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**THE BRAIN DRAIN, INTERNATIONAL INTEGRATION OF
MARKETS FOR PROFESSIONALS AND UNEMPLOYMENT**
A theoretical analysis*

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Received April 1973, revised version Received August 1973

1. Introduction

Nearly the entire *theoretical* literature on the effects of the 'brain drain' from the less developed countries on their welfare has been undertaken in the framework of neoclassical models of the Hicks–Samuelson value-theoretic variety.¹

While the analysts in this genre have greatly clarified certain issues such as the nature of the objective function to be specified, their analysis and prescriptions have been constrained by the theoretical model which they work with. The central result of their analysis, attributable to Grubel and Scott (1966), that brain drain *prima facie* should not be a cause for worry as the drained person will only take away the value of his marginal product which he himself earns anyway, can be rather obviously shown to be subject to the limitations that (i) for finite, rather than infinitesimal, shifts of labour, there would still be a loss to those left behind;² (ii) if the social marginal product exceeds the private marginal product, thanks to strong externalities, as would seem to be the case with doctors and exceptionally gifted academics about whose emigration typically the underdeveloped countries seem to worry, then again there *is* a loss to those left behind;³

*Thanks are due to the National Science Foundation for financial support of the research underlying this paper. The paper was written while K. Hamada (University of Tokyo, Bunkyo-ku, Tokyo) was visiting M.I.T. on a Fellowship from the American Council of Learned Societies. Helpful comments on the paper were received from T.N. Srinivasan, Robert Solow, Herbert Grubel and an anonymous referee. Bhagwati is Visiting Ford Research Professor at University of California, Berkeley, for 1973–1974.

¹See, in particular, Grubel and Scott (1966) and Johnson (1972).

²On the other hand, depending on the size of the emigration and the nature of the production function, this loss may still be very small.

³On the other hand, one could stretch things a great deal and argue that, for some emigrants, their contribution to social product still continues to accrue to the home country: e.g. an Indian scientist's achievements abroad 'inspire' his countrymen at home; and that this happens *without* their earning their private product from the home-country's GNP and also that their social product may even *increase* if their achievements improve in a more efficient and productive environment than the one found in their home country.

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