

Does the host country experience the brain drain or the brain gain by accepting study migrants?

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Abstract

This study explores the effects of study migrants on host countries' human capital formation under natives' labour migration possibilities analytically. Whether study migrants exert negative or non-negative effects on natives when receiving education has been a controversial issue. However, their effects on natives' human capital formation have been overlooked in the previous studies that dealt with human capital formation under migration. This study fills this research gap. By assuming an overlapping generations' economy, this study attempts to clarify whether host countries experience the brain drain or the brain gain when study migrants negatively affect the natives' education. This study finds that natives' human capital formation can be enhanced even if study migrants negatively affect natives' education. Also, study migrants affect natives' migration decision, causing the brain gain or the brain drain in a dynamic context. The brain gain can happen even when study migrants do not remain in host countries after education, and their human capital does not constitute host countries' human capital. Furthermore, host countries may experience the brain drain when the government strengthens education quality regulation. These results suggest that it is not unreasonable for host countries to accept study migrants even when they negatively affect natives' education. Also, the government should not always strengthen the education quality regulation when accepting study migrants.

Keywords: Human capital, Labour migration, Study migration, Brain drain, Brain gain, Overlapping generations' economy

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