WHICH ATTITUDE SHOULD WE ADOPT TOWARDS INTERNATIONAL SKILLED MIGRATION?

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1. Motivations

The international migration of skilled workers (the so-called brain drain) has attracted a considerable attention in the recent years. The reason is that, despite empirical controversies, there is a strong consensus that deficiency in human capital is a major cause of inequality between countries. Given recent developments of immigration policies conducted in receiving countries and the booming demand for highly skilled workers, available evidence supports the view that the migration of the educated has intensified over the 1990s. Ranking point systems in Australia and Canada lead to a strong selection of the potential immigrants. The increasing number of H1-B visas in the USA turns out to raise the proportion of economic migrants. Publications of labor shortage occupation lists (UK, Ireland) and adaptations of recruitment policies towards high-potential workers (Germany, France, Norway, Korea) have obviously altered the composition of international migration flows. By the next decades, the size of brain drain is unlikely to fall given the expansion of the high technology sector and the dark demographic prospects faced by most industrialized nations.

Today, industrial countries such as Canada, the UK or Germany are worrying about the magnitude of the emigration flows of skills. However, it is mainly for less developed countries that the detrimental consequences of brain drain have been stressed in the literature. Can brain drain be considered as a major cause of low development? Which are the countries affected? What are the policy responses, both from an internationalist and a nationalist point of view. There is no clear and straightforward answer to these questions.

By reducing the number of educated remaining in the country, brain drain unambiguously generates a short-run loss for sending countries. The earlier literature on brain drain essentially focused on this ex-post effect and investigated all its consequences for
remaining residents. On the contrary, the "new economics of brain drain" emphasizes the impact of migration flows and migration prospects on the ex-ante stock of human capital (before migration is netted out). Taking account of some indirect economic effects, one can reasonably consider that past migration flows or migration prospects have positive effects on human capital accumulation. The potential channels potentially at work are return migration, remittances and/or the impact of migration prospects on the expected return on education. In the long-run, the global impact of brain drain balances its ex-ante beneficial effects and the ex-post detrimental effects.

The major difficulty lies in the building of consistent and comparable evaluations of the ex-ante effect. Whilst the ex-post impact can be roughly approximated, the ex-ante requires econometric studies based on highly reliable statistics. Today, despite on-going works, there are no sufficiently reliable database measuring brain drain on a large set of countries and for different years. The only existing source has been provided by Carrington and Detragiache (1998). They rely on a set of assumptions to estimate the rate of emigration of tertiary educated workers from 61 developing countries in 1990. The strongest assumption is that they transpose the skill structure of US immigrants on the total OECD immigration stock. For example, immigrants from South Africa to the UK are assumed to be distributed across educational categories in the same way as immigrants from South Africa to the US. This assumption is obviously relevant for a number of countries (Latin America, the Caribbean, selected Asian nations) but is highly misleading for countries with a low migration rate to the USA (Africa, most Asian countries, Oceania or Europe).

Despite of this, tentative empirical tests based on Carrington and Detragiache's data reveal that the case for the beneficial brain drain hypothesis is potentially strong. In countries where brain drain is limited (say less that 20 percent of the educated are leaving) and where the education system is efficient (less than 5 percent of the population opt for higher education), brain drain hardly appears as the cause of low development. On the contrary, it could even (moderately) stimulate human capital accumulation. In other countries, brain drain is likely to slow down productivity and economic growth.

Given the quality of the data, we believe that future research should focus on building more consistent and reliable estimates of brain drain by educational categories and by occupations. We argue that providing robust and consistent estimates of the ex-ante effects is a sine qua non condition to capture the efficiency-equity tradeoff behind the brain drain and to implement adequate policies. Indeed, disregarding or mismeasuring the ex-ante effects could generate inappropriate responses. This is obviously the case if additional restrictions on skilled migration would lower human capital investments to its minimum. In such a case, fighting brain drain could make the world distribution of income even more unequal.

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1 See Stark (2003).
2 See Beine et al. (2003).
2. Structure of the Special Issue

In this context, the purpose of this special issue is offer an up-to-date survey of the major contributions regarding the international migration of skilled workers. Our panel of studies provides important insights on the recent policy decisions toward immigration, on the composition of migration flows and on the economic consequences for both sending and receiving countries.

The first two papers depict the literature on the economic consequences of skilled migration. Xavier Chojnicki examines the impact on receiving countries, focusing on the labor market and on public finance. He discusses the role of skilled migration in the debate on aging and welfare reforms. Simon Commander, Mari Kangasmieri and Alan Winters present the consequences for sending countries. After reviewing earlier and recent models, they summarize the conclusions of econometric studies based on UK individual survey data for health workers and software specialists.

The next two contributions provide highly instructive information on the evolution and the consequences of selective policies in industrialized countries. Heather Antecol, Deborah Cobb-Clark and Stephen Trejo compare selective immigration policies in Australia, Canada and the USA over the 20th century. Then, they review the immigration outcomes in regard of policy changes. Point tests systems implemented in Canada and Australia have obviously altered the skill levels of immigrants. However, they conclude that factors other than immigration policy are also important (social, historical or geographic explanations). Thomas Bauer and Astrid Kunze describe the German policy initiatives on temporary immigration of high-skilled workers. Using an international employer survey, they argue that the temporary green cards system partly satisfies the demand of firms for foreign specialists. They therefore point the need for a more comprehensive policy involving permanent visas.

The third part of this issue is devoted to the presentation of original contributions to the new literature of brain drain. Manon Dos Santos and Fabien Postel-Vinay build a model in which temporary migration can be seen as a potential source of growth for the emigrant’s country, since it allows migrants to acquire knowledge and skills abroad. From the source country point of view, they derive the optimal mix of permanent and temporary visas. Hillel Rapoport provides existing evidence on brain drain and presents the incentive mechanism. He argues that migration prospects increase the expected return to education in poor countries and foster domestic enrollment in education. When this “brain effect” dominates the observed emigration (or “drain”) effect, a brain drain with a brain gain is obtained. Dilek Cinar and Frédéric Docquier model the long-run impact of skilled migration when emigrants remit a part of the income earned abroad. As remittances make liquidity constraints less binding, a long-run gain can also be obtained. However, they argue that such a brain gain emerges under some restrictive conditions. Alice Mesnard empirically demonstrates, in the case of Tunisian workers, that temporary migration has contributed to the economic development of Tunisia via two main channels, remittances
and return migration with repatriated savings. She convincingly shows that temporary migration allows workers to overcome credit constraints for investments into small business projects.

The last two contributions deal with the Belgian particular case. The paper by Marc Debuissch, Frédéric Docquier, Abdul Noury and Madeleine Nantcho provides a description of the structure of foreign population in Belgium. It analyses the assimilation of immigrants on the local labor markets and evaluates the regional need for migration in the face of demographic changes. Finally, Michele Cincera illustrates the strong linkages between human capital mobility and technology. Using worldwide patent statistics, he measures the net foreign investment in the area of R&D and discusses their effect on the demand for skilled workers in Belgium. The preliminary evidence suggests that R&D investments in Belgium might have reduced the importance of brain drain: They could furthermore generate a brain gain as new qualified personnel from the headquarters of multinational firms are attracted in the country as well as brain exchange for the host country.

REFERENCES