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High-skilled migrants: welcome to Europe!

Germany's new immigration law of 2004 was in part designed to attract high-skilled immigrants. But during 2005, less than 1000 high-skilled immigrants came to Germany under the timid provisions of that law. France is currently discussing an immigration bill that also contains provisions for high-skilled immigration. However, the special provisions regarding "compétences et talents" don't seem to be a particularly courageous step forward either. Why are France and Germany finding it so difficult to effectively participate in the global competition for talent?

One explanation might be the popular but flawed idea that the capacity for absorbing immigrants is essentially fixed, say at 100 000 per year, and the only question is: How should these immigration slots be allocated? Under these circumstances, a moral case could be made to give the available slots to the most deserving: those suffering from political persecution, from abject poverty, from family separation. And an economic case could be made that the slots should be given those who would benefit the local economy the most: highly skilled immigrants. Thus, there would be a head-on conflict between what is morally right and what is in the national interest.

But reality is different. The number of migrants that a country is willing to absorb is not fixed. In particular, the immigration of high-skilled workers need not reduce the capacity to absorb less skilled and perhaps morally more deserving migration. This is nicely illustrated by the example of Canada, Switzerland, and Australia. Helped by points systems, their intake of migrants has a strong bias in favour of highly skilled immigrants. But this does not appear to have come at the expense of less skilled immigrants who still make up a larger proportion of the total population in these three countries than in low-skill immigration countries like France and Germany.

Thus, decisions on high-skilled immigration and on low-skilled immigration may well be treated separately. But should they be? The economic effects of high-skilled immigration are generally positive for the receiving country while low-skilled migration has more ambiguous effects. Hence, decisions about attracting more high-skilled immigration will tend to be relatively easy. By contrast, decisions regarding low-skilled migration often prove highly complex and controversial for both economic and non-economic reasons.

By bundling the discussion of high and low-skilled migration together, many European countries, including France and Germany, are falling behind in attracting high-skilled migrants. To redress this, Europe should urgently unbundle the discussion on migration and position itself in the global competition for talent.

Ideally, this could be achieved through the introduction of a “Blue Card”, a European version of the US Green Card that would provide highly skilled third country nationals with instant access to the entire European labour market. This Blue Card would be allocated on the basis of skill through a Europe wide points system. Such an EU wide system will be more attractive than any national system from the perspective of high-skilled immigrants. Also, a European solution would provide greater visibility, predictability, and transparency than 25 different national systems.

In addition, students graduating with a Masters Degree or equivalent from European universities or top universities abroad should be automatically eligible for a Blue Card. This “Blue Diploma” would help to attract foreign top talent early and would also give European universities a welcome boost. The time has come to tell those bright young graduates from the world: Welcome to Europe!

This leaves us to address one popular concern of this approach: wouldn't the brain gain of Europe impose a harmful brain drain on developing countries? Clearly, countries benefiting from brain gain should be prepared to offer some financial compensation to those countries suffering from brain drain. EU countries could go a long way towards gaining the more high-ground by simply fulfilling last year's commitments to significantly increase development aid as a percentage of GDP.

In addition, the EU could make a special point of subsidising education systems in those developing countries more which send the EU significant numbers of high-skilled migrants. Provisions could be made to help developing countries retain their badly needed medical personnel which has been a particular problem for certain developing countries.

But overall, the impact of brain drain may be less harmful than is often argued. The option for high-skilled workers to emigrate may substantially increase the expected returns to education, thereby creating better incentives for education in developing countries. Remittances of emigrants to their families in their country of origin can have positive development effects. Furthermore, skill is rapidly becoming less scarce in developing countries. In the last 15 years, the number of university students in the 10 most populous developing countries has increased by a staggering 25 million to a combined 42 million students. By comparison, the number of students in the EU and the US combined only stands at 34 million.

Finally, the skills and savings of those emigrants who eventually return from abroad will also contribute to economic development. The Blue Card and the Blue Diploma would in fact encourage this kind of brain circulation by providing guaranteed access to the European labour market without requiring a permanent presence. The Blue Card would in effect act as an insurance policy for graduates from developing countries in case they took the risk of going back to often highly unpredictable situations back home. They could always return to Europe for a second chance.