

Solution of a hidden problem – The Brain Drain in the European Union

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1. Introduction

First, when I saw this opportunity I was very happy, because with this tender I can present my new theory about the skilled migration on an official forum, in this case before the Ministry of Foreign Affairs. This theory could solve a problem of the internal market, although it is not a well-known theme. I wrote my diploma work about this topic with the same title: Highly skilled migration and the European Union – Integration problems with special regard on the solution and progression of the brain drain. I have already collected data and facts about this theme and focused on the solution of this problem. Hence, this work not only presented the progression of brain drain, but also a thesis how the Union could solve it. After the research in this subject, in my view, this is a very big problem in the EU and until these days nobody and no organization has handled this.

Again, I would like to note that this is a very good opportunity for me to introduce and realize my thesis. I am really interested and vocated in this topic and also have calling to solve this problem. Now I would like to take this chance, and introduce my thesis. Before, I am going to talk a little bit about the success of the internal market, after that the brain drain progression, the negative and positive effects of this run and finally I am going to present my solution advice to this problem.

2. The success and shade of the internal market

The realization of the internal market in the EU is the biggest success story of the since the establishment. This was the so-called inducement of the European integration.¹ The

1. Navracsics Tibor: *Szubszidiaritás és a nemzeti érdek az Európai Unióban. (Subsidiarity and National Interest in the European)* IN: Frivaldszky János (szerk.): *Szubszidiaritás és szolidaritás az Európai Unióban. (Subsidiarity and solidarity in the European)* : OCIFE Magyarország – Faludi Ferenc Akadémia, 2006, 115-118. old.

realization of the internal market in 1992 made the four freedoms in the EU and because of that people can now travel through the whole of the EU to work in other member countries. Although the success of the four freedoms also brought additional disadvantages. One of these is the so-called skilled migration, which is my main theme in this work.

Young adults, after finishing their tertiary education, nowadays can go abroad to start their career, therefore profiting from their knowledge in another country and not where they get the chance to study. This inconvenience means, that the skilled people working abroad will pay taxes in that particular country and buy everything there needed for their lives. This is a clear national disadvantage, but it also has a huge effect on the European Union, because the skilled migration is the impediment of the economical development², and when the member states restrained in this growth then it will have a negative effect on the Common level as well.

If the Union would like to strive to reach the great integration in all aspects, then it must try to solve this problem, on the contrary, the EU will only remain an economical co-operation with 27 different interests.

3. Skilled migration in the European

The Brain Drain, which is the common phrase for skilled migration, is a global progression which started in the United Kingdom in the mid-1900s and nowadays also having a big effect in the European area. The statistics used in this research show that this is a continuously westward migration.³ The skilled people from the highly developed UK, Germany and France leave their homes in the direction of North-America and the lack of the highly skilled persons in these countries is filled with skilled migrants from the middle and east of the EU. On the other hand, this step means that the less-developed Middle- and Eastern-European countries, like Hungary, suffer the disadvantages of the brain drain.

The statistics used, based on the data of the World Bank survey, show that the most touched EU countries of this progression is the UK, Hungary, Poland, Portugal, Slovenia, Slovakia, Ireland or Romania, so it is not just a Hungarian, but also a common problem in the EU.

2. Csanády Márton – Személyi László: *Brain Drain – Közelkép a diplomás magyarokról (Brain Drain – Close up about the highly skilled Hungarians)*. Századvég, 2006/3. 81. old.

3. www.migrationinformation.org; World Bank – World Bank Group: *Migration and Remittances Factbook 2011*. World Bank Publications, Washington DC, 2010.

Therefore, we need to find a Communal solution, but also have to solve it with regard to the needs, importance and efficiency of the four freedoms. With this point of view, I worked out my theses about the solution to the skilled migration problem, but because of the limited length of the essay I am only going to introduce one of them.

4. The solution of the skilled migration problem in the EU in my view

1. A new structural financial fund

The best available solution would be to set up a new structural fund in the European Union. This fund could be fitted in to the present financial system, so the income sources would also be the same as it is now: the own resources, the own resources from value added tax (Vat) and from GNI⁴. This fund would only mean the rearranging of the present financial fund system.

The directions of the structural politics of the EU also give the chance to set up this new fund, because the objects of the regional policy in the Union agree on the objectives on which the new EU fund could be set up.⁵ The most important points of the cohesion policy, which is the basis of the structural politics, are the windup and ease of the economical, territorial and social disparity, incompleteness and arrears, and the skilled migration has a negative effect exactly on these fields. The brain drain strengthens the economic and territorial arrears and these are definitely adverse with the objects of the present structural funds as well as the Union's cohesion policy.

The allocation of the financial support could be the same as it is now, but the basis of the support would not be the GDP quota, but a new method which could show the amount of skilled people leaving the country. The subsidy which this country would get could also be based on this share. This would mean for a EU country that having more skilled migrants will increase the financial support from this new fund. The system must also attend to the skilled immigrants of the supported country, because these people ease the negative effect of the brain drain. Hence, the country could get a financial support which is realistically based on the effect of their own country specific skilled migration data.

4. www.ec.europa.eu/budget/explained/budg_system/financing/fin_en.cfm

5. Treaty on the Functioning of the European Union Title XVIII. Economic, social and territorial cohesion Article 175.; Regulation (EC) No 1081/2006 of the European Parliament and of the Council of 5 July 2006 on the European Social Fund and repealing Regulation (EC) No 1784/1999

In this system, the Western-European developed countries, from which the skilled people leave to North-America or other countries outside the EU, could also get financial support from this new fund if their “skilled migration” quota would show negative issues. Therefore, this new financial funding system could really support those EU member countries which really suffer the negative effect of the brain drain.

2. The support system of the new fund

Another difference of this new financial fund would be, that the support would not happen on a regional level but on a country level. The reading of it is, that the country is the one to suffer the negative effects of the skilled migration and not the regions. I am going to talk about this in the next chapter. The real beneficiary of this new funding system would be the countries and not the enterprises, organizations or other institutes, and this idea is the main difference compared to the present financial funds.

The member countries would get the financial support and they could use it on the fields on which the skilled migration has negative effects, but could also be useable for overall actions in the field of education, youth unemployment or mobility projects. On the other hand, these supportable fields and provisions must by all means be defined by legal norm.

The countries must also lodge their tender to the Commission, which would make the decisions. Therefore, the supports could only be used for examined projects in a controlled and efficient way.

Which are the fields that the skilled migration has negative effects on? The answer to this question is based on the OECD publication from 2011 with the title *Education at glance*⁶ and the work of Hans Vossensteyn.⁷ From these papers, I conclude that the skilled migration has negative effects on healthcare, criminal investigation and, of course, with the highest degree in the research and development fields. Therefore, projects connected to these fields could be supported from the new financial fund.

Finally, to summarize this theory, the new fund could also support national projects, but compared to the support system now, these would be vocated to ease the negative effect of the brain drain, therefore only those actions could be supported from this fund which are at a disadvantage because of the skilled migration. The other difference would be the income sources, which would also connect to the brain drain progression by the new quota system.

6. OECD: *Education at glance 2011: OECD Indicators*. OECD Publishing, 2011.

7. Hans Vossensteyn: Fiscal Stress: *Worldwide Trends in Higher Education Finance*. In: NASFAA Journal of Student Financial Aid, 2004, Vol. 34. No. 1.

3. National asset of the high level education

In the previous session, it was mentioned that I will talk about why the countries are the ones to really suffer the negative effects of the brain drain? To answer this question I would like to show the advantage of the higher level of education.

Also based on the publication and research of the OECD and Vossensteyn it can be concluded that a higher level of education results in a higher life satisfaction, the skilled people take bigger part in the social decisions and they are healthier than the lower skilled individuals. By their education, they become better informed and fit in easier in the social system. The higher skilled individuals improve their cognitive skills and increase their engagement in civil society. Moreover, a country which has more highly skilled people show a lower tendency of crime. This country can get higher tax incomes, reach higher level of national productivity and consumption, as well as having more flexible human resources.

On the other hand, the side of the skilled individuals, due to the higher level of education a higher productivity and wage level as well as better jobs and savings opportunities, and the increasing of the mobility and the higher level of consumption can be accounted for.

If a skilled individual leaves their country of education and are going to work abroad they can still get the positive effects of their higher education, but the country which gave them the opportunity to learn are going to lose all of the advantages and only going to suffer the negative effects of this progression.

That is why I have concluded, that the country is the underprivileged one instead of the regions, because this negative process cannot be measured in regional levels. Furthermore, I have also established the supportable fields of the new financial fund, from these publications.

4. Realization of the theory

The four freedoms in the European Union is a huge success and we always have to consider it and make decisions which do not restrain it. Although we can see the disadvantages of the internal market, we have to search for solutions which do not limit it. This is why I have worked out this theory, moreover I think if the EU once reached this kind of freedom, we could not take a step back from it. We always have to look forward and not only see our interest, but also the common one and aspire to the total integration.

If my theory becomes real, it will consider all of these ideas and first of all it would seek

the interests of the member nations. I think that the European Union could only be competitive in all aspects with strong and balanced economics inside of its own borders and the skilled migration set the EU back precisely on these matters. This solution could increase the integration which is a really important challenge nowadays, but necessary to reach Common success again.