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## **The Global Competition for High Skill Talents. The Pacific Knowledge Bridge and the European Migration Patchwork**

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### **Summary**

In the economic boom period of the 1990s a global market for the highly skilled has developed, that has become an integral part of the modern global economy. The market dynamic is essentially fueled by two factors. One is the supply of tertiary educated people due to the unparalleled expansion of the educational system in major emerging economies (like India and China). The other is the growing hunger for qualified people in the Western knowledge economies that – due to demographics and the science/engineering-gap - is not fully satisfied by the local population. This points to a brain drain hypothesis. In reality the dynamic is much more complex, opening opportunities for win-win-situations.

The high skill market is characterized by growing competition of the developed world for qualified people. An important channel is to attract students to graduate studies and motivate them to stay and work. The other channel is a direct attraction of highly qualified people to the country and to the labor market. The traditional magnet of intelligence, the USA, has over time developed an "immigration pathway" that leads from postgraduate studies, to special work permits for the highly qualified to permanent residence rights to citizenship. Every country that competes on the global level for the highly skilled needs to beat this US benchmark. Traditional immigration countries, like Canada, have more and more done this through a supply/resource oriented policy and a much more predictable path to citizenship. Others, especially continental Europe are much more reluctant.

This competitive scenario seems to be very much in line with brain drain theory. But one of the very central migration streams – the Asian/US-American stream – points to a more complex dynamic with winners on both ends. An enormous part of high skill outmigration is linked to gaining and developing knowledge, that in "brain language" could be called "brain development". The expansion of the tertiary education system in Asia key countries heavily relied on importing knowledge from the West through educational migration. Only permanent loss to the host country could possibly qualify a "drain" label.

It is true that many Asian educational migrants stayed in the US. They became a substantial source of scientists and engineers in the American economy. Silicon Valley and other innovation clusters of the high tech age became highly dependent on Asians. In fact the success story of the IT revolution in the US is also a success story of Asian immigration into the US. These professionals, however, also became an important source for home country development, either through return migration or through knowledge transfer via the expat/diaspora network (knowledge circulation). Over time a robust transpacific knowledge bridge has developed that has densely connected US American and Asian electronic and software industries. Biotechnology and Pharmaceuticals could go a similar route in the future. In any case home countries can gain an enormous knowledge potential for future development if they can keep a linkage to their expatriate community.

Europe, on the contrary, is not systematically connected to the new big sources of the highly skilled in Asia. Europe has tremendously developed the internal high skill mobility but retains a complete patchwork of policies with respect to external in-migration. With respect to in-migration to Europe all countries have changed their immigration policies to alleviate entry of the highly skilled. Still quite different patterns have developed. This can be illustrated by the cases of the UK and Germany.

The UK has actively opened up its migration policies to compete on the global level. A special immigration route for the highly skilled was built in 2002 to strengthen the UK position in the global

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economy. The scheme was already strictly resource oriented and consequently changed into a points based scheme. Through its blend of policy, culture and universities the UK could position itself as a target for high skill migration. It seriously tapped the Asian high skill migration stream, supported by the past migration path to the UK that is heavily connected to Asia.

Germany on the contrary harbors one of the lowest skilled immigrant population – despite a serious skill supply problem and an enormous demographic challenge. The country has considerably changed the immigration principles from defensive to a selective opening for the highly skilled: The new residence law of 2005 put major tools in place: drastically reduced labor market tests for the highly skilled, easy intra-company transfers, reduced bureaucracy. But the overall approach is extremely reluctant to actively enter the competitive game with easy and clear messages. Thus the country is essentially stuck in its old low skill migration path. With integration of past migrants still an issue the country is not really ready to open another migration stream.

What does this mean for migration theories? Brain drain theory has some important weaknesses. It overlooks that an enormous part of high skill migration has to do with developing and improving knowledge. In fact the categories “brain” and “knowledge” are systematically confused. The brain drain hypothesis also overlooks the positive effect that outmigration can have on the development of the country of origin, through interaction with home country, through diaspora networks and through some return migration. All “brain-labels” to migration tend to also underestimate the choices of migrants. Brains do not refer to a commodity but to people with ambitions and options. To what extent they stay in the host country or migrate back to their home country is dependent on their life cycle choices, taken under specific economic and social circumstances of host and home countries. Of course choices get restricted over time as people settle and build homes and families. But host and home countries do have choices as well to attract or repel migrants. It is the configuration of these choices that effect to what extent temporary migration turns permanent or is reversed.

Because of the high plasticity of high skill migration I propose to work on a contingency theory of migration, in which the outcome is dependent on the interaction of three choices. The choices of the home country, the choices of the host country and the choices of the migrants. The key question of a contingency theory is: under what circumstances is it possible to build a triple win (host, home, migrant) migration scenario? What is specific and what is general of the example of the co-development that we called the “trans-pacific knowledge” bridge.