

For Immediate Distribution
Tuesday, November 27, 2001

NEWS RELEASE

Brain Drain, Quality of Life in Canada are Intimately Linked, IRPP Study Shows

Montreal – Canada needs to retain highly talented individuals if it is to sustain the quality of life of its population. In turn, quality of life considerations often play a vital role in an individual's decision to stay here – or join the brain drain. And solving Canada's brain drain problem will likely involve the better recognition of exceptional talent in Canada, according to a wide-ranging study and discussion on the brain drain released today by the Institute for Research on Public Policy (IRPP).

Entitled "The Brain Drain: Myth and Reality – What It Is and What Should be Done," the study is written by Ross Finnie, Queen's University Research Fellow and Adjunct Professor in the School of Policy Studies. In a novel approach to one of the most controversial and still unresolved Canadian debates of the past decade, the comments of five experts (Peter Kuhn, Peter Barrett, John Helliwell, David Stewart-Patterson and Daniel Schwanen), are published along with the Finnie study.

Ross Finnie finds that, even though the number of Canadians leaving for the United States is small overall, it is worrisome in an important respect: a disproportionate number among those leaving are among the country's most talented and best-paid individuals. And these knowledge workers operate in many sectors that are key to both economic growth and to the quality of public services Canadians have come to expect – sectors such as health and higher education, and certain high-tech activities.

These findings lead Finnie to conclude that Canadian policy-makers should address funding and structural difficulties in sectors vulnerable to the brain drain. In addition, worker-specific measures – such as higher salaries for "stars" or tax incentives for risk-takers – should be adopted as necessary to retain the "best and brightest." Finnie argues that these more focused measures would be much less costly per "brain saved" than the general tax reductions often advocated as a solution to the problem. By virtuous coincidence, says Finnie, such measures could also help restore quality public services in a number of sectors.

Peter Kuhn, a Canadian academic now living and working in California, and a "drained brain" himself, suggests that to retain talent Canadian academic institutions will have to institute more merit- and market-based pay for top performers. He illustrates the gap between US and Canadian remuneration in that sector with the story of a US institution recommending that a young Canadian co-applicant for a research grant be considered for a special salary supplement for Third World researchers.

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Dr. Peter Barrett, former president of the Canadian Medical Association, proposes ways to solve the health-care brain drain that build on Finnie's approach. Asking "Who let the docs out?", he provides evidence that the answer lies in widespread dissatisfaction within the Canadian medical community with difficult working conditions and outdated equipment.

The University of British Columbia's John Helliwell agrees with Finnie that adopting a US-style tax and transfer system, as a means to deal with the brain drain, risks leaving Canadians with "a pale imitation of something they did not really wish to emulate in the first place."

David Stewart-Patterson, of the Business Council on National Issues, points to the lack of overall economic dynamism in Canada as a key factor in the brain drain and argues that to the extent that tax relief and tax reform would bolster Canada's economic strength, they must be part of the cure.

Concluding the comments on Finnie's paper, IRPP Senior Economist Daniel Schwanen notes that the state "has done a poor job of managing human resources," and that more decentralized decision-making would help prevent the departure of "stars" in the first place.

"The Brain Drain: Myth and Reality – What It Is and What Should be Done" is the first *Choices* paper released by the IRPP in its new *Economic Growth* series. It is now available in Adobe (.pdf) format on the IRPP website at <http://www.irpp.org> – to access the document, simply click on the "What's New" icon on the homepage.

For more information, or to schedule an interview with the authors, please contact the IRPP. To receive IRPP media advisories and news releases via e-mail, please subscribe to the IRPP e-distribution service by visiting the newsroom on the IRPP website.

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