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**THE ECONOMIC CONSEQUENCES OF 'BRAIN DRAIN' OF
THE BEST AND BRIGHTEST: MICROECONOMIC EVIDENCE
FROM FIVE COUNTRIES***

John Gibson and David McKenzie

This article presents results of innovative surveys that tracked academic high achievers from five countries to wherever they moved in the world to directly measure at the micro level the channels through which high-skilled emigration affects sending countries. There are high levels of emigration and of return and the income gains to the best and brightest from migrating are an order of magnitude greater than any other effect. Most high-skilled migrants from poorer countries remit but involvement in trade and foreign direct investment is rare. Fiscal costs are widely but are much less than the benefits to the migrants themselves.

Two narratives drive discussions of the development impact of high-skilled migration. The first is the idea of a brain drain, whereby the departure of doctors, teachers, engineers, scientists and other highly skilled workers decimates the human capital and fiscal revenues of sending countries (Bhagwati and Hamada, 1974). Such fears lead to calls for policies to restrict the flow of highly skilled workers, such as demands that developed countries stop recruiting doctors from developing nations and efforts by developing nations to restrict the ease of their highly skilled individuals migrating.¹ Contrasting with this is the view of a highly educated diaspora as a potent force for developing the local economy through remittances, trade, foreign direct investment (FDI) and knowledge transfers, with the experience of India and China in setting up technology firms as a result of diaspora working in Silicon Valley a prominent example (Sussanin, 2002). Economists have also emphasised that the possibility of migrating may spur human capital accumulation, potentially leading to a net increase in the education levels of those in the home country.²

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¹ For example, in 2009 the Algerian Government said it would restrict study abroad scholarships granted to high achievers in baccalauréat examinations in an effort to stem a worsening brain drain, and Uganda began requiring doctors who wish to pursue further studies abroad to make a written commitment to return to Uganda. On the other hand, the World Federation of Public Health Associations adopted a resolution in 2005 supporting ethical restrictions on international recruitment of health professionals from developing countries.

² See Mincer (1997), Voheli (1999), Stark et al. (1997) and Schell (2006) for this theoretical debate. Beine et al. (2008) for cross-country empirical evidence and Chaud and Chaudry (2008) for a case study in Fiji. Koser and Millock (2005) and Doeringer and Rapoport (2008) provide good recent reviews of the literature.

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