

Resource Shocks and Human Capital Stocks -  
Brain Drain or Brain Gain?

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# Resource Shocks and Human Capital Stocks - Brain Drain or Brain Gain?

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## Abstract

Based on the paradox of plenty, resource abundant countries tend to be vulnerable for lower economic prosperity along with instable political institutions as well as corruption. This paper sheds light on the relationship between resource abundance and the selectivity of migration. First, I combine a Dutch-Disease-model with a Roy-Borjas-model in order to elaborate on the relationship between resource shocks and migrant selectivity theoretically. Thereby, I predict that resource booms give rise to brain drain effects which are mediated through distributional effects under certain conditions. Second, I provide empirical evidence for the effect of resource shocks on migrant selectivity based on a structural equation model in order to disentangle effects on income inequality and migrant selectivity. The results show that resource shocks, especially oil booms, strengthen brain drain effects in a sample with 116 source and 23 destination countries between 1910 and 2009.

*Keywords: Resources, Income Inequality, International Migration*

*JEL-Codes: F22, J61, J62, O15*

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