Migrant Remittances and Economic Development
Lecture 10

SIPA U8159
Tuesdays 4:10 pm – 6:00 pm
IAB 410

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Brain drain

Brain gain

Brain circulation

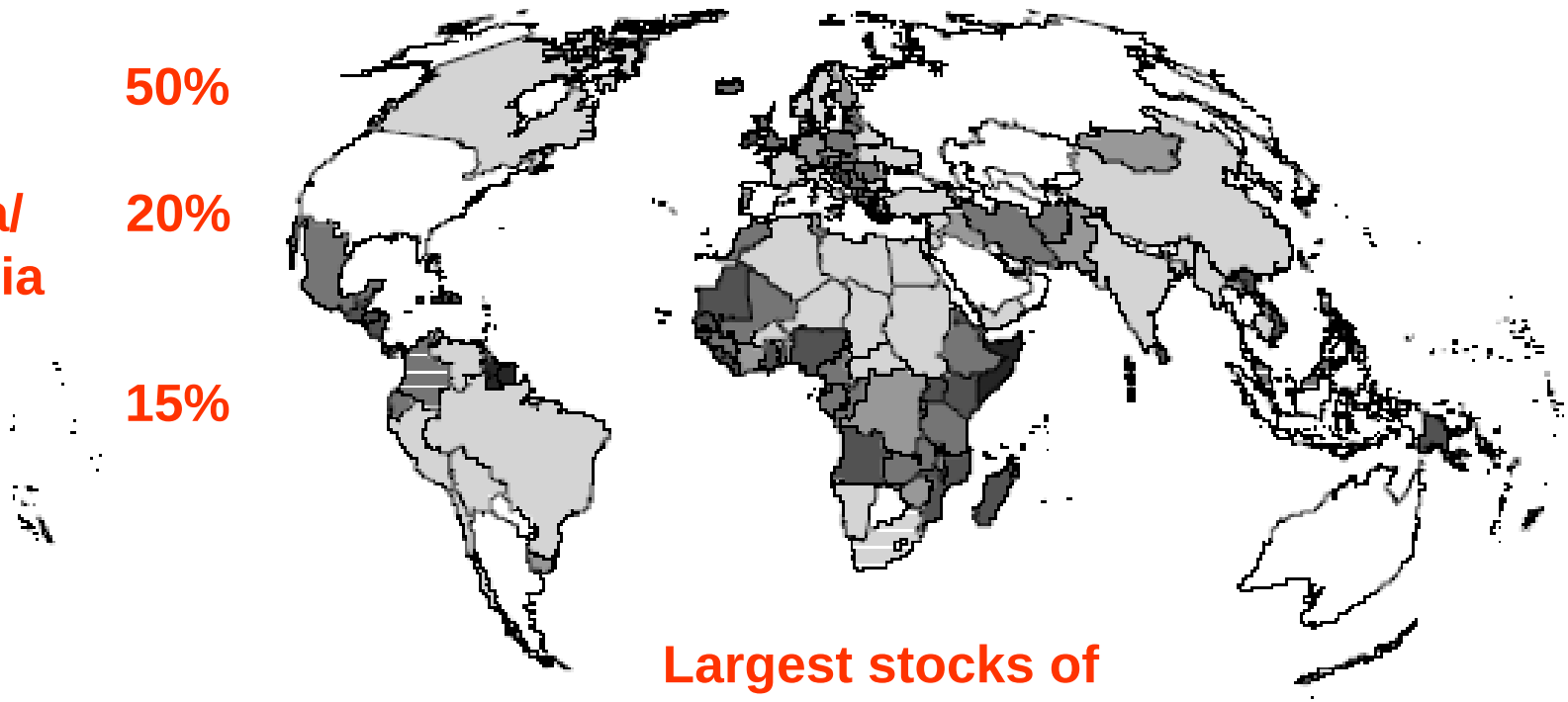
High skilled labor movements:

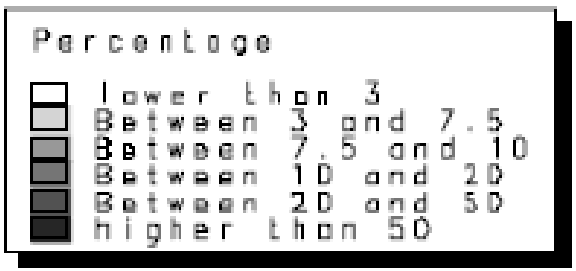
- Living standards in home country undermined
- Remittances only partial compensation
- Global competition for skilled talent
- Efforts to include diaspora in development
- Benefits of diaspora difficult to mobilize

Emigration rates of the highly skilled

Destinations:

US	**50%**
Canada/ Australia	**20%**
EU 3	**15%**





Largest stocks of skilled migrants from:
Europe
S and E Asia
Central America, Mexico

Source: Docquier and Marfouk 2004

Brain drain – gain – circulation

Dimensions of the ***brain drain:***

Increasing stock of educated migrants

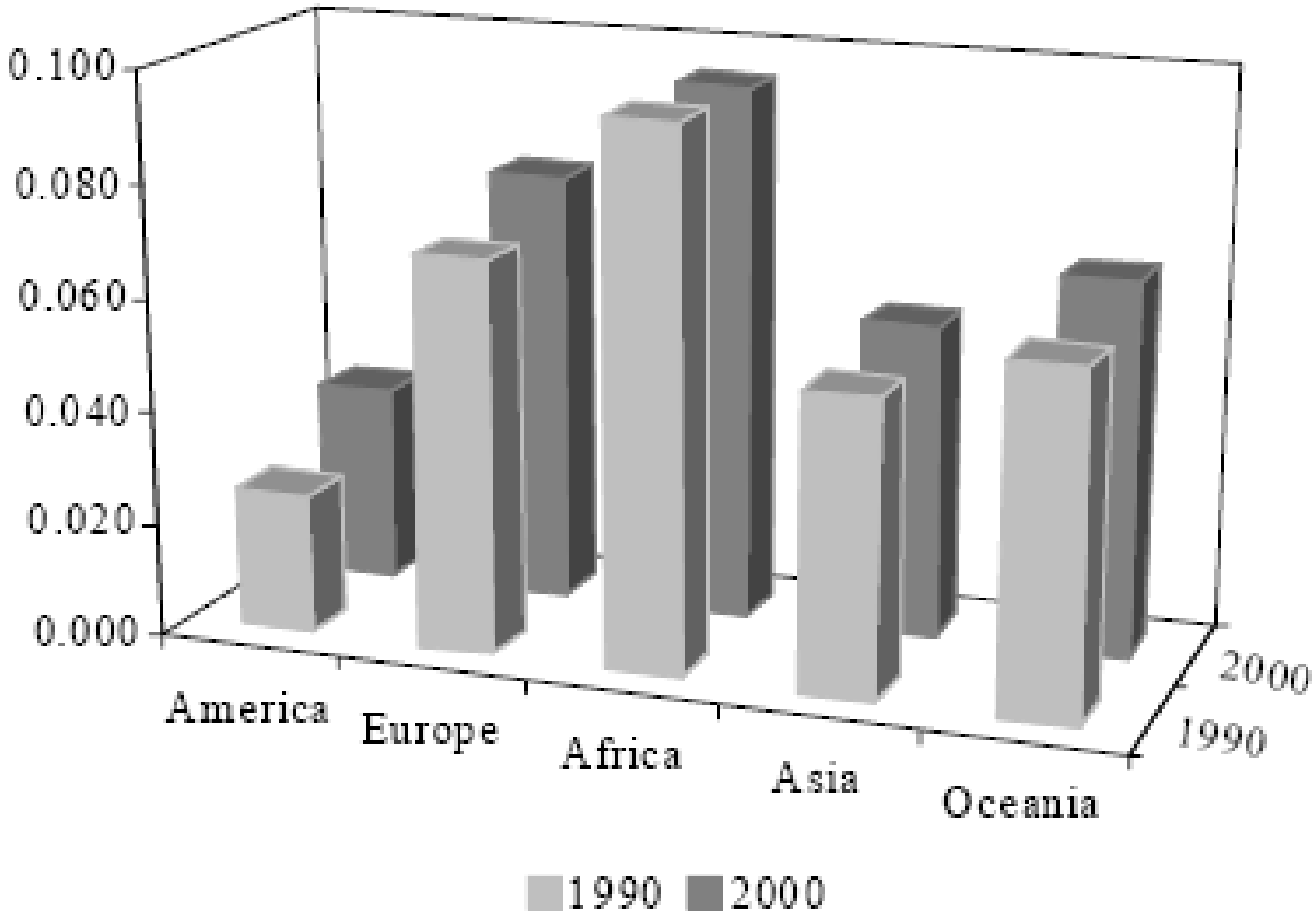
Small % of developing country populations

Dramatic increases in numbers

Concentration in the US (53% of total)

Varying rates of high-skilled emigration

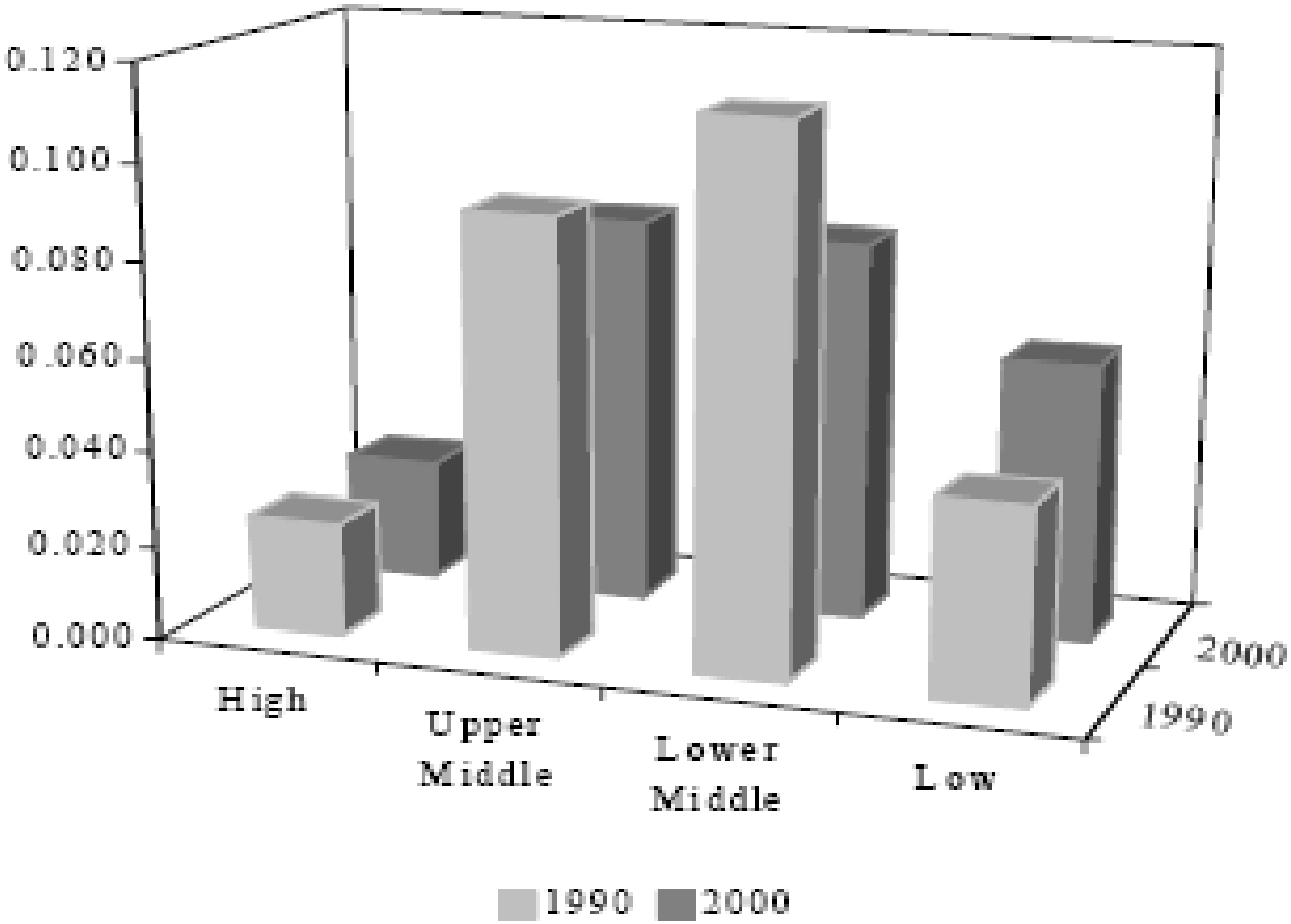
Skilled workers emigration rates by country group



Source: Docquier and Marfouk 2004

Skilled workers emigration rates by country group

B. Average rate by income group



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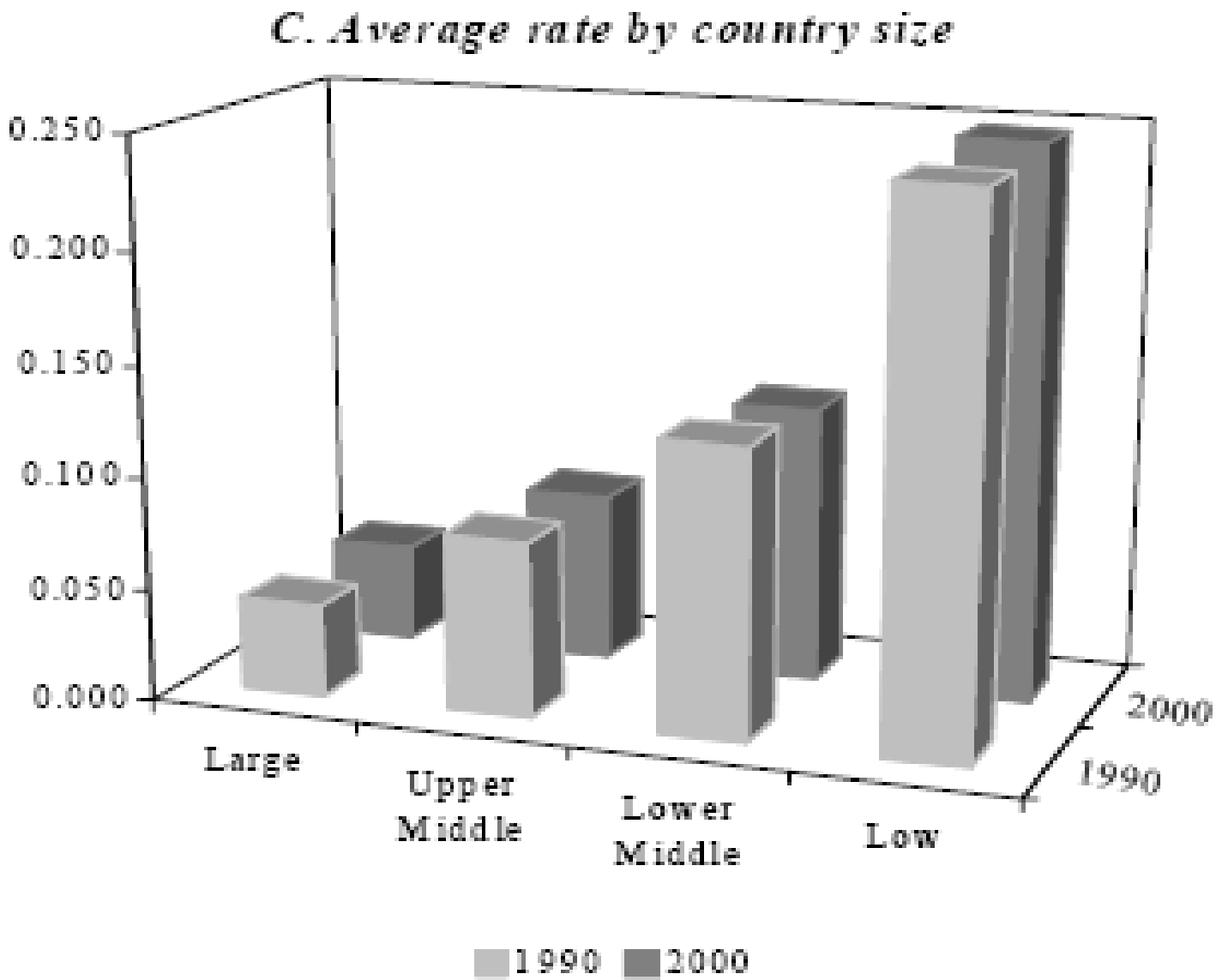
Skilled workers emigration rates by country group



Source: Docquier and Marfouk 2004

Brain drain – gain – circulation

What drives high skilled migration?

Push factors

Private return < total return in certain jobs

Poor investment climate

Inability to absorb skilled/trained workers

Educational policies

Pull factors

Selective immigration policies

Economic vs. social/political impacts

Migrant workers

Remittance receivers

Those left behind

WAGES

LIVING STANDARDS GROWTH

Natives (depends)

Existing migrants

??

Difficult to generalize

No good estimate of impact of high skilled emigration

Brain drain – gain – circulation

Home country impacts

Undermines growth and growth prospects

- Lack of senior cadre of professionals
- Difficult to train and mentor
- Limited opportunities for exchange
- Difficult to achieve economies of scale
- Society loses return on public education
- Higher price for technical services
- Certain sectors suffer more

Brain drain – gain – circulation

Home country impacts

What is lost with high-skilled migration?

Social and political development impacts:

- Improvements in governance
- Elevated discourse on public issues
- Advocacy for children's education and higher education
- Backbone of effective public management

Brain drain – gain – circulation

Home country impacts

Examples:

- 12% of doctors trained in India live in UK[1]
- Ethiopia lost 50% of pathology grads (84-96)
- Pakistan, South Africa lose 50% of med school grads[2]
- Jamaica trained 5 doctors, Grenada 22 to maintain one [3]

1 Chanda 2001 2 Pang, Lansang Haines 2002. 3 Stalker 1994

Brain drain – gain – circulation

Managing the problem

Control – most difficult, easiest to evade

Immigration policies – decision-making of receiving governments, codes of practice

Compensation – taxation, subsidies from receiving governments

New channels – academic cooperation programs, investments in research

Brain drain – gain – circulation

Brain gain: Beyond Remittances

Diaspora involvement/circulation

- Access to capital, information, networks
- Matching and intermediation
- First mover advantage
- Corridors, technical cooperation
- Impact on trade and innovation

Effectiveness and suitability are big questions

Brain drain – gain – circulation

Brain gain: Beyond Remittances

Return migration

- Investment climate – ex. wages, governance
- Skill match and adaptation
- Incentives – funding, tariff relief, real estate
- Circular migration – citizenship, benefits, etc.
- Training? Bilateral cooperation?

Effectiveness and suitability are big questions