

ECA Research Notes

OFFICE OF THE CHIEF ECONOMIST

EUROPE AND CENTRAL ASIA

Migration and Brain Drain

October 2019



Hi Everyone,

We just wrapped up a very productive WBG/IMF Annual Meetings. Leading up to it, we launched our Fall Economic Update with a focus on Migration and Brain Drain – very important topics for our region. Coming up, we will also have two related events.

First, on November 21st we will hold an [ECA Talk](#) with our Lead Economist Michael Lokshin on his proposal for generating a market for work permits, which aims to reduce resistance to immigration in destination countries. Read the paper and the blog describing the proposal below. We are looking for a volunteer country to implement this idea. So, come and join us for the talk.

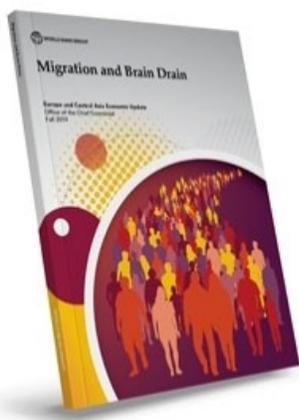
Second, in early December, we will host a screening of the award-winning HBO documentary "[It Will Be Chaos](#)" followed by a panel discussion. We will share the event details soon – don't miss it.

We are also hosting more exciting events this fall. Hope you were able to attend our special Annual Meetings ECA Talk by EBRD Chief Economist, Beata Javorcik on FDI and the Green Transition, a topic which we will cover in greater depth in one of our next issues. And on November 6, we will be launching the next Global Financial Development Report assessing regulatory reforms after the global financial crisis. Finally, on November 7-8, we are also co-hosting a conference with the University of Pennsylvania on the 30th anniversary of the fall of the Berlin Wall. Stay tuned for more.

As the weather turns cooler in Washington, consider cozying up with a coffee or tea and our list of related papers and blogs below.

Happy reading!
Asli Demirguc-Kunt

The share of immigrants in Western and Eastern Europe has increased rapidly over the past four decades. Today, one of every three immigrants in the world goes to Europe. Furthermore, although globally only one-third of migration takes place within regions, intraregional migration is especially high within Europe and Central Asia, with 80 percent of the region's emigrants choosing to move to other countries in the region. In high-income destination countries, migrants are often blamed for high unemployment and declining social services. There are also widespread concerns about brain drain in the migrant sending countries of Eastern Europe, the Western Balkans, South Caucasus and Central Asia. This update focuses on the design of



policies on labor mobility and presents the trends, determinants, and impacts of low- and high-skilled labor. Watch the video, read the [blog](#), and download the full report.

[Report](#)

[Video](#)

RELATED WORLD BANK RESEARCH

[The Missing Market for Work Permits](#)

September 2019 – Policy Research Working Paper 9005

Michael Lokshin and Martin Ravallion

Citizens have a right to accept any job offer in their country, but that right is not marketable or automatically extended to foreigners. This paper formulates and studies the policy proposal which will allow citizens in host countries to rent out their right-to-work for a period, financed by foreigners purchasing time-bound work permits.

[The Economics of International Student and Scholar Mobility: Directions for Research](#)

May 2019 – Policy Research Working Paper 8848

Gnanaraj Chellaraj

International trade in higher education services in the form of international student mobility has increased sharply since the 1960s and especially from Eastern Europe and Central Asia since the fall of the Soviet Union. Many international students, especially those with graduate degrees, stay on in the host country after graduation. Although their impact on labor markets has been investigated by economists, geographers, and regional scientists in recent years, most studies on international students focus on education and spatial issues, with very little economic analysis. The paper provides a description of a possible research agenda on international student mobility.

[Migration and Jobs: Issues for the 21st Century](#)

May 2019 – Policy Research Working Paper 8867

Luc Christiaensen, Alvaro Gonzalez, and David Robalino

With an estimated 724 million extreme poor people living in developing countries, and the world's demographics bifurcating into an older North and a younger South, there are substantial economic incentives and benefits for people to migrate. There are also important market and regulatory failures that constrain mobility and reduce the net benefits of migration. This paper carries out a literature review and provides a conceptual framework to analyze migration related policies from the social protection and jobs perspective.

[Self-Employment and Migration](#)

September 2019 – Policy Research Working Paper 9007

There is a widespread policy view that a lack of job opportunities at home is a key reason for migration, accompanied by suggestions of the need to spend more on creating these opportunities to reduce migration. The authors carry out a meta-analysis trying to understand the link between self-employment and the decision to migrate - the economic theory suggests that self-employed would be more likely to migrate, but the empirical evidence shows that it could be opposite.

[International Migration and Household Well-Being: Evidence from Uzbekistan](#)

June 2019 – Policy Research Working Paper 8910

William Seitz

As one of the most pivotal ways that labor markets adjust to changing economic conditions, international migration is never far from the center of the national discussion in Uzbekistan. This paper combines administrative and household survey data from Uzbekistan and provides evidence on the drivers of labor migration and the consequences this has for households – with the increased flow of remittances that follows.

[The Impact of Forced Displacement on Host Communities: A Review of the Empirical Literature in Economics](#)

February 2019 – Policy Research Working Paper 8727

Paolo Verme and Kirsten Schuettler

The paper reviews 49 empirical studies that estimate the impact of forced displacement on host communities. Coverage extends to 17 major forced displacement crises that occurred between 1922 and 2015 and their impact on host communities. The analysis finds an overall positive welfare effect.

RELATED BLOGS

[Is there a policy remedy for brain drain in Europe?](#)

Asli Demirguc-Kunt and Cyril Muller, October 2019

One in three migrants in the world go to Europe. That's a staggering statistic when considering there were more than 250 million migrants globally in 2017. But it also highlights the desire of millions of people for a higher quality of life – in pursuit of better education, jobs, healthcare, or simply a safer place to live. Most migrants move in response to economic incentives. As labor moves across markets, and migrant workers earn higher incomes, both employers and consumers benefit. Once fully settled in destination countries, educated and skilled migrants are able to contribute much to society, helping boost productivity and generating growth for the local economy. But what does this mean for the countries they leave behind and is there a remedy for brain drain? [Read the blog »](#)

[Improving social protection by reaping the gains from international migration](#)

Michael Lokshin and Martin Ravallion, September 2019

Free migration would bring large gains globally but is a tall order politically. This blog argues that a more feasible policy is to let citizens in host countries rent out their right-to-work for a period, financed by foreigners purchasing time-bound work permits. This would be a pro-poor social policy in host countries, and bring first-order welfare gains to new migrants from low-wage economies. [Read the blog »](#)

CALENDAR OF EVENTS

- **November 21, 2019:** [ECA Talk](#) "A Market for Work Permits"
- **December 5, 2019:** Screening of award-winning movie "[It Will Be Chaos](#)" followed by a discussion with the director Filippo Piscopo

Check [ECA Lectures](#) and [ECA Talks](#) to learn more about our events.

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