

Abstract:

We explore the complementarities between high-skill emigration and poverty in developing countries. We build a model endogenizing human capital accumulation, high-skill migration and productivity. Depending on the magnitude of the key elasticities, the model economy displays a unique stable long-run equilibrium or multiple stable equilibria, implying that two countries sharing the same characteristics may end up either in a "low poverty-low brain drain" path or in a "high poverty-high brain drain" path. After identifying country-specific parameters, we find that, for a majority of countries, the observed equilibrium has higher income than the other possible one. In 22 developing countries (including 20 small states with less than 2 million inhabitants), poverty and high brain drain are worsened by a coordination failure. For 25 other countries, the risk of a radical worsening of economic performances is high. These results are fairly robust to identification assumptions and the inclusion of a brain gain mechanism.

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David de la Croix (born 1964, PhD 1992) is Professor of Economics and member of both IRES and CORE at UCLouvain (Belgium). He has taught on a visiting basis at UCLA, Copenhagen, Aix-Marseille and Nanterre. His research interests cover growth theory, human capital, demographics, and overlapping generations. Working with some 30 co-authors, he has published over 50 research articles (including in journals such as American Economic Review, Journal of Economic Theory and Review of Economic Studies), and a treatise on Economic Growth co-authored with Philippe Michel. He has also written a number of policy briefs addressed to a more general audience. And he has supervised 11 doctoral dissertations."



The Center for Research in Economic Analysis of the University of Luxembourg is pleased to invite you to the **Lunchtime Seminar in Economics:**

Do Brain Drain and Poverty Result from Coordination Failures?

(joint with F. Docquier)

By David de la Croix
Université Catholique de Louvain

March 3, 2010

13:00 – 14:00

Campus Limpertsberg - Room BS001
162a, avenue de la Faiënerie
L-1511 Luxembourg

Lunch is planned for the participants

Registration: by email to fdef-colloques@uni.lu

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