

Smart policy toward high-skill emigrants

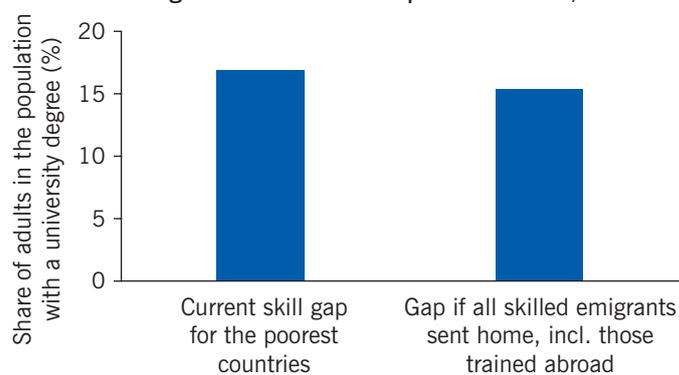
Many proposed policies on skilled migration do little to improve skill stocks or development outcomes, but promising options exist

Keywords: development, emigration, training, education, talent, brain drain

ELEVATOR PITCH

Immigration officials in rich countries are being asked to become overseas development officials, charged with preventing skilled workers from leaving poor countries, where their skills are needed. Some advocates urge restrictions or taxes on the emigration of doctors and engineers from developing countries. Others urge incentives to encourage skilled workers to remain or return home or policies to facilitate their interactions with home countries. Regulations often reflect compassionate and political sentiments without clear evidence that the regulations achieve the desired development goals and avoid pernicious side effects.

Forcing skilled emigrants to return does little to reduce skill shortages in the most skill-poor countries, 2010



Source: Based on Figure 1.

IZA
World of Labor

KEY FINDINGS

Pros

- + Retention and return incentives in origin countries have shown promise to increase stocks of skilled workers in developing countries.
- + Bilateral agreements to share the financing and provision of training for skilled emigrants show some potential.
- + Experiments around the world with diaspora-engagement policies offer a variety of experiences to learn from.
- + Policies that focus on equitably sharing skilled migrants' training costs can address fiscal issues while preserving worker mobility.

Cons

- Restrictions on high-skill emigration do not address the main causes of skill shortages and have not been shown to reduce shortages in the countries of origin.
- Emigration restrictions greatly harm skilled workers, discourage skill acquisition, and limit access to technology, trade, and investment.
- There has been little rigorous evaluation to determine the effects of diaspora-engagement policy on technology transfer or investment.
- Transfers to developing countries to compensate for emigrants' training costs face problems of aid fungibility and are not shown to increase skill stocks.

AUTHOR'S MAIN MESSAGE

Policies to restrict the emigration of skilled workers from poor countries, such as quotas and recruitment bans, harm skilled workers and isolate developing countries from global networks. Policies to compensate these countries through international taxes can be inefficient and inequitable. Instead, governments should pilot and rigorously evaluate policy experiments that have shown promise. These include compensation reform efforts and other retention-and-return incentives in origin countries, as well as new institutional arrangements, such as diaspora networks and bilateral training partnerships.