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BRAIN DRAIN IN LATIN AMERICA*

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* The views expressed in the paper do not imply the expression of any opinion on the part of the United Nations Secretariat.

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1. INTRODUCTION

Global economic integration is not only about

In this paper, we present the extent of the brain-drain from Latin American countries. Since vast majority of migration from the countries in Central and South America, the Caribbean and Mexico is to the United States, our focus is naturally on the migration to the US and we mostly rely on the US census. Several clear patterns emerge. First, the extent of the migration of workers with at least a college degree is extremely high for many countries in the region. This is especially true for some of the smaller and less developed countries that fail to establish adequate labor market opportunities for educated workers. For example, as of 2000, over 80% of the college educated people from Haiti, Jamaica and Guyana were living abroad. As a consequence, college educated workers are also overrepresented among the migrants from these countries, compared to their overall share in the native population.

The second important observation is that majority of the college educated people who were born in Latin American countries actually complete their education in the United States. Most of them either migrated to the United States as children with their families or came as young adults to obtain Bachelor's or further graduate degrees and started to work. This observation will have important implications on the brain-drain debate since it is not clear whether they should be treated as part of the brain-drain flows. Furthermore, if we assume that education opportunities and quality are superior in the United States compared what would have been available at home, then such migration is undoubtedly beneficial for both the migrants and, in most likelihood, their home countries. We explore the implications in more detail in the following sections.

The final observation is on the performance of migrants in the US labor market, specifically on the quality of jobs they obtain. We find that, on most cases, Latin American migrants who completed their education in their home countries fail to obtain skilled jobs, especially when compared to migrants from other parts of the world such as East and South Asia. We present some reasons why this might be the case. Among them are the quality of the education and various selection effects.

In the next section, we explain the data sources which is followed by the presentation of our findings. We explore several policy implications and end with conclusions.

2. DATA

Empirical research on issues linked to "brain drain" has been constrained by the scarcity of data. One exceptional source is the US Census which includes detailed information on the social and economic status of foreign-born people in the United States. The data in this paper are from the 1% sample of the 2000 Census¹. We restrict our analysis to foreign-born people who are between 25-65 years old and employed at the time of the census.² Each individual observation in the census has a population weight attached to it which is that representative observation's proportion in the overall US population. We end up with more than 400,000 observations in our dataset which corresponds to around 8.5 million people born in Latin American countries³

Figure 2 presents the ratio of migrants with Bachelor's and Graduate degrees

portion of the college educated migrants from smaller and poorer countries in the Caribbean and Central America are in the US. For example, close to 80% of college educated people born in Jamaica, Haiti, Guyana, Belize, Grenada are currently living in the US. The rate is also relatively high for

education in the US is much lower for this cohort. For example, only 23% of the bachelor's Degree holders and 36% of Graduate Degree holders completed their education in the US. There are various reasons for this. First and foremost is the composition effect. If a migrant has completed his education at home and comes to the US in the 1990s, he is likely to be in the labor force and in our sample right away. On the other hand, if migrants arrive in the 1990s to complete their education in the US, they are more likely to be still in school and would not appear in our sample since we only include people in the labor force. Thus they would be under-represented. The appropriate measure is to use the 2010 census to analyze the 1990s cohort, when they are fully participating in the labor force. The second reason is that educational quality has improved Latin American countries and some people might prefer to complete a larger

elsewhere (Mattoo, Neagu and Ozden, 2005) and we would like to point out the implications for the Latin American countries. The main point is that majority of the highly educated migrants who completed their education in their home countries end up with jobs that are not commensurate with their education levels. This is especially severe in the case of migrants from Latin America as presented in Figure 5. For example, among the Latin American migrants who arrived in the 1990s and have at least a college degree obtained at home, only 36% obtains a skilled job and another 26% has a semi-skilled job. In other words, close to 40% of Latin American migrants with college degrees have unskilled jobs in the US labor market. Naturally, there is variation among different countries. College educated migrants from Mexico and Central America seem to perform worse than migrants from South America. However, migrants from the rest of world have even more impressive job placement profiles. For example, close to 70% of Chinese and Indian migrants with college degrees have skilled jobs and this is higher than the placement of US citizens with college degrees.

The natural question is what factors can explain this divergence between different countries. We find that a large part of this country-level variation can be explained by certain country attributes. Some of these attributes affect the *quality* of human capital accumulated at home, such as expenditure on tertiary education and the use of English as a medium of education. Other attributes lead to a *selection* effect, i.e. variation in the abilities of migrants because they are drawn from different sections of the skill distribution of their home countries, and include the GDP per capita, the distance to the US, and the openness of US immigration policies to residents of a given country. For example, because of proximity and the presence of a large migrant network, it is much easier for people from Mexico and Central America to migrate to the United States. As a result, even among the college graduates, it is possible for people with lower levels of human capital to migrate. However, in the case of Chinese or Indians, the main path to enter the US is through employment authorization which requires higher levels of human capital.

CONCLUSION

The aim of this paper is to present certain patterns among the highly educated migrants from Latin American countries. These migrants predominantly migrate to the US and they compose around 2/3rd of the migration flows to the US. There are several points we would like to emphasize:

- 1 – There are large variations among different Latin American countries. It is difficult and dangerous to draw conclusions without detailed analysis.
- 2 – We see large migration flows from smaller and poorer countries and these are the ones who are losing a large portion of their highly educated citizens.
- 3 – In the case of wealthier and larger countries, a smaller portion of the educated people migrates. But they form a larger portion of the migration flow since the overall migration is much smaller.
- 4 – Majority of the college educated migrants who were born in Latin American countries actually completed their education in the US. The evidence suggests that they migrated specifically to complete their education and there are reasons to believe they would not obtain the same level or quality of education if they were to stay at home. This fact needs to be taken into account in the brain drain debate
- 5 – Large portion of migrants who completed their education at home fail to obtain jobs commensurate with their education levels. This is partially due to lower quality of education and this also needs to be take into in the policy debates.

REFERENCES

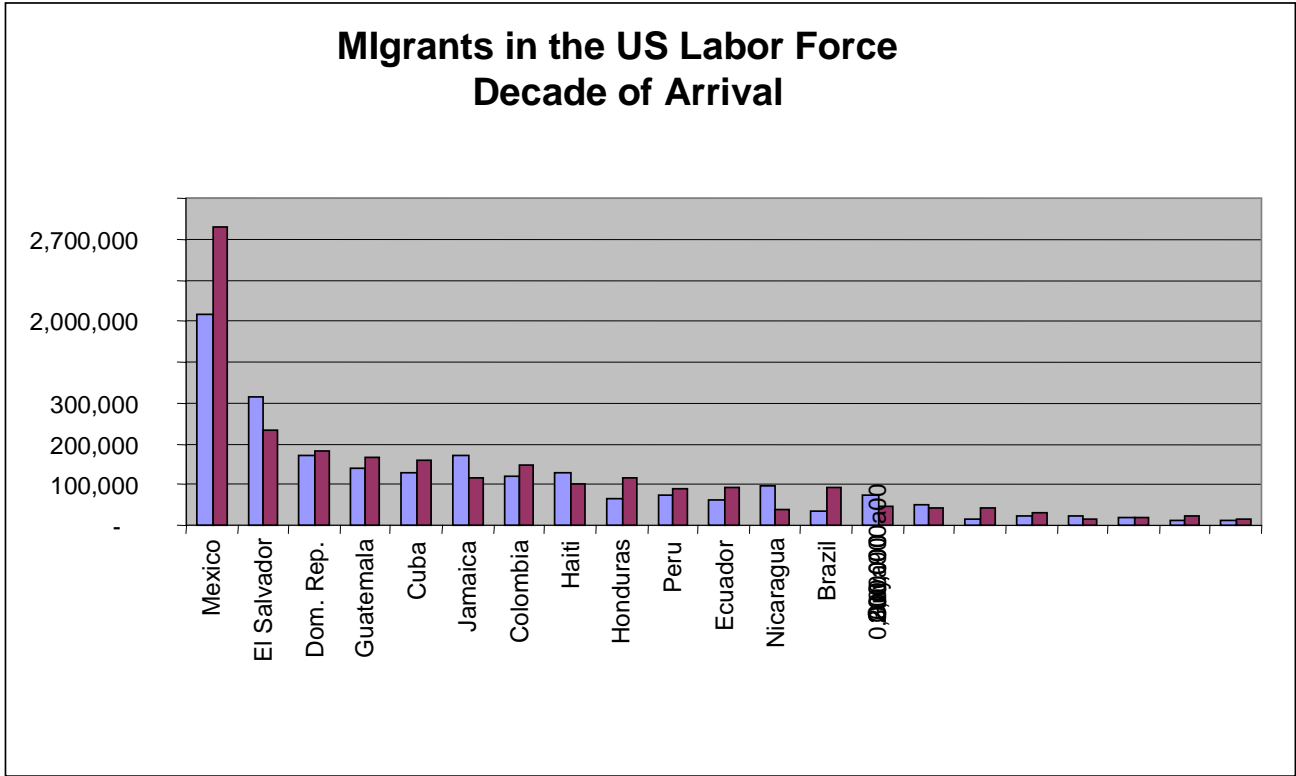


Figure 1: Migrants from Latin America who are in the US Labor Market – by Decade of Arrival

Source: US 2000 census

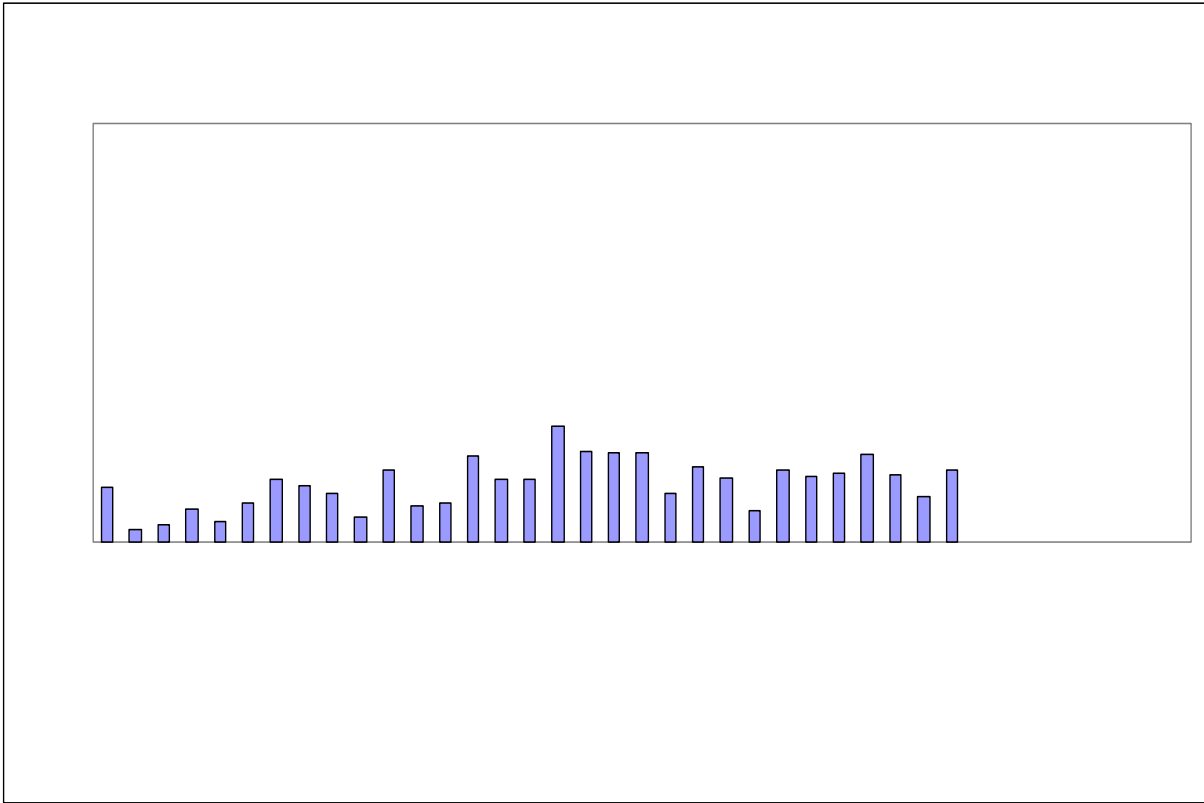


Figure 2: Ratio of Migrants from Latin America who have at least a College Degree and who are in the US Labor Market – by Decade of Arrival

Source: US 2000 census

Brain Drain - Percent of College Graduates in the US

