



# HOT PROPERTY

The global market for skills

It's happening all over the world—countries competing to attract people with the best skills, changing the rules to make it easier for people in demand to live and work where they are needed. With federal parliament's Migration Committee reviewing Australia's skilled migration program, migration expert Professor John Salt looks at this new international phenomenon and how various countries are responding to it.

**T**here is a growing realisation that the last two decades have seen the emergence of a global migration market. It affects all levels of skill but the real competition is for those with high levels of human expertise. There is now a complex pattern of movement by professional, managerial and technical staff. Since these movements are multi-directional, involving most states to a greater or lesser degree, we may call them “international brain exchanges”. Some countries are now more active than others in seeking to make net gains from these exchanges.

The main stimulus for competition in the global migration market has come from governments. Competition was led in the 1980s by Australia and Canada, followed in the 1990s by the US. Europe held itself largely aloof until very recently with little action and almost no debate about competition in the migration skills market. Employers worldwide are now facing the problem of integrating new processes and technologies which require specific skills but are finding they must compete internationally, where the main competitors are the US, Australia and Canada and a growing number of European states.

## Put bluntly, the more skilled your immigrants, the greater the economic benefit.

**T**he migration market for expertise has two main drivers. The first is the attempt to increase the national bank of expertise through the acquisition of high level human resources; the other is the development of policies to counter specific skill shortages.

Underlying the first of these is evidence that highly skilled migrants bring economic benefits to the host economy. Studies from as far afield as the UK, Denmark, Germany, Australia, Singapore and the US have shown that the higher the skill level of immigrants, the greater the likelihood of net fiscal gains to the economy. Put bluntly, the more skilled your immigrants, the greater the economic benefit.

Studies also show that the fiscal effects vary by national origin of the migrants, with higher benefits flowing from those coming

from high GDP countries. Thus, it is not surprising that those countries which still seek to attract permanent immigrants, notably Australia, Canada, New Zealand and the US, have been putting increasing emphasis on the skilled entry route. Among the main drivers are opportunities for high-tech entrepreneurship: by 1998, for example, Chinese and Indian engineers were running a quarter of Silicon Valley's high technology businesses, their companies providing 58,000 jobs. Other drivers include the globalisation of corporate activities and the development by multi-nationals of global conditions of service to go with global career paths.

Other countries are following suit. The UK's new Highly Skilled Migrant Programme, which began in January 2002, is designed to allow people of high human capital to migrate to the UK in order to seek and take up work. In effect, it encourages highly skilled foreigners to nominate themselves for immigration. It uses a points system based on educational qualifications, work experience, past earnings, achievements in chosen fields and whether the skill is a priority area (the last is mainly for qualified overseas doctors).

To address specific skill shortages, work permit systems have long existed to bring in skills from abroad that are in short supply. Mostly they have been seen as short-term measures to deal with temporary shortages, or to bring in specialists and corporate assignees. Nowadays many developed countries have shortage lists for specific skills and have adopted new government schemes or programmes to deal with them.

Skill shortages can occur because of the inefficiencies of the international labour market and because of mismatches caused by growth in demand outstripping local training capability or by an inadequacy of supply at the prevailing wage rate. In many countries in recent years, substantial skill shortages have occurred among two groups in particular: the information, communications and technology (ICT) sector—including those working as practitioners and as users—and the more skilled end of public services, especially health (particularly nurses) and education. Developing strategies and procedures to recruit specific skills in shortage occupations has been predominantly employer led, with governments acting as facilitators.

One of the best known examples of a scheme designed to attract specific skills has been put into operation in Germany. Foreigners with an ICT related degree or who have graduated from German universities with an ICT degree can apply for a “Green Card”. Those without an ICT degree can apply if their ability in the field is confirmed by an

agreement of an annual salary of over 100,000 DM. The permit is valid for a maximum of five years and applications will be accepted until 31 July 2003. Permit holders can switch employers in Germany without a labour market test to check whether a German or EU specialist is available to fill the vacancy.

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The idea that in a tight job market the demand for staff can be met by rising inflows of foreign workers has attracted attention in the media and among market analysts and consultants. How successful this might be as a solution is unclear. For ICT skills the market downturn in the last year or so has demonstrated that the migration solution may not be a permanent requirement and has focused attention on how countries might best manage temporary migration programmes.

**T**he skill recruitment policies adopted in response to the skill requirements mentioned above vary between countries.

In some cases work permit regulations and procedures have been simplified in order to facilitate entry of highly skilled migrants, largely as a result of employer pressure. Examples are France, the Netherlands and Norway. Strategies often address specific shortages, notably those that are ICT related (e.g. France, Germany, Denmark, Canada, US, as well as Australia) or health related (e.g. Norway, Denmark, Ireland).

Schemes may also be part of wider policies to encourage participation of existing foreign workers; an example is the Danish “icebreaker” scheme which provides incentives to employers to recruit highly skilled but unemployed immigrants. Other

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policies encourage the return of highly skilled emigrants (Ireland), or develop training programmes for indigenous workers, especially those who are unemployed (Germany, the Netherlands). Canada, recognising the realities of the modern two-career family, has developed a scheme to facilitate access to the labour market for the spouses of highly skilled migrants in order to make the country more attractive to highly skilled workers and senior executives from other countries.

In a number of cases countries have sought to attract the highly skilled by exempting them from existing regulations and procedures. Measures include exemptions from national or regional labour market tests, thus enabling governments to offer 'fast-track visas': both the Dutch and Danish governments have taken this route. In Ireland, work permit requirements for some highly skilled personnel, especially intra-company transferees, have been relaxed, while labour market testing for spouses of permit holders has been removed in the Netherlands and Canada.

Simplification of procedures is another strategy. Employers may apply to central employment offices rather than first having to apply to regional offices (Netherlands), or the central employment office no longer has to send out applications from employers for shortage workers to regional offices for a market test (Denmark). There may also be

self-assessment of skills before a permanent migration application is made, as is the case in Australia.

The growth of knowledge-based economies is relying more on intellectual expertise than in the past, especially in science and technology. One element in this competition for expertise is the attempt by some governments to harness the internationalisation of higher education.

One area to which attention is increasingly being paid is that of student-switching, that is, allowing foreign graduates to switch status from education to workforce directly instead of having to return home at the conclusion of their studies. Australia, France, Germany, Norway and the UK have already done this. At the moment there are no clear links between attempts to attract more overseas students ('education for trade') and policies towards student switching but this is likely to happen. Students from poorer countries are attracted by the existence of centres of expertise, particularly for scientific and technical research when sending students abroad is cheaper than developing the facilities at home.

Cultural and linguistic factors are also important. The historically and economically more important language countries have a greater propensity to host foreign students who use the experience to improve those linguistic skills that have economic value. Hence the proportion of students going to countries where teaching is in a language other than the mother tongue is particularly high in English-, French- and German-speaking countries. Data show that most mobility to countries with a different language is to English-speaking countries.

As for the future, the rules for governmental management of migration flows are still being written. The situation in Europe differs from that in the New World because of the free movement system in the European Economic Area and, prospectively, in the light of accession by Central and Eastern European countries.

There is general agreement across the developed world that increasing international access to high level skills is desirable. As yet, this willingness to recruit expertise does not extend down the skill scale for both labour market and social integration reasons. Unemployment still

remains uncomfortably high among a number of groups, undermining the 'need' for foreign workers with lower levels of skill.

The recruitment of skilled workers to fill specific labour shortages seems likely to continue for some time. At present these shortages are in a relatively small number of occupations. The current downturn in the ICT sector, combined with the possibility of outsourcing some ICT tasks, may well slow the rush to recruit foreign specialists that has driven some recent policies, although the longer term view from employers is that shortages will reassert themselves.

The competition to attract high level skills *per se* is more difficult to assess. Most countries now recognise the desirability of attracting the best brains. Policies both implicitly and explicitly assume that brain gains are an important factor in economic growth and most economic studies indicate positive fiscal benefits from such movement. Furthermore, the relative social invisibility of highly skilled immigrants leads to their easier integration into host communities.

The continuing growth of knowledge-based industries, economic globalisation, increased international movement of students and more universal acceptance of qualifications, to name but a few of the forces at work, mean countries will continue to chase brains and brains will continue to chase both the dollar and the lifestyle. This suggests that many more governments in the more developed world will see it in their interests either to begin or to continue to compete for the highest level skills. ■

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*Australia's skilled migration program is being reviewed by federal parliament's Joint Standing Committee on Migration, which has called for public input to its inquiry. The committee has released an information booklet on its inquiry, available at the inquiry website or from the contacts below.*

### Links and contacts

Visit: [www.aph.gov.au/house/committee/mig/skillmig](http://www.aph.gov.au/house/committee/mig/skillmig)

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