



## Brain drain, is it beneficial?

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At first glance, it seems obvious that brain drain is a significant cost to emerging economies. However, some academic observers (e.g., Mountford, 1997; Beine, Docquier and Rapoport, 2001) have argued that brain drain is beneficial. They posit that the possibility of migration encourages investment in education because of the potential high returns abroad from educated migrants. Arguably, brain drain can thus eventually increase income equality in the country of origin.

Our unique competitiveness data, however, enlighten this picture. In some countries there seems to be a correlation between their position in the overall competitiveness ranking and their ranks in the brain drain indicator. The USA ranks 1<sup>st</sup> in the overall ranking and 4<sup>th</sup> in brain drain, Switzerland 2<sup>nd</sup> and Germany 6<sup>th</sup> in both rankings. In the mid rankings, Australia reaches the 17<sup>th</sup> spot and the 18<sup>th</sup> respectively. Elsewhere, South Africa ranks 52<sup>nd</sup> in the competitiveness ranking and 51<sup>st</sup> in brain drain.

## BRAIN DRAIN

2014

Brain drain (well-educated and skilled people)

hinders competitiveness in  
your economydoes not hinder  
competitiveness in your  
economy

Ranking

1	NORWAY	8.09
2	SWITZERLAND	7.78
3	FINLAND	7.76
4	USA	7.28
5	DENMARK	7.28
6	GERMANY	6.87
7	SWEDEN	6.78
8	UAE	6.65
9	NETHERLANDS	6.54
10	MALAYSIA	6.51
11	UKRAINE	6.34
12	UNITED KINGDOM	6.27
13	IRELAND	5.96
14	HONG KONG	5.95
15	CANADA	5.89
16	LUXEMBOURG	5.81
17	ISRAEL	5.74
18	AUSTRALIA	5.73
19	SINGAPORE	5.70
20	BELGIUM	5.67
21	CHILE	5.58
22	INDIA	5.54
23	TURKEY	5.41
24	QATAR	5.29
25	INDONESIA	5.26
26	THAILAND	5.23
27	FRANCE	5.20
28	ICELAND	5.15
29	AUSTRIA	4.98
30	ARGENTINA	4.97
31	CZECH REPUBLIC	4.85
32	JAPAN	4.76
33	BRAZIL	4.61
34	JORDAN	4.58
35	LATVIA	4.55
36	PERU	4.53
37	POLAND	4.39
38	GREECE	4.34
39	MEXICO	4.29
40	COLOMBIA	4.24
41	SPAIN	4.11
42	KAZAKHSTAN	4.00
43	ITALY	3.90
44	PHILIPPINES	3.82
45	CHINA MAINLAND	3.79
46	KOREA	3.74
47	NEW ZEALAND	3.70
48	ESTONIA	3.68
49	PORTUGAL	3.47
50	TAIWAN	3.41
51	SOUTH AFRICA	3.39
52	SLOVENIA	3.17
53	SLOVAK REPUBLIC	3.09
54	LITHUANIA	2.98
55	RUSSIA	2.82
56	ROMANIA	2.76
57	CROATIA	2.28
58	VENEZUELA	2.19
59	HUNGARY	2.08
60	BULGARIA	1.35

It is necessary to consider that any given criterion does not function in a vacuum. There are several other variables that impact outcomes. For example, attracting highly skilled foreign labour may compensate for the decline of home-grown human capital.

The data thus suggests that one of the greatest challenges that countries face to maintain or advance their competitiveness levels is to ensure a flowing and sustainable human capital accumulation. The challenge is not only to invest and develop local talent but also to provide opportunities for that talent to realize its full potential and to continuously improve the set of skills available. In addition, the data shows that, ultimately, countries that accumulate their home-grown human capital with a balanced intake of overseas talent are able to achieve higher levels of competitiveness. In this sense, brain drain seems to deprive countries of the necessary human capital which would enable them to safeguard their competitiveness.