

{ BRAIN DRAIN }

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Competition for talent is one of the biggest challenges facing the world

There is nothing particularly new about the phenomenon. The brain drain, human capital flight, the battle for talent – call it what you will, clever, ambitious people have always tended to cluster together with the like-minded in perceived centres of excellence. They move away from their places of birth to companies, research institutes, cities and jurisdictions where opportunity and the chances of a higher standard of living seem at their most promising.

But globalisation has transformed what used to be a steady trickle of international competition for talent into one of the most significant social and economic developments of the modern age.

Talent is moving on an unprecedented scale, and it is being steadily concentrated in a relatively small number of places, with transformational consequences for the countries, industries and companies affected by it. The world is fast dividing into winners and losers.

The following example illustrates the dynamic quite well. The higher echelons of HSBC's London operation, and indeed much of its operations in the Far East, used to be dominated by British nationals from the UK's better universities. Yet today, the bank takes its talent from all over the world. All HSBC high-fliers will be expected to serve at least some of their careers in London, whatever their country of birth. Increasingly, this tends to not be Britain.



Some countries are experiencing a 'hollowing out' of their brightest and best

A bank that used to be populated by UK nationals, even in its overseas operations, has become genuinely global in its approach to recruitment and promotion.

The Brits are finding themselves progressively squeezed out. It can surely only be a matter of time before the chairman and chief executive are foreign nationals, too. This is increasingly becoming the pattern for all multinational companies.

It is also the pattern for industrial clusters, academia and even wealth-creating entrepreneurialism. Silicon Valley in California is as global a mix of talent and adventurousness as can be found anywhere on the planet. The search for top people is no longer concentrated on locality, but is ever more international in nature.

Yet, interestingly, the international market in

talent doesn't create nearly as much political controversy as more widely based labour migration, even though it may be more economically significant.

It is an article of faith among international policymakers that countries should, and indeed need, to compete for top people. Nobody much worries about the incentives created in pursuit of talent, or the damage they might be doing to rival jurisdictions.

Hard numbers are difficult to come by; net migration statistics tend not to give a breakdown of immigrants and emigrants according to skill. In the UK, net migration was virtually zero throughout the first three decades of the post-war period.

It crept up a bit in the 1980s, but it was not until the late 1990s with EU enlargement that it really took off.

The increase in the numbers leaving is almost as striking as those coming in. Emigration is now more than 100,000 a year higher than in the pre-EU enlargement era. Not all these emigrants will be high-fliers. Some will be pensioners looking to see out their years in warmer climes. But a lot will be.

On most rankings, Britain still has four of the world's top 10 universities; graduates from these institutions can virtually choose where they work, and who for. Many of them are choosing somewhere else.

The situation is even more serious in much of the still economically challenged south of Europe. These countries have taken the brunt of the illegal immigration from Africa and the Middle East, and they are also losing much of their talent, particularly among the young, to the more prosperous north. Some countries are experiencing a 'hollowing out' of their brightest and best.

Politically, it is the impact of mass migration on housing, public services and social stability that causes most concern. But perhaps we should be worrying more about outflux of talent. ♥

ILLUSTRATION: IMAGE SOURCE



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