

**INTERNATIONAL MIGRATION
PAPERS**

43

**FROM BRAIN EXCHANGE TO
BRAIN GAIN: POLICY
IMPLICATIONS FOR THE UK OF
RECENT TRENDS IN SKILLED
MIGRATION FROM DEVELOPING
COUNTRIES**

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Table of contents

Foreword	v
Acknowledgements	vi
Executive summary	1
1. Introduction	4
2. Migration data sets	5
3. The skills' composition and origins of people migrating to the UK from developing countries	6
4. Return flows of skilled workers from the UK	15
5. The UK stock of skilled migrants from developing countries	18
6. What do we know about return flows of students?	22
7. Future trends	26
7.1. Influences on skilled migration trends from developing countries to the UK.....	26
7.2. International comparisons.....	28
8. Improving the UK information base on skilled migrants	32
9. Possible policy actions	34
9.1. Work permits (UK).....	35
9.2. Department for education and employment (DfEE).....	38
9.3. Department of Health.....	39
10. Conclusion	41
References	42
Contributors	45
International Migration Papers	46

Foreword

This report forms part of the series of studies conducted by International Migration Branch, International Labour Office, under the DFID-sponsored project on “*Skilled labour migration (the ‘brain drain’) from developing countries: Analysis of impact and policy issues.*”

International migration of skilled persons has assumed increased importance in recent years reflecting the impact of globalisation, revival of growth in the world economy and the explosive growth in information and communications technology. A number of developed countries have recently liberalized their policies to some extent for the admission of highly skilled workers.

The problem lies in the fact that this demand is largely met by developing countries, triggering an exodus of their skilled personnel. While some amount of mobility is obviously necessary if developing countries are to integrate into the global economy, a large outflow of skilled persons poses the threat of a ‘brain drain’, which can adversely impact local growth and development. The recent UK government (DFID) White Paper on International Development, “*Eliminating World Poverty: Making Globalisation Work for the Poor*” has rightly pointed out the need on the part of developed countries to be more sensitive to the impact of the brain drain on developing countries. It was in this context that the Department for International Development, United Kingdom, approached the ILO for carrying out research relevant to the above issues.

This report prepared by Professor Findlay traces the switchover of the United Kingdom from “a brain exchange to one of brain gain” during the 1990s. Since 1999 the pattern has changed with very significant growth both in the number of migrants issued with work permits to enter the UK and also in the proportion of these permits granted to particular countries. The study also finds that only a small proportion of skilled migrants appear to return home, with the proportions dropping in recent years. The number of foreign students studying in the UK has trebled since the beginning of the 1980s, but students from developing countries make up a small proportion of the total.

The author argues that the pattern of skilled immigration to the UK increasingly reflects the emergence of global labour markets. Yet, the upsurge of skilled migration has not only involved workers in the ‘new economy’, but also professionals in the health and education sectors – reflecting traditional ‘brain drain’ concerns. The paper outlines specific recommendations on skilled migration policies to better serve the needs of the UK economy and interests of the source countries. It also offers specific suggestions for improvement of data and information on migration to the UK and the impact on source countries.

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Executive Summary

Skilled flows from developing countries

During the 1990's the United Kingdom moved from a position where the flows of skilled migrants in and out of the country were almost in balance to a position where the country made significant net gains each year. The switch could be described as a switch from a brain exchange to one of brain gain.

Over time, regardless of place of origin, professional and managerial staff became a higher proportion of net inflows of employed migrants (tables 5 and 6).

There was a slight increase in immigration to the UK of non-British citizens from the New Commonwealth between 1992 and 1998 and a decline in the size of return flows.

Both tables 4 and 6 suggest that the net brain gains being made by the UK in the 1990s were not particularly focused on skill transfers from developing countries, but related to wider globalising forces.

Since 1999 the pattern has changed with very significant growth both in the number of migrants issued with Work Permits to enter the UK and also in the proportion of these permits granted to citizens of India, the Philippines and South Africa.

Each of these countries contributed to very specific sectors of the UK labour market, reflecting a highly structured channelling of recent skilled immigration.

Return migration flows

Only a moderately small proportion of skilled migrants appear to return home, with the proportions dropping in recent years. In the last two years there has been a slight increase in the numbers of migrants from Africa and Asia seeking to extend their work permits to allow them to remain in the UK.

Amongst those who do return to developing countries most do so after quite a short stay. Some 85 per cent of departures occur within four years of entry to the UK.

UK's stock of migrants from developing countries

UK's stock of foreign labour rose to over one million for the first time in 1998. The UK Labour Force Survey suggests that developing countries make up only about a quarter of the foreign labour stock (mainly because of the large number of Irish in the stock of labour from more developed countries).

The Labour Force Survey shows that, excluding the Irish, foreign labour is likely to be highly qualified. Looking only at professional and managerial workers, the UK emerges as having the third largest stock of skilled labour from low-income countries in the EU (table 19).

Student migration

The number of foreign students studying in the UK has trebled since the beginning of the 1980's. This has mainly been because of EU student exchange programmes. The imbalance between arrivals and departures of students has grown even faster.

Students from developing countries make up a small proportion of the total and some countries such as Nigeria and Sri Lanka have seen their numbers fall over the last 20 years.

Recent changes to legislation have not only increased Britain's global share of foreign student numbers, but have also created conditions where it is probable that more will wish to stay in the UK after their studies are complete.

Future trends

Migration rates are higher amongst people with tertiary education. As enrolment in tertiary education continues to rise in developing countries the numbers of potential skilled migrants can be expected to continue to rise.

The pattern of skilled immigration to the UK increasingly reflects the emergence of global labour markets. Despite this the UK can expect to also see the continuation of specific migration linkages that reflect not only the country's historical position in international migration systems, but also its new distinctive position and functions in the global economy.

The UK's engagement in global commodity chains and its desire to remain competitive in the global economy will mean that it will need to maintain its more flexible immigration policies that have allowed the country to access the international skills it needs to participate in the new economy. Recruitment of IT skills from India may only be the first of a number of waves of new skilled immigration that will occur.

Britain needs to guard against the weaknesses of the USA's market driven visa scheme, which seems to have led to a number of abuses.

Like other economic surges the demand for IT workers may not continue for long, but the current flow of temporary skilled service workers which it has produced may have had significant benefits for India as well as the UK. The flow should not however be confused with the longer established pattern of skilled transient migration of professional and managerial workers within trans-national corporations, which will continue to be a key form of skilled mobility linking developed and developing countries.

The upsurge of skilled migration to the UK has not only involved workers in the 'new economy', but also professionals in the health and education sectors. This flow may be of greater concern, coming closer to what was in the past termed the 'brain drain'. While short run shortages of teachers or nurses may legitimately be satisfied by encouraging skilled immigration, the long-run shortfall in investment in training enough British-born doctors in the UK is problematic.

The low proportion of foreign doctors returning home after training in the UK should be a cause for concern, given the serious health problems still faced by many developing countries.

Improving the UK information base on skilled migrants

Effective policy on skilled migration would be assisted by enhanced data collection about migration flows and in particular more information about return migration to developing countries.

Basic research questions needing attention include what determines how long permit holders remain in the UK and which migrants choose to stay or return home.

More research is also needed on skilled migrants who have returned to developing countries. The impact of emigration and return migration on the Indian IT sector in particular merits further investigation.

Specific policy recommendations

The current work permit scheme generally does well in serving the needs of the UK economy. If it is also to be sensitive to the labour market needs of migrant-sending countries in the developing world, more information should be provided to potential UK employers about appropriate locations in the developing world from which to recruit staff with particular skills. DFID should have an input in establishing such a list.

Exploitative behaviour by international recruitment agencies might be reduced by establishing a kite-mark list of agencies that conform to internationally approved standards in their activities.

The work permit scheme should also operate in such a way as to encourage return migration. Work Permits UK might consider both making 'return' a condition of issuing visas and might also discourage employers more strongly from applying for visa extensions.

In the public sector, government departments should follow the lead of the Department of Health in establishing published guidelines for potential employers of skilled international migrants in relation to recruitment, training and skill acquisition.

The Home Office and the Department for Education and Employment should also liaise to identify new policy tools to increase the efficient use of the many skills brought to the UK by asylum seekers and refugees, since the current work permit system was not designed to make links between the potential skills held by this group and the labour market needs of the UK economy.

Progress in establishing bilateral inter-governmental treaties in areas such as the supply of nursing skills is to be welcomed. These initiatives are most helpful in responding to long-run chronic skill shortages. DFID could build on linkages established in this way as part of a wider package of measures designed to enhance skill levels in developing countries as part of ongoing development programmes.

However, the bilateral inter-governmental approach is inadequate in responding to short run and cyclic shortages of skills. The UK government should take a lead in seeking to implement the General Agreement on Trade in Services (GATS) as a framework, which could provide a broad framework for movement of service workers from developing countries to meet short-term skill demands.

1. Introduction

Held et al (1999: 283) in their major review of globalisation note that 'one form of globalisation is more ubiquitous than any other - human migration'. There can be little doubt that as the UK struggles to engage with the potential and problems of change in the contemporary world system, migration processes will continue to bring some of the greatest challenges to UK policy makers. Undoubtedly the positive approach to migration advocated by Spencer (1994) provides a much better way forward for the UK in responding to these policy challenges than the previous 'fortress' mentality, which underpinned the UK's zero immigration position in the early 1990s.

This paper focuses specifically on highly skilled migration to the UK from developing countries. The highly skilled are of interest because not only has this migrant group got much to offer the UK economy, but also they also potentially represent a loss of human capital for sending countries. Despite this a significant number of developing countries seem eager to send professional and managerial staff to the UK and have argued, for example in relation to the General Treaty on Trade in Services, for further liberalisation of migration policies to allow more people to move. Indeed it can be argued that if migration is an integral part of inevitable globalisation processes, then failure to provide positive migration channels and policies to regulate migration from developing countries that illegal migration will develop instead. It is the purpose of this paper therefore to map the scale of skilled migration from developing countries to the UK before turning to consider specific policy proposals relevant to the UK context.

The first part of the paper is heavily empirical, drawing on existing UK data sets relating to stocks and flows of skilled migrants. The objective in this section is to identify the changing composition and origin of people migrating to the UK from developing countries. The evidence assembled is to establish whether Britain's changing position in the global economy is resulting in significant 'brain gains' from developing countries or whether globalisation has simply led to an more intense 'brain exchange'. Attention then shifts to examining trends in return migration and to ask why return migration to developing countries is so low. A short section is devoted specifically to the ever-increasing net in-flow of students. This very specific group of skilled movers is particularly important to the future development of their countries of origin. The paper then turns to considering how skilled migration is likely to develop in the future by asking what are the main forces shaping international flows and by investigating trends emerging in other developed countries.

The latter part of the paper considers prescriptive measures. These include ways in which the UK might collect better data on skilled migration from developing countries as well as considering key research questions that merit attention. Finally, a policy focus is offered. Discussion centres on the possible policy actions, which the UK government could take in relation to skilled migration from developing countries. Special attention is given to the UK Work Permit scheme and to how DfEE and the Department of Health approach issues of international skill recruitment.

2. Migration Data Sets

As noted above in the introduction, the purpose of the first part of this paper is to evaluate available secondary data sources about migration to the UK in order to establish the significance of recent trends and to discover the forces that might shape future patterns of skilled migration.

What is known about skilled migration to the UK from developing countries is largely a function of the data sets collected by the UK government on the topic. The main UK government databases include the International Passenger Survey (IPS), the Labour Force Survey, Work Permit statistics produced by Work Permits UK (formerly called the Overseas Labour Service), and Asylum and Settlement statistics published annually by the Home Office. The value of each of these sources has been analysed in detail elsewhere, but it should be stressed from the outset that all official migration data are subject to error and that major backward corrections to the data are often required. It is best therefore not to attach too much weight to any one source for any one year.

The annual SOPEMI report on the UK uses the International Passenger Survey (IPS) to monitor migration flows, the Labour Force Survey to provide stock information and the Home Office Statistical Bulletin to report acceptance for settlement under different categories (SOPEMI, 2000). A major problem in using these sources to answer the questions set above is that they do not publish data for migration flows from 'developing countries', but use labels such as 'New Commonwealth' and 'Other Foreign'. In addition detailed cross-tabulations of origin country by occupation or qualification level are not published, making it difficult to directly address many questions about migration from developing countries. Producing special tabulations of IPS and other data would be possible, but this task was outside the time budget of this study.

Migration for settlement in the UK is driven by a mixture of political, cultural and economic forces. Table 1 shows the ten leading countries in the developing world contributing to these flows in 1999.

Table 1. Acceptances for settlement: Leading countries of origin in the developing world, 1999.

Nationality	Number
Pakistan	11860
India	6290
Sri Lanka	5370
Ghana	3480
Bangladesh	3280
Nigeria	3180
Somalia	3180
South Africa	2950
Congo (Dem Rep)	2580
Iraq	2210

Source: ONS Annual Abstract of Statistics, 2001, No 137, 38

Information is not available for the occupational status of the migrants and as will become evident from discussion later in this report settlement statistics give a poor reflection of the

pattern of skill transfers to the UK. This is for a variety of reasons, not least of which is that a significant proportion of professional and managerial migration to the UK is temporary in nature. Consequently we now turn to the International Passenger Survey and to Work Permit data, for more informative statistics on the skills composition and geographical origin of skilled migration to the UK.

3. The Skills' Composition and Origins of People Migrating into the UK from Developing countries

Flow data from the International Passenger Survey

The International Passenger Survey shows that the net flows of non-British citizens to the UK were remarkably stable during the 20-year period 1975-1994, with minor oscillations from year to year dominantly reflecting economic cycles. Since 1995 there has been a strong upward shift in the number of people entering the country (table 2) with 1998 and 1999 being the only two years since 1975 when the total inflow of non-British citizens exceeded 280,000 persons. The year 1991 was a peak year for the in-flow of non-British citizens (220,000), followed by a dip in 1992 and 1993. Since then there has been a steady upwards trend in the numbers throughout the 1990's reaching a new high in 1999. The most significant source of growth has been in non-EU citizen flows.

Table 2. Migration flows by citizenship, 1995-99 (thousands)

	1995	1996	1997	1998	1999
Total Inflows	320.7	331.4	340.7	401.5	450
Inflows of non-British citizens	229.4	227.8	244.2	290.2	332
<i>of which EU</i>	59.1	69.5	71.5	77.6	66
<i>of which non-EU</i>	170.3	158.3	172.7	212.6	256
Total Outflows	212.0	238.4	248.7	223.7	268
Outflows of non-British citizens	93.9	99.2	117.9	112.5	142
<i>of which EU</i>	36.6	42.7	52.3	47.2	58
<i>of which non-EU</i>	57.3	56.5	65.6	65.3	84
Net migration	108.7	93.0	92.0	177.8	182
Non-British Citizens	135.5	128.6	126.3	177.7	190
<i>of which EU</i>	22.5	26.8	19.2	30.4	7
<i>of which non-EU</i>	113.0	101.8	107.1	147.3	183

Source: Population Trends, 1996-2001, 77

These flows need to be set against the net outflows of British citizens throughout the same time period. These net outflows exceeded non-British citizen net inflows up until the mid-1980's, but since 1995 net inflows (annual average 1995-98: +80,000) have greatly exceeded net British citizen outflows (ann. average 1995-98: -24,000). The total inflow of non-British

citizens (especially non-EU citizens) rose year on year from 229,000 in 1995 to 332,000 persons in 1999. Of this flow 266,000 were non-EU citizens.

Professional and managerial workers have made up an ever more important part of the skills exchange in which the UK is involved. As early as the 1970's temporary skilled emigration had already become the most important element of the stream of migrants leaving the UK. Professional and managerial staff, taken as a proportion of all actively employed emigrants, increased steadily from 37 per cent of the total in 1973 to 59 per cent in 1985. This general pattern was matched by the inflow of professional and managerial workers. Analysis of this inflow (Findlay, 1988, 403) showed that many of the professional immigrants (including those of non-UK citizenship) could be represented as professional transients. That is to say they were professionals with a migration history indicating a short duration of residence in their place of last residence and with a high probability of further mobility in the near future.

Examining total immigration flows amongst non-British Citizens employed in professional or managerial posts, shows that the 1990's was a decade of increased numbers (table 3). These rose from 33,000 in 1992 and 1993 to 76,000 in 1998. As a proportion of all non-British citizen inflows, including those not in the labour force, professional and managerial migrants made up 23.7 per cent of the total between 1995 and 1998. Calculated as a percentage of those non-British citizen migrants in active employment, the proportion of non-British citizen migrants in active employment rises from 58.8 per cent in 1992 to 63.3 per cent in 1998.

Table 3. Professional and managerial migration to and from the UK of non-British citizens, 1992-1998 (thousands)

	Inflow	Outflow	Net flow
1992	33.1	25.6	+7.5
1993	33.1	22.8	+10.3
1994	44.1	18.0	+26.0
1995	52.3	16.9	+35.4
1996	52.4	22.6	+29.7
1997	53.6	28.1	+25.5
1998	76.4	30.3	+46.1

Source: ONS, International Migration, Series MN, 1992-98

The outflow of professional and managerial persons of non-British citizenship was much smaller than the inflow during the late 1990's, producing an overall net gain for the four years, 1995-98, of 136,700 persons. This compares with a net gain of only 60,600 during the previous four-year period (1991-1994). It seems to suggest that the UK has moved away from a position of brain exchange in the early 1990s to one where the country was making, in numerical terms, substantial brain gains in the late 1990s.

This conclusion is strengthened when one compares the net non-British citizen professional and managerial migration gains for the 1990s with the pattern of British citizen professional and managerial flows. In the four years 1991-1994, British citizen net outflows of professional and managerial staff exceeded non-British citizen net inflows on two occasions (1991 and 1992), suggesting that some kind of balanced exchange was occurring between the UK and the world knowledge economy. By contrast in the years 1995-8 non-British citizen professional and managerial net inflows were smaller every year than the net outflows of British citizens in the same occupational groups. Britain in the 1990s therefore shifted its

position in the exchange of skills with other countries in two ways. First, the flow of highly skilled non-British citizens moved away from being close to the kind of brain exchange situation described by Beaverstock and Boardwell (2000). Second, the net gains in non-British citizens in professional and managerial occupations is no longer apparently being offset by net outflows of British citizens in the highly skilled group.

These conclusions lead to the question 'how important are migrants from developing countries in accounting for this changing situation?' As noted above, the published tables of the International Passenger Survey printed in *International Migration* (ONS, 1998) do not disaggregate data by individual country, and are a difficult source to work with in trying to answer general questions about developing countries. Perhaps the most useful indicator of flows from developed countries is the category of origin countries referred to as New Commonwealth countries. Clearly there are vast variations within this grouping of developing countries in terms of their contribution to international migration to the UK, just as there are many important migrant origin countries such as the Philippines, which do not belong to the Commonwealth. Nevertheless it is useful to review the New Commonwealth group of countries to discover what can be revealed about migration flows of professional and managerial workers to the UK.

In the unadjusted IPS data set for non-British citizen inflows to the UK in 1998, 16.3 per cent of arrivals were from New Commonwealth countries, while only 9.6 per cent of the inflow of professional and managerial workers were from the New Commonwealth. Table 4 shows the pattern of New Commonwealth skilled migration to and from the UK between 1992 and 1998. The size of the professional and managerial flows increase slightly over time as does the net gain when outflows are subtracted from inflows. Between 1995 and 1998 the net gain of skills was on average 6800 persons per year. Almost as important as the growth in professional immigration has been the decrease in the size of the return flows. It is also interesting that professional and managerial migration from New Commonwealth countries appears to have become a smaller proportion of all professional and managerial immigration to the UK. Put in another way the significance of these flows has diminished between 1992 and 1998 relative to the rather rapid overall growth in non-British citizen professional and managerial immigration. This group also became smaller when expressed as a proportion relative to the overall size of the in-migration flow of actively employed citizens from the New Commonwealth.

It is important to note that the statistics reported in table 4 (the most recently published IPS data in the public domain at the time of preparing this report – April 2001) do not capture the important changes that have taken place in UK immigration, especially following the relaxation of the Work Permit system announced in September 2000. Some of these changes are evident on the Work Permit data discussed later in this report.

Table 4. Professional and managerial migration to/from UK, 1992-1998: New Commonwealth citizens

Year	Inflows of Professional and Managerial Persons (thousands)	Outflows Professional and Managerial Persons (thousands)	Net Balance, Professional and Managerial Persons (thousands)	Inflows as % of all employed immigrants from the New Commonwealth	N.C. Inflows as % of all non-British citizen Professional and Managerial immigrants
1992	7.7	2.8	+4.9	71.2	23.1
1993	7.4	2.4	+5.5	67.3	22.4
1994	8.5	4.4	+4.1	71.4	19.3
1995	10.3	1.2	+9.1	75.7	27.3
1996	8.3	3.3	+5.0	62.4	15.8
1997	10.8	1.6	+9.2	64.2	20.9
1998	7.3	3.5	+3.8	48.7	9.6
Average 1992-94	7.9	3.2	+4.7	66.1	21.4
Average 1995-98	9.2	2.4	+6.8	62.5	15.6

Source: Calculated from ONS (1992-8) International Migration, Series MN, 19-25

Research has been carried out for the Home Office over the last year by the Migration Research Unit, University College London. This group, representing the premier research cluster working with UK immigration data, has commissioned some special tabulations of the IPS data set. These tables divide the developing world into two categories ('Indian subcontinent' and 'Other developing countries'). This provides some useful additional insights into the pattern of Professional and Managerial movement. The first and most striking feature of table 5 is that over the last 20 years net professional and managerial migration from other parts of the developing world was more than three times as great as that from the Indian subcontinent. This is important since there is a great risk of stereotyping highly skilled immigration to the UK as a phenomenon that centres only on India and its neighbouring states.

Table 5. Net inflow of professional and managerial workers by citizenship group compared to total net inflow of employed migrants 1975-99

Citizenship group	Professional and managerial	<i>All migrant workers</i>	Professional and managerial % of net inflow
Old Commonwealth	106,000	154,000	69%
EU/EFTA	29,000	80,000	36%
East/Other Europe	10,000	16,000	63%
Other Foreign Developed Countries	65,000	85,000	76%
Bangladesh/Pakistan/India/Sri Lanka	40,000	81,000	49%
Rest of the Developing World	130,000	173,000	75%

Source: MRU, 2001

It is also evident from table 5 that half of the net balance of labour migration with the Indian sub-continent was made up of professional and managerial workers. The rest of the developing world was even more strongly biased towards highly skilled net migration to the UK (75% of net migrant worker flows). Interestingly, looking at the last five years (table 6), one sees no increase in the proportion of highly skilled workers from the 'other developing countries' category, while the proportion of the Indian sub-continent flow that was made up of professional and managerial workers does increase to two thirds of the total. The table also shows a convergence between origin countries in terms of the ever-increasing proportion of flows made up of professional and managerial workers.

Table 6. Net inflow of professional and managerial workers by citizenship group compared to total net inflow of employed migrants 1995-9

Citizenship group	Professional and managerial	<i>All migrant workers</i>	Professional and managerial % of net inflow
Old Commonwealth	56,000	73,000	77%
EU/EFTA	20,000	34,000	59%
East/Other Europe	8,000	10,000	80%
Other Foreign Developed Countries	28,000	35,000	80%
Bangladesh/Pakistan/India/Sri Lanka	19,000	29,000	66%
Rest of the Developing World	43,000	57,000	75%

Source: MRU, 2001

The data from Salt and his team at UCL are most valuable in illustrating the time trend in net highly skilled migration to the UK from developing countries. Table 7 shows that only very small net gains were made from the Indian sub-continent before 1995. By contrast the net gains from other developing countries began as early as 1980, but with a second upward movement evident in the 1990s.

Table 7. Net flows of professional and managerial workers by citizenship group; five year periods 1975-1999 (thousands)

	1975-79	1980-84	1985-89	1990-94	1995-99
Old Commonwealth	6.6	4.5	15.4	22.9	56.3
EU/EFTA	6.6	2.2	-0.6	0.9	19.9
East/Other Europe	-0.6	1.4	1.5	-1.0	8.3
Other Foreign Developed Countries	3.4	6.5	12.6	14.5	27.6
Bangladesh/Pakistan/India/Sri Lanka	3.6	5.5	5.6	6.7	18.7
Rest of the Developing World					
Total Net flow	23.2	39.3	59.5	83.5	173.7

Source: MRU, 2001

Another key feature of table 7 is that it reveals the changing importance of developing countries relative to other origins of professional and managerial flows. Between 1975 and 1979 less than a third of the net gains in this occupational group came from developing countries (31.0%). As well as the background of a general upward trend in net highly skilled immigration the developing countries rose to account for 53.1% of net gains by the late 1980s. By 1995-99, although the absolute size of net gains continued to rise, the proportion of these coming from developing countries fell back to 35.4% of the total. This is an important feature since it suggests that net gains being made by the UK were not particularly focused on skill transfers from developing countries but related to wider globalising forces which also made the UK an attractive destination for highly skilled workers from the developed world.

This should not be a cause for complacency for the UK, since the developing countries were out of line with highly skilled flows of other citizenships on one key characteristic, namely the trend in out-flows. Table 8 compares the size of outflows in 1975-79 with those in 1995-99. It can be seen that the general trend for all citizenship categories was towards higher levels of return migration, reflecting the expected trend that an upward shift in immigration leads to an increase in return movements (Findlay, 1989). While total outflows increased by 73 per cent, the trend for developing countries was in the opposite direction with both the Indian sub-continent and other parts of the developing world seeing a decrease in outflows of professional and managerial workers from the UK. Thus while all parts of the world have experienced and increased net skilled migration in favour of the UK over time, the counterflow of skills to most developed countries has also increased while no such counterflow trend is evident for developing countries. In short the statistics would suggest that professional and managerial workers from developing countries (unlike their developed world counterparts) are relatively unlikely to leave again after a few years working in the UK.

Table 8. Outflows of professional and managerial workers by citizenship group 1975-9 and 1995-9 (thousands)

Citizenship group	1975-9	1995-9	Difference	% change
Old Commonwealth	18.3	35.3	+17.0	+93%
EU/EFTA	19.7	59.6	+39.9	+203%
East/Other Europe	2.8	2.6	-0.2	-7%
Other Foreign Developed Countries	15.3	26.8	+11.5	+75%
Bangladesh/Pakistan/India/S.Lanka	6.6	4.9	-1.7	-26%
Rest of World	19.5	12.9	-6.6	-34%
Total outflow	82.2	142.1	+59.9	+73%

Source: MRU, 2001

Work permit approvals

For more detailed information about the geographical origin of flows of skilled workers from developing countries we now turn to the Overseas Labour Service data set on Work Permits. The Work Permit system is, arguably, the main channel by which highly skilled migrants enter the UK. The current rules for the Work Permit system were introduced in 1991, although a major review was initiated in November 1999 and came into force in October 2000. While ensuring that job opportunities for resident workers are protected the scheme aims to enable employers to recruit or transfer skilled people to the UK. The criteria for approving a work permit are based around jobs requiring a relatively high level of skills and are therefore treated hereafter as equating to highly skilled migrant groups with which this paper is concerned. Although it may still be too early to fully evaluate the impact of the October 2000 changes, it is interesting to note that 100,000 applications were expected in the year 2000 compared with about 82,600 in 1999 (Glover et al, 2000). The number of applications in the three months (November 2000-January 2001) immediately after the announcement of the change of UK policy was 27,238 compared with 16,038 in the same three months in 1999-00. This represents a 70 per cent increase.

Turning from applications to approvals, the provisional figures for October 2000 to March 2001 released recently by Work Permits UK show a dramatic rise in skilled immigration. For the first time India surpasses the USA as the primary source of migrants receiving work permits. The Philippines has become the third largest source country, having only a few years ago scarcely figured at all in the work permit lists. South Africa is ranked fourth.

Table 9. UK work permit approvals, October 2000- March 2001 by nationality

	October – December 2000	January – March 2001
India	5683	6971
USA	5136	5797
Philippines	2881	3344
S.Africa	1983	2452
Australia	1672	2000
Japan	812	1172
Canada	782	717
New Zealand	643	814
China PR	636	737
Nigeria	476	462
Russia	450	508
Pakistan	440	750
Zimbabwe	432	578
Malaysia	401	455
Poland	235	-
Bangladesh	-	371

Source: Work Permits UK, <http://www.workpermits.gv.uk/board/volumes/>

Looking at longer run trends, the overall pattern of work permit approvals has increased dramatically over the last five years (table 10) (Home Office, 2000, 18). With over 90 per cent of the 1999 applications being approved, it is not surprising that the overall upward trend in work permit issues parallels the increase in the number of applications. If dependants of work permit holders are added to the flow, the total for 1999 rises to 76,000 persons.

Table 10. Admission of work permits holders, 1995-1999

Year	Total	Long term (12 months of more)	Short term*	Dependants of Work permit holders
1995	52080	11670	26080	14330
1996	58160	11370	29380	17420
1997	62970	16270	27380	19320
1998	68390	20160	28020	20200
1999	76000	25000	28400	22600

Comment: Includes the majority of permit trainees

Source: Home Office Statistical Bulletin (May 1998, 23; November 2000, 19)

*Includes the majority of permit trainees.

Figures for the year 2000 show that the trend in favour of more temporary skilled immigration has accelerated (Home Office, 2001, 19). The full effects of the relaxation of immigration rules with regard to the work permit system is evident in the jump in long-term work permit numbers from 20000 in 1999 to 35000 in 2000 and also in the growth in short-term permits. Table 11 provides further details of the different types of work permits issued to applicants in recent years. Most work permit applications were for the business and commercial sectors of the UK economy. As well as the increase in the number of new permits there was also a significant growth in in-country extensions of people seeking to stay beyond the end of their initial permit.

Recent research by the Migration Research Unit at University College London for the Home Office provides further useful detail of the temporal trends in national origins. Table 12 reproduced with kind permission from this research shows first that a very small number of countries accounted for most of the growth in work permits and second that several developing countries figure prominently in the skilled labour in-migration flows to the UK as identified from the Work Permit system. In 1999 India, South Africa and the Philippines led the flow from developing countries with 5700, 3300 and 2300 migrants respectively. By 2000 the work permit and first permission total for India had more than doubled since 1999 and almost equalled the number of permits issued to the USA. All other origin countries in the developing world also experienced increases with the most rapid growth between 1999 and 2000 being the Philippines where the number of work permits almost trebled. As table 9 has already shown, these trends have accelerated over the last six months.

If the upsurge in work permits between 1999 and 2000 is the most obvious feature of table 12, a number of other less stark trends are also worthy of note. The table shows, for example, that prior to the new work permit policy launched in 2000, there was very little increase in work permits issued to more developed countries (and in some instances such as Japan a decrease is recorded). By contrast most of the developing countries had already seen a dramatic increase between 1995 and 1999 in the scale of skilled migration through the work permit system. Between 1995 and 1999 India saw an increase of 184 per cent and South Africa of 402 per cent. The sudden recruitment of nurses from the Philippines to the UK in 1999 saw work permit issues mushroom from 66 in 1995 to 2254, with the trend continued in 2000.

Table 11. Long and short-term applications 1995-2000

<i>Total long-term applications approved 1995-2000</i>								
Total	Work permits	First permission	In-country change of employment	In-country extension	In-country supplementary employment	Work permit extension	In-country technical change	
1995	17071	10434	1670	1354	3613	:	:	:
1996	19132	11626	2036	1815	3655	:	:	:
1997	22006	13978	2042	1911	4075	:	:	:
1998	25024	16664	2297	2013	4048	2	:	:
1999	30564	20464	2831	2620	4437	6	54	152
2000	55312	35339	6194	5661	7376	27	164	551

<i>Total short-term applications approved 1995-2000</i>								
Total	Work permits	First permission	In-country change of employment	In-country extension	In-country supplementary employment	Work permit extension	In-country technical change	
1995	15869	11254	803	347	3465	:	:	:
1996	16979	11959	811	572	3637	:	:	:
1997	20443	14504	1002	619	4318	:	:	:
1998	23540	15990	1322	815	5412	:	1	:
1999	21777	14785	1154	615	5117	14	29	63
2000	30061	20892	2064	855	5761	48	160	281

Source: Work Permits UK, <http://www.workpermits.gv.uk/board/volumes/>

Table 12. Total work permits and first permissions by selected countries of origin

Nationality	1995	1996	1997	1998	1999	2000
United States	7876	8673	9583	10160	9731	12654
India	1997	2679	4013	5678	5663	12294
Japan	2423	2593	2521	2700	2461	2645
Australia and New Zealand	1575	1894	2640	3448	3790	5669
China	657	688	789	901	1064	1541
Canada	923	1109	1387	1484	1530	1921
South Africa	659	883	1367	2159	3306	4437
Russia	735	642	776	880	787	1054
Poland	615	342	453	525	471	687
Malaysia	296	373	412	742	755	866
Philippines	66	76	104	273	2254	6672
Czech Republic	199	169	184	234	265	429
All Nationalities	24161	26432	31720	37528	41950	64571

Source: OLS data provided by Migration Research Unit, University of London

The most important feature of table 12, from the perspective of this report is however the increase in the proportional share of all UK work permits issued to the five developing countries highlighted in the table. In 1995 they accounted for 15.2 per cent of the total. By 2000 the proportion had risen to 40.1 per cent.

Table 13. Industrial classification of work permits issued to India, South Africa, Philippines and China, 1999-00 (per cent)

	India		South Africa		Philippines		China	
	1999	2000*	1999	2000*	1999	2000*	1999	2000*
Admin, business and man services	13.3	7.7	18.4	13.4	13.4	6.7	20.4	18.8
Computer services	51.4	61.5	3.4	7.0	1.2	1.7	3.0	3.5
Educational and cultural activities	3.0	2.1	2.4	3.4	0.2	0.1	29.2	28.9
Financial services	6.4	5.2	6.1	6.6	0.6	0.5	9.6	11.9
Health and medical services	11.5	9.0	48.5	49.0	74.7	85.8	10.4	11.2
Other	14.4	14.5	21.2	20.6	9.9	5.3	27.4	25.7

Source: Analysis of OLS data by Migration Research Unit, University of London, 2000.

*Data for the year 2000 relate only to the first six months of the year. Readers using this data set should consult the Migration Research Unit about the limitations of the data set.

Analysis of data regarding the occupational composition and industrial sector of migrants from four countries of the developing world shown in table 12 provides useful insights into the specificity of the linkages that have been established. Table 13 shows, for example, that each country contributed to very specific sectors of the UK labour market. In 1999, for example, 75 per cent of Filipinos and 49 per cent of South Africans received work permits to enter the health sector. Indian work permits were dominantly for work in computer services (51%). Table 14 shows the absolute figures for all of 2000 for occupational groups. Once again the specificity of the occupational categories from which migrants are drawn is very evident.

4. Return Flows of Skilled Workers from the UK

We know much less about the return flow of skilled workers than we do about the in-flow of persons from the developing world. This is not surprising since in all migration research less is known about emigrants than immigrants. This occurs largely because of the difficulty of collecting data about a group of people who have dispersed over a considerable time span. It is also a function of the greater concern shown by countries about the impact of immigration than about those who have left a country. Systematic data tends to be gathered only at the time of departure with there being seldom any information equivalent to the stock data collected for immigrant groups.

In the case of the UK the International Passenger Survey is therefore the primary data source, providing some information about the departure of skilled workers. We have already seen, from analysis of tables 4 and 8, that outflows of professional and managerial workers to New Commonwealth and other developing countries has declined during a period when immigration was rising. Table 4 suggests that between 1995 and 1998 only one New Commonwealth citizen with high-level skills departed for every four professional and managerial migrants who arrived. Even allowing for a three-year lag between immigration and possible return migration only reduces the ratio to 1:3.

Table 14. Work permits and first permissions granted by selected country and occupation, 2000

	S. Africa	India	Philippines	China	Malaysia
All occupations	4437	12292	6772	1541	866
Managers and administrators	589	1203	55	211	139
Professional occupations	879	2947	247	285	348
engineers and technologists	213	2616	222	147	147
health professionals	180	109	17	30	9
teaching professionals	307	84	1	67	10
business & financial professionals	91	84	3	26	119
Associate professionals and technical occupations	2918	7879	6442	885	329
computer analysts, programmers	526	1301	6327	108	136
health associate professionals	1876	257	20	179	59
business, finance associate professionals	180	182	9	135	8
artistic, sports, etc. professionals	174	1	0	35	2
Clerical and secretarial occupations	1	47	0	4	5
Craft and related occupations	19	194	28	4	43
Personal and protective service occupations	21	194	28	125	43
catering occupations	21	0	0	125	0
Sales occupations	0	21	0	0	0
Plant and machine operatives	0			0	
Other occupations	10			27	

Source: Analysis of OLS data by Migration Research Unit, University of London, 2000.

It can be inferred that levels of return migration in the 1990's were both low and falling. Two points should however be noted. First, that one would normally expect a time lag between immigration and return migration (see Findlay, 1989 for details of modelling return migration labour flows). It would therefore perhaps be premature to expect the upturn in skilled immigration to the UK from developing countries that started in the mid 1990's, and which only really took off in 1999 and 2000 with the revision of the work permit system, to have produced any significant wave of return migration during the period for which data are available.

Second, it is worth noting both that labour market conditions in the UK were generally very buoyant during the late 1990's compared with the rest of the world, and also that the general perception of Britain as a country hostile to immigration and to which it would be difficult to regain entry would be the dominant one prevailing during the time period to which the data refer. Consequently skilled migrants would be loathed to leave, except to make permanent return moves such as for retirement. The relaxation of the rules surrounding the work permit system may produce a change of perceptions. It could result in a healthier circulation of skilled migration between developing countries and the UK. At present, however, it would appear that the only measurable effect of the relaxation of the regulations has been an increase in the numbers of migrants from Africa and Asia seeking an extension to stay longer in the UK.

The International Passenger Survey shows that the proportion of non-British citizen migrants who stay in the UK for less than four years is rising. At least half of those entering the UK in the early 1990s were planning to stay less than four years, a higher proportion than in the 1980s (International Migration, 1998, xiii). By 1998, 63 per cent of arriving migrants declared their intention to stay less than four years, reflecting the general trend towards Britain's engagement with a transient migrant population.

Table 15 shows the length of stay declared by those leaving the country. The pattern for New Commonwealth citizens is much the same as for non-British citizens as a whole, with 85 per cent of departures occurring within four years of entry to the country. This figure needs however to be considered in the context of the low proportion of return migrants as revealed above. Whether the patterns evident in table 15 hold true for professional and managerial workers from the New Commonwealth recruited under the work permit system remains open to question. Equally the data do not permit us to know whether these return moves are returns of failure (Ghosh, 2000) or part of a professional circulation similar to those anticipated amongst skilled transient workers (Findlay et al 1996).

Table 15. International departures, 1998, by year of arrival and citizenship (percentages)

Citizenship	Year of arrival			
	Before 1989	1989-1993	1994-7	Not stated
Non-British	2.3	9.6	87.6	0.5
New Commonwealth	0.0	12.5	85.4	2.1

Source: Calculated from International Migration, 1998, series MN 25, 30

There has been a slight increase in the numbers of migrants from developing countries who enter with work permits and who are being granted extensions of leave to remain by the Home Office. The slight relaxation of the work permit system through the increased numbers of persons given the right to extend their stay, may partially account for the downturn in return migration (table 16). The number of extensions granted to work permit holders from the Indian sub-continent (7750) represented the single largest origin category in the most recent Home Office statistics.

Table 16. Extensions of leave to remain as a work permit holder. 1997-2000* (selected origins: absolute numbers)

	1997	1998	1999	2000*
Africa	3890	4180	4490	3540
Indian sub-continent	6230	6940	7750	4910
Rest of Asia	3690	3870	3940	2740
All nationalities	19020	20240	21830	15490

Source: Home Office Statistical Bulletin (November 2000, 20)

*Data for 2000 for January to June only

5. The UK Stock of Skilled Migrants from Developing Countries

Compared with other European countries the United Kingdom has quite large foreign labour stocks, with the number rising above one million for the first time in 1998 (table 17). Expressed as a proportion of the national labour force foreign labour is not however particularly great (3.9 per cent in UK compared to 8.8 per cent in Belgium or 6.1 per cent in France). Furthermore, the percentage has not changed much over the last decade (3.4 per cent in 1988 compared with 3.9 per cent in 1998).

Table 18 shows the estimated stock of foreign labour in the UK by nationality. In 1999 foreign labour from the developing countries identified in the table accounted for 254,000 persons or 25.2 per cent of the total foreign labour force. Key sources included African countries (120,000), India (66,000) and Pakistan (27,000). In the UK context such figures are difficult to interpret since there are many more people from these regions or countries of origin, but who hold British nationality and make up key segments of the labour force.

Looking just at professional staff, table 19 shows the growing importance of this socio-economic group, relative to other employed foreign nationals (up from 22.8% in 1992 to 30.5% in 2000). The data is drawn from the annual UK Labour Force Survey and thus is subject to sampling error. Amongst those from Africa, professional and managerial staff over the same time period made up between 23.1 per cent and 31.9 per cent and those from the Indian sub-continent between 18.2 and 26.4 per cent. There are three key points to draw out from this stock data. First, foreign labour, including those from developing countries, has been at least as skilled as the UK labour force and in most cases a higher proportion have been drawn from professional socio-economic groups than was the case for UK nationals. Second, during the 1990s there has been a general trend towards the professional category becoming more important as a proportion of all foreign workers. Third, while the proportion (28.0 to 38.9 per cent) of professional labour from South East Asia is consistently higher than amongst Indian or African labour stocks, labour from the Caribbean was less skilled (7.5 to 16.5 per cent). Because of the nature of the sampling process in the Labour Force Survey, it is a less reliable source of information about the stock of labour from minority destinations than for the larger foreign labour stocks.

Table 17. Stocks of foreign labour in selected European countries, 1984-1998 (thousands) (1)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Austria (2)	138.7	140.2	146.0	147.4	150.9	167.4	217.6	266.5	273.9	277.5
Belgium (3)	182.5	179.7	179.2	176.6	179.4	196.4	-	290.4	337.3	-
Denmark (4)	53.6	56.5	60.1	62.7	65.1	66.9	68.8	71.2	74.0	77.7
Finland (5)	6.0	6.8	6.4	7.2	8.0	10.0	13.0	14.0	14.7	15.2
France (6)	1658.2	1649.2	1555.7	1524.9	1557.0	1593.8	1549.5	1506.0	1517.8	1541.5
Germany (7)	1608.1	1586.6	1600.2	1610.8	1656.0	1730.8	1837.7	1972.9	2103.9	2183.6
Greece (8)	-	-	-	24.9	23.9	21.6	23.2	24.2	33.1	29.0
Ireland (9)	-	34.0	33.0	33.0	35.0	33.0	34.0	39.3	40.4	37.3
Italy	-	-	-	-	187.8	153.4	380.9	464.6	507.5	525.5
Luxembourg (10)	53.0	55.0	58.7	63.7	69.4	76.2	84.7	92.6	98.2	101.0
Netherlands (11)	168.8	165.8	169.0	175.7	176.0	192.0	197.0	214.0	229.0	219.0
Norway (12)	-	-	-	-	49.5	47.7	46.3	46.3	46.6	47.9
Portugal (8)	-	-	-	33.4	35.2	-	36.9	39.9	59.2	63.1
Spain (13)	-	-	-	-	58.2	69.9	85.4	171.0	139.4	115.4
Sweden (14)	219.2	216.1	214.9	214.9	220.2	237.0	246.0	241.0	233.0	221.0
Switzerland (15)	539.3	549.3	566.9	587.7	607.8	631.8	669.8	702.4	716.7	725.8
Turkey	-	-	5.5	-	-	-	-	-	-	-
United Kingdom	744.0	808.0	815.0	815.0	871.0	914.0	882.0	828.0	902.0	862.0

Source: Sopemi (2000) Trends in International Migration, OECD: Paris

1. Includes the unemployed, except in Benelux and the UK. Frontier and seasonal workers are excluded unless otherwise stated.
2. Annual average. Work permits delivered plus permits still valid. Figures may be over-estimated because some persons hold 1 for 1990 and 1991 have been adjusted to correct for a temporary over-issue of work permits relative to the number of jobs held
3. Excludes the unemployed and self-employed.
4. Data from the population registers and give the count as of the end of November each year except December (end of December)
5. Estimate, assuming activity rates of the 1980s (slightly under 50%).
6. Data as of March each year derived from the labour force survey.
7. Data as of 30 September each year. Includes frontier workers but not the self-employed. Refers to Western Germany.
8. Excludes the unemployed.
9. 1991 data excludes the unemployed.
10. Data as of 1 October each year. Foreigners in employment, including apprentices, trainees and frontier workers. Excludes the u
11. Estimates as of 31 March, including frontier workers, but excluding the self-employed and their family members as well as the
12. Excludes unemployed. Data are for the second quarter.
13. Data derived from the annual labour force survey.
14. 1990-92 data corrected.
15. Data as of 31 December each year. Numbers of foreigners with annual residence permits (including up to 31 December 1982, 1 months) and holders of settlement permits (permanent permits) who engage in gainful activity. Excludes the unemployed.

Table 18. United Kingdom, stock of foreign labour by country or region of nationality

	1985	1990	1995	1999
Ireland	269	268	216	220
Africa	51	59	83	120
India	66	84	60	66
United States	37	50	49	55
France	17	24	34	44
Germany	18	22	27	44
Italy	56	48	43	43
Australia ¹	23	39	34	36
Pakistan ²	27	27	20	27
Central and Western Europe ³	25	20	23	25
Spain	14	16	17	25
Caribbean and Guyana	77	48	38	24
New Zealand	19	23
Portugal	...	11	18	20
Bangladesh	17
Other countries	128	166	181	216
Total	808	882	862	1,005

Note: Estimates are from the Labour Force Survey. The unemployed are not included. The symbol “...” indicates that figures are less than 10,000.

1. Including New Zealand until 1991.

2. Including Bangladesh until 1991.

3. Including former USSR.

Source: SOPEMI, 2000, op cit, p.362

Table 19. Foreign workers in professional occupations in the UK, 1992-2000

	1992	1993	1994	1995	1996	1997	1998	1999	2000
All nationalities	22.9	23.8	23.7	24.3	24.5	24.4	24.6	24.8	25.3
UK	22.8	23.6	23.5	24.2	24.3	24.2	24.5	24.6	25.1
Foreign nationals	25.4	28.0	27.7	28.6	30.3	30.0	29.2	31.5	30.5
Non-EU nationals	25.6	29.3	28.8	27.6	31.4	31.0	30.9	33.3	29.6
EU countries	25.0	26.1	26.5	29.7	29.1	28.6	27.0	29.2	31.9
EU countries excl. Irish Rep.	25.9	31.4	26.0	37.4	30.2	32.0	30.0	32.0	34.6
Irish Republic	24.5	24.7	26.8	22.4	28.1	25.4	23.8	26.3	28.6
France and Germany	34.3	37.7	31.5	40.2	41.0	35.7	37.6	35.2	35.8
Northern EU	-	-	-	47.8	33.1	35.6	40.5	37.8	48.2
Southern EU	19.4	21.9	19.8	26.8	22.8	27.2	19.0	26.0	26.6
Other Europe	24.9	28.2	24.6	24.6	30.7	28.9	20.4	23.5	27.0
Africa	23.1	30.4	26.3	20.7	25.1	22.9	25.5	31.9	20.7
Indian sub-continent	19.6	18.2	20.4	22.0	22.2	25.8	25.8	26.4	24.1
South East Asia	38.3	38.3	-	-	28.0	34.8	38.9	31.1	-
Other Asia	-	-	43.9	50.2	37.1	44.2	25.1	34.6	37.5
North America	40.5	43.6	41.7	41.8	47.9	50.1	47.0	50.0	48.1
Caribbean/West Indies	-	-	-	-	-	16.5	-	7.5	-
Other America	13.5	18.0	-	-	-	-	37.0	28.6	-
Australia and New Zealand	29.5	33.7	36.4	33.8	40.8	42.0	41.1	44.3	41.8

Source: OLS data provided by Migration Research Unit, University of London, 2000.

Ongoing work by the Migration Research Unit at University College London provides a useful insight to the relative importance of labour stocks of migrants from low-income countries. Table 20 provides comparative data relating to the proportion of migrant stocks, flows and labour by income category of migration origin countries. The table is based on the World Bank's fourfold categorisation of countries by income, selecting the 'high' and 'low' income countries for special attention while ignoring the two middle-income categories. It shows that compared with other EU countries the United Kingdom has a high proportion of its foreign labour stocks drawn from high-income countries. This reflects of course the significant role of immigration from Ireland as well as more recent flows from the United States. From the perspective of this investigation, however, links with low-income countries are of more interest. The table seems to suggest that although UK flows from low-income countries are not very high, the migration history of the UK has meant that it has the third highest stock (20.7 per cent) in the EU of labour from low-income countries.

Table 20. EU countries: proportions of immigrant stocks, flows and labour by income category of origin (most recent year available)

	Immigration flows from high-income countries (per cent)	Labour stocks from high-income countries (per cent)	Total foreign population stocks from high-income countries (per cent)
Luxembourg	81.1	95.2	-
Ireland	80.5	90.0	66.2
United Kingdom	67.1	62.8	53.8
Belgium	65.7	-	63.8
Portugal	65.2	25.6	34.1
Denmark	41.3	51.3	32.6
Sweden	41.0	72.4	44.7
Spain	34.2	4.6	54.6
Netherlands	32.9	38.0	30.6
Greece	30.1	46.8	42.2
Germany	29.4	35.4	28.7
Italy	25.0	16.4	28.0
France	24.4	47.1	39.7
Finland	23.7	44.0	25.6

Source: Salt, 2000

6. What do we know about Return Flows of Students?

Students account for a large proportion of non-active flows into and out of the UK. Both the in and outflow of students has increased over the last 20 years. Table 21 shows that non-British citizen student inflows rose from 103,300 in 1980-84 to 314,000 in 1995-99, while the imbalance between arrivals and departures increased from 14,000 to 184,900 over the same period. The net gain of non-British students was therefore very great, rising most sharply over the last five years. Traditionally students with a university or college place in a recognised higher education institution were given leave to enter the UK as long as at the time of entry they did not intend to stay permanently in the country. A proportion of student applications has always been turned down if it was thought that the intention was to migrate to stay rather than for training. The proportion of student applications refused entry has been higher for

certain countries in Asia and Africa. It has always been possible for students to remain on the UK's Training and Work Experience scheme.

Table 21. Non-active flows of students to the UK, 1980-1999 (thousands)

	All Citizenships			Non British		
	Inflows	Outflows	Balance	Inflows	Outflows	Balance
1980-84	138.5	125.0	13.5	103.3	89.3	14.0
1985-89	190.5	148.5	42.0	139.0	97.5	41.4
1990-94	224.8	197.4	27.4	169.0	136.2	33.0
1995-99	359.0	193.6	165.4	314.3	129.3	184.9
Total	1066.2	746.2	319.9	848.4	504.5	345.2

Source: ONS (1992-8) International Migration, Series MN, 19-25

Table 22 shows the distribution of foreign students in UK higher education institutions in 1980/81 compared with 1999/00. The most dramatic change over this time period has of course been the rise in EU students from countries such as Greece where a ten-fold increase was experienced. Only a few developing countries and NICs (Malaysia, China PR, Singapore, India and Taiwan) are listed in the top 20 sources of UK students. Some traditional source countries such as Nigeria and Sri Lanka have seen their student numbers decline, reflecting the increasing difficulty that students from these sources faced in raising the necessary funds to pay student tuition fees and to gain bursaries to cover the high cost of living in the UK.

Compared with other OECD countries, table 23 shows that the UK has a high proportion of its total student population made up of foreign students (10.8 per cent in 1998). Of course this includes many students from within the EU (Findlay, 1995; Ruiz-Gelices et al., 2000). Despite the large number of foreign students in the UK, Britain has become increasingly worried about its inability to attract students, especially from countries outside the EU. One concern was that some students did not select to study in the UK because of the greater difficulty of gaining permission to stay on after their studies. Primary research shows that for many students coming to the UK, entry to the UK labour market was not a major consideration. Most aspired to return home after their studies and had chosen the UK because of the perceived excellence of higher education and the value of a UK degree in relation to subsequently entering certain professions (Li et al, 1996).

A change of policy in June 1999 sought to increase the UK world share of foreign students in higher education from an estimated 17 per cent to 25 per cent of the global market. A range of measures were introduced to achieve this including streamlining immigration procedures to facilitate entry and extension and relaxing rules about student and their spouses working during their stay (Glover et al, 2000). In 1998, 266000 students were given permission to enter the UK (i.e. students from outside the EU and EAA zone). The result of the new legislation has not only been more foreign students entering the UK, but will also without doubt be that a higher proportion remain in the UK after their studies are completed, since students are no longer required to declare their intention to return home before being granted an entry permit.

Of those students identified by the International Passenger Survey as entering the UK in 1998, 12,400 or 19.2 per cent of non-British citizens came from New Commonwealth destinations. Amongst those leaving 5,100 or 20.0 per cent were new Commonwealth citizens. The pattern of return flows amongst students from developing countries therefore follows that of other student flows with only a small proportion of them returning home. A proxy measure of this

is presented in table 24, which shows the percentage of New Commonwealth citizen students leaving to those entering the UK. It can be seen that from a situation where there was only a minor imbalance in the early 1990's the pattern has shifted to one of significant imbalance by the end of the 1990's.

Table 22. Full-time students from overseas in UK higher education by country of origin, 1980-1981 and 1999-2000 (thousands)

1999-2000 Rank	1998-1999 Rank	Top Fifty Named Countries	1980-1981	1999-2000	
			All	All	Postgraduate
1	(1)	Greece	2.5	25.1	8.0
2	(4)	Germany	1.3	11.4	2.9
3	(3)	France	0.7	11.3	2.8
4	(2)	Irish Republic	0.5	11.2	1.8
5	(5)	Malaysia	13.3	8.9	1.9
6	(6)	USA	2.9	8.7	3.0
7	(7)	Spain	0.2	6.4	1.4
8	(8)	Hong Kong	7.2	5.2	1.0
9	(14)	China	0.2	5.0	3.1
10	(11)	Italy	0.1	4.9	1.7
11	(10)	Japan	0.3	4.8	1.9
12	(9)	Singapore	1.6	4.0	0.7
13	(12)	Norway	0.5	3.8	0.7
14	(13)	Sweden	0.1	3.5	0.6
15	(17)	India	0.9	3.1	1.8
16	(16)	Cyprus	1.5	3.1	0.7
17	(15)	Taiwan	-	3.0	2.0
18	(18)	Finland	-	2.4	0.2
19	(19)	Canada	0.7	2.2	1.3
20	(22)	Belgium	0.1	2.0	0.5
21	(21)	Thailand	0.2	2.0	1.4
22	(23)	Kenya	1.1	2.0	0.4
23	(20)	Netherlands	0.1	1.9	0.6
24	(25)	Nigeria	5.2	1.8	0.6
25	(24)	Portugal	0.2	1.8	0.7
26	(26)	South Korea	0.1	1.7	1.0
27	(27)	Denmark	-	1.6	0.5
28	(32)	Zimbabwe	0.9	1.6	0.2
29	(28)	Pakistan	0.8	1.5	0.8
30	(29)	Turkey	0.7	1.3	0.7
31	(34)	Austria	-	1.1	0.3
32	(33)	Switzerland	0.2	1.1	0.3
33	(36)	Sri Lanka	1.2	1.0	0.3
34	(35)	Saudi Arabia	0.4	1.0	0.6
35	(37)	Oman	-	1.0	0.3
36	(30)	Brunei	1.0	1.0	0.1
37	(39)	Mauritius	0.4	0.9	0.2
37	(44)	Russia	-	0.9	0.4
39	(31)	Israel	0.2	0.9	0.3
40	(42)	Mexico	0.4	0.9	0.8
41	(38)	Australia	0.5	0.9	0.5
42	(41)	Indonesia	0.3	0.9	0.6

43	(45)	Ghana	0.7	0.8	0.3
44	(40)	Botswana	0.1	0.7	0.2
45	(43)	Brazil	0.5	0.7	0.5
46	(46)	South Africa	0.4	0.7	0.4
47	(48)	Jordan	1.2	0.6	0.4
48	(47)	United Arab Emirates	0.1	0.6	0.2
49	(-)	Luxembourg	-	0.6	0.1
50	(-)	Iran	6.6	0.5	0.4
		Other/unknown	17.5	15.1	7.6
		Total	75.6	179.1	59.5
Full-time students from overseas, of which					
		European Union	6.3	85.7	21.9
		Other Europe	2.6	13.1	4.3
		Commonwealth	39.6	39.1	12.4
		Other countries	27.0	45.1	21.9

Table 23. Foreign students as a percentage of all students in OECD countries

OECD countries	Foreign students as a percentage of all students	
Australia	12.6	
Austria	11.5	
Belgium (Flemish)	4.0	
Canada	3.8	(1)
Czech Republic	1.9	
Denmark	6.0	
Finland	1.7	
France	7.3	
Germany	8.2	
Greece	-	
Hungary	2.6	
Iceland	2.4	
Ireland	4.8	
Italy	1.2	
Japan	0.9	
Korea	0.1	
Luxembourg	30.5	
Mexico	-	
Netherlands	-	
New Zealand	3.7	
Norway	3.2	
Poland	0.5	
Portugal	-	
Spain	1.7	
Sweden	4.5	
Switzerland	15.9	
Turkey	1.3	
United Kingdom	10.8	
United States	3.2	
Country Mean	4.8	

Source: OECD, Education at a Glance, 2000

1. University-level higher education students only.

Table 24. New Commonwealth citizen student flows, 1992-98

	Inflow (thousands)	Outflow (thousands)	Out flow as % of inflow
1992	10.4	7.4	71
1993	7.8	8.7	112
1994	9.9	6.4	65
1995	12.9	5.7	44
1996	11.6	6.6	57
1997	19.4	8.7	45
1998	12.4	5.1	41

(Calculated from International Passenger Survey, Series MN, p28)

7. Future Trends

It is extremely difficult to predict future migration trends. To some extent we can guess about (stocks and) flows of skilled migrants into the UK using US data on skills and origin of migrants into the US, but the two countries have had very different approaches to immigration making predictions based on historical data of only limited value. More important is to consider the contextual forces that influence the migration of skilled workers from developing countries to the UK.

7.1. Influences on skilled migration trends from developing countries to the UK

International skill transfers are influenced most strongly by demand-side factors. Globalisation has had many complex effects on migration (Held et al, 1999). Two important factors that will directly influence future trends in skilled migration between the developing world and the UK stem from the increasing importance of the global organisation of much production and service activity (Salt and Findlay, 1989; Findlay et al, 1996). On the hand, trans-national companies with their head offices located chiefly in the capital cities of the developed world, but with most labour intensive production and service work located in branches in developing countries, have demanded an increasing intensity of skilled labour flows between sites of control in the developed world and other parts of their global organisation. Relaxation of Britain's migration system, in terms of the greater ease with which intra-company transfers can enter the country, has been part of Britain's success in making globalisation work for the UK economy. As long as the UK economy continues to be strong there will be a strong demand for skilled migration of this kind. As companies shift from using large numbers of British expatriates to manage overseas interests to a situation where more local skilled workers receive promotion to senior posts (Straubhaar and Wolter, 1997), within firms whose headquarters are based in London or the South East of England, the demand from foreign skilled transients for work permits will rise. Equally there will be a growth in the number of third country nationals from developing countries seeking to enter the UK within the labour markets of trans-national corporations whose headquarters are located in other countries.

On the other hand, the growing specialisation of the global labour market will mean that as new industries and service activities emerge within what has been described as the 'new economy' (Rothboeck, 2001), so too will the international financial system demand that leading economies source skills quickly and efficiently to allow for the growth and development of such sectors. The most recent example is the demand for IT specialists that

has seen India emerge as a major global supplier of skilled labour for the world's IT industries. While there are major problems with Britain engaging in the scramble for access to Indian IT skills, as discussed below, the key point here is that if Britain is to remain internationally competitive in a globally interconnected world, then it has to expect that future demand for new skills will continue to emerge. These may not be the same as those at the turn of the new millennium, but they will require flexible immigration policies which permit skill exchanges to emerge quickly with new source and destination regions as global industrial systems evolve. If correctly managed such skilled migration could well be to the advantage both of the UK and of developing countries. This will be especially true if the current re-negotiations of GATS provide a more equitable settlement for developing countries to participate in the liberalisation of the international trade in services (Mattoo, 2000).

The upsurge in highly skilled immigration to the UK has not consisted only of demand for skilled workers in the so-called new economy. The work permit tables reviewed above revealed that significant flows of nurses, doctors and teachers have also been involved in the pattern of movement. In this area, prediction of future trends is more difficult. Shortages of indigenous supply of skilled workers in these professions is a complex matter that reflects difficulties of staff retention as well as historic under-investment in training.

The recent trend to recruit teachers from abroad to work in the UK is limited to the demands of the London area and the M4 corridor. The move to international recruitment caused some stir in South Africa with accusations being made of Britain fuelling a brain drain that was detrimental to South Africa. These issues are discussed in more detail in the migration policy section of this paper. From the perspective of the current discussion the key point is that not only has significant demand in this sector emerged only over the last few years, but also that recent investment and staffing policy decisions in the UK make it unlikely that the trend will continue for very long, with a return in the next few years to the UK meeting its demand for new teachers almost entirely from within its own labour market.

This is not likely to be the case in the health sector. Table 25 shows, for example, the high proportion of foreign-born doctors registering with the British Medical Council. In nursing too the number of nurses recruited from abroad has increased since 1993 with 4000 initial entrants to the UKCC register being from outside the UK and with many of them coming from the developing world. The policy issues relating to these trends are assessed later, but from the perspective of the current discussion the key point is that there is likely to be ongoing demand for some considerable time for skilled migration in the health sector. Given UK taxpayers unwillingness to raise tax levels and their insistence on high quality health care, it seems probable that international recruitment is likely to continue to be the easiest way for the National Health Sector to meet its commitments. Again there are clearly risks and benefits attached to this strategy and, as outlined in the policy section of this report, the key issue is how to manage the flow in such a way as to maximise benefits to those developing countries who wish to play a part through skilled migration in the internationalisation of health services.

Table 25. New full registrations of doctors in the UK by place of training

	1992	1994	1996	1998	2000
UK	3586	3657	3822	4010	4214
EAA	1054	1444	2084	1590	1192
Overseas	2312	2539	4047	3580	2993
Total	6952	7640	9953	9180	8399

Source: British Medical Association

7.2. *International comparisons*

It is remarkably difficult to estimate with accuracy the nature of migration to any one country from observing the migration trends experienced by another. This is not only because of the historical and geographical specificity of national migration systems, but also because of their interdependence with what is happening simultaneously in other parts of the global labour market. It is nevertheless instructive to consider the migration experiences of other countries with similar skills needs to the UK and to ask what lessons can be learned from their mistakes that might be of value to policy makers in the UK.

Carrington and Detragiache (1998, 1999) have recently attempted to estimate the size of the brain drain from 61 developing countries to OECD countries in general, and to the USA in particular. The approach is fundamentally premised on the flawed assumption that migration to other developed nations is in many ways the same as migration to the USA. This means that the detailed predictions arising from their paper are of little value to considering future numerical trends for the UK, but their general conclusions may have some relevance. These included:

- a) migration rates are higher for people with higher skill levels especially those with tertiary education,
- b) individuals with little or no education have limited access to international migration systems,
- c) skill losses caused by the brain drain are particularly acute amongst the highly skilled from countries in the Caribbean, Central America and some countries of Africa as well as from Iran, Korea, Taiwan and the Philippines.

The first two conclusions corroborate existing knowledge of skilled migration based on previous in-depth research studies, but they highlight important features, which should not be overlooked by policy makers when considering the future of international migration. They are particularly salient when one considers two other trends – first, enrolment rates in higher education seem very likely to continue to rise around the world (and especially in developing countries), and second there are strong pressures favouring the liberalisation of human capital flows to match the increased liberalisation of trade and international capital flows (Held et al, 1999).

Let us consider the interaction between rising enrolment rates and Carrington and Detragiache's (1998) first conclusion. There could be two broad effects. On the one hand the population which at present commands the highest propensity to move internationally seems likely to increase. Thus if aspirations for self-development are not fulfilled within their country of origin as a result of state economic and social development, it is possible that greater pressure for skilled international migration opportunities could emerge. This adds weight both to arguments that a zero immigration policy of the kind held by many countries within 'Fortress Europe' will be increasingly untenable (resulting ultimately in increased trafficking), and also to the case for governments in developed countries thinking urgently about migration policies that increase the benefits to sending countries of skilled migration. On the other hand the trend towards higher enrolment rates in developing countries provides an opportunity for the governments of these countries to tailor training policies to the skills most needed by the global economy and at the same time to offset any skill losses resulting from so-called brain drain effects.

The other trend discussed above (in favour of liberalisation of human capital flows) has already been seen to operate in unpredictable ways in established trade zones such as the EU, with removal of barriers to movement not resulting in a massive wave of new intra-EU migration. It seems in light of research such as that by Carrington and Detragiache (1998), Gaillard and Gaillard (1998) and others that there is unlikely to be a major upsurge in unskilled migration. Even if a revised version of GATS legislation were agreed that permitted less skilled service workers to enter the more developed countries, it remains the case that individuals with little or no education have limited access to international migration systems.

Turning to Carrington and Detragiache's (1998) third conclusion, it is interesting to note the relative mismatch between the historical pattern of skilled migration to the USA and the flows and stocks of highly skilled movement to the UK reported in the first part of this paper. This differential underlines the way in which Britain's migration system not only has evolved historically in relation to its former colonies - e.g. the strength of links with India (thus producing a different pattern of skill transfer from that of the USA with its stronger links in the Caribbean, Central America and parts of the Pacific).

Recent skilled migration linkages show some convergence between the USA and the UK for example in accessing Indian skills in the IT sector or Filipino nurses, but differences also remain, reflecting Britain's different position and function within the contemporary world economy (Findlay et al 1996; Sassen, 1993). It should come as no surprise, for example, to find that highly skilled migration patterns link South Africa particularly strongly with the UK. For historical reasons there are an estimated 800,000 South Africans who hold British passports and given the way in which many of the international finance, investment and trade links of South Africa are nested within the sphere of influence of London as a global city (Boyle et al, 1996), it is not surprising that the UK has always been a very popular destination for skilled emigrants. The future patterning of highly skilled migration between Britain and developing countries, while overlapping and competing with the USA in some places (not to mention many advanced European economies), can be expected to continue to be distinctive from those of the USA in other respects.

Research (Findlay, Jones and Davidson, 1998 and Kritiz, 1997) points to the expectation that UK patterns of migration linkage will continue to be affected by its historically and geographically specific position in the global hierarchy of investment, trade and finance flows. This is not to say that new patterns of recruitment will not also emerge as certain international recruitment agencies offer 'global reach' (Boyle et al 1996). This may lead them to adopt internationally undifferentiated models of the global labour market, 'shopping' for skills for the UK in locations perceived to be appropriate sources of particular types of expertise (for example nurses from the Philippines), even although no previous migration or cultural linkage exists. This may be a matter worthy of thought by policy makers seeking to achieve some coherence between the UK's migration and development strategies.

While a complex range of interacting forces contribute to determining who migrates to the UK and for what reasons, the net volume of migration to the UK over the last fifteen years can, perhaps surprisingly, be very adequately estimated simply from examining trends in UK unemployment. Glover et al (2000, 12) indicate that a very strong correlation exists between UK unemployment (ILO based) and IPS figures for net migration lagged one year. This might suggest to some that looking to other countries to learn about what may happen in terms of future skilled migration to the UK is unnecessary. This is not so, but nevertheless we need to think carefully both about why past UK trends are statistically so predictable. The answer can

in part be found in a migration policy regime which was fundamentally opposed to any new labour migration on any significant scale and which only allowed a regulated a stable volume of movement under policies permitting family re-unification and the entry of asylum seekers. The latter group are often not captured by the sample survey approach of the IPS. The only exception in the 1980s and early 1990s to the UK's zero labour migration policy regime was the work permit scheme which allowed employers in the UK to nominate a small number of skilled workers to enter the country in occupational categories which could be proven to be in short supply in the UK. Applications for work permits inevitably varied with labour supply and demand cycles in the economy and consequently were adequately modelled by temporal trends in unemployment.

The relaxation of labour immigration rules in the UK from the year 2000 means that old certainties about trends in migration no longer apply. While unemployment levels are at the lowest level for three decades, this in itself is not enough to account for the scale of increase in labour migration described earlier in this section of the report. The logic behind the new UK migration stance was expressed as follows by the Immigration Minister Barbara Roche in September 2000:

'The market for skilled migration is a global market - and not necessarily a buyer's market. ...The UK needs to have a policy that meets modern needs... it is important that we preserve and enhance the flexible and market-driven aspects of the current work permit system.'
(www.homeoffice.gov.uk, 2000)

It is not hard to demonstrate that the UK's experience is not unique. Over the last few years highly skilled migration to many other developed countries has reached unprecedented levels. OECD's (2000) SOPEMI data set shows that the growth has been in 'temporary' as opposed to 'permanent' skilled migration. In the cases of Australia and USA, where figures for number of entries by permanent workers is available, the trends in permanent migration are downwards, and in marked contrast with the growth of temporary skilled immigration. In the USA the total number of H1B visas issued has risen from 52,000 in 1992 to 81,000 in 1997 and 117,000 in 1999 (Lowell, 1999). By June 1999 the quota had already been filled. In 2000 the quota was filled by March and in 2001 the quota was increased once more to 195,00. Although the USA's system could be described as 'market-driven' it is important to note that this is achieved in a very different way from the UK work permit system. Nevertheless, the salient point here is that one of the key systems, which the UK perceives itself to be competing with, seems to have experienced market factors that have driven it to ever higher levels of skilled immigration (at least for H1B visas). US researchers do not doubt that the trend has been market-driven, but provide evidence to show that quotas have been raised ahead of wage inflation. This leads to the obvious question for the UK as to whether there are any checks on a market-driven system, other than neo-liberal boom and bust conditions, that will constrain or halt the upward shift in demand for highly skilled migration.

The recent trends evident in the SOPEMI data sets and perhaps particularly in the USA are explained by the OECD (2000, 46) as follows:

'the use of temporary foreign labour enhances host countries labour market flexibility and helps to alleviate sectoral labour shortages. This is particularly true in the new technology sectors in which many countries are experiencing shortages of skilled and highly skilled workers.' The identification of the new technology sector is certainly justified in the US case where half of the 461,000 H1B visas that had been issued by September 2000 were for professionals in computer-related occupations.

The OECD explanation of the new wave of highly skilled migration is reminiscent of the language of the 1960's when mass labour migration was encouraged by West European states because of labour shortages and the fear of scarcity fuelling wage inflation and making countries uncompetitive relative to their neighbours. It is interesting that there is no mention by OECD of globalisation or global skill exchanges being the motor for the new migration wave.

Martin (2001b) questions, however, the whole US approach and raises questions relevant to the UK situation. He wonders just how enduring the demand for these new skills will be and points to the collapse in dot.com stocks. He fears that the arrival of the new IT immigrants may be just in time to see the meltdown of the 'new economy' and of the associated jobs. There certainly seem grounds for caution in that the traditional 'boom and bust' supply and demand cycles that drove the guest worker systems of the past could emerge in the future in parts of the highly skilled labour market. Equally, Martin questions the efficacy of the US system of attestation and certification of foreign students and workers, wondering whether it serves well employers, migrants or US citizens. He lists instances of abuse of the system in terms of negative impacts on domestic labour, and exploitation of the system by middlemen charging large sums to potential migrants to get them a H1B visa as undesirable recruitment practices. Instead of the current US system he advocates charging employers a considerable fee for using foreign labour and suggests other nations might wish to consider the same system as a means to discourage abuse and to raise funds to cover administration and perhaps allow compensation to sending societies or as part of a bond to encourage return migration. The UK work permit system is of course very different from the US visa system, but it is salutary to note the problems faced by the US system and to ask how the UK can compete globally for skills under a different system without encountering the same problems.

The chief lesson to be learnt from looking at highly skilled migration to countries other than the UK is that the recent surge in flows is not necessarily a reflection only of the global interconnectedness of the business community and of the desire of trans-national companies to shift their staff around the globe from headquarters to branch plants and back again. This effect does exist and is important, but the timing of the current wave of highly skilled migration is specifically associated with shorter-run sectoral effects. Sectoral shortages of very specific skills in the IT sector account for a significant part of the recent upsurge in demand for UK work permits. Not only is it unlikely that the demand will continue to expand, but it is highly likely that a downturn will take place. UK migration policy makers need therefore not only to be cognisant of the desire to be flexible in responding to new skill demands, but they also need to design policies which consider the labour market consequences of what could happen during a downturn in demand for both the UK and for developing economies such as India who are centrally engaged in the international supply of IT staff.

Balancing this cautious note, the reform of the UK migration work permit system, which took effect from October 2000, is generally to be welcomed. If the UK is to be competitive in a rapidly changing global economy it can only expect further instances to arise where other skill shortages suddenly emerge. The nature of global businesses in the production and service sector will continue to demand flexible immigration policies permitting rapid responses to the demand for temporary flows of skilled workers both in and out of the country. Rather than moving to a visa system of the sort used in the USA where quotas of visas have to be constantly revised to accommodate market forces, the UK's current work permit system seems to have distinct advantages. It is certainly less likely to succumb to the kinds of abuses

of migrant workers encountered recently in the IT sector in the USA. By facilitating temporary immigration the current system also undermines the illegal trafficking of skilled migrants, which would have been further encouraged by a zero immigration policy. The temporary visa system arguably also encourages return migration to place of origin, hence resulting in less damage to the countries of origin. For this same reason managers of the UK Work Permit system should be discouraged from becoming too lax in the issuing of extension work permits.

8. Improving the UK Information Base on Skilled Migrants

What is very clear from the discussion throughout this report is that the information base on skilled migrants is rather limited and that many key questions cannot be answered from the current system of monitoring stocks and flows. Some questions can only be answered by undertaking dedicated research projects, but others could be answered through enhancing current data collection systems. We deal here with the latter.

In some respects Britain is well served in having an International Passenger Survey as opposed to simply collecting statistics on arrivals and departures, as is the case in most countries. The International Passenger Survey was designed initially, however, by the Board of Trade to monitor financial flows associated with international mobility. It was only following research in the 1980s that questions (such as the reason for migration) were added to the International Passenger Survey to enhance its contribution to understanding migration. The survey remains geared however primarily to achieving other purposes, and in any case serves migration researchers best if studying permanent as opposed to transient migration moves. The change which above all would enhance its value would be an increase in the sampling fraction so that more confidence could be built into statements based on cross-tabulations from the survey. At present migration researchers often need to aggregate data for several years to attain a sample size that is large enough for particular countries or groups of countries to be able to say anything with confidence. The problem is most acute for countries that have been perceived in the past as of little importance in the migration system. Thus the sampling fraction for 'other foreign' for example is very small by contrast with New Commonwealth countries. Achievement of this change would be a prerequisite to meet the demands of most migration researchers for the IPS to publish both more detailed cross tabulations relating for example professional and managerial migration to many other variables, but also to publish these cross-tabulations in geographical categories which are in harmony with the new patterns of skilled migration from the developing world.

From the perspective of this report the key element of the International Passenger Survey, which could yield most new information about the impact of migration on developing countries would be more comprehensive monitoring of departure flows. This would permit more targeted analysis of which skilled immigrants (and students) leave the UK, for what destinations and why.

If enhancing the International Passenger Survey would be costly and could be argued against on the grounds that it can only ever hope to give information on migrants at the point of their arrival and departure, collecting better information about skilled migrants from developing countries during their stay in the UK is both more important and more difficult. The annual Labour Force Survey provides some helpful information about the labour market experience of numerically larger migrant groups, but it is of course impossible from the LFS to determine

which respondents are settled more permanently and which are more transient. The sampling fraction of the survey makes it impossible, even if a question were posed about whether a respondent was a Work Permit holder, to say anything meaningful about the behaviour and labour market experiences of work permit holders.

Attempts by Spencer (1994) and others in the mid 1990's showed how difficult it was to carry out a convincing economic audit of either skilled or unskilled immigration using existing data about immigrant labour stocks and it required Glover et al (2000) to undertake primary research before the key positive impacts of immigration to the UK could be fully demonstrated to policy makers and others. The current round of research projects being sponsored by the Home Office and other branches of government will undoubtedly enhance understanding of the impact of skilled immigration, but the focus of most of this research is the UK economy and not the impact on the developing countries sending the migrants.

As noted above the most important feature of table 12, from the perspective of this report is the increasing importance of a small number of developing countries taking up UK work permits. It was shown that in the year 2000 India, the Philippines, South Africa, Malaysia and China accounted for 40.1 per cent of all work permits granted by Work Permits UK. Yet no annual survey of work permit holders exists to evaluate the experience of this key group in the UK labour market or of the impact that they have on the developing countries from which they have come. Even better, but somewhat more expensive to create would be a longitudinal survey of Britain's migrant stock (of a sort similar to the current demographic one per cent Longitudinal Survey based on UK census and health records). A migrant longitudinal survey could link information at the time of first arrival in the UK (information from the application for a Work permit) with UK census records or with a periodic labour market survey of the migrant sample.

A better information base is a pre-requisite to answering a range of very basic and important questions about migration. Some of these bear directly on the links between migration and development. They include what determines how long work permit holders remain in the UK, what factors influenced them to come to the UK as opposed to seeking work in other advanced economies, what features distinguish those who return home quickly from those who seek an extension to stay in the UK, what proportion of work permit holders intend to subsequently seek employment in other developing countries, what is the relation between the stated motivations of these workers for coming to the UK and their labour market and other experiences while here, to what extent is their work experience in the UK part of a wider technology and knowledge transfer process that can benefit their countries of origin, and to what extent do the migrants' conditions of employment (type of employer etc) in the UK affect their likelihood of returning home and the types of skill acquisition which they achieve? Of very practical importance would be to research the extent to which migrant information channels feed back changes in UK immigration policies to countries of origin and produce alterations in the pattern of migration behaviour. For example, how quickly do migrant communities in the UK inform their contacts in countries of origin about changes in the occupational shortage categories identified by Work Permits UK?

If even a sample survey using work permit records was undertaken it could inform policy makers in the UK and in the sending countries on a significant number of the key issues listed above. Yet more could be achieved by more time intensive longitudinal studies of migrants once they return home. The literature is of course replete with studies of return migration (King, 1986; Ghosh, 1997), but few of these studies focus specifically on the return of highly

skilled migrants following engagement abroad on the type of short-term basis for which the UK Work Permit scheme is designed.

In addition to research on those who enter the UK labour market via the work permit system, work is also needed on the skill gains made by the UK economy by other migrant groups. How important have recent waves of refugees been in adding to the stock of migrant skills? How many skilled workers enter the UK as family members of people with residence rights? What are the chief barriers to efficient use of the skills of this group of movers and how does their migration impact on their countries of origin by contrast with the effects of those moving within the Work Permit channel? Is there a distinctive gender dimension to skill transfers taking place by these routes by contrast with other migration channels?

Research of the kind discussed above could help both the UK and sending countries devise migration policies that facilitated the positive development aspects of temporary skilled migration. In the UK context such work is desperately needed in particular in relation to the current wave of immigration by Indian IT workers.

9. Possible Policy Actions by UK Government in relation to Skilled Immigration from Developing Countries

Having undertaken an evaluation of skilled migration trends in the first part of this paper, discussion subsequently shifted to consider the factors shaping future migration trends to the UK. This line of argument led to suggestions about how the UK information base on skilled migration might be enhanced and to discussion of important unanswered research questions. The analysis also leads to consideration of what specific policy actions UK government departments might take in relation to skilled migration in order to increase the benefits and reduce the migration-related problems for sending countries in the developing world. This final section of the report therefore explores possible policy actions that flow both the datasets which have been reviewed and also from the recent experience of skilled migration identified by key policy makers in the UK. It should be stressed that the proposals made here, while benefiting from discussions held with a range of experts and key policy makers remain strictly those of the author and should not be attributed to any other party.

Before setting out specific proposals it is important to identify issues which are important but which are not covered here. First, the reader should note that general policy proposals are not discussed. The reason for this is that Lovell (2001) has prepared a separate background paper on this topic as a related input to DFID's inquiry into skilled migration from developing countries. Consequently, I do not attempt to discuss here issues such as the policies that the UK Department for International Development might adopt to encourage developing countries to seek to reduce harmful skill losses or to encourage higher rates of return migration of their skilled workforces. Clearly such an approach is a natural complement to policies by other UK Government departments on immigration. Nor does the concluding section of this paper rehearse the details of the UK's current immigration policy. This has been recently summarised very clearly by Glover et al (2000). The focus here is instead on very specific policy tools that the Department of Health, the Department for Education and Employment and the UK Overseas Labour Service (now renamed Working Permits UK) could consider in addition to their existing toolkit of policies. Attention will focus mainly on

the Work Permit system since this is the main (but not the only) route by which skilled migrants from developing countries come to the UK.

9.1. Work permits (UK)

The recent review of the UK Work Permit scheme removed many of the problems, which had previously been a source of grievance for applicants from overseas. The processes operated by Work Permits UK as laid out on the web (www.workpermits.gov.uk/guidance/business/application/index.shtml) are much more transparent than in the past and efforts to achieve 'joined up' government in the UK has meant that former delays in passing work permit applications between the Home Office and the Department for Education and Employment have been eradicated. The publication on the web of the sectors of the UK economy, which have been identified for special attention, makes clear the priority sectors for issuing work permits and there has clearly been greater flexibility shown in the approach taken to identifying sectors which have a demonstrable labour shortage. There remain problems that occupational shortages are primarily identified in relation to the perceived needs of UK employers, rather than by skilled individuals outside the UK who perceive potential labour market opportunities for themselves (Findlay, 1994a). Nevertheless, the introduction of a more sensitive 'new innovator scheme', which is currently being piloted, may partially remedy this problem.

The current work permit system remains sensitive to the need to ensure that immigration of skilled workers does not undermine the domestic labour market. Unlike the situation in the USA (Martin 2001b) there is no evidence of immigration of skilled workers, for example in the IT sector, causing downward pressure on wages, although this will need to be carefully monitored as the 'new economy' falters in the wake of recent staffing cutbacks by mobile phone manufacturers and other major employers in the high tech industries.

Without appearing to operate in a discriminatory fashion towards developing countries, it is hard for Work Permits UK to modify its approach to protect developing countries from losing key skilled staff. It might be possible, however, for Work Permits UK to move towards a system, which is more sensitive to the needs of developing countries. This would involve working with DFID to determine which developing countries are most vulnerable to skill losses and publishing an indicative list of countries, which British employers seeking overseas staff should not target as recruitment areas. At present no guidance exists on the Work Permits UK web site for private sector employers, or for that matter for NHS Health Trusts or Local Education Authorities, about what constitutes a 'developing country'. More importantly there are no guidelines for potential employers to determine which developing countries might benefit from engaging in the international trade in skilled staff because they have demonstrable labour surpluses (feeding off what some have called the 'migration hump' (Martin, 2001a)) and which developing countries have labour markets which would make them highly vulnerable to emigration of key skilled workers. Primary responsibility for producing and updating such a list might lie with DFID, but its publication by Work Permits UK to potential applicants for Work Permits would be helpful in indicating better practice for potential employers of migrants.

The indicative list could act as a balance to the current list of UK occupational shortages prioritised by Work Permits UK, and could reflect the desire by the UK to be more sensitive to the impacts of migration on developing countries. A list of this kind would need to be regularly updated to reflect changing labour market circumstances in countries of origin. It

would need to reflect to some extent the sectoral strengths and weaknesses in developing countries since, for example, it might be considered acceptable to recruit Indian IT workers, but not Indian nurses. A nuanced approach of this kind would be better than one simply discouraging British employers from engaging in recruitment of skilled migrants from, say, the 40 least developed countries.

An alternative approach would be to have a list of recommended source countries for each type of skill shortage category currently listed by Work Permits UK. Thus not only would work permit applications for certain UK jobs be looked on favourably, but so too would applications for these jobs from applicants in specific countries. This approach has the problem of being more interventionist and would be open to the criticism of favouring some nationalities over others.

A second area in which improvements could be made that would reduce the harmful effects of skilled recruitment would be in the area of international recruitment agencies. International recruitment agencies cannot of course themselves apply for work permits, but they are widely used by UK employers to source staff from developing countries. Much of the exploitative behaviour that is reported in the international migration literature is directly attributable to such agencies (for example, agencies sometimes require potential migrants to indulge in a period of work without pay prior to departure from their country of origin under the auspices of giving training to applicants. Others levy high fees from workers in developing countries requiring them or their families to sell their assets to pay a fee to the agency in order to be short-listed for interview or for immigration documentation). There are of course many very professional and well run recruitment agencies, but there is need for the UK, now that a positive return to recruiting skilled migrant workers has been re-established, to ensure that bad practice is avoided. Work Permits UK could require UK employers applying for work permits to agree to abide by a set of ethical guidelines in the recruitment practices in which they indulge or which are used by the recruitment agencies, which they employ. A guide to ethical recruitment practice could be established and possibly an accreditation system could be introduced for international recruitment agencies. This would see the emergence of a kite-marked list of professional agencies adhering to ethical standards in their activities in developing countries. In particular, efforts should be made to ensure that it is only UK employers and not migrants that pay fees to international recruitment agencies.

A third area for consideration in the ongoing review of the operation of the work permit scheme is the issue of permit extensions. There seems clear evidence in the academic literature that the longer a migrant worker stays abroad the lower the chance that they will return to their place of origin during their working life. Equally, it seems highly probable that most skilled migrants receive the maximum benefit in terms of broadening their work experience, new skills acquisition and career development in the first few months if not years of a foreign work placement. With the passage of time, although the individual has more opportunity for pecuniary reward, opportunities for skill development decline, as do the opportunities for transferring knowledge to the system from which they have come. In developmental terms there therefore seem strong reasons for encouraging skilled migrants from developing countries to return at the end of their fixed term contract rather than Work Permits UK permitting an extension.

Of course for the UK employer an extension is preferable, since a migrant who has been trained and adapted successfully to his or her work environment is more valuable than a fresh recruit who has once more to enter the training process. There is therefore a potential conflict

of interest in the relaxation of the rules around the new work permit regimes. DFID should encourage the work permit system to be shaped to maximise return of staff to developing countries at the end of their initial fixed term contract and should lobby against the rise in the number of work permit extensions which has taken place. This would seem to be the logical approach to encouraging the UK to be competitive in the world skills labour market, while at the same time adhering to ethical guidelines that underscore the importance of skilled migration as part of a globalisation process with potential for assisting development in poorer countries.

The other side to this recommendation is that by encouraging return and discouraging work permit extensions, for example in the IT sector, the UK would be increasing the number of people from developing countries having the opportunity to receive work experience and career development in the UK. Encouraging return at the end of a fixed contract should be seen as freeing up new opportunities for other foreign staff to come to the UK.

With regard to the general operation of the Work Permit scheme and related TWES and Working Holidaymaker schemes, a final recommendation to Work Permits UK would be that a guidance note should be prepared for all occupational shortage groups listed on the Work Permits UK web site. The model here would be the guidance note that was published by the Department of Health (1999) on the *International Recruitment of Nurses*. This covers a range of important areas which employers should heed in developing good practice in preparing overseas staff for entry to the UK labour market and in maintaining a code of professional conduct in the way that migrants are treated while in the UK in terms of their terms of employment, working environment, and rights as part of the UK labour force.

Given the huge increase that has taken place in the recruitment of, for example, IT specialists, software engineers and computing support staff, it is particularly important that government, unions, representatives of foreign governments from the main supplier countries and employers quickly establish what is good practice in the employment of foreign professionals in the IT sector. The absence of such guidelines leaves employers in a highly competitive industry in an uncertain situation that could result in the proliferation of exploitative actions, under the guise of the mantra 'that other international companies do it'. In addition to encouraging good practice, the establishment of a forum for employers of foreign staff in the UK IT sector could be a positive step towards exploring how the positive social capital links of, for example, Indian migrants could be harnessed to the benefit both of the UK and India.

In the discussion above, the assumption has been that the Work Permit scheme is the dominant route by which skills needed by the UK labour market are channelled from overseas to employers in the UK. It is useful to conclude this section by noting that there are of course many other migration entry channels to the UK labour market. At present much public attention focuses on asylum seekers and refugees. This group brings with it many very important skills (Glover et al, 2000), but no mechanism exists of the kind offered by Work Permit scheme to link these skills to labour market. The Home Office and the Department for Education and Employment should liaise to identify new policy tools to increase the efficient use of the many skills brought to the UK by asylum seekers and refugees. Further discussion of this topic is not pursued here since such policies would be unlikely to impact on developing countries directly. There would, however, be an indirect impact in as far as refugee skills might be seen as a partial alternative to recruiting people with specific qualifications (e.g. overseas doctors) through other channels. For some developing countries the replacement effect of this policy would therefore be to reduce undesired outflows of skilled migrants.

9.2. Department for Education and Employment (DfEE)

DfEE is of course responsible for the operation of the Work Permit scheme and is rightly proud of the sterling work of the Overseas Labour Service in serving the interests of the UK economy. Only recently, has education itself become a recruitment sector identified by Work Permits UK as a priority area for international recruitment. It is to this specific sector that we now turn.

Education is in many ways unique as a sector of skilled migrant recruitment (Williams, 2000; Wotherspoon, 1989). Politically it is very sensitive as an area identified by the current government as one to be prioritised during its first term of office, with a key election pledge in 1997 being to reduce class sizes. It is also unique in being the only occupational shortage group on the Work Permit UK list that is regionally selective. At present the list specifies that the shortage of teachers is in London and the South East. By definition, therefore, a regional rather than a sectoral employment problem has emerged, and migration policy seems to be being tailored to respond to regional needs.

Of course occupational shortages in all professions are located spatially in some part of the country and frequently it is the least desirable jobs in the least desirable sectors in the least desirable areas that have most vacancies as staff within the labour market move voluntarily to what they perceive to be personally more desirable circumstances. The solution to such problems should not, however, be international recruitment of skilled staff any more than unskilled labour migration was allowed in the past to fill the dangerous, dirty and undesirable jobs in other sectors of the economy. If a regional problem exists it should be tackled within the domestic labour market, with adjustment mechanisms in terms of salary or enhanced career development prospects operating to ensure that teacher provision is no worse for children in one part of the country than in another. To fail to tackle this problem in this way, is to misuse the labour migration system. In the education sector it risks ghettoising foreign teachers in certain areas.

Having made what may seem rather negative comments in the previous paragraph, it is important to balance these statements by noting that there is also a genuine sectoral shortage of teachers in the UK. These are restricted to secondary teachers with the greatest shortages being experienced by a relatively small number of subject areas. The shortage has arisen partly because of difficulties in staff retention and some problems of recruiting enough people to train as teachers in certain subject areas. Steps taken by the DfEE to tackle the dual problems of domestic teacher retention and domestic training could remove the need for significant foreign recruitment within five years. Until this goal is achieved DfEE needs to adopt a clear policy on international recruitment of teachers. Without this difficulties will recur, such as those recently encountered by London local authorities who were accused of recruiting South African teachers to the detriment of the education system in South Africa.

It is surprising that DfEE has not yet developed a Guidance Note for local authorities with regard to ethical international recruitment standards and employment practice in the education sectors (this could parallel the document produced recently by the Department of Health on the recruitment of nurses. In addition in view of the need to recruit another 10,000 foreign teachers over the next four years (Glover et al, 2000), DfEE might consider appointing an International Recruitment Adviser to co-ordinate the work of local authorities in this area and to ensure the harmonisation of recruitment practice.

Local authorities employing foreign teachers need to be encouraged to ensure that staff gain as much as possible from their time in the UK. For example, visiting teachers from developing countries need to be made aware of the benefits of participating in new training initiatives in the education sector (for example, the UK programme of reform concerning numeracy and literacy standards). Recent moves to restructure the UK Graduate Training Programme so that overseas teachers can quickly gain the qualifications appropriate to the tasks facing them are also to be welcomed.

DfEE should be encouraged to develop a cluster of inter-governmental agreements with a small number of developing countries deemed appropriate sources for recruiting teachers. This would have the benefit of local authorities in the UK being able to liaise more directly with those governments in developing countries wishing to temporarily export teachers whom they either see as surplus to their infrastructural needs, or persons whom sending governments have identified as candidates whose skills could be enhanced through working in a particular educational field in the UK. The approach of using inter-governmental accords to develop migration linkages also has the clear benefit that it avoids potentially damaging effects of headhunting by international recruitment agencies seeking teachers from the easiest sources in the developing countries.

9.3. Department of Health

There has been a long tradition of international migration of health sector staff to the UK. There are many reasons for this including the recognised tradition of excellence of the NHS and the long history of excellent medical education offered by UK Universities. This has made them a natural focus for international migration of students seeking medical education. Setting these positive forces on one side it would also be fair to say that the UK government has also over many decades been hesitant to increase investment in training more British-born medical students in British Universities, yet at the same time demand for medical experts has risen and the supply of overseas doctors from within the EU has fallen. As a result the shortfall in doctors needed by the NHS has increasingly had to be made up by recruitment from other parts of the world, including the developing countries. This will add to the current 31 per cent of doctors and 13 per cent of nurses in the UK who are non-UK born.

Specific circumstances surrounding the current heavy demand for international recruitment of nurses can be found in the history of cut backs in nursing training which took place in the mid-1990s at a time when a significant number of NHS hospitals were scheduled for closure as part of a rationalisation and cost saving programme. Current pressure on the NHS to cut waiting times as well as the general expansion in private health care facilities has increased the competition for nurse recruitment and has exacerbated the problems of staff retention within the NHS. Recent steps to improve nursing salaries and career structures as well as efforts to encourage British nurse working overseas to return to the UK are highly appropriate management strategies. Even if they are highly effective they will still fail to eliminate the shortage of medical staff in the UK. As a result continued international recruitment of staff by NHS trusts and private sector health care systems seems unavoidable for the foreseeable future.

The need to sustain international recruitment of medical staff inevitably produces many difficult conflicts for policy makers. Alternative strategies such as organising for patients to go abroad for medical treatment (UNCTAD, 1998) in any large numbers is both politically unacceptable and problematic from the point of view of delivery of patient care, as well as not

meeting the important desire of most patients to be close to relatives and family immediately after surgery.

Recruiting nurses to the UK from countries such as the Philippines can of course offer women from the developing world one of the few very good opportunities open to them to significantly increase their earnings to the benefit of their family and community. Arguably it also adds to the medical skill pool in their country of origin when they return home. It is certainly a much more desirable migration option than most of the other female dominated migration channels that have emerged (Kofman, 2000).

Despite this a very real risk remains that the UK, in recruiting substantial numbers of health staff from developing countries is in danger of reducing yet further the very limited and over-stretched human infrastructure of public sector health provision in some of the poorest countries in the world (Glaessel-Brown, 1998; Gupta et al, 1998). As a result it is not surprising that the Department of Health and the NHS has both received more criticism for its actions with regard to recruiting staff overseas and has also arguably done more to think through the consequences of their policies. The consequence has been the recent emergence of some useful policy thinking in this area.

The commendable production in 1999 by the Department of Health of *Guidelines on the International Recruitment of Nurses* has already been singled out in this report as an example of good practice. The guidelines, while very useful, remain limited in their coverage. There is for example inadequate treatment within the guidelines of the issue of international recruitment agencies. Also while employers are encouraged to avoid recruitment from countries where a nursing shortage exists, only one country is specifically identified as falling in this category, leaving NHS trusts in the hands of sometimes unscrupulous international recruitment agencies to source nurses where they see fit. A more comprehensive indicative list of countries, which should not be used as recruiting grounds would be a useful addition. Two of the recommendations made above with regard to Work Permits UK are particularly apposite to the area of medical migration. Namely the Department of Health should seek to ensure that NHS trusts do not use recruitment agencies which make any charge to potential migrants and that all fees for recruitment are paid for by the future employer. Second, the Department of Health should set standards in nursing recruitment which might apply not only in the NHS, but in private health care as well, by setting up a system of accreditation for international nursing recruitment agencies that would result in a list of only those organisations that adhered to ethical standards in their professional practice being approved.

There is scope in the health sector for greater linkage between the Department of Health (in co-ordinating international recruitment) and the work of DFID in promoting investment in medical education through its many programmes in this field involving UK staff and trainees from developing countries. Clearly it is important that joined up government ensures that these two forces are complimentary to one another rather than self-cancelling. The potential for complimentary approaches has been increased by the appointment in January 2001 of a co-ordinator for international recruitment in the Department of Health. The key issue is that co-ordination takes place not only between the different NHS trusts but also between government departments.

A promising recent development has been the move towards establishing bilateral agreements between the UK and overseas governments happy to export health care staff. Thus far such agreements have been limited to links with Europe and it is to be hoped that similar initiatives

are taken soon with carefully selected partners in developing countries. The advantage of this approach for developing countries would be that commitments to make a range of exchanges in the health sector could be achieved, with the export of nurses on short term contract to work in specific hospitals or trusts in the UK, where training in enhancing skills appropriate to the needs of the developing country could be achieved as part of an integrated programme of medical education and professional development. At the same time the same link could become the focus for DFID to consider targeted investment in improving medical infrastructure in the sending region, as part of a package designed not only to improve the health prospects of the population in the sending country, but also as a means of ensuring that conditions are more attractive for return migration, and for the application in the developing world of the new skills and experience acquired by the migrant while abroad. Less closely tied in with such a bilateral agreement could be consideration of ways in which the resources of the NHS could make significant short-term contributions to assisting in the developing countries concerned, as for example in the development of emergency response medical teams capable of responding rapidly to the health problems emerging in the aftermath of natural disasters.

10. Conclusion

The welcome shift in UK government policy in favour a more flexible and positive approach to international migration risks being de-railed if it does not take account of the impacts on developing countries. UK has significant potential to lead the world in presenting ethically sound practices in recruitment of international skills. Such an approach need not stand in opposition to the forces of globalisation. Instead it can work positively with the principle that skill mobility, as part of an international trade in services and goods can be highly beneficial to both sending and receiving nations. This circumstance, however, is not achieved by a laissez faire approach to international migration, but rather by a positive strategy to make sure that international skill mobility does not serve only the interests of western capital. The policies discussed in the latter part of this paper identify a few of the ways that those sections of UK government most involved in migration can progress the debate to the benefit not only of the UK, but also of skilled migrants and the economies of the developing world.

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