

*How should we think about the Greek brain gain?*

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Enterprising Diasporas: From Brain Drain to Brain Gain

## How should we think about the Greek 'brain gain'?

### Introduction

In this very brief presentation I will try to answer the question of how should we think about the Greek brain gain. While my talk is informed by the international policy debate on brain gain I will make no extensive reference to non-Greek case studies for reasons of brevity. My presentation is composed of three parts.

First, I will touch upon some key characteristics of the Greek brain gain such as (a) converting past failure to success as in the case of our massive scientific diaspora which has been build up due to the long term underperformance of the Greek higher education system (b) the phenomenon of emigration of a significant number of adults, ranging from their late 20's to their fifties, with substantial managerial experience in Greece (c) the tendency of Greece's political economy to oversupply particular professions, such as doctors, and thus to export part of this excessive surplus in the current crisis conditions.

Second, I will try to match the opportunity structure of the crisis-hit Greek economy with the skill set and the aptitude of Greece's highly skilled diaspora communities. Here I will cover existing mainstays of the Greek economy such as tourism and the food industry; sectors which are nearly totally non-tradeable but which can become highly tradeable, such as health and education; completely new activities that are related to Greece's advanced scientific base but are divorced from what is commonly perceived as Greek comparative advantage; and last but not least the opportunities that lie in the active participation of the diaspora in the management of Greece's culture and the arts.

Third, I will touch upon the issues of policies and politics which can maximize diaspora involvement in the Greek economy and here I will cover the issue of value systems as they become shaped through competitive public discourse, in the context of the fact that most of Greece's brain drain is located in OECD member countries; of policy reform through diaspora and resident technocratic and policy alliances; and last but not least on the issue of democratic participation through the right for nonresident Greeks to vote.

### Key characteristics

As much as solutions engender, in due course, problems, the reverse is also the case: problems do engender solutions. A review of successful research grant applicants has revealed that Greek scientists, resident and nonresident in total, were they to be assigned to Greece they would make our country as research-intensive, relative to its population, as such research powerhouses as Germany and the UK. While of course not all of our scientists would ever return to Greece, considering the fact research

collaboration is one of the most transnationalised activities clearly the resources that Greece can call upon for brain gain in the scientific enterprise are enormous. These resources have been built over time – we are talking about nearly two generation's worth of brain drain – considering that the earlier waves would be located in the 1960's.

Currently the brain drain and brain gain stars are properly aligned: huge number of Greek scientists abroad, critical mass of their equivalents, in terms of research capacity and ambition, manning the posts in Greece. Governance and other improvements in the regulatory and administrative environment on which Greek universities and research institutes are depended can easily accelerate the fusion of these two communities, of the diaspora and the homeland scientists, a fusion which can further more benefit the Greek economy directly and indirectly: by improving human capital formation, by at long last linking the scientific enterprise with the Greek business community and by enlarging the quantity and quality of innovation that can be commercialized by Greek firms.

Moving on to the crisis, in terms of brain drain & brain gain dynamics, we have to take into account again a Greek distinguishing factor namely the severity of the crisis even relative to all other eurozone debtor countries, combined with punitive levels of taxation for middle upper income levels. The result of this set of characteristics is that middle-upper level managers emigrate from Greece in probably unique numbers, relative to the Greek population and compared to other crisis-hit Eurozone countries. So we have people in their late twenties, thirties, forties and even fifties who have exercised management responsibility in Greece emigrating mostly to OECD and Arab Gulf countries. Two issues arise, to be investigated. First do these individuals have the capacity to leverage their still current expertise, in the Greek economy, in terms of people, business environment and business opportunities, with capital holders of previous diaspora vintages? Can we expect such a fusion of these different diaspora waves which will have an impact in terms of generating investment and trade opportunities for the Greek economy? Second, and even absent the existence of long standing Greek communities, as in the Arab Gulf, will these expatriated Greek managers stick to their strict career remits or would they, in due course, also involve market actors resident in Greece, as joint venture partners in either the homeland or at the host state, as importers and, more promisingly, considering the need of the Greek economy to increase its exports, as exporters?

The third group of people that I wanted to spent time with, after scientists and managers, are the professionals. Essentially Greece's political economy has been such that an array of measures have provided high levels of income to large numbers of professional people, the most prominent examples being doctors and civil engineers, and these high incomes in turn rendered these professions attractive to Greek

undergraduates. Let me mention indicatively restricted practices and fixed prices in services rendered by professionals, nuisance taxes borne by the general population to pad the social insurance and pension schemes of these professions and tolerated overconsumption of goods and services, as in medical diagnoses and medication, offered by such politically powerful groups as doctors and pharmacists. Both the direct impact of the crisis and the fiscal and structural measures demanded by Greece's creditors, by curtailing many of these economic rents, have made these professions no longer attractive for literally tens thousands of their practitioners. No wonder then that we have experienced a substantial brain drain of the most internationally mobile of these professions, medicine being the most prominent example.

Clearly for many of these professional people there will never be a recovery in Greece strong enough, or another fiscal binge untenable enough, to make return to the country, economically at least, an attractive proposition. But the practitioners of these professions belong to service sectors that it is critical for the Greek economy that they become internationalised, that they move, that is, from the nontradeables to the tradeables column. So thousands of Greek doctors, many of them still employed by Greece's state hospitals and absent with leave, have received, mostly in the NHS and in the German public health system, a crash course in advanced clinical practices, in how to interact with patients, in how to use scarce resources in an institutional environment that knows how to husband them and so on. There is in other words a critical mass of expatriated Greek medical practitioners who, to the extent that the health system in Greece become rationalized, and is thus credible enough to cater and attract patients from abroad, they can help transform it into a highly tradeable sector.

#### Opportunity Structure of the Greek economy and the brain gain

Debating the opportunity structure of the Greek economy and brain gain is all about matching sectors with people as I mentioned in my introduction. In Greek tourism we have a definite secular trend towards increased scale and sophistication. The state is compelled to maximize its income from the land in its possession, incumbents are bankrupted by the crisis or match up with better capitalised outsiders and political resistance to investments in large integrated resorts wilts under the relentless weight of a 25 % unemployment rate. I would argue that earlier vintage diaspora waves are relevant here, particularly from North America and even Australia. Initial entry into the retail and restaurant trade due to the low skill profile of these cohorts, at the time of entry to the host countries, evolved into insight and activity, in one or more generations of family businesses, in the real estate development business of increasing scale and sophistication. Thus diaspora real estate magnates do not simply have money, rather they have smart money, that is to say they possess the advanced

expertise necessary for executing and rendering profitable a significant real estate development investment.

Aligned with this smartness is sentiment. For diaspora real estate magnates a significant tourist investment bearing the promise of transforming the developmental prospects of a particular Greek locale – even better of their locale, whether that is in the Peloponnese or the Dodecanese – is not only about the money. Having said that, smart, tough real estate magnates do not enjoy being taken for a ride, wasting their time beyond certain limits and/or throwing their money to a bottomless pit. So my hunch is that if there is an elementary friendly and competent Greek administration willing to strike reasonable balances between profit making and environmental and heritage protection, then these factors could really turn diaspora real estate investors into a catalyst for Greek tourism.

On such other mainstays such as the Greek food industry we see an intensified local effort to increase the percentage of exports, over total sales, due to the significant decline in local sales. This effort is characterized by innovative marketing as well as product tinkering and innovation. Greek food and drinks exports have traditionally relied on diaspora wholesalers and distributors, either due to the nostalgia trade and/or the affinity of Greek exporters with their co-ethnics. The question that thus needs to be investigated is whether these Diaspora wholesalers and distributors can match and compound the increased drive for sophistication on the part of the Greek exporters or not. Or whether new Diaspora players, with no long established wholesale and distribution franchises, will rise to this challenge.

In the case of health and higher education sectors, their transition from the nontradeables to the tradeables column will really be shaped by relevant reforms. Education in particular is the most egregious failure – we are really Eskimos being sold refrigerators by having such a consistently huge deficit of outgoing versus incoming students - and thus the greatest opportunity. Policing in Greek state university campuses, the only urban ghettos that Greece has by the way, improving international rankings by banishing the perennials, the ‘aionoioi foitites’, strengthening the administrative efficiency of Greek state universities even at the margin, being an international advocate of a better regulated private college sector, eminently feasible even short of the repeal of article 16, and facilitating summer employment of diaspora academics: such are the measures that can make brain gain a transformative element in attracting students from abroad, with dozens of Greek academics, particularly in North America, becoming go-betweens and developers of study abroad alliances between their academic institutions and Greek public and private universities and colleges.

Very briefly, brain gain must also involve as per my earlier discussion on the Greek scientific diaspora commercialization of innovations that bear no past association with

Greece, whether these innovations are related to aerospace or biomedicine. In addition to the set of regulatory and administrative changes that are needed for the fusion of our diaspora and homeland scientific communities we need ourselves, in Greece and abroad, to go beyond the sea and sun cliché we hold for our country, a cliché which is mutually reinforced by the way most foreigners experience and perceive Greece. There is no better way to do this, both in terms of conceptual breakthroughs and reform measures, than to look closely to the most innovative and knowledge-intensive Mediterranean society there is and I am referring of course to Israel.

Last but not least in terms of the opportunity structure of the Greek economy I would put a non-profit driven activity, the charitable contribution to Greece's culture and the arts. What has been the most significant foreign direct investment that has just been concluded in Greece? It is the half a billion, and more, euros worth of the Stavros Niarchos Cultural Center. And if you add to that the previously completed Onassis Cultural Center and the under construction Goulandris museum of modern art in Pagrati you easily reach the one billion euro threshold of cash and valuables being put in culture and the arts in Greece. Such outlays mostly originate from the hybrid, diaspora and homeland, shipping community. They bring advanced knowhow and facilities in cultural management in Greece, they boost place promotion, in the capital and elsewhere, they raise the value of surrounding real estate markets, they improve societal morale and even help stem brain drain by offering to crisis-stressed Greeks, particularly in Athens, the tangible prospect of living in an increasingly sophisticated metropolitan environment notwithstanding the crisis. Again governance is critical. Instituting management boards in all archaeological museums and other state museums and cultural institutions, why not in significant archaeological sites as well, selecting museum directors via international competition, converting them into *nomika prosopa idiotikou dikaiou*, from administrative units of the Ministry of Culture, these set of measures can trigger additional critical inflows of diaspora capital and expertise through the act of philanthropy. There is an eminently fair deal which can be offered: You, Diaspora magnate, donate money and skills to Greece's world-significant cultural assets and I, the Greek state, will allow you to co-manage them with me and thus enable you to make your imprint into our nation's history and identity and even catapult yourself into global prominence as a distinguished philanthropist.

### Politics and Policies

Most high skilled migration worldwide, around 85 %, is directed to OECD member-countries, and this is pretty much the case with successive Greek brain-drain waves. Germany and the UK are by far the major recipients of the recent Greek exodus of both the highly and low skilled and one third of the recent, crisis-driven Greek exodus

is estimated to be composed by the highly skilled. We also know from polling done that the features of Greece that most repel the highly skilled – nepotism, corruption, disorganization, mismatch between skills and occupation and so on – are precisely those that are minimally observed in the host countries, a contrast that is built of course around both values and performance.

What are the policy and political implications of this observable fact, of the majority of past and recent brain drain waves having chosen and subsequently having experienced, acted and internalized, the modernity, in norms and performance, exemplified by those top OECD performers that crisis-hit Greece is called upon to emulate?

First, it is the ability of Greek scholars and in general intellectuals to participate in the international and even more so in the national debate on Greece's reform process. This ability has grown exponentially due to the internet and the now zero cost of audio and visual communication. Naturally a wide range of contrasting views become articulated in Greece as a result – in our host city I would call this range from 'London Business School to Birckbeck'. Still, I would argue that the dominant view point that is put across by these diaspora scholars and intellectuals reflects the policy consensus on the factors that make for a successful market economy and a welfare state.

Second, and Greece is of course not unique in that regard, the issue of ownership of change becomes shaped by the participation in various reform processes of Diaspora Greeks. This participation is invariably tinged with controversy if for no other reason that many resident Greeks who are opponents of reform try to turn the involvement of diaspora Greeks, in the reform process, into a minus. They do so by impugning the motives and patriotism of these diaspora Greeks and questioning their ability to comprehend Greece. The two most notable examples where this tactic would be deployed, which not incidentally would definitely make the top 10 of policy controversies in Greece during the crisis, are first the ex-head of Helstat, Andreas Georgiou, acknowledged by the EU Commission to have restored the credibility of Greek statistics, and being accused in the Greek courts for what is tantamount to high treason. The second example is that of the 100 plus academics that were elected and volunteered to participate in the management boards of Greek state universities who have been less than welcomed by the present Greek government. These Diaspora technocrats and scholars have, equally however, been embraced and lauded by pro-reform resident Greeks.

It is worth entertaining at this point a counterfactual: how more effective would these personalities have been if they had not been ethnic Greeks? For starters, there might have been no such personalities available at least at the same quantity / quality combination. Secondly, the familiarity with Greece of non-Diaspora technocrats and scientists would most probably have been nonexistent whereas in the case of Diaspora

Greeks in their forties, fifties and sixties, we are talking about Greeks born, raised and educated in Greece and, at least since the late 1990's, being able to follow Greek developments via the internet and keep in touch through low telecommunication and transport costs. Thirdly, non-Greeks would not enjoy the ease with which Diaspora Greeks could join alliances in Greece due again to their ethnic origin, their personal networks and the intelligibility and appreciation of their commitments to their homeland by like-minded resident Greeks.

Third, is the issue of direct political participation through the ability to vote in Greek national elections. This is a case where the economic has become completely interweaved with the political with mobilization abroad taking place, by members of the diaspora driven to leave Greece by the crisis. They are mainly advocating for the consular vote and their demand is being accepted or rejected depending on distinct party interest in Greece. The question that then arises is whether particularly the recent wave of brain drain is, in its majority, and due to self-selection bias, a coherent political force tending towards support for a particular political point of view in Greece and, if that is so, whether this predilection blends exit with voice, that is to say it becomes a force for the kind of change in Greece which is compatible with the interests and outlook of that group of Greek expatriates. Naturally we would also have to ask whether the highly skilled, who also seem to lead this campaign, to the extent that they have in their majority a common perspective on Greece and Greek politics, whether they share that perspective with their middle and low skill brethren.

### Concluding Remarks

Let me sum and conclude with these thoughts.

First, as both the academic literature and common sense tells us, we cannot talk about brain drain without talking about brain gain. So, much as we need to analyse the direct impact of the brain drain phenomenon on Greece we also need to assess its indirect impact through the creation of specific brain gain dynamics, actual or potential. We need to talk not only about what we lose, when someone leaves Greece, but also what we stand to gain. And we need to do so by being attentive to the distinguishing features and drivers of different generations of Greek brain drains.

Second, we must also think about the interaction between economic sectors and institutional frameworks, essentially about the range of actual or probable opportunities that are already present, or can be so under certain conditions, for brain gain effects to take place in the Greek economy. Only this way can we assess both the potential impact of Greek brain gain on the Greek economy and society and the necessary conditions of its materialization.

Third, by looking at economic sectors and the institutional frameworks that drives their evolution we also inevitably look at the politics that ultimately define their relationship: the politics of university reform, of health sector reform, of land zoning reform and so on. Encouragingly, brain gain can also be a factor in creating the necessary political conditions that can make it an agent of meaningful change in the Greek society and economy too. The supreme example of this interdependence between brain gain as a political and as an economic and social agent, as I mentioned above, is the current demand of recent Greek expatriates that they participate in the most important act of membership in a democratic community, namely voting. This issue is as old as the struggle for the foundation of the Greek state – the debate on ‘aftothonos’ versus ‘eterochthonos’ – and this fact alone renders its present day incarnation with powerful resonance. Yet it is also a manifestly contemporary issue in terms of present day career mobility, of low or nonexistent transport and communication costs respectively, of joint membership in two, mutually constituted, political communities, particularly for the majority of the present day brain drain, that of Greece and that of the European Union. And with this thought I conclude my presentation.