

# Chapter 78

## Economic Models of Migration of Skilled Labor and Preliminary Empirical Evidence

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### ABSTRACT

*This chapter introduces the major trends that have affected the perception of the migrations of skilled labor. Different models are introduced to capture the impacts of the decisions of skilled emigrants. The last and the more up to date models are the ones related to the new economics of skilled labor migration and its likely positive spillovers into education and research. Attempts to compare the best known models are also pursued in this chapter with preliminary empirical assessments based on some available data. The results attained confirm the promising role of these models of the new economics of skilled labor migration.*

### INTRODUCTION

This chapter looks at the determinants and impacts of the migration of skilled labor from developing (South) to developed economies (North). In the absence of cross-section data about individual and group choices, only aggregate secondary and incomplete data can be used to understand and assess the overall determinants and impacts

of the migration of skilled labor. The available publications related to the migration of skilled labor with its relationship to economic and social development show the diversity and richness of the material developed so far. The accumulated knowledge focuses on the perception and loss of qualification at the source of emigration with emphasis on the potential gains transferred to destinations. It also insists on the perceptions related

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to the educational and training costs invested at the origin and to the experience accumulated by the emigrant, mainly when public budgets and expenditures are involved. The overall direct and indirect benefits and costs that are related to the processes of emigration of skilled labor have also constituted important components in the economic literature. Finally, it can be derived from the accumulated knowledge that the higher intensity of emigration of skilled labor from the same given sources has shown a large body of reports and publications indicating the directions of losses and gains between developing and developed economies especially in the era of globalization and increased competitiveness and where knowledge is the most important driver (Driouchi & al., 2006).

The issue of migration of skilled labor has generated increasing interests among scientists and policymakers. Series of economic publications have been realized over the last twenty years. They have been the sources of different views and positions that have fed debates and policies concerning mainly developing countries. These debates have considered the migration of skilled labor as a major source of loss of abilities and knowledge from developing economies. A clear pessimistic approach has been dominating international, regional and national debates claiming how human capital trained in developing economies for the internal purposes of development, can be transferred to developed countries at almost no charge. But, most recent papers introduce more optimistic views about the impacts of skilled labor migration on developing economies through using new economic models that support brain gain that accompany the brain drain. But, while these new views have contributed to putting an end to the pessimistic ones that prevailed earlier, there is not a final position with regard to the magnitude of the dissymmetric benefits between source and destination countries. Furthermore, most of the *new economics of skilled labor migration* has not been extensively tested empirically.

The content of the present chapter is a synthetic contribution to the new economics of skilled labor migration. It looks at the similarities and differences that exist among the three major models of Beine & al. (2004), Stark, Casarico, Devillanova, & Uebelmesser (2005) and Nguyen Duc Thanh (2004).

This chapter starts with a comprehensive literature review about the determinants and the impacts of the migration of skilled labor. This is followed by a description of the models used methods and the data mobilized to assess both the determinants and the impacts.

## **I. LITERATURE REVIEW ON MIGRATION OF SKILLED LABOR**

Different approaches to migration have been identified and different assessments have been developed. These approaches are mainly based on the relationship between developing and developed countries with the possibilities of enhancing the likely benefits that can be obtained from this migration. In relation to that, some authors have considered the brain drain to be negative to developing economies while others have been more in favor of negotiated solutions as gains are observed to occur to source countries. This latter literature is now progressively shaping international and national policies.

### **1. Determinants of Skilled Workers' Migration**

The rate of skilled workers' migration (brain drain) continues to increase so it was necessary to know the *causes of this migration*. They are identified by the International Organization for Migration (IOM) as driving forces from both the side of developed and developing economies. Technological revolution played an important role in increasing the rate of migrants to countries where information and communication technolo-

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