

Talent, Competitiveness and
Migration (MPI, 2009):
Some Friendly Comments



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Overall, bottom line



- Important topic
- Informed discussion
- Some refreshing insights
- Like all books, some limitations and ambiguities
- My assigned task: raise some of these for discussion
- My bottom line: this is a book well worth reading

“Talent” and “competitiveness”



“Talent – what it is, how to grow it, how to keep it, where it exists and how to attract it – has become a preoccupation for all developed and emerging economies, as well as many developing ones, because it lies at the heart of economic growth and competitiveness....

all are keenly interested in keeping their talent and attracting others’—and all struggle with how to produce more of the human capital needed for fueling growth.”

(p. 215)

“Talent”: how skilled?



- **Tertiary education?**
- **Bachelors or equivalent experience (H-1B visa)?**
- **PhDs?**
- **Special skills (e.g. plumbers, welders)?**
- **What are boundaries of?**
 - “skilled” vs. “unskilled”
 - “skilled” vs. “highly-skilled”
 - “talented” (p. 252)
 - “global-level talent” (p. 256)
 - “world-class talent” (p. 258)
 - “qualified” (p. 257)

International migration & “competitiveness”



- **Attracting foreign talent “lies at the heart of economic growth and competitiveness” (p. 215)**
- **Evidence: “the many countries systematically looking to mobility to enhance their economies is evidence of that. (Until 2000-2001, only a handful of countries did so methodically; today, nearly two dozen do so.)” (p. 222)**

Some questions about above for discussion



- Does “many countries” doing X mean they are **right**?
 - Many countries embraced financial deregulation
 - Japan, S. Korea very “competitive” with limited migration
- Are we embracing new kind of mercantilism?
 - More countries seeking to create, attract, and hold human capital, as source of economic prosperity and power?
 - A global “Race for Talent”?
 - “Human capital mercantilism”?

Additional general questions:



- **Q1: Retirement age -- hold constant at 65?**
 - US 1940: life expectancy @65 was **12.8** years
 - US 2005: life expectancy @65 now **18.8** years
 - + 50% increase, yet “old age dependency” still starts at 65!
 - e_{65} in 1940 (12.8) quite close to e_{75} in 2005 (11.9)
 - If “dependency” = 12 yrs more, would be closer to 73-74 than to 65
- **Q2: a puzzle on p. 27 --**
 - “...in less than a generation, Africa could be home to more PhDs than the European Union if the continent’s school enrollment keeps pace with population growth”
 - What are key assumptions of this projection?...

Q3: Are STEM skills in scarce supply in US?



- **Employers typically say “yes”**
- **But are no labor market signals of STEM “shortages”**
 - **Farmworker employers in Central Valley also say field labor scarce**
 - ✦ – unemployment rate there exceeds 20%
 - **Consider claims of “Essential Worker Immigration Coalition” --- “shortages” of low-skill workers for restaurants, hotels, flowers/nursery, landscaping, construction, meat processing**
- **Some mismatches between STEM skills and demand**
- **But no one can find absolute labor shortages**
- **In all such discussions, we must consider feedback effects on decisions of future domestic workforce**

Q4: Do perverse incentives trump goals?



- **US has favored finance/law careers over S&E**
 - In recent boom, 40% of national profits accrued to financial sector
 - Domestic students incentivized to finance/law (ask an engineering dean)
- **“Shortage” claims => import more S&Es “temporarily”**
 - But does this further deter domestic entry? [see Salzman/Lowell paper, released today www.heldrich.rutgers.edu]
 - NB: point is relevant to “generic” skills, but not “unique” skills
- **A consensus goal: “enhance domestic science/math talent”**
- **But have we trumped, due perverse incentives, policies?**

Q5: How think about divergent lenses?



- **Analysts, elites (“us”): immigrants as economic actors**
 - “talent”, “skills”, “innovation factors”, “human capital”
 - abstract packages of capabilities and skills
 - tend to ignore/minimize human, cultural, social, religious
- **For public, immigrants seen as human beings, with...**
 - need for (scarce?) employment, services
 - nationalities
 - religions
 - race/ethnicities/languages
 - beliefs/values/loves/hates...

Wide differences between publics and elites



- **2002 study by Chicago Council on Foreign Relations (interesting design)**
- **“Immigration---widely seen as a threat to low-wage American workers and as a possible source of terrorism---draws remarkably stronger reactions from the [U.S.] public than from leaders. The foreign policy goal of reducing illegal immigration is a far higher public priority by a 48 point margin. The public is substantially more alarmed by immigrants and refugees coming into the United States as a critical threat to U.S. interests by a 46 point margin (60% of the public versus only 14% of leaders). By large, 39 point gaps, the public is more favorable to decreasing legal immigration (57% vs. 18%) and to combating international terrorism by restricting immigration from Arab and Muslim countries (79% vs. 40%).”**
- Chicago Council on Foreign Relations, *Worldviews 2002: American Public Opinion and Foreign Policy* (Chicago: Chicago Council on Foreign Relations, 2002), p. 72.) <http://www.worldviews.org/detailreports/usreport.pdf>

2004: US opinion gap narrowed, but still large

Source: Chicago Council on Foreign Relations, *Global Views 2004: American Public Opinion and Foreign Policy* (Chicago: Chicago Council on Foreign Relations, 2004), p. 47.

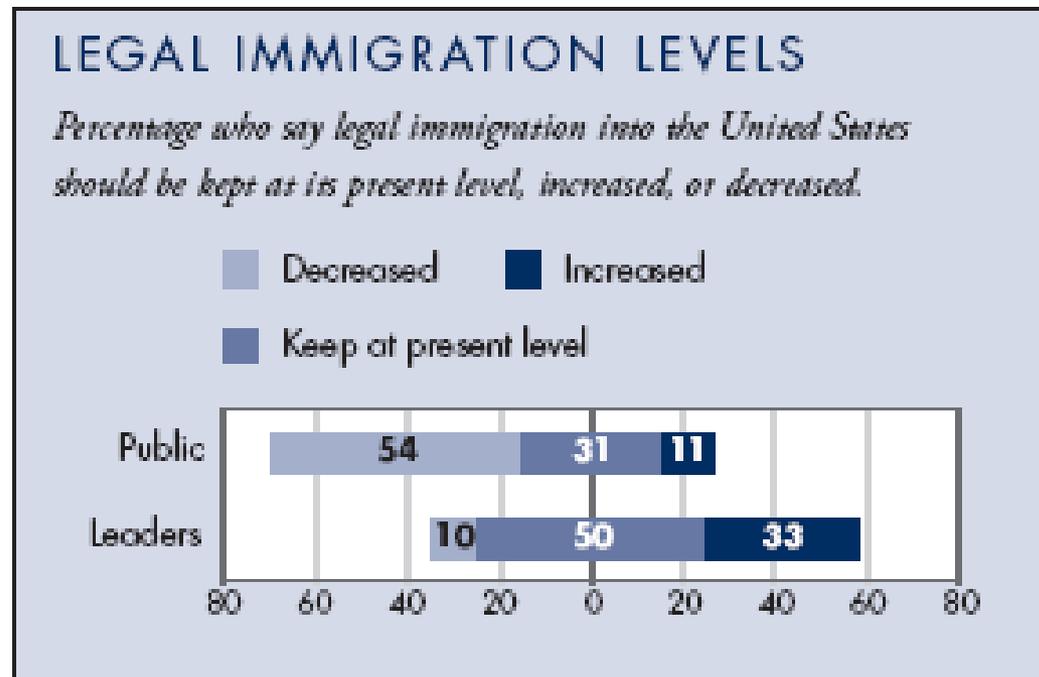


Figure 4-10

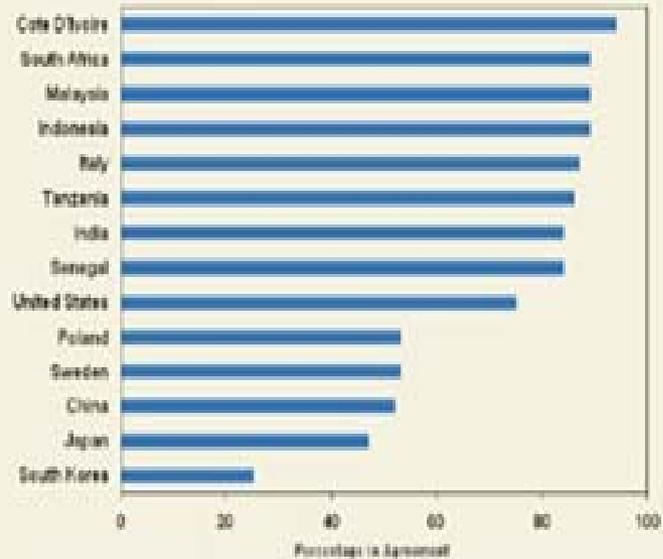
True in most of the world

Source: Joseph Chamie, "Mind the Gap: Public and Government Views on Migration Diverge," *Yale Global*, 16 October 2009



Proportion of Public by Country Agreeing with the Statement:

"We should restrict and control entry of people into our country more than we do now."



Source: Pew Research Center, *World Publics Welcome Global Trade-But Not Immigration*, October 2007

Views and Policies of Governments by Region 2007

Immigration Level, Permanent Settlement and Highly Skilled Workers

Region	No. of Countries	Immigration Level too High	Lower Immigration Level	Lower Permanent Settlement	Lower High skilled Workers
Africa	53	25%	25%	28%	5%
Asia	47	30%	35%	28%	10%
Latin America	33	6%	9%	16%	0%
More Developed	49	6%	8%	15%	0%
World Total	195	17%	19%	22%	3%

Source: United Nations, *World Population Policies, 2008*

Final point: book offers refreshing insights



- **Let me highlight two areas as examples:**
 1. **The primacy of homegrown talent**
 2. **The role of policy**

1. The Primacy of Homegrown Talent



- **“Overwhelming majority of talent will be homegrown”** (p257)
- **True, yet often missed**
- **True, yet needs more emphasis in the book**
- **Does satisfying employers dis-incentivize homegrown?**
- **Incentives for foreign recruitment in higher education?**
 - economic/other incentives higher for students from low-income co's
 - students with higher incentives easier to recruit
 - can recruit graduate students globally, finance with US govt funding
 - so why invest heavily recruiting homegrown students, esp. URMs?
- **Thought experiment: How advise 12th grader strong in science/math: engineering? law? finance? medicine?**

2. The role of policy



- **Book pays substantial attention to policy questions**
- **vs others that minimize: “globalization”, “global flows”, etc.**
- **Policymakers: “challenging responsibility” of balancing:**
 - desires of employers (e.g. ready access to low-cost labor/talent) with..
 - desires of broader society (e.g. labor standards, std of living, robust middle class, attractive careers for young, etc.)
- **Many govts (including US) don’t do this very well**
 - esp. if employers politically influential: lobbying, campaign finance
 - & large firms increasingly detached from nominal “national homes”
 - ✦ Global entities, seeking to maximize global market share, profits
 - ✦ Yet in lobbying claim to have the “national interest” as goal

OVERALL...



- A sophisticated treatment of complex issues
- May overstate role of migrant vs. homegrown “talent” in “competitiveness”
- Does pay needed attention to policy
- Reflects views of elites (i.e. all of us in this room...)
- A valuable contribution to the literature!