Come Home, Europeans

Europe’s Brain Drain Problem Is Becoming a Major Crisis

Edoardo Campanella

EDOARDO CAMPANELLA is a Eurozone Economist at UniCredit. He previously worked for the research departments of the World Trade Organization, the World Economic Forum, and the Italian Senate.

With European policymakers still struggling to save the continent’s common currency from ruin, they must now confront what could be an even bigger economic problem. Europe’s economy is on the brink of a catastrophic skills shortage. Despite an extremely underutilized labor force, approximately 27 percent of job vacancies [1] created each year in the major European economies go unfilled because of a lack of appropriately skilled applicants. By 2020, the continent’s digital sector alone will be short 900,000 professionals [2], whereas the dynamic German economy [3] will experience a shortage of one million workers skilled in science, engineering, mathematics, and technology.

Some policymakers have acknowledged the looming problem. The outgoing European commissioner for youth and education, Androulla Vassiliou [4], recently stated that the skills shortage will damage “the aspirations of Europe’s young people and, ultimately, our future prosperity.” So far, however, they have chosen the wrong means for addressing it. The EU has taken steps to loosen immigration policies in order to attract skilled foreigners from around the world. But it would be far more efficient, politically and economically, for Europe to focus on reattracting talented Europeans who have left the continent to work elsewhere. Remigration -- not immigration -- should be Brussels’ top priority.

Europe is faced with a serious brain drain problem. Since the introduction of the euro [5], more qualified workers have left Europe than have newly arrived. In the pre-crisis years, the 15 countries that adopted the euro currency exhibited, on average, a net loss of around 120,000 postsecondary-educated workers each year. They were mainly attracted by the United States’ higher salaries, world-class universities, and efficient bureaucracy. In the years leading up to the Great Recession, from 2000 to 2008, Italy lost around 1.5 million professionals [6] -- many of them with very advanced skills.

The euro crisis worsened this hemorrhage of talent. In recent years, Europe has witnessed an exodus of highly qualified professionals from Ireland, Italy, Greece, Portugal, and Spain -- the countries hardest hit by the crisis -- in search of better opportunities abroad. Each year, 100,000 skilled professionals are leaving Portugal, responding to a call by Prime Minister Pedro Passos Coelho [7] to his country’s jobless to move abroad. And the search for better opportunities is no longer confined mostly to the United States: Europeans are increasingly migrating to Africa and South America as well. Given that Europe’s higher education system is predominantly funded by national
governments, this migration pattern is especially devastating: in financial terms, each skilled worker who leaves the continent represents a significant failed investment.

To reverse the trend, the European Commission launched the Blue Card initiative in 2011, modeled on the U.S. Green Card program that grants visas to foreigners who wish to work in the United States. Brussels hoped to attract 20 million highly skilled workers, with a special focus on engineers, corporate strategists, and biotech workers. But the results have been an embarrassment. In 2012 and 2013, the EU ultimately granted fewer than 20,000 visas -- a pittance compared with the ongoing exodus from southern Europe.

There is little reason to expect a dramatic shift in these numbers anytime soon. Even if Europe’s economy improves, talented immigrants will still likely find other regions of the world more enticing. Europe’s regulatory barriers to innovation and linguistic fragmentation are deterrents, as is the rise of populist parties, which are sometimes xenophobic, across the continent.

That’s why European policymakers should focus more on the advantages of remigration. At a time of economic stagnation, return immigration would be more politically palatable for the European public; it would also be more economically efficient. For one, thanks to their strong emotional attachment to their land, returnees are generally more dedicated and committed to improving their communities. Immigrants, by contrast, tend to struggle with integration and are less engaged in the political life of their host country. Further, they often send a significant chunk of their earnings to their home countries in order to help their families.

Returnees also arrive in Europe with new human, social, and financial capital. Thanks to their professional and educational experiences abroad, returnees often foster the transfer of new technologies and encourage fruitful intellectual exchanges with the international labor force. If they have accumulated savings abroad, returnees can also help establish innovative new businesses, adapting successful models that they encountered during their years abroad. And unlike immigrants, who strategically move to countries where attitudes toward innovators are already positive, returnees tend to possess the emotional resolve to bear the costs of disrupting socioeconomic systems that are characterized by a strong immunity to change.

European policymakers should design policies to attract fellow citizens who are currently living abroad. Returnees should be offered tax credits, preferential tracks to enter the job market, and special access to credit to run a business. To keep costs down, these reintegration policies should be targeted at specific age groups and skill sets. Engineers, scientists, and digital entrepreneurs below the age of 40 should be a priority, because they are the most likely to set up new companies and boost the growth of the economy.

Nevertheless, the most brilliant emigrants won’t be persuaded to return solely on the basis of financial incentives. They will also want to feel that Europe offers them the best opportunity to realize their potential. This will require structural changes to the European economy: European policymakers should remove regulatory barriers to innovation, open up insular universities to innovative research and teaching methods that are used abroad, and encourage continuous intellectual exchange between the private and public sectors. In general, Europe’s conservative attitude toward innovation and entrepreneurship needs to profoundly change. Rather than be fearful of economic dynamism, Europeans need to embrace it.

Engaging the European diaspora will not necessarily be a panacea for Europe’s economic challenges. There are at
least two reasons why. First, EU member states will not evenly share the benefits of remigration. Those countries that are most in need of human capital will struggle to create attractive environments for returnees. Indeed, if southern Europeans return to Europe, they might prefer to move to the more stable countries of northern Europe.

Second, remigration will inevitably be a source of social tensions. Those who have never left the country might resent the preferential treatment offered to returnees and could challenge their privileges. For that reason, it will be important for European policymakers to make investments in order to avoid widening inequality, not only in terms of income but also in terms of human capital. For example, governments should fund lifelong learning programs and other employment training programs.

Ultimately, Europeans need to acknowledge that only radical reforms can reverse the tide of the ongoing brain drain. It won’t be easy to lure the most talented Europeans back home, but the continent has no other choice. Otherwise, talented people -- regardless of the passports they hold -- will shy away from Europe, to the detriment of the continent’s present and future economy.

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