, psychological and political mobility factors.

These two different mobility types can be characterized by different significance levels of barriers. Therefore, we can draw different conclusions concerning expedience and availability of migration.

The key-parameter of our work is the “cost” or the “price” of mobility, which are treated as identical by the author. All indicators are calculated per person in order to achieve average figures and, thus, more realistic conclusions.

Costs of migration include:

1. Housing expenses (purchasing or renting). This point also contains searching-for-housing costs.
2. Transportation expenses. It includes expenditures for personal property transportation.
3. Administrative barrier overcoming costs and job-finding expenses.

One of our basic assumptions is that migrants possess apartments in the places, where they have come from. As the result of this fact we count housing expenses as monetary difference between apartment prices in the origin area and the destination place. And this, in turn, is based on the assumption that a migrant is able to sell his apartment in his home-region, to partially finance his new apartment purchasing. Here we suggest, that housing market is well developed in all Russian regions, what makes it possible for a person to buy or sell his apartment anytime he likes. Actually, in most of the “unfavorable” Russian regions a potential migrant will face objective difficulties when trying to buy or sell his apartment. The main reasons are low demand and underdeveloped financial market. These factors actually decrease the price of an apartment, which a potential migrant could want to sell.

In this model we could also overestimate the price for leasing an apartment in the Russian regions, as we do not consider the state of the local housing market. Low possibility of leasing an apartment in some regions may also raise its price in the destination place.

Transportation costs were also determined in two different ways: for the cases of temporary and permanent migration separately. When we considered permanent type of geographic mobility, we included one-way ticket in the model; when we referred to the temporary type - we implicated the price of a two-way ticket into our model. We accounted for the move of a single person, and not a household purposefully, so as not to complicate our calculations with personal belongings transportation costs. It is common knowledge, that we can implicate the train ticket or plain ticket price

into the model. So as to facilitate the choice of a price range, we have decided to apply a general principle for all cases: the cheaper - the better. Therefore, the cheapest train-tickets monetary values were used in the model, when possible. When we calculated costs between the regions, which were absolutely unreachable by train, transportation costs in the model included the cheapest plane-ticket available. Thus, we emphasize an evident fact, that this estimation presents the lowest level of costs that is ever possible, as we account for their very minimum volume.

Institutional (or administrative) barrier is calculated as registration gaining costs, which represents a permission to live and work in the new place.

Thus, we calculate two basic models for migration costs:

Temporary migration costs	Two-way ticket	Renting a flat in the destination region	Renting a flat in a home region	Administrative barrier
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Permanent migration costs	One-way ticket	Buying a flat in the destination region	Selling a flat in a home region	Administrative barrier
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Migration costs, calculated in accordance with this model, are comparatively low, as they include only net economic costs. We do not account for a psychological factor, registration gaining period, job-finding in the destination place, searching for information, telephone calls to relatives in the home-region, which makes a significant item of expenditures for a single migrant, etc.

When characterizing migration expedience, it seems to be more reasonable to discount the level of wages in the home-region with the saving rate (which includes currency purchase rate), which constitutes 15% from the wages. It's the reflection of the fact that a migrant can't invest his whole wage into migration, but its part.

The database for our calculations is the database of the Federal statistics agency.

1. Migration expediency from most of the Russian regions turns out to be rather low, considering the current price level and housing market state. Today internal mobility does not fulfill its role as an efficient mechanism of labour resource reallocation, aiming at reducing drastic distortions on the labour market. So as to enforce the major role of mobility the government should follow a considerate policy to develop migration law and create effective incentives, so that this law could be taken into account.

The following points could be thought over when proceeding with the migration policy:

- a. reducing barriers in the way of free mobility. Primarily liquidating information barrier
  - b. investing into people reallocation programs and stimulating business join them. Focusing on the reallocation of people from Northern to Central and Southern regions. As an example: Northern regions restructuring program, partially financed by the Central bank of Russia
  - c. delivering social payments to the socially disadvantaged citizens, who are unable to finance their move themselves
  - d. creating infrastructure to attract labour force to regions, attractive for business activities.
2. There were determined four main migration barriers: low income, underdeveloped financial and housing markets, information and administrative barriers. The most magnetic of them are housing problems. Migrants are largely able only to rent, and not to purchase an apartment. This hypotheses is confirmed by the fact, that if we implicate renting and nor buying a flat into our model mobility expedience significantly increases.
  3. Non-economic factors are significant determinants of migration behaviour. Thus, migration to Krasnodarsky kray depends very much on its favorable climate. As we do not consider this factor in the model, migration attractiveness into this region turns out to be unreasonably low.
  4. Migrants are mostly ambitious and highly motivated people, who claim to get comparatively high wages. Therefore, employing the Federal statistics agency data on average wage levels turns out to be unreasonable, and we proved it in our calculations on in-migration to Moscow. We also admit, that migrants try to retrench their housing expenses renting cheaper apartments of lower quality.

In our future research we are going to make our analysis more detailed and applied. We are going to extend our research in several directions. We will look for significant factors, that determine migration behaviour, taking into consideration climatic conditions, public goods provision etc. We will probably try to find out incentives that some multinationals create in order to execute their human capital rotation policy. While this policy is rather popular, one should expect it to be effective. We will try to discover whether some companies really rely on labour rotation as one of the efficient mechanisms of increasing human capital productivity.