

# **Migration Policies for the Highly Skilled: The Case of International Graduates**

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## **The demand for international students**

According to the OECD non-citizen students, in 2004, globally numbered about 2.7 million, of which about 2.3 million were to be found in the 30 OECD member countries. Out of these about 2.0 million were so-called “international students”, i.e. they did not have permanent residence rights in the country in which they were studying. This was about 6.5 percent of all students. At 16.6 percent this share was especially large in Australia. In the UK it was 13.4 percent, 12.7 percent in Switzerland, 11.3 percent in Austria. Germany, France, Canada, and Ireland were also above the 6.5 percent average. The largest percentage was probably to be found in New Zealand but the country’s statistics do not distinguish between foreign and international students. 28.3 percent of all students in New Zealand were foreign students, far ahead of the 19.9 percent in Australia. At more than 570,000 the US has by far the largest number of foreign students but they make up only 3.4 percent of the entire student body (SOPEMI 2007:53).

Between 2000 and 2004, the number of foreign students in OECD countries increased by more than 40 percent. The percentage increases were especially large in New Zealand, the Czech Republic and Korea, but in the latter two countries from a very low base. Other countries with increases exceeding 50% included those in southern Europe, Ireland, Australia, France, the Netherlands and Japan. The OECD reckoned the increase in the number of international students was “most likely a response to signals which many OECD countries have been sending in recent years, concerning possibilities for work and residence following the completion of their education” (SOPEMI 2007:22f, 54), but unfortunately provided scant evidence to support this notion. If true, it would have indicated an increased demand for students from abroad. Lacking evidence, a larger supply of students due either to increased demand in the country of origin or to an increased ability to finance studies abroad is just as plausible a cause.

Even if the signals noted by the OECD are indeed there, there is a shortage of data to prove that students, once they graduate, are actually able to stay on and work in their field of study and at an adequate occupational level. Canadian data show that, in 2005-2006, less than 6% of international graduates stayed on, while in 1990 over 20 percent had done so. In Norway, the number of

graduates with new work or family permits remained steady throughout the 1990s, but as a percentage of all finishing students, declined from about 25 percent to close to 15 percent. But when Norway eased the quarantine provision in 2001, the number of international students rose strongly and the number of graduating students staying on began to rise as well. Almost three quarters of those who then stayed on did so on the basis of a work permit; while ten years previously it had been for family reasons, i.e. usually marriage (SOPEMI 2007:55). Other countries seem to be unable to provide such data. If they were, the data would be hard to interpret. There is a difference between staying on in fact and in law. In Austria, for instance, a graduate may be required to leave the country and to reapply for residence from abroad. In the unlikely event of being granted a permit the graduate would appear as a new immigrant and the system would have no memory of the studies and the graduation. Biographically the person concerned would merely have changed residence status but statistically one person would have left and another would have arrived.

There is some doubt that OECD countries really do have a demand for international graduates. The main reason is that education levels have been rising. Consequently, most of the rich countries, most of the time, have little need of poaching education from elsewhere. Very few countries have become acquisitive of graduates, even in professions where there are shortages. Extended ones, as of physicians in British hospitals, are rare. They usually last for five years or so until, on the one hand, the demand bubble collapses and, on the other hand, internal supply rises. Furthermore, diagnosing shortages in the present or predicting them for the future is a poorly developed art (see Doudeijns 2002). It would presuppose an improved understanding of how markets, and interventions into markets, fail and succeed. For the time being they remain tinged with a suspicion of special interest pleading.

Canada is a case in point. The educational levels of newly arriving immigrants have been rising but their wages have been falling. This much noted effect may partly be due to the rise in supply from non-immigrant households (Reitz 2005). The pertinent question really is whether the wages of highly educated immigrant match those of non-immigrants of the same age and education, not whether they have been rising or falling. The other question, of course, is why Canadian migration policy continues to favour education when the market no longer rewards it.

### **Deskilling**

In at least 13 OECD countries recent immigrants tend to have a larger share of highly educated than both earlier immigrants and the native population, and often considerably so (SOPEMI 2007:61). This could partly be due to selection effects. Perhaps, as time goes by, more of the highly educated recent arrivals will be leaving again than of the lesser-educated ones. If so, the

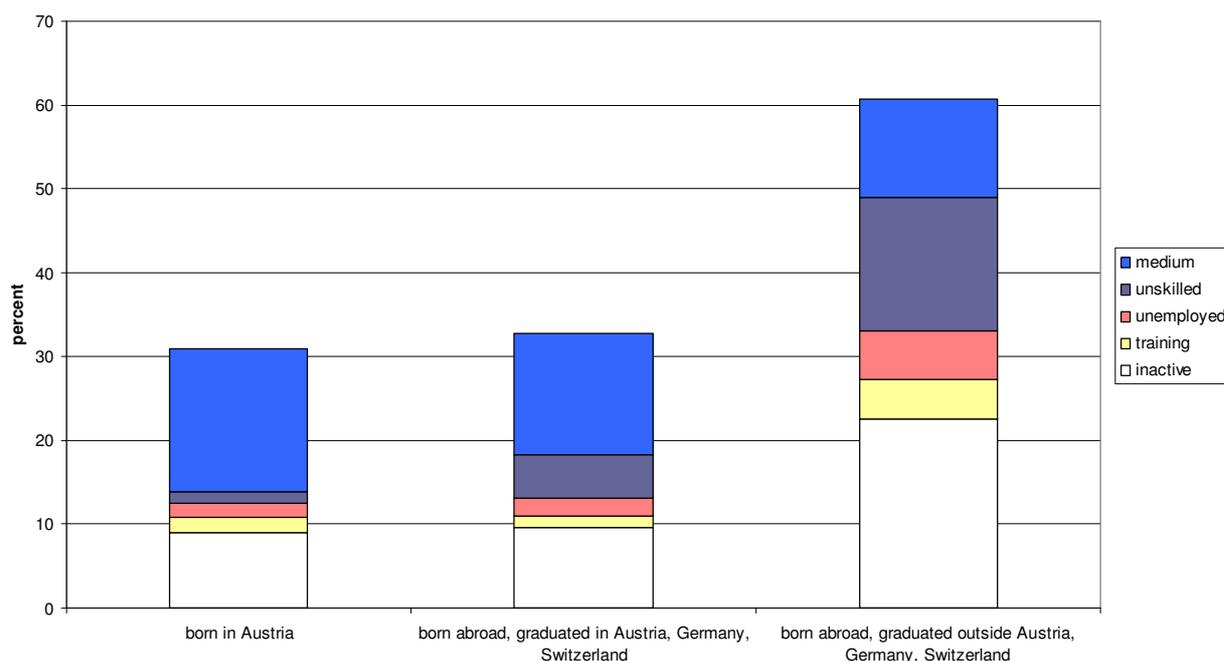
share of the highly educated in the recent arrivals might become more similar to the share in past arrivals. The point of note really is that among 21 OECD countries with data there is not a single one in which the share of the highly educated among natives exceeds both that of older and of recent immigrants. Only in three countries, Denmark, Finland, and the US, is it safe to say that all three part-population have roughly the same shares. In about 17 countries did the share of the highly educated among recent immigrants exceed that among natives. If economic structure changes gradually, and if a domestic population responds to the opportunities of the economy it grows up in, how could it make any sense for countries to have a demand for an educational structure among immigrants that is quite different from that among natives?

The fact is that much of the education of immigrants remains unused, a phenomenon frequently termed “brain waste”. The OECD, on one occasion, attributed this to the educational degrees being from abroad and thus largely unknown to employers in the country of immigration. International graduates would thus be at an advantage, they argued, since they have a locally known degree to show (SOPEMI 2002:95). Once again there is little evidence to support or contradict the hypothesis. If it were true, this should also mean that international graduates should actually be at a disadvantage, if they returned home, because employers there would not be familiar with the degrees from abroad.

Austrian evidence supports the OECD’s contention. In mid-2005, working age tertiary education graduates had different occupational distributions depending on where they had graduated but not where they were born. Using data from the EU Labour Force Survey the following results are obtained:

- If born in Austria 9 percent were inactive, 2 percent were unemployed, 2 percent were in training, 1 percent was in an unskilled occupation, and a further 17 percent were in a medium skilled occupation. The remaining 69 percent were in high skilled and leadership positions.
- If born outside Austria but graduated in Austria, Germany or Switzerland 10 percent were inactive, 2 percent were unemployed, 1 percent was in training, 5 percent were in unskilled occupations, and 14 percent were in medium skilled occupations. 67 percent were in high skilled and leadership positions.
- If born outside Austria and graduated outside Austria, Germany, and Switzerland 23 percent were inactive, 6 percent were unemployed, 5 percent were in training, 16 percent were in unskilled occupations, and 12 percent were in medium skilled occupations. 39 percent were in high skilled and leadership positions.

The occupational position of tertiary graduates of working age, Austria 2005



Evidently, on the one hand the expectation that immigrant graduates with an Austrian degree would be better off than immigrant graduates with a degree from abroad clearly holds. On the other hand being immigrant and having an Austrian tertiary degree does not lead to an occupational distribution that is statistically significant from non-immigrant holders of Austrian degrees – with the exception of medium skilled occupations, where immigrants with Austrian, German or Swiss degrees are less likely to be found than non-immigrants.

The issue clearly is where the degree was obtained. There is a serious risk that degrees from abroad will not be accepted. Almost paradoxically European Union member states in their migration policies have tended to pay little attention to where degrees were obtained. Virtually no effort has been made to retain in-country graduates. From an employment potential point of view there clearly is a case for adapting migration law to treat them as natives.

Regarding those that graduated abroad there is thus evidence to suggest that a number of countries are looking for overeducated immigrants. The employment patterns suggest there is a demand for unskilled workers which would not necessarily need to be filled with university graduates. States might as well permit unskilled immigration, if this is what the labour market demands.

As the Austrian data show, brain waste can happen at home, too, but it is much more likely after migration. 18 percent of the Austrian-born tertiary graduates were employed in unskilled or low-

ranking skilled occupations while the same was true of 28 percent of those with tertiary degrees obtained abroad. On the other hand, the highly skilled specialist may need to migrate to avoid deskilling, and may return home to face it when adequate research facilities and funding simply don't exist.

### **Does return aid development?**

Students are generally being expected to leave the country after graduation (Suter/Jandl 2006:15). Scholarships stipulate return after graduation as a condition. The ideology is that graduates should go back and develop their countries of origin, and that they should be forced to do so. It is commonly regarded as morally bad, as egotistical, of graduates to want to stay on. At the same time, there does not seem to be an empirical study to show the benefit of forced return.

Quarantine provisions, i.e. the obligation for students to return home after graduation, are usually being justified on grounds of development. But to say that education is good for development, as is frequently being done (see for instance Easterlin 1981), is one thing, to blame the emigration of students and graduates for a lack of development is quite another thing. A number of countries, over the past 60 years, stand out for their rapid economic growth alongside sustained brain drain. These include South Korea, Taiwan, Ireland, and Austria. The last of the four, in particular, has had remarkable success in achieving wealth with comparatively low levels of education.

In Europe, the country with the largest emigration rate of the highly educated is Malta. In 2000, 58 percent of the tertiary graduates born in Malta were living elsewhere in the OECD. Next in line are Ireland and Macedonia with 29 percent each, followed by Croatia and Bosnia with 24 percent each, and Iceland and Portugal with 20 percent each (Docquier/Marfouk 2005). These countries span almost the entire range of economic achievement in Europe. Recent estimates show that in south-eastern countries it is usually only four to six percent of the highly educated resident abroad who left while they were students while elsewhere in Europe this share tends to be between eight and twelve percent. In all countries in Europe over 60 percent of the highly educated that left did so when they were at least 22 years old but in eastern and south-eastern Europe this share tends to be above 75 percent (Beine et al 2007).

There are serious gaps in the data. Neither do we know how many left and returned nor how many of those that left after graduation had in fact graduated abroad and only returned home to await renewed departure. Nor do we know what people left and what they returned to in terms of occupation. Quarantine provisions assume that returning graduates will find adequate employment on the one hand and will be able to support their families on the other. Whether these assumptions actually hold is unknown.

## **How to stay on**

In many OECD countries it is legally possible to apply for residence status or for permission to work in a regular full-time job, not just a part-time or vacation job, but after a lot of paperwork chances of a positive decision are limited. One obstacle can be that a job has to be found first while work can only be started when the application has been granted. It may even be necessary to leave the country in order to make the application. Countries may require the job to be within the field of study, or that permits are only available for particular specialties such as the proverbial information technology graduate. Usually a labour market test applies, i.e. access to employment will only be granted, if there are no EU citizens or unemployment benefit recipients with vaguely similar educational or occupational qualifications. A particularly perverse requirement is the one the European Commission also seems to gravitate towards. This is to set a certain legal minimum a job has to pay and to set it so high that a beginner is unlikely ever to qualify. This favours older, experienced workers coming from abroad over new graduates from local universities. If there were a credible concern with brain drain then this would perhaps be the first practice to stop. Another thing is that the regulations keep changing and one cannot be sure that what seems a plausible perspective at the start will still apply when graduating. In summary, even where the transition from studying to work seems formally possible the legal small print may erect nearly insurmountable barriers. Generally chances are much better in science and technology than in the humanities.

The only reasonably sure way of staying on is having a child with or getting married to a country citizen or somebody with firm residential status while yet a student. In Canada, in 2005-2006, almost one third of the graduates staying on were spouses of Canadian citizens or residents (SOPEMI 2007:55). In Norway, 25 to 30 percent did so, even after the quarantine provision became considerably less strict in 2001. Before that date more likely three quarters of those staying on did for family reasons. Going to a third country after graduation rather than staying on or returning home may sometimes be an option. Other people go on studying for one degree after another doing internships in-between. So we end up with very highly educated and trained young people who are prohibited from working.

There are also longer-term strategies of circulation. Becoming self-employed on the basis of a reasonably good business idea and/or working through the internet can be a precursor to getting hired for a job abroad. A more realistic option, perhaps, is to seek employment with a company headquartered in the emigration country of choice, and to work for them in one's own home country for a period. A later transfer within the company may make it possible to complete the desired migration – but, of course, it could also lead to quite different countries, or perhaps one's preferences change. Within the company it may also be possible to meet colleagues, suppliers and

customers from the destination country of choice who might make a rapid transfer possible by either hiring or marrying one. All in all, for the time being, it takes determination, some networking ... and patience in order to turn a student sojourn into longer-term emigration.

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