

BRAIN DRAIN

The migration statistics

In the International Migration Report, the Organization for Economic Co-operation and Development (OECD) estimates that in the period from 2012 until 2016, around 245,000 people left Serbia.

In the Republic of Serbia, there is an aging population and a decreasing population trend. The cause of this trend is the joint influence of a negative natural increase and an intensified emigration flow. The Republican Bureau of Statistics does not have data on the volume and characteristics of external migration. Also, there is no organisation in the country or abroad that has precise records on migration from Serbia, so the age and education of migrants cannot be determined.

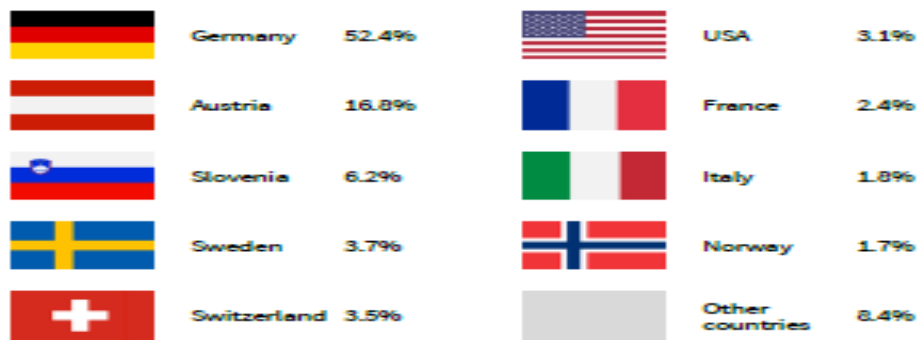
The estimates of Serbian migrant numbers are provided by the Organization for Economic Co-operation and Development (OECD). In the International Migration report, the OECD estimates that in the period from 2012 until 2016 around 245,000 people left Serbia. That means that, according to their estimates, on average around 49,000 people a year emigrated from Serbia to countries that are members of the OECD. According to their report, most of them (around 60,000) left Serbia in 2015, which is 15,000 more than in 2016. It is important to note that the data included all people who left the country, including those who left the country to work temporarily, who left to educate themselves, or were sent on intercompany transfers, as well as other forms of temporary labour migration.

According to the OECD statistics, more than half of Serbian migrants go to Germany, around 17 per cent go to Austria, whereas Slovenia is in third place. Due to the fact that OECD reports include temporary migration, quite a few of these people return to Serbia. On average, 33,300 people a year returned in that five-year period, which in turn means that the annual net population outflow was around 15,700 people.

According to UN data, which goes up to 2015, around 964,000 Serbian-born people have lived outside Serbia. The number of Serbian emigrants increased in the period from 1990 to 2000, and then started dropping until 2010, only to increase again until 2015.

Other than the OECD, the United Nations and the European Statistical Office (Eurostat) also have certain migration statistics. The number of Serbian emigrants increased in the period from 1990 until 2000, and then started dropping until 2010, only to increase again until 2015. According to UN data, which goes up to 2015, around 964,000 Serbian-born people have lived outside Serbia. A total of 99 per cent went to developed countries, whereas only one per cent of Serbian emigrants chose developing countries. According to the UN 2015 data, around 850,000 Serbian emigrants live in Europe, which represents around 90 per cent of total Serbian emigrants. Around two-thirds, or almost 600,000 emigrants, moved to western Europe, mostly Austria (around 200,000), Switzerland (around 170,000), Germany (around 100,000) and France (around 85,000).

The structure of Serbian migrants by destination country, 2016, in percentages



Source: OECD

Serbian born people living outside Serbia, 2015



The economic nature of migration

Several basic macroeconomic indicators for regional countries, as well as attractive destination countries for emigrants from this region show that the significant differences could generate a motivational factor in the decision to emigrate. The alarmingly high unemployment rate of the most mobile part of the population creates the key problem for young people once they finish their education – to find a job in their profession, or any job for that matter. Minimal wages are lower than a minimal consumer basket price, and average earnings are lower than the average consumer basket price.

These affect the perspectives of those who do manage to find a job. Finally, the per capita GDP level, as a population's standard measurement, points out the quality of life to be expected. Comparisons to developed countries through only a couple of these indicators create a pretty depressing image. The average net earnings in Germany and Austria, which are the most popular destination countries for Serbian emigrants, are six times higher than Serbian ones, whereas the per capita GDP is seven times higher and the unemployment rate of young people is four or five times smaller than in Serbia. If comparisons were made with Switzerland or Scandinavian countries, the difference would be even more drastic. Even

though young people do not analyse dull macroeconomic indicators when they decide where to go, their manifestation in everyday life is present nevertheless and it provides the so-called “push” factor.

It is necessary to emphasise that the “Student migrations” research, which covered a total of 11,013 public and private faculty and college students, showed that a third of all respondents planned to move abroad after they graduated. The main reason for 94.3 per cent of them was economic (being unable to find a job in their profession, or any job, being unable to advance professionally, low living standards, bad economic situation), whereas the rest 5.7 per cent stated that the reasons were not economic (corruption, law abiding, etc.). Over 90 per cent of students claimed that they had their parents’ full support to move abroad, which seems highly alarming information.

COUNTRIES WHERE PEOPLE IMMIGRATE TO

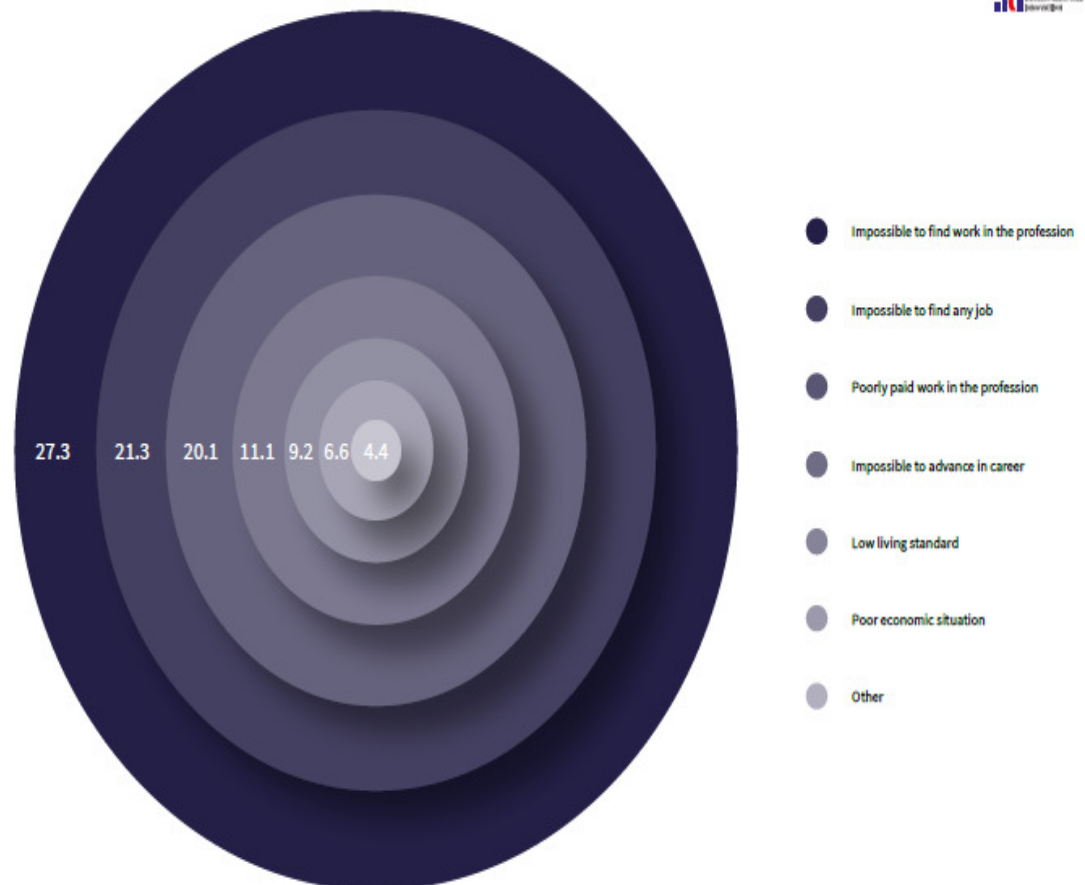
	GDP per capita	Unemployment rate of young people	Average net earnings	Poverty risk and social exclusion rate
Slovenia	\$ 22.071	13.9 %	€ 996	18.2 %
Germany	\$ 42.882	6.2 %	€ 2.306	19.6 %
Austria	\$ 45,459	6.2 %	€ 2.306	18.1 %
Sweden	\$ 51.579	13.8 %	€ 2.828	18.2 %
Norway	\$ 73.441	8.4 %	€ 3.831	15.4 %
Switzerland	\$ 81.213	7.3 %	€ 5.300	18.0 %
USA	\$ 58.108	10.3 %	€ 2.500	/
France	\$ 38.690	18.1 %	€ 2.231	17.7 %
Italy	\$ 30.941	28.3 %	€ 1.754	29.2 %

Sources: OECD, IMF, Eurostat, Federal Reserve Bank of St Louis, Ministry of Finance of the Republic of Serbia.

The data represent the average for the period 2015-2017, except for the poverty risk rate where the average is for the period 2013-2015.

GDP per capita is expressed in US dollars, and average monthly net earnings in euros.

Reasons which students quote for leaving the country, in percentages



Source: "Student migrations" (The Minister without Portfolio's office in charge of demographics and population politics in the Ministry of Education, Science and Technological Development), as well as the Statistical Office of the Republic of Serbia, 2018.

Emigration and the EU

With the lack of a sufficient workforce, developed countries devise different policies in order to attract work-capable people. According to the 2017 report, EU countries have introduced new laws, or are working on new laws, which would make it easier for developing country workers to stay. Their goal is to make up the number of qualified workers that a few countries lack. That way Austria altered their settling and staying law in 2017, with the purpose of making it easier for developing country workers to access the employment market and to integrate into society. Estonia developed the "Working in Estonia" strategy, with the goal of attracting highly qualified workers. Germany started informing migrants in additional ways and organised professional training and all with the purpose of enabling working migrants to access the legal job market more easily and to hire them on long-term. Italy signed a memorandum of understanding with the chambers of commerce of developing countries, and founded the National Employer Association, as well as other corporate associations, in order to simplify the process of hiring highly qualified people from these countries. In November 2017, Slovakia signed the Protocol on Cooperation and Employment with Serbia, which increased the number of workers coming from Serbia to Slovakia. EU countries are making procedures for accepting developing country students easier too. The basic measure is to enable easier access to the job market for active students, but also for those who graduate. This is also the case with administrative procedures related to studying in EU countries, and also related to staying in the country after graduating. Sometimes, EU countries target a specific developing country and create specific policies to attract the young and the students from that country. In order to attract working students, Austria has increased the number of working hours for students to 20 hours a week. Also, once they graduate, students can stay for an additional year in Austria in order to find a job. These measures encourage the young and capable citizens of Serbia to continue their education or to develop their careers in one of the EU countries. The destination countries of highly educated people are undoubtedly gaining by their coming and involvement in the economic and social system. This "gain" is much larger than the "loss" of the home country. Not only is the workforce problem resolved that way, but also we

should consider the greater costs of state and households for education in the developed countries. According to 2015 Eurostat data, the yearly costs to the state and households for secondary education in France were around €11,000, in Germany around €10,500, whereas a little less than €1,500 per student were spent in Serbia. This gap is even bigger when we look at academic education, so in Serbia around €2,800 are spent yearly on a student, and almost eight times more in the UK, six times more in Sweden, five times more in Germany, etc.

It cannot be expected that the departure trend will be reduced if the whole region joins the European Union. On the contrary, the trend of departure will increase. For example, Croatia became an EU member in 2013, and the number of unemployed from mid-2015 to mid-2016 dropped by 95,000 people, but the number of employed grew by only 14,000 which means that 80,000 people have left the country.

“When we look at the example of neighboring Croatia, we see that with the entry into the EU has been the final trigger, and people began to leave the country in large numbers, which only confirms that membership alone will not hold anyone back. If the rule of law and opportunities for people to progress are lacking, if there is not enough freedom of expression and potential for creativity, membership in the European Union does not mean much,” Vračić, Executive Director of *Populari*, points out.

She thinks that if the things continue as before, without investing in innovation, science, and research, the region will forever be trapped in a secondary category of workers “who simply fill some and someone’s jobs.” Ćerimagić, the analyst of European Stability Initiative, believes that this trend will occur in all Western Balkan societies as long as the economic challenges of the region are not solved and as long as there is no “strong vision of society” in which citizens are willing to invest.

“If we take an Estonian who goes to live, for example, in Sweden, he has a completely different perspective compared to the Bosnians or Serbs who leave the Balkans. When he looks back at Estonia with the experience he has gained, he may think that he might return or perhaps he would like to transfer the knowledge he has acquired in Sweden or connect companies from Sweden with those from Estonia. Here, examples of people who came back to start their business are very small,” says Ćerimagić and adds that there needs to be a better business climate and better connection of Western Balkans economies.

The costs of population emigration

Due to the emigration of young people, the economy and the entire country’s society face both positive and negative effects from the departures.

The most direct cost that society faces is the loss of funds spent on education. Depending on the level of education, society invests into the education of individuals for 8, 12, 16 even over 20 years, and with their emigration those investments become costs, or even worse, they become investments in the receiving country, as they obtain educated individuals without spending any money on their education.

The decrease of GDP is one of the more significant negative consequences of emigration, due to the decrease in consumption, which is one of its main components. By leaving the country, individuals stop spending in their own country, and that way they not only they have a negative impact on the macroeconomic aggregates, but they also help to reduce the tax base. Budget tax revenues decrease during periods of migration, not only based on VAT and excise, but also based on the decrease of income taxes and other forms of taxation. Also, the loss of creative capital is one of the negative consequences which becomes significant in cases of the emigration of young people. They represent the source of future innovators and implementers of new manufacturing or general service ideas. Another negative effect is the increase of pressure on pension and health insurance funds which is caused by the decrease of young people who would, as potential employees in the future, contribute fees to the self-sustainability of mandatory social insurance funds. A country can realise benefits of emigration by young people, especially when their connection with the home country remains strong. The first form of the home country’s benefit are emigrants’ remittances. Also, other important positive

factors are the knowledge and experience that the young gain abroad and bring back if they return. Another positive factor would be the inflow of money should emigrants choose to invest in the home country.

The economic benefit of population migration

The effect of the migration cycle varies with different perspectives. From the individual's standpoint, economic migration has positive effects as it represents "upward" mobility. From a global standpoint, the migration processes are also positive as they increase the general wellbeing, efficiency and contribution to global growth. A number of authors compare this process with the uninterrupted flow of goods and capital, while pointing out how important the former is to the global economy. On the other hand, from a local and national standpoint, the emigration of qualified and highly qualified people is a loss to the community.

The most important benefit of the emigration flow is the remittances. Remittances are the money transferred by emigrants to the people close to them who remained in the home country. Their income improves the life quality of the recipients, but it also considerably influences the Serbian economy. Serbia is at the top among European countries in the contribution of remittances to the GDP, sharing first place with Albania, with five to six per cent of GDP.

An examination of the allocation structure of transferred amounts leads to the conclusion that these funds play an important role in the national economy, but that they cannot be seen as a generator for future development or further growth while the investment component is that low.

Texts and images taken from:

<https://europeanwesternbalkans.com/2018/12/25/brain-drain-important-migration-issue-western-balkans/>

<https://www.wfd.org/wp-content/uploads/2019/05/Cost-of-youth-emigration-Serbia.pdf>