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Brain drain could drain the high-income economy

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IT'S COMPLICATED: The flow between Malaysia and its neighbours is not only in one direction



ONE of the more interesting things I have read on the Malaysian economy -- and I have read quite a bit in the past 25 years -- is the December 2011 issue of the *Malaysian Journal of Economic Studies*. (I can see you all just shaking your heads in disbelief.)

This special issue, dedicated to the theme of "Migration, Diaspora and the Brain Drain Cycle: Malaysia and Its Neighbours", has seven fine articles, six of which are specific to the country. In order to whet appetites, I have tried to condense the main takeaways of these six articles.

Readers should really take the trouble to go through them if they can. Given the emphasis on human capital and talent in reaching a high-income economy, it should be required reading for every practising or aspiring policymaker.

The introduction to the volume is by Adam Tyson of the University of Leeds, who is also the guest editor. In it, he encourages us to think of the phenomena of brain drain as not as a simple and unidirectional one.

Migration has political, economic, social and cultural causes. At different times and in different circumstances, however, countries may face brain overflows (oversupply),

leakages (outflows) and gains (inflows). In other words, migration moves in multi-directional cycles dictated largely by political-economic conditions.

Gregory Foo of Harvard University, a Singaporean, kicks off by attempting the difficult task of quantifying the number of Malaysian migrants, and their skill status. He finds that while there is a clear upward trend in the total number of Malaysians, the brain drain is not as large as is popularly believed.

Figures of up to one million have been mentioned in the popular press. Foo's figures, however, range from 625,000 to 845,000, of which 34 to 54 per cent are skilled. Singapore is the "destination of choice for ambitious, adventurous or disillusioned Malaysians".

Johann Daniel Harnoss, also of Harvard, attempts an even more ambitious task of estimating the economic costs of brain drain.

Using an econometric model which allows for negative and positive effects, he finds that costs of emigration since 1980 is between 0.7 and 1.6 per cent of income per capita in 2010.

These estimates -- and it must be emphasised that is all they are -- are not very large at all. Harnoss explains this, however, by citing relatively lower emigration outflows since 2000, the rising supply of domestic skilled workers and, most pertinently, the low domestic demand for skilled labour.

Interestingly, Harnoss concludes from his modelling that fundamental economic reforms will reduce the outward flow of skilled migrants, but will not reverse the trend. Also, and quite controversially, accepting skilled immigrants is a more effective strategy than seeking to retain or attract return migrants.

Ho Yi-Jian and Adam Tyson then team up to examine why Malaysians migrate to Singapore, where they stay and how they interact with society. They find that the picture is a complex one with class, ethnicity, gender, geographic origin and policies encouraging and discouraging migration all having a part to play.

Ho and Tyson highlight a special role for Singapore's Asean scholarship programme, which attracts the creme de la creme of Malaysian students. The authors conducted a survey of 99 scholars and found that only 12 had returned to Malaysia. Almost two-thirds were unwilling or undecided whether to return to Malaysia.

Graeme Hugo of the University of Adelaide then explores the topic of Malaysian migration to Australia.

Australia is the next preferred destination for Malaysian migrants after Singapore. Unsurprisingly, he finds that the Malaysian diaspora in Australia is dominated by ethnic Chinese of working age who are educated, skilled and earn higher income.

While there is evidence of a small but significant reverse flow of migrants back to Malaysia, permanent residents are unlikely to consider this in any numbers "while they and their children are denied equal access to job and educational opportunities".

The sixth article is, to me, the highlight of the issue. Entitled "Ethnicity, Education and the Economics of Brain Drain in Malaysia: Youth Perspectives", it has four authors, among them, three academics from our very own universities.

These academics zoom in on one of the essential contributing factors to brain drain in a frank and forthright manner. They cite the special features of Malaysian education and political economy as contributing to the problem.

To find out the details, readers are encouraged to access the article.