The Economic Impact of High Skilled Migration: Effects for Sending Countries

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Advances in transportation, communication, and technology have made the world a smaller place. As globalization has created new relationships that transcend traditional boundaries, it has enabled human capital—more freedom than ever to move across borders. Significantly, these skilled individuals have been drawn to the most economically advanced countries—places already rich in human capital, and yet it is in these locations where they are best rewarded. The gradual introduction of selective immigration policies in many OECD countries since the 1980s has reinforced the tendency of high skilled migrants selecting economically advanced countries. What originally began as an effort to increase the quality and skill set of immigrants has evolved into an international competition for high skilled immigrants.

Historically, this movement of high skilled immigrants has been viewed as “brain drain,” where developing nations are robbed of their best and brightest, stagnating their development. Recently, a new body of research has questioned the negative effects of this talent transfer, and has argued that new avenues of development may outweigh these effects. This shift in thinking may be related to the improvements in communication and technology that have facilitated global communication and collaboration. This study seeks to determine the current impact that high skilled migration has on sending countries. It finds that brain drain still occurs in the most negative sense, especially in the case of the sending of health care professionals from Africa. It also finds evidence of mutually beneficial brain circulation, such as in the case of the Chinese, Taiwanese, and Indian immigrant entrepreneurs in Silicon Valley. From these cases, the study makes specific policy recommendations.