

The trend of constant increase in the number of migrants from the Balkans to EU member states has tripled in the five years before the outbreak of the pandemic.

About 40,000 people immigrate from Serbia every year, most of them young people. The trend of brain drain means great losses for Serbia – in terms of knowledge, technology, and the entire economy. Without this number of young people, progress and change in many sectors is slower than it would otherwise be. Without them, the economy is simply less dynamic and productive.

What is the impact of static and dynamic effects of emigration on the Serbian economy? What do they really mean and why is it important to distinguish them? How can we understand these trends if we cannot stop them?

The emigration of educated people from Serbia affects the static effects

Static effects are fixed or change very little with the passage of time, while dynamic effects are their opposite, they change significantly with the passage of time. We can see this on the example of emigration from Serbia.

Emigration from Serbia has been present since the 1960s during the SFRY, and especially intensified during the 1990s. International data say that almost a million people born in Serbia live in OECD countries, regardless of whether they have retained Serbian citizenship or not.

Most of the calculations on how the emigration of young people from Serbia, especially the highly educated ones, affects the Serbian economy stop at static effects. It first looks at how much money has been invested in the education of these people, from primary through high school to college, and then those numbers add up.

That these are not small sums is shown by a research from 2018 on this topic conducted by the Institute for Development and Innovation from Belgrade, which estimated the cost of education at 13,500 euros for a person who finished primary school, and 20,800 euros for secondary and 34,100 for completed undergraduate studies. Depending on the educational structure of those who emigrate from the country, these costs amount to 960 million to 1.2 billion euros a year. But this is just the tip of the iceberg.

The high rate of emigration of young people has a bad effect on the Serbian economy

In addition to these static ones, there are also dynamic effects. The high rate of emigration of young people for any economy is like an open wound from which blood flows; we will not die from it, but with such damage we will not feel good or be ready for physical exertion. Incomplete estimates are that over 40,000 people emigrate from Serbia every year, and a significant part of them are young people, who are still facing most of their professional careers. This means that every economic sector in Serbia annually loses a huge number of young people, their strength, skills, creativity and talents, which are necessary for the advancement of the entire sector.

Young people are the easiest to adapt to changes, the introduction of new technologies and the like, which is the flywheel for increasing productivity. Without this large number of young people a year, progress and change in many sectors is slower than it would otherwise be; without them, the economy is simply less dynamic and productive. But how accurate that is is very difficult, or almost impossible to measure, and then it is set aside and attention from these dynamic ones is directed only towards static effects.

Dynamic effects, although very important, are often set aside

But that obscures the true scale of the problem. All children should go to school, because we cannot know in advance whether any of them will move out of Serbia when they grow up; their families also pay taxes that predominantly finance the education system, so their access to education cannot be restricted. That is why paying attention to the cost of education is less important. Instead, we need to look at dynamic effects.

We don't know how many of those 40,000 emigrants a year have future very successful cardiac surgeons (who are today young general practitioners), world-renowned scientists (and now young researchers), or entrepreneurs who will make companies worth millions of dollars? How many other companies such as Frame (founded by Nikola Božinović and bought by Nutanix in 2018 for 165 million euros) will not be established in Serbia because their future founders emigrated to Canada or will they do so? These are the real dynamic effects of emigration from Serbia, and they are several orders of magnitude more significant than the static effects. But they are harder to measure, so they are often neglected, Talas reports.