

Opening the doors

Governments are joining in the hunt for talent

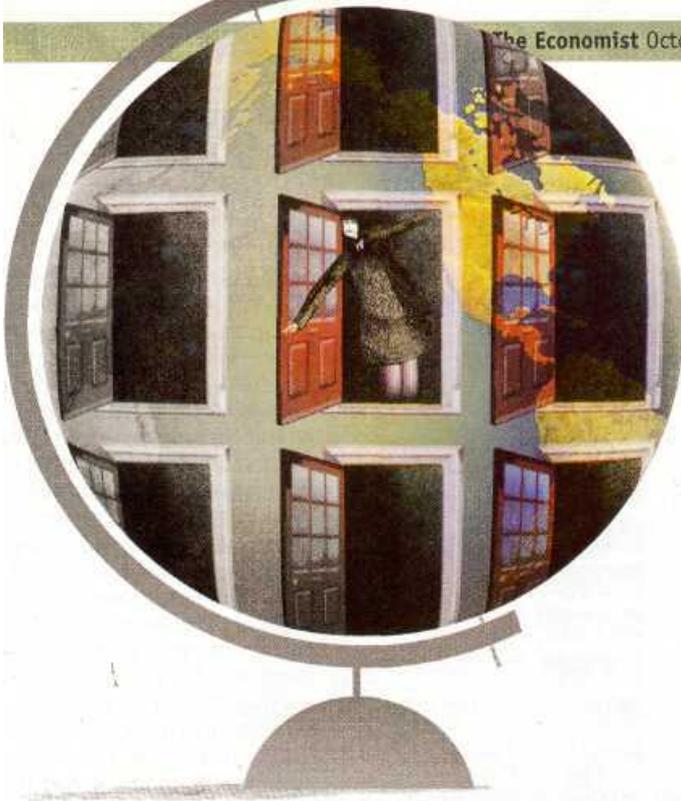
IMMIGRANTS tend to get a bad press. In reality, though, many economies would be lost without them, and many governments are desperate to attract them. The most mobile people are not the poor but the educated, and they are sought after as never before.

Most governments are easing restrictions on the entry of skilled workers. Some are going further and offering incentives. Germany has made it easier for skilled

workers to get visas. Britain has offered more work permits for skilled migrants. France has introduced a "scientist visa". Many countries are making it easier for foreign students to stay on after graduating. Canada and Australia have not only tilted their long-established points systems further towards the skilled, they have also introduced more incentives. Canada experimented with a tax holiday for citizens returning from the United States before re-

alising that this encouraged temporary emigration. Ireland's government works hard to recruit overseas talent.

The most ambitious programme for drawing in brains from abroad is—where else?—in Singapore. Lee Kuan Yew, the city-state's elder statesman, has long argued that "trained talent is the yeast that transforms a society and makes it rise." At first Singapore focused on wooing its emigres. Now it is going out of its way to im- 



• port foreign talent. Only 3% of companies experienced problems with the immigration authorities, compared with 24% in China and 46% in the United States. Singapore is particularly keen to attract scientific talent, mainly in biotechnology. Of the 170 staff working in the country's Genome Institute, about 120 are foreigners. Alan Colman, a member of the Scottish team that cloned Dolly the sheep, is also based in Singapore now.

Enrol here

Many countries regard universities as ideal talent-catching machines, not only because they select students on the basis of ability but also because those students bring all sorts of other benefits, from spending money to providing cheap research labour. France is aiming to push up its proportion of foreign students from about 7% now to 20% over time. Germany is trying to create a Teutonic Ivy League and wants to "internationalise studies in Germany". Both countries are offering lots of courses in English. In Singapore a fifth of the students at public universities are foreign, thanks in part to heavy subsidies. Australia and New Zealand have created a ladder leading from universities to the workforce and then to permanent residence. China, which temporarily dispensed with entrance examinations during the Cultural Revolution, is focusing resources on its elite universities.

But government schemes can make much of a difference only if they are backed up by a vibrant economy, and only if cultural resistance can be overcome. No matter how much Japan speeds up the processing of scientific visas, it will not attract more foreigners unless Japanese firms are prepared to give them senior jobs.

Still, a combination of sensible government policies and economic liberalisation can work wonders, as Ireland has demonstrated. A country that has exported people for centuries is now a net importer. Britain has also seen a surge in the number of skilled people arriving from both the rich and the developing world, thanks to the Labour government's more immigrant-friendly policies since taking office in 1997. The share of skilled people in total immigrant arrivals increased from 7% in 1991 to 32% in 2001.

Some of the best prospects in the competition for talent are emigres—people who have gone abroad to make their fortune but still feel the tug of their home country. Both China and India are now trying to emulate Ireland's success in woo-

ing back the diaspora, but China is trying harder. In 1987 the Communist Party's general secretary, Zhao Ziyang, described China's brain drain as "storing brain power overseas". Officials from every level of government have been raiding the store since, as part of a policy of "strengthening the country through human talent".

They have introduced a mind-boggling range of enticements, from bigger apartments to access to the best schools, from chauffeur-driven cars to fancy titles. The Chinese Academy of Sciences has established a programme of generous fellowships for expats—the "hundred talents programme". Beijing has an office in Silicon Valley, and Shanghai has established a "human talent market". China is littered with shiny new edifices labelled "returning-student-entrepreneurial building".

All this coincides with a change in the flow of people. For decades returnees were rare. The numbers began to shoot up in 2000, when the bursting of the Silicon Valley bubble coincided with rapid growth in China. Despite doubts about the quality of some of these people, there is growing evidence that China is going in the same direction as South Korea and Taiwan—first tempting back the diaspora (see chart 4) and then beginning to compete for global talent.

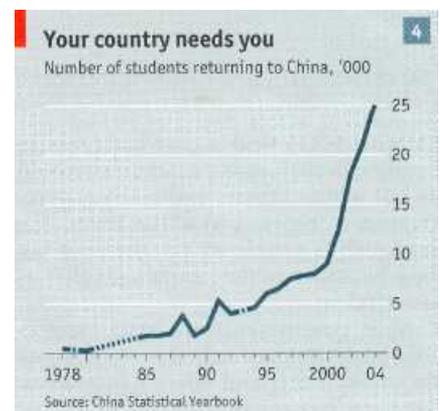
India has taken a different approach. The government has relied as much on the goodwill of prominent businesspeople as it has on the wisdom of bureaucrats; it has also cast its net wider, focusing not just on luring back expats but also on putting the wealth and wisdom of the diaspora to work on behalf of the mother country. There are an estimated 20m Indians living

abroad, generating an annual income equal to 35% of India's gross domestic product. The Indian government is doing what it can, in its haphazard way, to let them participate in the Indian boom, making it easier for them to invest back home and streamlining visa procedures. There is a special visa for "people of Indian origin".

Come back, all is forgiven

Again, government policy has coincided with a change in the flow of people. NASSCOM estimates that in 2001-04 some 25,000 Indian techies returned home, and the number is rising rapidly. A survey of Indian executives living in America found that 68% were actively looking for opportunities to return home, and 12% had already decided to do so; and a survey of graduates of the elite All India Institute of Medical Sciences who were living abroad found that 40% were ready to go home.

For years, discussion of the cross-border flow of talent has sounded a sombre I



> note. For some critics it is nothing less than a new form of colonialism. The rich world, they say, is not only appropriating the developing world's best brains but getting them on the cheap, with their education paid for by someone else. One study of 55 developing countries found that a third of them lost more than 15% of their graduates to migration. Turkey and Morocco lose 40% and the Caribbean countries 50%. But in recent years some of the gloom has lifted.

In fact, it was always overdone. Migrants sent huge amounts of money home in remittances: \$126 billion in 2004, according to the International Monetary Fund. They also transferred knowledge and connections. The current Indian boom owes much to successful Indians who emigrated in the 1960s and 1970s and who are now determined to modernise their home country. They have formed support groups such as Indus Entrepreneurs, steered multinational contracts to

India, established venture-capital funds and helped found business schools.

But what has recently helped to change the mood is that the flow is no longer one way. The brain drain is giving way to brain circulation, and returning emigres are turning into economic dynamos. One example is Dr Prathap Reddy, a returnee from America, who established the Apollo Hospitals Group, one of Asia's largest and the first to attract foreign investment.

Refreshing effect

Returnees seem to have a spring in their step. In Ireland they enjoy a 10% wage premium over their stay-at-home compatriots. In China they receive more grants and fellowships than their domestic competitors. A third of Taiwan's companies were founded by returnees from America.

What the talent elite everywhere has in common is that it is more mobile than the rest. Two economists, Frederic Docquier

and Hillel Rapoport, estimate that average emigration rates worldwide are 0.9% for the low-skilled, 1.6% for the medium-skilled and 5.5% for the high-skilled. These rates have been accelerating far faster for the high-skilled group than for the rest. Skilled immigrants accounted for more than half of all admissions in Australia, Canada and New Zealand in 2001.

The global war for talent is likely to intensify. Most developed countries are already struggling to find enough doctors and teachers, and are wondering how they will manage when the baby-boomer generation retires. Developing countries, for their part, realise that they will not be able to plug into the global knowledge economy unless they give their people the freedom to move around. A powerful array of interests, from multinationals to city politicians, supports the idea of a global market for the best people. Countries cut themselves off from it at their peril. •