

CENTRE OF PLANNING AND ECONOMIC RESEARCH (KEPE)

## Reports 76

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JENNIFER CAVOUNIDIS

# **THE EMIGRATION OF GREEKS AND DIASPORA ENGAGEMENT POLICIES FOR ECONOMIC DEVELOPMENT**



ATHENS 2016



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DIASPORA ENGAGEMENT POLICIES  
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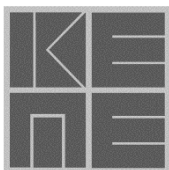
## Reports 76

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## CENTRE OF PLANNING AND ECONOMIC RESEARCH

*The Centre was initially established as a research unit, under the title “Centre of Economic Research”, in 1959. Its primary aims were the scientific study of the problems of the Greek economy, the encouragement of economic research and cooperation with other scientific institutions.*

*In 1964, the Centre acquired its present name and organizational structure, with the following additional objectives: first, the preparation of short, medium and long-term development plans, including plans for local and regional development as well as public investment plans, in accordance with guidelines laid down by the Government; second, the analysis of current developments in the Greek economy along with appropriate short and medium-term forecasts, the formulation of proposals for stabilization and development policies; and, third, the additional education of young economists, particularly in the fields of planning and economic development.*

*Today, KEPE is the largest economics research institute in Greece, focuses on applied research projects concerning the Greek economy and provides technical advice to the Greek government and the country’s regional authorities on economic and social policy issues.*

*In the context of these activities, KEPE has issued more than 650 publications since its inception, and currently produces several series of publications, notably the Studies, which are research monographs; Reports on applied economic issues concerning sectoral and regional problems; Discussion Papers that relate to ongoing research projects. KEPE also publishes a tri-annual review entitled Greek Economic Outlook, which focuses on issues of current economic interest for Greece.*





## PREFACE

*The Global Economic and Financial Crisis has taken a heavy toll on the Greek economy. One of the direst aspects of the crisis has been the brain drain and the brain waste of the most talented of the young generation. The economy has to cope with the emigration of important segments of the labour force, most of whom have been educated at the expense of the public purse, only to see them thrive in other economies. Emigration is nothing new in Greece. Greece has witnessed two major emigration waves in the course of the 20<sup>th</sup> century, while emigration in the current century, especially after the crisis, has special characteristics that involve the complex relationship between major flows of immigration to and emigration from Greece.*

*Emigration has also created an important diaspora of Greeks abroad. Engaging the diaspora in the economic development of the home country can become an important factor of economic growth, and countries with sizeable diasporas have tried to harness the potential of those who have emigrated abroad or of their descendants.*

*The careful and systematic study of Dr Jennifer Cavounidis addresses many of the issues of emigration and the economic development aspects of diaspora engagement. It provides useful information on the nature of the migration flows of the Greek economy, their characteristics and their impact on the economy. In an important methodological chapter – where her sociological training is particularly evident – she tackles the issue of defining diaspora, and she shows how building on the symbolic relationship between diaspora and home country, policies of engagement can be designed and implemented. An extensive survey of the policies adopted by different countries for diaspora engagement provides a picture that can be very useful and instructive to policymakers and provide comparisons with the Greek case. Finally, in the last and very informative chapter, Dr Cavounidis discusses the policies and initiatives on engaging Greek Diaspora adopted by the Greek government, the Greek Parliament and other agencies, private*

and public. In the conclusions she provides a number of policy suggestions that can be fruitfully adopted by Greek governments.

All in all, we have a timely, well researched and scientifically important study written by an expert in the field that I hope will be considered carefully by researchers, policymakers and informed citizens alike. This is a topic which concerns us all, in Greece and abroad.

NICHOLAS THEOCARAKIS  
Chairman of the Board  
and Scientific Director

CENTRE OF PLANNING AND  
ECONOMIC RESEARCH (KEPE)  
December 2016

*Since the onset of the economic crisis in 2008, hundreds of thousands of Greeks have left their homeland to seek employment abroad. Unlike past waves of emigration from Greece, the current wave is composed primarily of well-educated youth, whose precious knowledge and skills will be used to the advantage of other countries. Their exodus poses two major policy challenges: first, how to stem the outflow and utilize their knowledge and skills at home, to the benefit of the Greek economy, and second, how to harness the enormous potential of Greeks currently abroad to benefit the Greek economy, by mobilizing the diaspora to use their knowledge, skills, talents, resources, and networks in ways which will positively impact the Greek economy.*

*It is on this second set of policy challenges that this book focuses, with the goal of arriving at suggestions for policies that could more effectively utilize the enormous talents of the Greek diaspora for Greek economic development. The study first examines data on emigration from Greece and next the recent international experience with policies for engaging diasporas to contribute to economic development in their home countries, and then presents and evaluates the diaspora policies of the Greek government and other bodies, before formulating conclusions and highlighting new policy directions that should be explored if Greece is to capture the development benefits offered by its exceptionally talented diaspora.*

*I owe special thanks to Demetrios Papademetriou of the Migration Policy Institute in Washington DC for his valuable insights at an early stage in this research project, as well as to Ioannis Cholezas, Anna Hardman, and Yannis Ioannides for offering important information. In addition, I am very grateful for provision of relevant data by staff at the General Secretariat for Greeks Abroad of the Ministry of Foreign Affairs as well as by staff at other government agencies, none of whom is responsible for my interpretation of policies or available information. Finally, I would also like to thank two anonymous reviewers for their constructive comments on the study and*

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*JENNIFER CAVOUNIDIS*

*December 2016*

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## CHAPTER 1

### INTRODUCTION

#### **1.1. The new wave of emigration from Greece and policy challenges**

In recent years a new wave of emigration from Greece has been underway. According to all accounts, this wave is mainly composed of well-educated Greek youth and creates great concern about “brain drain” and the future development prospects of Greece. Sparked by the economic recession and high unemployment levels, emigration may, in the short run, serve as a safety valve and reduce pressure on the labour market and on family and public support systems, while allowing youth to gain important skills and experience elsewhere. However, the exit of talented university graduates, whose long years of education represent a substantial investment made by the Greek public, signifies a loss of valuable human capital. This loss of talent may impede economic recovery and jeopardize the development of sectors that depend on a highly-skilled labour force, thwarting Greece’s aspirations to become a knowledge-based economy.

The experience of emigration is, of course, not new to Greece; overwhelming numbers of Greeks emigrated to overseas destinations from the end of the 19<sup>th</sup> century through the first decades of the 20<sup>th</sup> century, and then another major wave of emigration was observed in the postwar period, with countries of northern Europe constituting the main destinations. Nor is Greece alone in this new experience: other countries of Southern Europe that like Greece were transformed from traditional migrant-sending countries into migrant-receiving countries in the last decades of the 20<sup>th</sup> century have become senders of migrants once again. Nonetheless, the current trend of emigration has disturbed the sense of national identity shaped during the economic

boom years of Greece being a developed nation, whose population was no longer forced to seek economic opportunities abroad but, on the contrary, had itself become an attractive destination for immigrants from less developed countries.

The present and the past waves of emigration from Greece differ in a very significant respect: in their human capital composition. Most of those emigrating at the beginning of the 20<sup>th</sup> century and in the postwar period were drawn from less-educated segments of the Greek population and sought unskilled or semi-skilled employment abroad. The present wave of emigration, on the other hand, appears to be drawn chiefly from relatively well-educated population segments. The emigration of young Greek doctors and engineers has figured prominently in the mass media; talk of a “lost generation” of talented Greeks has emerged.

It is difficult to assess the long-term development impact of the current flight of precious talent from Greece. It is unclear how many of those who have left Greece will return in the future, bringing new experiences, skills, knowledge and resources. Perhaps many who intended to stay abroad only temporarily will instead permanently relocate. Of course a related issue concerns demographics, and specifically the impact of outflows on the already problematic demographic structure of an ageing society, but this issue lies beyond the scope of this report.

What is clear is that Greece must come to grips with this new reality of emigration and respond to the new policy challenges posed by the current outflow of well-educated youth. If these challenges are effectively addressed, Greece will be able to minimize the costs of emigration and maximize its benefits.

Two major sets of emigration-related policy challenges can be identified. First, policies and reforms are needed that facilitate the retention of those who might leave, the return of those who have already left, and the effective utilization of the knowledge, skills, and experiences that the returnees acquired while abroad. Crucial for retention and return (as well as for attracting talented foreigners) are institutional reforms that render working in Greece a more attractive

option. Decreasing barriers in the professions and facilitating innovation and entrepreneurship as well as creating and increasing links between scientific research and entrepreneurship are among the reforms that will expand opportunities for talented youth to use their knowledge and skills at home.

Second, policies are needed that effectively engage with the diaspora and draw on their considerable knowledge, skills and resources in order to foster Greek economic development. It is on this second set of policy challenges that this report focuses.

In recent years, new thinking has emerged about mobility in today's world and the potential it offers to national economies. At the same time that the terms "brain drain" and "lost generation" have entered Greek public discourse, past conceptions of emigration and its development impact have been called into question. First, the new patterns of mobility observed in the contemporary global economy indicate that emigration should not be considered an "end movement" with which the country of origin "loses" the individual, but instead often forms just one step in a cycle of movement, perhaps with multiple destinations. As has been noted (Papademetriou 2015), mobility or "brain circulation" has increasingly become the "new normal" in the case of talented individuals. Second, while past research about the economic impact of emigrants and diasporas on countries of origin focused almost exclusively on remittances and their development impact, new research has highlighted the wide variety of ways in which diasporas contribute to the economic development of home countries, such as with knowledge and skills transfers, direct investment, investment in domestic capital markets, and increased trade.

While in the past it was almost exclusively developing countries that sought to design effective policies to exploit the talent of their diasporas abroad, today diaspora engagement policies increasingly concern developed countries as well. Eager to harness diaspora potential for their economic development, successful diaspora engagement policies have been implemented by developed countries such as Ireland, Scotland, and Australia.

It is difficult to assess the size of the Greek diaspora. According to estimates of the General Secretariat for Greeks Abroad,<sup>1</sup> the largest population of Greek origin is located in the US and numbers approximately 3,000,000, and the second largest is in Europe, with about 1,000,000 individuals (including countries of the former Soviet Union), followed by Australia, with 650,000 to 700,000 individuals; Canada, with about 350,000; Asia and Africa (about 100,000); and Central and South America (about 60,000).

Greece has not yet effectively tapped into the valuable knowledge, skills, resources, networks and experiences of its large diaspora in order to enhance national economic development. Estimation of the size of the Greek diaspora may be a very difficult task, but the design and implementation of effective policies to tap diaspora potential for Greek economic development does not require accurate knowledge of its size. What is more important is identification and understanding of the diaspora population segments –whether academic or entrepreneurial– that can be targeted to make a valuable contribution to the Greek economy, in one of the many ways that have been highlighted in the recent international policy experience.

It is the emigration of well-educated youth since the onset of the economic crisis that has captured the Greek public imagination and has been the subject of extensive media coverage. Nonetheless, Greece has, in fact, been losing precious talent for several decades now (Lambrianidis 2011). Its diaspora engagement policies date from past decades and were shaped in correspondence with past waves of emigrants from Greece. Not only do current emigrants exhibit very different social and demographic characteristics than those of previous waves but they also live in a new era of a globalised economy with information technologies which offer new opportunities for diaspora engagement.

With diaspora policies that are tailored to the demographics and eras of past waves of emigration, Greece is missing out on possibilities to build and maintain strong links with its growing diaspora of talented, successful youth, and forfeiting opportunities to utilize this diaspora's

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<sup>1</sup> [www.ggae.gr](http://www.ggae.gr), accessed 23.11.2015.

potential to contribute to economic development goals. Greece needs to systematically rethink its diaspora policies and to design new policies which incorporate the valuable lessons learned from recent diaspora engagement efforts by other developed nations.

## **1.2. The development potential of diasporas**

It is increasingly evident from international experience that national economies can gain significantly from the knowledge, skills, experiences, resources and networks their nationals acquire while abroad. Emigrant professionals and entrepreneurs are a particularly valuable asset in the global economy of the 21<sup>st</sup> century. As has been succinctly stated (Aikins and White 2011), it was by connecting with their diasporas in the US that China became the world's factory, India the world's technology hub, and Israel a leading innovation centre.

The term “new Argonauts” of the global economy has been used to describe diaspora members who identify new market opportunities, raise capital, establish management teams and create partnerships with producers in countries of origin (Saxenian 2006a), prototypical examples being the engineer immigrants who worked in Silicon Valley and then returned to create high-tech firms in India and China, stimulating spectacular economic growth. As noted (Saxenian 2006b), these immigrants are “reminiscent of ancient Greeks who followed Jason in search of the Golden Fleece. It was a very treacherous and long trip, but the rewards were great wealth”.

Emigrants need not return in order for their countries of origin to reap benefits from their move. Valuable knowledge and skill transfers are accomplished when emigrant professionals and entrepreneurs contribute their time, experience, contacts, knowledge and skills to colleagues and enterprises back home, or train and mentor natives who temporarily join them abroad. Likewise, they themselves or the networks they influence may establish branches of their businesses in Greece or make investments in Greek enterprises or capital markets. Sometimes such exchanges and investments are the result of initiatives taken by single emigrants or by co-ethnic networks abroad, but

in other cases they are the result of specific policies designed by origin countries.

The diaspora potential for developmental impact on their home countries is already substantial and it is likely to increase further, given that diaspora communities continue to grow and are easier to reach due to constantly improving communication and technology (OECD 2012), which provide new ways for diasporas to participate in the economic life of their country of origin. Of course, the contribution of the diaspora depends not only on their willingness to get involved in home country affairs but also on the institutions and policies forged in the home country.

International experience highlights the tremendous development potential of diasporas. Among the ways in which diasporas have contributed significantly to country of origin economic development are through direct investment, investment in domestic capital markets, knowledge and skills transfers, and trade stimulation. A few areas of diaspora involvement in home country economic development will be briefly showcased in what follows, in order to provide a sense of the magnitude of the potential for the diaspora to contribute to home country development.

First, diasporas play a significant role with respect to investments in their country of origin. Not only do they invest themselves, but they often convince non-diaspora investors to do so as well. A study published by the World Bank found that the presence of African migrants in OECD countries was correlated with investment flows from these countries into the migrants' countries of origin (Newland and Plaza 2013). A major factor contributing to the emergence of China as a manufacturing giant in the 1990s and 2000s was the high level of foreign direct investment (FDI) and it has been estimated that about half of the FDI came from the Chinese diaspora.

Second, knowledge and skills transfers involving the diaspora can also have an immense impact. Sometimes these transfers are accomplished through the temporary return of the diaspora, who may teach or train locals, often in sectors such as medicine or technology. However, because it is often difficult for successful diaspora members to be absent from their regular posts for extended periods of time, most

often these transfers occur through the development of diaspora networks. Often, these networks provide “match-making services” which connect businesses in source countries with “overachievers” abroad who offer mentorship and technical assistance (Banulescu-Bogdan and Sumption 2014).

The development impact of such initiatives has been substantial. For example, Chile has forged partnerships with highly skilled members of its diaspora through the Talent Network for Innovation of ChileGlobal. Diaspora members contribute their time, experience, contacts, knowledge and skills in order to assist Chilean companies in globalization. With the help of a network of about 400 influential members of Chile’s diaspora, business projects are designed and financed which introduce innovation in product and service sectors. By 2011, 76 companies had been created with more than 50 domestic and international partners, and some of these were leaders in biotechnology and information technology (Agunias and Newland 2012).

The Global Irish Network was launched in 2010 and is composed of 350 of the most senior Irish and Irish-connected business people based in about 40 countries (Glynn, Kelly and MacEinri 2015). These individuals have contributed to Irish economic development by promoting FDI, providing practical support for Irish exporters, and facilitating access to high-level executives in major foreign corporations, to the benefit of Irish enterprises as well as the Irish government.

Networking and mentoring are among the important services offered by one of the world’s largest and most famous diaspora networks –Indus Entrepreneurs. Initially founded in 1992 as an organization of overseas Indians in the US, by 2014 it had expanded to 11,000 members in 60 chapters in 17 countries. It holds hundreds of networking and entrepreneurship events every year, and claims that by 2014 it had helped create businesses with a total value of \$200 billion (Hooper and Sumption 2016).

The extent of the diaspora impact on economic development is hard to assess given that it is difficult to disentangle causation from correlation and also to quantify the development impact of dimensions such as knowledge and skills transfers (Newland and Plaza 2013).

Nonetheless, what is clear is that there is tremendous scope for governments to increase the contribution made by their diasporas to home country economic development.

### **1.3. Aim and structure of the report**

The goal of this report is to evaluate Greek diaspora policies and arrive at suggestions for policy directions that could more effectively utilize the valuable talents, skills and resources of the Greek diaspora for Greek economic development. In order to achieve this goal, the report examines emigration from Greece, Greek diaspora engagement policies and initiatives, and recent international experience with respect to engaging diasporas to contribute to economic development in home countries. It is hoped that this report will prove useful not only for actors and agencies of the Greek public sector but also for the increasing number of civil sector bodies and groups that attempt to strengthen the ties of Greek diasporas with their country of origin and tap into their potential to promote the economic and social welfare of Greece.

The report is structured as follows. In the next chapter, Chapter 2, past waves of emigration from Greece will be examined first, followed by a brief presentation of the findings concerning their development impact. Then the spotlight will fall on current emigration trends and relevant survey data about recent emigrants and their reasons for leaving. Finally, some indications of the talent of the Greek diaspora will be provided.

In Chapter 3, the focus will turn to the international experience with diaspora engagement policies. First, issues related to the definition and conceptualization of the diaspora will be discussed. Then, diaspora “capacity-building” policies will be examined. Such policies usually precede or accompany diaspora policies which aim to engage the diaspora to contribute to home country economic development. The main types of “capacity-building” policies to be discussed are those which aim at consolidation of a common sense of identity, those which



aim to ensure that diaspora engagement is a mutually beneficial relationship and those providing for institutions to implement coherent diaspora engagement policies.

In Chapter 4, the focus will fall on the international experience with policies that attempt to harness the diaspora potential to promote home country economic development. Areas examined include knowledge and skills transfers, direct investment, capital market investments, and diaspora tourism. Examples of both successful and unsuccessful policies will be provided, as well as the lessons drawn from this experience.

In Chapter 5, recent policies and initiatives directed at the Greek diaspora will be presented. The spotlight will fall first on activities of public sector actors and agencies, and then on private sector initiatives.

Finally, Chapter 6 draws conclusions and points to new policy directions. First, the suitability of present Greek policies for engaging the diaspora and tapping its development potential will be evaluated in the light of recent international experience and the characteristics of the new wave of emigration from Greece. Then policy directions that should be explored, if Greece is to capture the development benefits offered by its exceptionally talented diaspora, are discussed.

## CHAPTER 2

### EMIGRATION FROM GREECE

#### 2.1. Historical overview

The experience of emigration has long marked the economic and social landscape of Greece. At the same time, a narrative about the Greek diaspora with its myriad cases of colossal success has long held a prime place in the Greek public imagination and Greek ethnic identity, often cited in public discourse to illustrate the vast potential of Greeks when unfettered by institutional or other impediments commonly attributed to Greece.

During the 20<sup>th</sup> century Greece experienced two major waves of emigration. The first began before the close of the 19<sup>th</sup> century and tapered off around 1920. The main destination of this wave was the United States, which attracted about 95% of Greek emigrants in the period 1900-1920, with men accounting for 95% of the flow to the US in 1900-1910 and 87% in the following decade (Lianos and Cavounidis 2012). As for the volume of emigration, it was estimated that between 1900 and 1920 approximately 5% of the mean population of Greece emigrated. Statistical analysis revealed that the main factors determining the size of emigration in 1900-1923 were unemployment levels in the US and the volume of emigration from Greece in the previous years. It was estimated that for the period 1900-1920 about 60% of the emigrants returned to Greece.

The second major wave of emigration occurred in the period 1955-1977, when approximately 14% of the mean population of Greece (as recorded in the censuses of 1961 and 1971) exited the country. This time, the booming postwar economies of Northern Europe figured prominently among the destinations, with 51% of the outflow of this period heading to Germany (Lianos and Cavounidis 2012). Other destinations were Australia, the US and Canada, which accounted for

14%, 11% and 7%, respectively. The gender distribution of this wave of emigration was less skewed, with men accounting for 59% of the total. Statistical analysis by regions of Greece indicated that the main determinants of emigration in this period were the unemployment rate and per capita income of Greece. For the period 1968-1977 the return rate was estimated to be 53%.

Relevant data concerning the human capital composition of past waves of emigration are limited but available data for emigrants of the postwar period indicate that the vast majority had minimal education, compared not only to today's cohort but also to the population of the time. Specifically, of those migrating by means of the Ministry of Labour in the years 1963-1965, 86% had only elementary school education and 7% were illiterate, while only 0.2% had a university diploma (Lianos and Cavounidis 2012).<sup>2</sup>

With respect to policy initiatives and responses taken by the Greek government concerning the postwar wave of emigration, it should be noted that an emigration policy was formulated in the context of the 1950-1953 Development Plan, encouraging emigration of workers both as part of employment policy and as an attempt to deal with external balance constraints (Glytsos and Katseli 2005). A bilateral agreement was concluded with Germany in 1960 for the creation of recruitment centers through which approximately 381,000 Greeks moved to West Germany. By the time that the Greek government drafted its 1966-1970 Development Plan, however, it was considered that emigration had taken on massive proportions that could lead to future problems. This concern led to the introduction in the mid-1970s of incentives for repatriation, such as noteworthy reductions in taxes and import duties as well as favorable terms for the purchase of land and other assets with foreign exchange. In the meantime, Germany had entered economic recession and, in 1973, banned new migrant inflows, allowing only family reunification. In 1980, the two countries signed a new bilateral agreement in which Germany offered financial

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<sup>2</sup> The authors (Lianos and Cavounidis 2012) warn that the data are not representative of all emigrants of the period but concern only those registering with the Ministry of Labour.

incentives for repatriation, in an attempt to reduce its stock of immigrants.

The mass exodus of Greeks in the postwar years was widely commented upon by social scientists of the time. Unsurprisingly, given the low educational level of most emigrants, focus of the debate then was not “brain drain” as at present. Many analysts stressed the positive effects of emigration on the Greek economy. Emigration was considered to have reduced rural unemployment and underemployment; after causing an initial decline in agricultural production and exports, output rebounded through the intensification of employment of rural workers who remained behind and the substitution of capital for labour, with the mechanization of agriculture (Glytsos and Katseli 2005). Furthermore, remittances proved an important source of foreign exchange. Some observers voiced hopes that emigrants to Germany and other northern European economies would return with manufacturing skills that would facilitate industrial growth in Greece, but these hopes were not fulfilled as Greek emigrants mainly performed unskilled work abroad and once repatriated were either unemployed or worked in semi-skilled and unskilled jobs. Another strand of discussion focused on the spatial consequences of emigration: alarm was expressed with regard to the depopulation of the Greek countryside (Papademetriou 1985) while others claimed that emigration helped reduce the heavy flows of internal migration to Greek urban centres, thereby retarding urbanization and containing urban unemployment (Glytsos and Katseli 2005).

Verdicts concerning the overall relationship between postwar emigration and Greek development were mixed: one ascertained only a “tentative relationship” (Papademetriou 1985: 217) between the two, citing negative consequences such as the creation of a new layer of the middle class dependent on remittances, while others concluded that emigration had made a substantial contribution to Greek development. There appears to be consensus, however, that Greece could have gained greater benefits from emigration if it had developed effective policies to channel migrant savings and remittances to productive uses and to facilitate the reintegration of returnees (Glytsos and Katseli 2005).

Greece first exhibited a positive migration balance in the mid-1970s. Inflows were composed mainly of returning emigrants but also included immigrants arriving from countries of Africa and Asia such as Egypt, the Philippines, and Pakistan. However, it was from 1989, subsequent to the collapse of socialist regimes in Central and Eastern Europe, that immigration took on massive proportions and Greece was transformed from a traditional migrant-sending country to a receiver of migrants (Cavounidis 2002). The 2001 population census of Greece enumerated approximately 762,000 foreigners, accounting for 7.5% of the total population (most observers placed their actual proportion around 10%) (Cavounidis 2006), while the 2011 census enumerated around 914,000 foreigners, accounting for 8.5% (with observers claiming this to be another undercount). More than three-quarters of the foreigners present in Greece in 2001 as well as in 2011 were from former socialist regimes of Central and Eastern Europe, with Albania dominating among source countries, accounting for 58% of all foreigners in 2001 and 53% in 2011.

Most of the immigrants who arrived in Greece in the 1990s and early 2000s did not have proper documents but were regularized in one of the three regularization programmes that Greece carried out between 1998 and 2005 (Cavounidis 2008). Many, if not most, of these regularized immigrants achieved substantial steps towards integration, at least until the onset of economic recession in 2008, which brought unemployment and created serious problems for permit renewal (given the prerequisite of proof of employment with social security contributions), causing the slippage of many legal migrants into irregular status (Cavounidis 2013).

## **2.2. Current trends**

### **2.2.1. Labour market situation**

The abrupt increase in unemployment since the end of 2008, together with the deterioration in terms of employment and prospects for career development, has pushed Greeks to seek employment abroad.

According to Eurostat data, the Greek unemployment rate climbed from 7.8% in 2008 to 26.5% in 2014 but was much higher among youth, with the rate among those aged 15-24 reaching 52.4%, compared to 21.9% in 2008. High rates are observed across educational groups: for all age groups in 2014, unemployment was 27.6% among those with only primary school or three years of secondary school (gymnasium), 27.7% among those with upper secondary education or post-secondary non-tertiary education, and 19.1% among those with tertiary education. It should be noted that the unemployment rate of those with a postgraduate degree (Ph.D. or Master) has consistently been the lowest of all educational groups since the beginning of the crisis, and was 13.4% in the second quarter of 2014 (Cholezas 2014).

Apart from high unemployment rates, wages and salaries have declined notably during the crisis, in both the public and the private sectors. In February 2012 the minimum wage was officially reduced by 22% (and for those under 25 years of age by 32%), thereby triggering decreases for wide strata of private sector employees, given that collective bargaining agreements set their salaries on the basis of the minimum wage.

It is not only current labour market conditions that prompt the formation of migration plans but also related factors such as the negative outlook for the Greek labour market in coming years and the resulting gloomy prospects for career trajectories. Eurobarometer survey data reveal that perceptions of Greeks concerning the future of their personal job situation are particularly negative. Of the 27 EU countries included in the survey, Greece exhibited the largest increase (30%) between 2006 and 2012 in the proportion of the population that expected their personal job situation to worsen over the next year (Bertoli, Brucker and Moraga 2013).

According to the Eurobarometer survey<sup>3</sup> conducted in November 2014, Greeks continued to be the most pessimistic of all Europeans about prospects in their home country's labour market. More particularly, 98% of those polled in Greece, compared to the average of 73% in all EU countries, were negative about conditions in the labour market.

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<sup>3</sup> <http://news.in.gr>, December 17, 2014, accessed 17.12.2014.

As for their personal job situation, 53% in Greece described it as bad, while the average across the EU was 26%. When asked about the direction in which their country was heading, in Greece 77% said it was on the wrong road, compared to the average of 49% for all countries.

### **2.2.2. Overview of current migration flows**

Before examining the current wave of emigration of Greeks, it should be placed in the wider migration context, which is more complex than previous waves of emigration from Greece. First, unlike the past, present outflows are occurring simultaneously with large inflows of immigrants. Second, present outflows consist not only of native Greeks, but also of past immigrants to Greece who are returning to their country of origin or continuing on to a new destination.

While the economic recession plaguing Greece since 2008 has propelled Greeks to leave and seek employment abroad, large numbers of asylum seekers and irregular immigrants continue to arrive. Arrests by Greek police<sup>4</sup> and port authorities first declined, specifically from 146,000 in 2008, to 100,000 in 2011 and 43,000 in 2013, due mainly to improved border enforcement rather than to changing labour market conditions. It is not the labour market which attracts these migrants as much as Greece's position on the external borders of the European Union (EU). From 2014, however, the inflows of asylum seekers and irregular immigrants increased exponentially, creating an unprecedented crisis. In the first nine months of 2015, more than 422,000 individuals were arrested by Greek police<sup>5</sup> and port authorities, mainly after arriving on Greek islands from the coast of Turkey. During 2015, the EU's Dublin III Treaty, which provided that asylum seekers must submit the asylum application in the first safe country of arrival, was suspended *de facto* and waves of asylum seekers were allowed to continue their journey from the Greek islands towards countries of the EU lying to the North (Cavounidis 2015b). Most of those entering Greece were asylum seekers from countries of Asia and Africa and especially Syria and Afghanistan.

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<sup>4</sup> [www.astynomia.gr](http://www.astynomia.gr)

<sup>5</sup> *Ibid.*

At the same time that Greece continues to experience heavy inflows of asylum seekers and irregular migrants, many immigrants already present in Greece who possessed proper documents appear to be exiting Greece as a result of the economic crisis and deterioration of conditions in the labour market. Before the onset of recession in 2008, unemployment rates among foreign nationals were lower than those of Greek nationals, contrary to the experience of most EU countries. This changed, however, with the crisis. In 2009, the unemployment rate of migrants surpassed that of natives for the first time and the gap subsequently widened, reflecting the fact that migrants were concentrated in sectors that were hit especially hard by the recession, such as construction. In addition, the adverse conditions in the labour market have made it increasingly difficult for migrants to find officially declared employment with corresponding social security contributions, which are required for the renewal of work permits. Although the total volume of return migration is difficult to estimate, there are some indications of its magnitude. According to data on valid permits, the authorized foreign population dropped from 610,800 in 2009 to 440,000 in December 2012, while 450,000 valid permits were counted in June 2014 (OECD 2015a). Of course, some migrants may not have renewed their permits and remained in Greek territory, lapsing into unauthorized status. However, most of the decrease is probably related to return migration, whether by migrants who chose not to renew their permits or were unable to renew their permits.

It is therefore against this backdrop of continued unauthorized inflows and of return migration that a new wave of emigration of Greeks is underway. It should be noted that the current debate on emigration does not intersect with the debate on immigration, which focuses mainly on continued high levels of unauthorized inflows and, to a lesser extent, on established immigrants. In public perception, the Greek emigrants and the documented immigrants present in Greece correspond to completely different ends of the Greek labour market and in this sense are usually not considered as competing. It should be noted, however, that some of the immigrants who perform unskilled or semi-skilled work actually have university diplomas from their countries of origin which they are unable to utilize in Greece.



The incidence of “brain waste” among immigrants in Greece has been found to be much higher than among natives (Lianos 2007). However, there is little if any discussion of this brain waste (Lambri-anidis 2011).

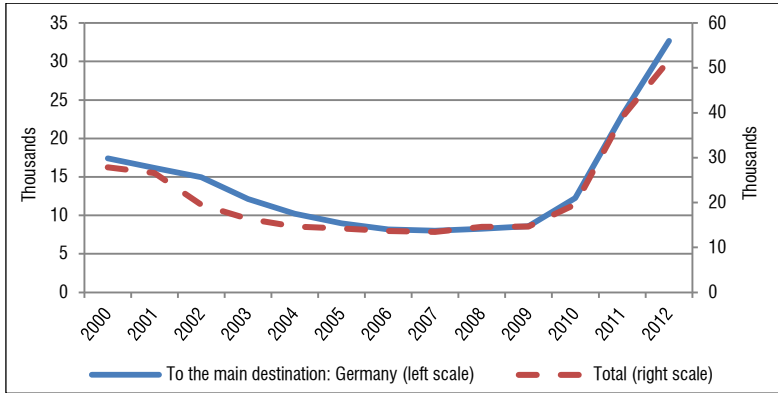
### **2.2.3. Volume, destinations, and characteristics of Greek emigration**

The size of the new emigration wave is very difficult to estimate. The collection of migration data by the Greek statistical authority was stopped in 1977 and no official data have been available since then for emigration. Similarly, the Athens branch of the International Organisation for Migration, which in the postwar decades focused on emigration from Greece, has long been concerned exclusively with immigration to Greece.

Figures for legal emigration from Greece to other OECD countries for the decade through 2012 (Diagram 2.1) show that the flow from Greece to these destinations decreased between 2000 and 2004, increased slightly from 2005 and then abruptly from 2009. Of course these figures cover only emigrants from Greece to OECD countries and not worldwide. It should be noted nonetheless that OECD data for emigrant stock worldwide in 2010/11, which include selected non-OECD destinations such as countries of Asia, Latin America, non-OECD European countries, Central Asia, the Middle East and North Africa, as well as Sub-Saharan Africa, showed that of the total of 711,600 people born in Greece who were living in OECD and selected non-OECD destinations, 681,800 were living in OECD countries (96% of the total) (OECD 2015b).

As further seen in Diagram 2.1, emigration of Greeks to Germany skyrocketed between 2010 and 2012. More specifically, the OECD data indicate that in 2012 Germany attracted nearly four times as many emigrants from Greece than the second most important destination for Greeks, the United Kingdom. The ten main OECD destination countries for emigrants from Greece in 2012 appear in Table 2.1. With respect to Greek flows to Germany, it should further be noted that data for inflows to Germany for 2013 (OECD 2015a) indicate that Greece was among its main source countries: Poland was at the top of Germany’s list, followed by Romania, Bulgaria, Hungary, Italy and then Greece.

**DIAGRAM 2.1**  
Greece: Legal migrant flows to the OECD



Source: OECD (2015b).

**TABLE 2.1**  
Main OECD countries of destination for legal Greek migrants in 2012

Country	Number	As % of total flow to the country
Germany	32,660	3%
United Kingdom	6,000	1%
Netherlands	3,319	2%
Switzerland	1,613	1%
Belgium	1,511	1%
Sweden	1,348	1%
Austria	1,201	0%
USA	1,054	0%
Italy	561	0%
Spain	538	0%

Source: OECD (2015b).

According to all accounts, in recent years the outflow from Greece continues to be directed primarily towards countries of the European Union (EU) and particularly to Germany and the United Kingdom, and only secondarily to overseas destinations such as the United States,

Canada, Australia and countries of the Middle East. Given the provisions for free movement of EU citizens within the EU, emigration cannot be assessed on the basis of visa data.

It should be noted that data concerning individuals born in Greece living in other countries, such as the OECD data drawn on here, do not reflect the full extent of migration from Greece given that some people of Greek origin were born in countries of the EU, such as Germany, or other countries, such as Australia and the US, had returned and taken up residence in Greece, particularly in the “boom” years preceding the financial crisis, and left again subsequent to the onset of the crisis. For similar reasons, neither do data on new visas issued to Greek citizens by countries where migration restrictions apply, such as Australia and the US, reflect the actual size of flows from Greece. For example, according to information provided by Greek consular services to the General Secretariat for Greeks Abroad (GSGA), current migration flows from Greece to Australia, Canada and the United States are mainly composed of individuals who already had the necessary documents (e.g. citizenship or long-term visas). Therefore, immigration data of such destination countries about Greek citizens do not reflect the true size of flows, given that many of those exiting Greece already hold documents which authorize their residence there, whether they were born there or not.

It is interesting that according to information provided by Greek consulates abroad to the GSGA, four categories of new arrivals from Greece can be identified: 1) Greeks who emigrated to these countries in the past, returned to Greece, and since the crisis have arrived again, 2) the children and relatives of the first group, 3) highly skilled professionals such as medical doctors and engineers, and 4) those with lesser education with poor information about prospects in the specific country who often arrive without having arranged work, shelter, etc., and sometimes end up contacting consular authorities to seek assistance for returning to Greece.

It should be noted that data from the Gallup World Poll Survey conducted in 2007-2013 attempted to assess the desire to emigrate in 140 countries. Of those polled in Greece, 22% expressed the desire to emigrate, while the figure among the highly educated was 26%, and among those aged 15-24 was 34% (OECD 2015b). The three main countries of desired destination were Germany (18%), the US (9%),

and Australia (8%). Of course, wishes and plans to migrate do not necessarily result in an actual move.

According to most accounts, the present wave of emigration from Greece is composed primarily of well-educated youth with university degrees. As noted previously, Greek unemployment data reveal that youth with university education have lower levels of unemployment than other educational groups, but it appears that labour demand in desired destination countries corresponds more to their qualifications than those of secondary school graduates. In addition, they are undoubtedly more adept than the latter in using the Internet and other tools to investigate job opportunities abroad.

Comparison of OECD data on stocks of emigrants in various countries in 2000/1 and in 2010/11 (the years of population censuses in most OECD countries) and on their demographic and educational characteristics allows for the assessment of changes in emigration over the decade. Before examining the relevant data for Greece, the trends observed across OECD countries should be noted.

With respect to general trends, the 2014 edition of the OECD's *International Migration Outlook* (OECD 2014) stressed that migration is in constant evolution and that in the last decade to 2014, significant change has been ascertained regarding the profile of those moving to OECD destinations (whether from within the OECD or from third countries). Specifically, recent immigrants have been better educated than their predecessors. More particularly, in the decade to 2014, highly-educated immigrants accounted for 45% of the increase in the foreign-born population residing in the OECD area. In this respect, Greece appears to conform to the trend in the change of profile of those moving, with a larger proportion of the current wave belonging to better educated population segments than was true of past waves of emigration from Greece. On the other hand, Greece appears to deviate from patterns observed elsewhere in that it is not attracting highly-educated immigrants from other OECD countries, as are other OECD members. Another change observed by the OECD (2014) in migration trends is the increase of free-movement migration. Across OECD countries, most of the free-movement migration concerns individuals moving between EU states. The most important destination of this free-movement migration was Germany. As already seen, this latter observation also pertains to the case of Greece.

### 2.3. Emigrant stock and characteristics

While public concern in Greece about high-skilled emigration was sparked by the new wave of emigration that occurred subsequent to the onset of the economic crisis in 2008, Greece has, in fact, been losing precious skills for several decades. Relative indications are provided by OECD data (OECD 2015b) on stocks of those born in Greece living abroad in 2000/01 and 2010/11 and their educational levels.

As can be seen in Table 2.2, about 681,800 individuals who were born in Greece were living in another OECD country in 2010/11, representing a slight decrease compared to 2000/01. As already seen above, emigration from Greece decreased between 2000 and 2004, remained essentially flat between 2005 and 2009, and then increased dramatically from 2009. The data from population censuses taken in 2010/11, of course, do not reflect the continued dynamic of the surge that commenced in 2009. Nonetheless, the data are revealing in many respects.

TABLE 2.2  
Emigrant population: Persons born in Greece living abroad

	2010/11						2000/01
	OECD and selected non-OECD destinations			OECD destinations			OECD destinations
Population 15+	Men	Women	Total	Men	Women	Total	Total
Emigrant population (thousands)	376.0	335.6	711.6	358.5	323.3	681.8	690.2
Recent emigrants (thousands)	...	...	...	24.6	21.1	45.6	27.8
15-24 (%)	5.1	4.8	5.0	4.9	4.5	4.7	4.7
25-64 (%)	61.8	60.6	61.2	61.6	60.8	61.2	70.2
65+ (%)	33.1	34.6	33.8	33.5	34.6	34.0	25.1
Low educated (%)	43.6	53.6	48.3	44.3	54.2	49.0	57.3
Highly educated (%)	24.3	19.5	22.0	23.6	19.1	21.5	15.7
Total emigration rates (%)	7.4	6.5	6.9	7.1	6.3	6.7	6.9
Emigration rates of the highly educated (%)	7.2	5.2	6.2	6.7	4.9	5.8	7.6

Source: OECD (2015b).

First, the total emigration rate (which shows the extent of emigration in relation to the population of the country of origin, including emigrants) from Greece dropped slightly between the decades, given that the new dynamic was only in its initial stages in 2010/11, and specifically, declined from 6.9 to 6.7% (OECD 2015b). For purposes of comparison, it should be noted that a decrease in the emigration rate was also observed for Ireland, Italy, Spain, and Canada over the same decade. The highest emigration rate of all OECD countries in 2010/2011 was, nonetheless, that of Ireland (17.4%), followed by Portugal (15.4%). The lowest rates of the native-born population residing abroad were observed for the United States and Japan, both with less than 1%.

As also seen in Table 2.2, the emigration rate of the highly educated (with tertiary education) from Greece to OECD destinations dropped from 7.6% to 5.8% over the decade, although, if the current wave of emigration from Greece is indeed dominated by well-educated Greeks, as believed, then the rate has changed. In any case, it is evident that Greece's loss of highly educated individuals is not a phenomenon that emerged subsequent to the economic crisis but rather predated it.

It should be noted that an alternative method of calculation employed by the OECD to calculate emigration rates yields quite different results for 2010/2011. Specifically, in this method, the use of which prompts issues regarding comparability of data, immigrants living in the origin country are excluded from the analysis (i.e. they are excluded from the denominator) (OECD 2015b).<sup>6</sup> Implementation of this method for Greece provides a total emigration rate of 8.1% in 2010/11 and a rate of 8.7% for the highly skilled, with Ireland again exhibiting the highest rates of all OECD countries, with 20.8% and 27.3% respectively.

Examination of stocks of emigrants born in Greece by country of destination (Table 2.3) reveals, first, that over the last decade Germany overtook the United States as the number-one destination country of Greek emigrants, posting a gain of 32.2% in the number of its residents

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<sup>6</sup> The discrepancy observed between the two calculations is greatest for countries where a large share of the highly educated population is foreign born.

born in Greece, while the United States recorded a loss of 21.1%. Australia and Canada also exhibited declines in the stock of residents born in Greece. More specifically, in 2010/11, Germany accounted for 31% of those born in Greece living in OECD countries and selected non-OECD destinations, followed by the USA (21%), Australia (14%) and Canada (9%).

It is important to note that these destination countries host Greek emigrants with very different educational profiles. Greek emigrants to the UK were by far the most educated: tertiary-level attainment characterized 69% of the Greek emigrants residing in the UK while the corresponding figures were 47% for France, 31% for Italy, 29% for the US, 23% for Sweden, 19% for Canada, 14% for Belgium, and 12% for Germany (Table 2.3). The UK appears to be successful in attracting well-educated immigrants not only from Greece but also from other EU countries; in 2011, 62% of the migrants in the UK from EU-15 countries had a university degree, while the comparable share among natives of the UK was 24% (Dustmann and Frattini 2014).

TABLE 2.3  
Emigrants born in Greece (population 15+):  
Main OECD and selected non-OECD destinations in 2010/11

	Total		Recent emigrants	Women	Highly educated	15-24	Total in 2000/01
	Thousands	%	%	%	%	%	Thousands
Germany	222.2	31.2	5.6	46.1	12.3	5.2	160.5
United States	150.5	21.1	2.4	46.5	28.7	2.4	173.9
Australia	99.2	13.9	0.8	51.2	7.4	1.0	115.3
Canada	66.4	9.3	0.8	48.7	19.2	1.4	75.7
United Kingdom	35.2	4.9	44.6	45.9	69.1	20.1	33.6
Turkey	28.7	4.0	1.9	51.2	9.7	2.4	58.4
Belgium	13.8	1.9	16.2	50.2	14.2	5.2	14.5
Italy	13.2	1.9	9.3	54.8	30.9	4.5	14.4
France	11.7	1.6	18.3	52.8	47.4	12.7	11.4
Sweden	10.5	1.5	22.0	39.8	23.1	3.2	10.2

Source: OECD (2015b).

The high proportion of Greek emigrants residing in the United Kingdom who are highly educated is related to the UK's dominant position as a destination for Greeks studying abroad, many of whom stay on to pursue careers. On the other hand, the low proportion of highly educated Greeks residing in Germany can no doubt be attributed to the educational composition of past waves of Greek emigrants to Germany. For purposes of comparison, it should be noted that emigrants from Italy and Portugal presented similar differences in educational profile by destination as those observed of Greek emigrants, with Italian and Portuguese emigrants in the UK presenting much higher educational attainment levels than those residing in Germany, Canada, and Australia (OECD 2015b).

It should further be noted with respect to educational attainment that the previous OECD study of diasporas (OECD 2012) observed that the emigrant populations from Southern European countries living in other OECD countries, and specifically those from Greece, Italy, Portugal and Spain, were of lower education levels than the emigrant populations as a whole: 28% of the OECD emigrant population was less educated, compared to about half of those from Southern European countries. Again, recent outflows from Greece (and perhaps other Southern European countries as well) have undoubtedly altered these proportions.

The changing destinations of highly educated Greek emigrants and the changing educational composition of flows of Greeks to Germany are highlighted in Table 2.4. Remarkably, the number of highly educated individuals (with tertiary education) born in Greece but residing in Germany increased by 255.6% over the decade, while only a moderate increase (15.5%) was observed for low-educated migrants (those completing a maximum of lower secondary education), while those of medium education (upper secondary or post-secondary non-tertiary education) are not depicted in the table. Over the same period, notable increases (though less dramatic) in the number of residents with high education who were born in Greece were also exhibited by the United Kingdom, Canada, and Australia.



TABLE 2.4  
Emigrants born in Greece (population 15+):  
Main OECD destinations by education level in 2010/11

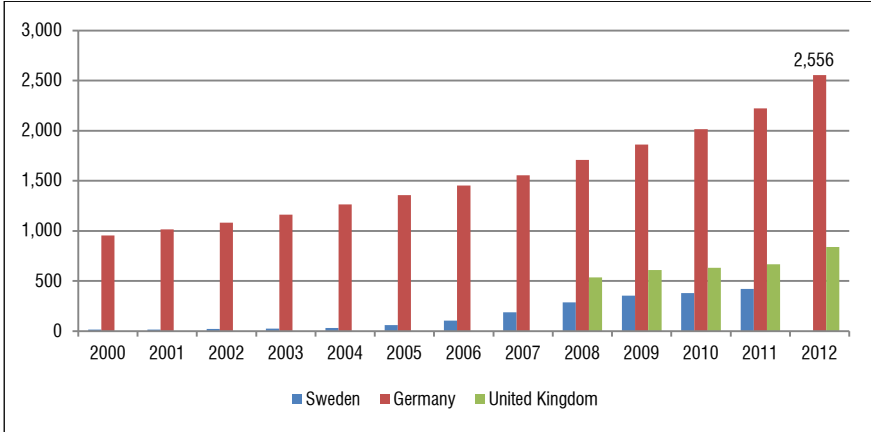
Highly educated emigrants (thousands)		Change since 2000/01 (%)	Low educated emigrants (thousands)		Change since 2000/01 (%)
United States	43.2	+2.5	Germany	127.0	+15.5
Germany	27.4	+255.6	Australia	61.1	-24.6
United Kingdom	24.3	+36.0	United States	48.0	-27.8
Canada	12.7	+26.2	Canada	34.3	-27.0
Australia	7.4	+16.9	Turkey	22.4	-47.1
Total	142.3	+36.2	Total	324.7	-14.9

Source: OECD (2015b).

The emigration of doctors from Greece, and particularly to Germany, has figured prominently in the mass media as a topic meriting concern. The dearth of domestic employment opportunities is reflected in figures released in December 2015 by the Medical Association of Athens (Ιατρικός Σύλλογος Αθηνών). According to its data (*Kathimerini* 22.12.2015), 27.5% of its members were either unemployed or employed only part-time. At the same time, data from the Manpower Employment Organization (OAED) indicated that 3,821 doctors were officially registered as unemployed and 1,259 of these were receiving unemployment benefits.

The emigration of doctors and nurses was a special focus of the 2015 edition of the OECD's *International Migration Outlook* (OECD 2015a). The data confirm that the number of doctors trained in Greece and working in other countries has risen remarkably in recent years, with Germany as the favoured destination. More particularly, the number of doctors trained in Greece and working in Germany increased by 50% between 2008 and 2012, from just over 1,700 to almost 2,600 (OECD 2015a). However, as seen in Diagram 2.2, the migration of Greek-trained doctors to Germany is not a new phenomenon but has been substantial since at least 2000. As also seen in the diagram, the numbers of Greek-trained doctors working in the United Kingdom and Sweden have also been on the increase in recent years.

DIAGRAM 2.2  
Changes in the numbers of doctors trained in Greece  
in three OECD countries, 2000-12



Source: OECD (2015a).

Note: Data for Germany refer to the number of doctors of Greek nationality. Data for the United Kingdom are only available for 2008-2012.

As noted by the OECD (2015a), not only Greece but also Italy was severely impacted by the economic crisis and witnessed increased emigration of its native-trained doctors after 2008. Germany has been the most popular destination for Italian doctors as well as for Greek doctors, though France is a close second in the case of Italian doctors. It should be noted that concurrent with the movement of doctors to Germany from crisis-struck countries such as Greece and Italy, emigration of German-trained doctors was also underway, with Switzerland figuring as one of their main destinations. Therefore, the migration of doctors to Germany from crisis-struck countries such as Italy and Greece can be seen as offsetting, to some extent, the emigration of German doctors (OECD 2015a).

It should further be noted that Greece has long had a surplus of doctors, as well as a mismatch between supply and demand for specific medical specialties, which reflects the longstanding failure of the educational system to adapt to labour market needs. As early as 1976, a report by the Centre of Planning and Economic Research (KEPE

1976) ascertained that the per capita ratio of doctors in Greece was exceptionally high compared to other countries, warning that the size of the intake of medical students at the time would further exacerbate the oversupply of doctors. However, the admission numbers of public medical schools were never adjusted downward to correspond with this reality. In 2000, Greece already had the highest number of practicing doctors per 1,000 residents of all OECD member countries but by 2013 the ratio of doctors in Greece per 1,000 residents (6.3) had far outstripped that of its nearest rival among OECD countries, Austria (5.0), while the OECD average was 3.3 (OECD 2015c). The exodus of Greek medical graduates has been spurred not only by the lack of domestic employment opportunities but also by the long wait (often years) required of medical graduates until they can occupy a slot to begin training for their medical specialization.

In order to place in comparative perspective the emigration of doctors trained in Greece, it should be noted that the expatriation rate of Greek doctors to other OECD countries was calculated to be 6.7% for 2010/11, compared to 6.3% for the 28 countries of the EU and 4.1% for OECD countries, with the continent of Africa presenting the high expatriation rate of 13.9% (OECD 2015a). As for other crisis-struck countries of Southern Europe, the emigration rate for Portugal was 2.7%, Italy 2.4%, and Spain 2.1%, compared to Greece's 6.7%. Albania, Greece's neighbour and long the main source of immigration to Greece, presented an expatriation rate for doctors of 13.6%.

In the same OECD study (OECD 2015a), Greece was not found to be haemorrhaging nurses as it was doctors, contrary to the experience of many other countries. Specifically, the expatriation rate of Greek nurses to OECD countries was ascertained to be 3.2% for 2010/11, compared to 4.9% for the 28 countries of the EU and 2.8% for OECD countries, with Africa again presenting the highest rate of all continents, 12.6%. With regard to the other recession-hit countries of Southern Europe, Portugal exhibited a nurse expatriation rate of 10.4%, Spain 2.8%, and Italy 1.6%.

Labour market indicators of persons born in Greece living in OECD countries in 2010/11 (Table 2.5) show that 71% and 55% of the men and women, respectively, were employed, representing increases in the rates for both genders compared to 2000/1. Employment rates

were much higher though for the highly educated, with 81% for men and 70% for women in 2010/11. Likewise, the highly educated Greek emigrants presented lower unemployment rates than the total Greek-born population residing in OECD countries. Nonetheless, it should be noted that a substantial proportion (21.4%) of the highly educated were employed in low and medium skilled jobs. Overall, it was estimated that 40.1% of the Greek-born population in OECD destinations were employed in highly skilled occupations (of whom 7.0% were health professionals and 8.3% teaching professionals), 47.2% in medium-skilled professions, and 12.8% in low-skilled occupations.

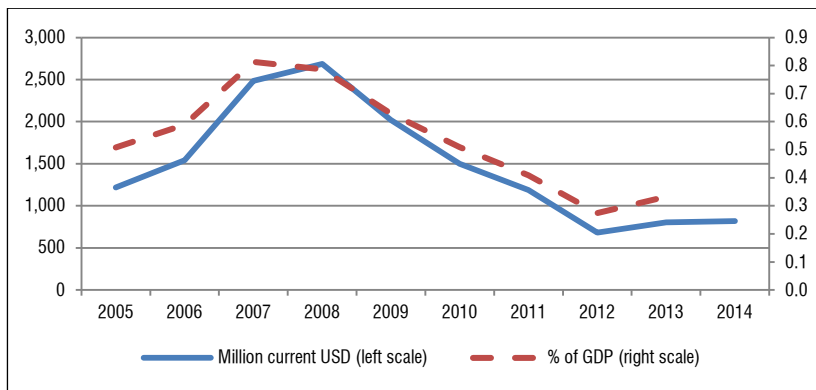
TABLE 2.5  
Indicators of the labour market situation  
of persons born in Greece living in OECD countries

	2000/01			2010/11		
	Men	Women	Total	Men	Women	Total
Population 15-64						
Employment rate (%)	67.7	47.4	58.4	70.8	54.8	63.3
Unemployment rate (%)	7.4	4.5	6.3	8.4	8.5	8.5
Participation rate (%)	73.2	49.6	62.3	77.3	59.9	69.1
<b>Total employed (thousands)</b>	<b>192.6</b>	<b>114.5</b>	<b>307.1</b>	<b>167.8</b>	<b>115.5</b>	<b>283.2</b>
Employment rate of the highly educated (%)	77.8	61.4	71.6	80.8	70.2	76.1
Unemployment rate of the highly educated (%)	4.0	5.6	4.6	5.3	7.4	6.1
Highly educated in low and medium-skilled jobs (%)	...	...	26.3	...	...	21.4
<b>Highly educated employed (thousands)</b>	<b>45.3</b>	<b>22.1</b>	<b>67.4</b>	<b>54.6</b>	<b>37.1</b>	<b>91.7</b>
<b>Distribution of employment by occupation (%), population 15+</b>						
Highly-skilled occupations	...	...	32.9	40.7	35.2	40.1
<i>Of which:</i>						
Health professionals	...	...	...	...	...	7.0
Teaching professionals	...	...	...	...	...	8.3
Medium-skilled occupations	...	...	53.8	49.6	46.4	47.2
Low-skilled occupations	...	...	13.3	9.7	18.5	12.8

Source: OECD (2015b).

Interestingly, remittance flows to Greece appear to have diminished since the onset of the economic crisis, despite all indications of increased emigration by Greeks. As seen in Diagram 2.3, remittance flows grew from 2005 until 2008, declined from 2008, and then exhibited a slight rise from 2012.

DIAGRAM 2.3  
Remittance flows to Greece



Source: OECD (2015b).

It should be noted that a study (Lambrianidis 2011) of brain drain from Greece was launched just subsequent to the onset of the economic crisis, and focused on dimensions such as its extent, timing, characteristics, as well as on the factors causing it. Regarding its extent, the study estimated that in 2010, about 110,000-135,000 tertiary graduates (of universities in Greece or abroad) born in Greece were working abroad, or 8.5%-10.5% of the tertiary graduates who live in Greece. As in the OECD survey, these figures include Greeks who have left over the past decades and not just those of the latest wave.

The estimate was extrapolated on the basis of data from four countries: the US, the United Kingdom, Germany and Australia. More specifically, it was ascertained that in the year 2000, 165,750 individuals born in Greece were residing in the US (77% of whom held US citizenship), and that 31,490 of these individuals were university graduates. Likewise, it was found that in 2008 there were 17,644 Greeks living in

the UK, of whom 8,883 were university graduates, of whom 5,711 were working. In Germany in 2008, there were 232,000 first-generation Greek migrants, of whom 12,000 were university graduates, while first-generation Greek migrants working in Australia numbered 109,900, of whom 17,397 were university graduates, and 11,664 were employed. According to the survey (Lambrianidis 2011), 55% of Greek university graduates lived in these four countries, yielding a total estimate of 126,616 Greeks who were living abroad and were university graduates.

#### **2.4. Data from surveys of Greek university graduates abroad**

Two surveys (Lambrianidis 2011; Triandafyllidou and Gropas 2014) have attempted to map the profile of university graduates who have emigrated. Both surveys used web-based questionnaires and snowball techniques and the authors of both express caution as to their representativeness. Nonetheless, they provide valuable information given the paucity of relevant studies.

The first study (Lambrianidis 2011) analysed 1,821 questionnaires completed in 2009 and 2010. As for destinations, it was found that the UK and the US were the main countries of employment for Greek university graduates, but that the UK had increased its share over the last decades. Specifically, it was found that of the respondents who settled abroad for employment between 1991 and 2000, 34% headed to the US and 30% to the UK but for the period 2001-2010, the figures were 22% and 36%, respectively. The five countries of the UK, the US, Germany, Switzerland and France accounted for 75% of the survey sample for the total period 1951-2010. The study discovered that Greek university graduates who have worked abroad are a very diverse population: some hold very prestigious positions and are very well paid while others are just beginning their careers. Some have decided to remain abroad permanently, others are in the process of returning to Greece, some have returned, while yet others returned and left again.

The second study (Triandafyllidou and Gropas 2014) concerned high-skilled emigrants and included nationals not only of Greece but also of Italy, Ireland, Portugal and Spain. Of the 6,750 questionnaires completed in 2013, 919 were from Greek nationals, 89% of whom held a higher education degree, while 54% had completed postgraduate studies. The main destination countries among the respondents were, in order of importance, the UK, Germany, the Netherlands, Belgium, Switzerland and France. The most common disciplines studied by the Greek emigrants were 1) engineering, 2) economics, management and business, and 3) IT and computer sciences. Contrary to the case of Greek emigration in the postwar decades, social networks appeared to play a limited role in choice of destination country or city; respondents did not mention connections with Greeks living abroad as an important reason for choosing the specific destination.

The two studies came to similar conclusions about the motivations for leaving Greece. The main reasons cited by respondents for working abroad were that in Greece they could not satisfactorily utilize their knowledge and skills or have the same opportunities for career advancement and recognition. Differences in career prospects rather than salaries appeared to be a much more important factor in shaping the decision to emigrate. Many respondents also cited the superior work environment and quality of life they encountered abroad. Both studies found that Greek youth increasingly see their careers and lives in a global frame compared to youth of the past. Even when not unemployed in Greece, many considered migrating in order to acquire new professional and personal experiences, and some to escape the perceived constraints of Greek society and family. It should be noted that the Lambrianidis (2011) survey found that not only were the respondents not sending remittances to Greece but that many were, in fact, receiving monetary support from their families in Greece.

The Lambrianidis (2011) survey ascertained great variation in attitudes towards Greece; some had very negative feelings about Greece while others were more positive. Almost all, however, had negative perceptions about certain aspects of life in Greece: bureaucracy, lack of meritocracy, lack of respect for others, corruption, nepotism, and the poor quality of public space. These same features were cited by

respondents in the other study (Triandafyllidou and Gropas 2014) as major disadvantages of life in Greece. Attractive aspects of Greece that were mentioned often by respondents in both studies were the presence of family members and friends, its social life, good climate, good food and quality of life. On the other hand, all those working abroad and surveyed by Lambrianidis (2011) had very positive attitudes about the society where they lived, and specifically, that it was well organized, with an easy everyday life and many professional opportunities. At the same time, they wanted their value to be recognized by their country of origin and wished to contribute to their homeland and perhaps return. While aware of the large pay differences they command in Greece and abroad, these differences were rarely cited as a major reason for emigrating; instead, qualitative differences were deemed more important as incentives for moving, and, specifically, differences with respect to work conditions, opportunities for career advancement, the wider institutional environment, and meritocracy.

In sum, large numbers of well educated, highly skilled Greeks have left Greece in the last decades to work abroad. Nonetheless, it should be noted that there is no evidence that emigration has resulted in skills gaps in Greece so far. Two professional groups that have been highlighted in the media as being particularly prone to emigration are medical doctors and engineers –fields where shortages do not seem to appear.

Even though gaps in skills have not yet been evidenced, there is little doubt that the current wave of emigration is depriving Greece of human capital that could make a significant contribution to Greece's economic recovery and future development. While public concern about emigration has peaked since the crisis, the fact is that Greece has been losing precious skills for several decades.

## **2.5. Indications of the magnitude of Greek talent abroad**

As has been claimed by various observers (Lambrianidis 2011; Herrmann and Kritikos 2013), it is particularly the most talented Greek



university graduates who have emigrated from Greece in the last decades and are currently working and living abroad. Various types of data suggest the magnitude of the Greek talent pool whose knowledge and skills are currently being put to work outside the country.

According to Herrmann and Kritikos (2013), the Greek diaspora includes a significant number of scientists working at premier research institutes and high-tech companies in both the US and Europe. Indications of the wealth of scientific talent abroad are provided by European Research Council (ERC) data which show that more research grants were awarded between 2007 and 2011 to researchers of Greek origin working outside Greece in other European countries than in Greece.<sup>7</sup> When compared to other European countries, Greece was the only country “exporting” more talent to other European countries than it managed to retain. The percentage of Greek researchers located both in Greece and other European countries receiving ERC grants compared to the Greek population was discovered to be similar to those of European innovation economies. According to the same account, Greece should strive to create an innovative, “Silicon Valley”-type economy, building on the asset of its impressive diaspora involved in research, finance and business abroad, as well as its assets of a few outstanding research centres and attractive physical characteristics, such as climate and landscape, stressing that reform of the regulatory and institutional framework is necessary in order to create an innovation-friendly environment.

Using Google Scholar citation data, Ioannidis (2014) found that Hellenism accounts for about 3% of world-class scientists even though it accounts for only about 0.15% to 0.20% of the world’s population. However, about 85% of these internationally recognized scholars are not located in Greece but abroad. More specifically, 336 scientists with Greek names were found among the scientists who had at least 10,000 citations to their work and at least one publication with 500 citations, or between 4,000 and 10,000 citations to their work and at least one publication with more than 1,000 citations. Of these 336 scientists, 85%

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<sup>7</sup> Data comes from the competitive funding scheme of the European Research Council, 2007-11 (Herrmann and Kritikos 2013).

were working abroad, while of the remaining scientists located in Greece, many had done the relevant research and publication while they lived abroad. As a result, it was estimated that about 95% of the published work of the 336 scientists had been carried out abroad rather than in Greece.

The 2014 Forbes 400 list of the wealthiest people in the US contained seven individuals of Greek descent. Inclusion on the 2014 list required wealth of at least 1.55 billion US dollars. The aggregate wealth of the extremely successful businessmen of Greek origin was 16.68 billion US dollars.

Obviously, there are thousands more successful businessmen of the Greek diaspora with very substantial fortunes, not only in the US but also in Europe and elsewhere. In addition, scores of Greek shipping magnates with fabulous resources are based in London and New York or elsewhere, many of whom visit Athens or Piraeus frequently.

In short, eminent members of the Greek diaspora are to be found at the pinnacles of both the world of business and the world of academia, wielding great power and influence. As previously noted, the abundance of examples of exceptional accomplishment by members of the diaspora have long fuelled the Greek public imagination and have become elements of the Greek ethnic identity narrative, in which their success serves to demonstrate the magnitude of Greek talents and abilities that remain unrealized in the homeland due to the “perversities” of the Greek institutional framework but which flourish spectacularly when unleashed abroad.

## **2.6. Conclusion**

In the first decades of the twentieth century and in the first decades after World War II, large proportions of the population left Greece. Assessments of the repercussions of emigration during those decades for Greek economic development are divided. There is agreement, however, that the Greek state failed to reap the potential benefits of this emigration, for instance by developing policies to channel migrant savings and remittances to productive uses.

After its transformation from a migrant-sending to a migrant-receiving country in the 1970s, Greece is once again experiencing substantial emigration subsequent to the onset of economic crisis. This time, however, the human capital composition of the exodus is very different: it is particularly well-educated Greeks who are leaving.

Examination of data indicates that, in fact, Greece has been losing highly educated Greeks for several decades now. In recent years, Germany and the United Kingdom have been the primary destinations. Survey data reveal that the main motivations for leaving were the lack of opportunities to utilise their knowledge and skills in Greece. Loss of precious talent poses new policy challenges for Greece.

## CHAPTER 3

### DEFINING DIASPORAS AND INTERNATIONAL EXPERIENCE WITH CAPACITY-BUILDING POLICIES FOR DIASPORA ENGAGEMENT

#### 3.1. Introduction

Specialised policies for tapping the diaspora potential for home-country economic development, to be examined in the next chapter, are part of a larger constellation of policies typically directed at diasporas. Policies soliciting diaspora contribution to home country development usually presuppose other types of diaspora policies which build relationships with diaspora communities.

Among such policies are those which are often termed “capacity-building”, in other words, facilitating the engagement of the diaspora as development partners. In this chapter, three types of capacity-building diaspora policies commonly implemented by migrant-sending states will be briefly examined: 1) those which create or reinforce a shared national identity, 2) those which aim at creation of reciprocity by providing rights, benefits, or recognition to the diaspora, and 3) those which create institutions for diaspora engagement. In the final section, new thinking and trends concerning diaspora strategies and capacity-building will be discussed.

However, before commencing with an examination of diaspora policies in this and the following chapters, a discussion of definitions and conceptualizations of diasporas is in order. As will be seen, diaspora is a product of social construction, and this is precisely the reason governments devote so much effort and so many resources to laying the groundwork so that diasporas can be tapped to promote national interests.

### **3.2. Defining diasporas**

The word diaspora is, of course, derived from the Greek word “speiro” (to sow, scatter or disperse) but first found widespread international use in reference to the Jewish diaspora, and was generally used to imply forced displacement, connoting “victim groups” dispersed through coercion. As the term is currently used, formation of a diaspora may be the result of traumatic events in the home country or “simply” the result of the search for employment. Most definitions of the diaspora include not only emigrants but also their descendants.

As defined by the European Commission (OECD 2012, p. 16), “The diaspora from a given country ... includes not only the nationals from that country living abroad, but also migrants who, living abroad, have acquired the citizenship of their country of residence (often losing their original citizenship in the process) and migrants’ children born abroad, whatever their citizenship, as long as they retain some form of commitment to and/or interest in their country of origin or that of their parents.” The Commission goes on to add that “in some extreme cases, such as the Chinese diaspora”, people may still feel part of a country’s diaspora even though their family has been living in another country for several generations.

In addition, most definitions of diaspora include the notion of a collective memory and often the idealisation of the homeland. As stressed by Cohen (2008), migrants are not synonymous with diaspora in that diaspora implies a collective identity; diasporas are a special case of ethnicity<sup>8</sup> and can be considered “imagined transnational communities which unite segments of people that live in territorially separated locations” (Sokefeld cited in Cohen 2008: 13). Important research questions concerning diaspora formation and mobilization emerge from this conceptualization, such as a) which events or developments provoke a diasporic response, b) which agents or groups undertake the dissemination of a diasporic discourse and promote a

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<sup>8</sup> This concept builds on the classical conceptualization by Benedict Anderson (1983) of nations and ethnicities as “imagined communities,” i.e. as socially constructed communities imagined by the people who perceive themselves to be members of the community.

vision of a diasporic community, c) which threats and opportunities help unite people in transnational organizations and d) which ideas are used by opinion makers in their attempt to create and reinforce a diasporic consciousness.

In other words, “a diasporic consciousness must be mobilized (that is, socially constructed). A significant number of social actors need to accept their collective self-definition as a transnational community, organize to spread this perception and persuade others to participate in actions designed to cement their diasporic character and status” (Cohen 2008: 13). Moreover, again according to Cohen (2008), collective identity is usually mobilized in solidarity with co-ethnics, and ties such as language, religion, culture, or sense of a common fate lead to intimate or affective bonds which citizenship or long-term residence in the destination country often fail to create. Cohen considers “co-responsibility” to be an apt term for this sentiment.

In short, diasporas are not groups that “naturally” or necessarily come into existence as a result of emigration but rather “can be heterogeneous populations that are self-consciously imagined and developed into collectivities through the ‘projects of states and émigrés’” (Waldinger cited in Gamlen 2008). In this light, “diaspora” can be considered “as an umbrella term for the many extra-territorial groups that, through processes of interacting with their origin state, are in various stages of formation” (Gamlen 2008: 2). It includes diverse groups such as migrants who move between country of origin and destination country/ies, first-generation emigrants more firmly settled in destination countries, and descendants of emigrants who may identify themselves as part of a diaspora community.

In recent decades diasporas have become more prominent on the world stage for various reasons (Vertovec 2005). Sending countries such as Israel consider their diasporas to be strategically important political assets and have created strong lobbies and influenced foreign policy in international seats of power. At the same time, policies embracing multiculturalism in receiving countries have resulted in the revitalization of ethnic identity and pride. Moreover, new communication technologies provide greater possibilities for mobilizing diasporas.

Examination of diaspora websites in the mid-2000s revealed that, compared to the past, diaspora groups were placing less emphasis on

the traumatic, melancholic aspects of the diaspora experience and instead “celebrate a culturally creative, socially dynamic, and often romantic meaning” (Vertovec 2005:1). In addition, the dream of return to the homeland was downplayed and greater importance was placed on ideological identification and transnational practices which could connect diaspora members with the homeland.

Belonging to a diaspora implies emotional attachment to the homeland as well as concern about developments there and problems faced by co-ethnics. Natural disasters, conflicts, economic recession, or other traumatic experiences can reinforce this attachment, while changes in government can boost or deflate attachment, just as effective and ineffective diaspora policies developed by the home country can increase or decrease this sense of identification and commitment. In other words, diasporic identity can be lost entirely, fluctuate over time, remain active or become dormant.

Finally, it should not be assumed that diaspora members share similar views and experiences because of their identification with a common homeland (Vertovec 2005) This is an especially important point in the case of Greece, whose diaspora members migrated at very different points in time (for example in the postwar period as opposed to the recent past) in very different socio-economic settings and with very different human capital composition. Moreover, as will be seen in Chapter 5, the Greek diaspora and its notional representative body, the World Council of Hellenes Abroad, has been rocked by serious controversy and intense disagreements in recent years.

It is clear from the above that diaspora is a product of social construction. The extent of identification with the country of origin and the sense of commitment toward it depend to a very large extent not only on the initiatives and actions of migrant communities but also on the efforts of countries of origin. There is huge scope for states to create and reinforce collective identities which can be drawn upon to mobilize diaspora potential to contribute to national goals. At the same time, the attachment of members of the diaspora to countries of origin also depends on characteristics of integration in the destination society. For example, when destination countries implement multicultural integration policies rather than assimilationist integration policies, the retention of ties to the homeland may be facilitated. Or, when assimilationist

policies fail, diaspora individuals may tend to identify with the homeland.<sup>9</sup>

Therefore, the identification and commitment of diaspora individuals to their home countries vary significantly. Diasporas have so much to offer their home countries, especially in the realm of politics and foreign affairs and in the realm of economic development, that countries of origin have invested substantially in the creation and maintenance of ties with their diasporas, through diaspora capacity-building policies of the following types.

### **3.3. Symbolic nation-building**

According to Gamlen's typology of diaspora policies (Gamlen 2006), the first type of capacity-building policies is one whose goal is to produce "a state-centric 'transnational national society'"; in other words, the goal is symbolic nation-building. Countries of origin attempt to buttress claims of shared national identity with various means, such as, for example, the creation or support of programmes to promote learning the national language and history among diaspora communities. As will be seen, a large proportion of the efforts of Greece's governmental institution devoted to diaspora policies, the General Secretariat for Greeks Abroad (GSGA), corresponds to this goal, with programmes for language learning and for promotion of national or regional cultural traditions. Other activities supported by home countries to reinforce shared national identity include the celebration

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<sup>9</sup> A recent event that was much commented upon with respect to the national identifications prioritised by individuals of migrant descent was the 2014 World Cup football tournament. Two-thirds of the footballers selected to play in the event lived and worked outside the countries whose shirts they wore. France was the country of birth most likely rejected by footballers in the World Cup, with French-born players of migrant descent very often choosing to play for the Algerian national team. In contrast, few English-born players of migrant descent chose to play for the teams corresponding to their migrant origin. These choices can be considered to reflect the success or failure of policies for migrant integration in various migrant-receiving countries (*New Statesman* 2014).



of national holidays in diaspora communities, such as the 25<sup>th</sup> of March observations and parades funded by the Greek government in foreign cities. In addition, home countries often organize large diaspora conferences or conventions for a variety of purposes: to symbolize a willingness to listen to the diaspora, to elect, appoint or meet diaspora representatives and initiate relationships with them, or to present national concerns and request feedback and assistance to promote these effectively. The common aim of all such efforts is to reinforce a sense of belonging to the home state so that the diaspora can be “governed” (Gamlen 2006).

Diaspora policies seeking to create and reinforce a shared national identity sometimes target the second or even successive generations, a long-term investment strategy. A widely recognized successful example of “birthright programmes” (Agunias and Newland 2012) is the Taglit-Birthright Israel programme, whose establishment stemmed from concern about the continuation of Jewish culture and heritage, in light of the fact that 75% of the world’s Jewish population is born in the US while the US 1990 census found that 51% of Jews were married to non-Jews and that only 16% of children from mixed marriages were raised as Jews (Aikins and White 2011). The programme takes Jewish youth aged 18-26 to Israel for ten days. Research on the programme’s results showed that ten days in Israel were more effective in instilling Jewish heritage and pride than five years of attendance at extracurricular Jewish schools and also that those who participated were 51% more likely to marry a Jewish person than youth who applied for the programme but finally did not attend.

Another example of a “birthright programme” that attempts to familiarize youth living abroad with their ancestry, thereby implementing a long-term strategy vis-à-vis the diaspora, is the Nepomak Discover Cyprus Programme, launched in 2004 by the Cypriot government together with the University of Cyprus and the Youth Board of Cyprus, in response to the demand by young Cypriots to connect with their roots (Agunias and Newland 2012). Every summer, approximately 50 successful Cypriot applicants aged 18 to 22 from eight participating countries followed intensive Greek language courses for three weeks at the University of Cyprus and went on excursions to various sites of cultural and historical significance. The programme relied on sponsors to fund

scholarships that covered the cost of airfare, accommodation, excursions, and course fees.

In comparison to the Cypriot programme, the duration of the programme Birthright Armenia is much longer, offering young diaspora members internships and community service placements in Armenia that span from eight weeks to a year (Agunias and Newland 2012). The goal of the programme is to educate Armenian diaspora youth about the social, cultural, economic and political issues and needs in the homeland in order to predispose them to contribute to Armenia's development in the future. A shared Armenian identity and cultural ambassadorship are promoted through the programme, and youth return to their countries of residence and participate in networking programmes, advocating Armenian interests.

As will be seen in Chapter 5, the Greek government supports similar programmes through the General Secretariat for Greeks Abroad (GSGA), although the amount of funding and the number of hosted youth have declined precipitously subsequent to the economic crisis.

### **3.4. Reciprocity**

Another type of diaspora engagement policy concerns the extension of rights or benefits to the diaspora. While the extension of civil, political, or social rights to diaspora members may be threatening to sovereign states, it is often considered crucial for the success of home-state attempts to extract obligations from their diasporas; according to one formulation, "the strength of states' claims to legitimately extract benefits from 'their' diasporas arguably flows from their reciprocal provision of benefits" (Gamlén 2006: 13) while according to another formulation, "diaspora policies work best when engagement is a two-way street, in which all parties see clear rewards (whether psychic or material) from working together" (Newland and Plaza 2013: 3-4) and yet another formulation, "if a diaspora strategy is to be sustainable, it must result in creating mutually beneficial relationships and partnerships between the homeland and the diaspora" (Aikins and White 2011). As has been noted (Agunias and Newland 2012), partnerships need a

strong foundation of good communication and mutual trust in order to succeed. Very often, diasporas have felt that their home countries have viewed them simply as “cash cows,” to be turned to for financial or other support when needed, and then ignored.

Some home countries have extended voting rights to their expatriates, although often such rights have been granted more in principle rather than in practice, given that countries wary of the possible outcome of such measures have often adopted polling methods that render participation impractical (Gamlen 2006). Relevant Greek attempts and discussions to extend voting rights to members of the diaspora will be examined in Chapter 5.

Other examples of the extension of rights to members of the diaspora by various governments concern legal status in the home country, such as provision of citizenship (and allowance for dual citizenship), the issuance of long-term visas for expatriates, the provision of identity cards with special privileges, or the waiver of related obligations such as compulsory military service. Further examples are improved consular services, and reduced bureaucratic and administrative hurdles for cross-border transactions (Newland and Plaza 2013).

Provision for special property rights is another commonly used policy to engage diasporas. Many countries restrict the rights of foreign nationals concerning ownership of real estate and property. Some of these countries have extended privileges to former citizens who have become citizens in other countries, as well as to their descendants. For example, an individual who at some point held an Indian passport or whose father or grandfather was a citizen of India has unlimited access to residential and commercial land, unlike other foreign nationals. The Philippines has similar provisions for former citizens and the second generation of emigrants (Agunias and Newland 2012).

Tax incentives are another area that has frequently been incorporated into diaspora engagement strategies. For instance, governments have introduced exemptions on expatriates' belongings imported from abroad, especially for those who want to return permanently. Reduced income tax rates have also been implemented for returning citizens. Some countries have adopted tax exemptions on investments and lowered tariffs on equipment imported to the home country, in an attempt

to support diaspora entrepreneurs' efforts at establishing transnational businesses (Agunias and Newland 2012).

Yet another area of related policies concerns portable benefits for diasporas, especially those concerning pensions and medical and life insurance. Lack of portability is considered to reduce engagement with home countries as it inhibits temporary or permanent return (Agunias and Newland 2012).

It should be noted that measures of the types presented above that offer privileges to the diaspora may be perceived by the local population as unfair, inducing hostility and resentment. This has particularly been the case with respect to electoral provisions that reserve a certain number of legislative seats for districts voting abroad. Therefore, local support for such diaspora measures should be ensured.

One specific example of diaspora engagement through special legal statuses is that of India, which has an estimated diaspora of 25 million. India has introduced a number of different categories of overseas Indians: Non-Resident Indians, People of Indian Origin, and Overseas Citizenship of India (OCI). The latter status was introduced in 2005 and although it does not offer regular citizenship, it confers privileges such as multiple entries and multipurpose lifelong visas to visit India. Since its inception in 2005, more than 575,000 OCI visas have been issued (Aikins and White 2011).

Similarly, Poland has introduced the "Poles Card" (Karta Polska), which is granted to people with documented proof of Polish roots or connection with Polish culture and rudimentary understanding of the language. An application for the card can be submitted at Polish consulates, which make the decision to issue the card. Bearers of the card are exempted from applying for a work permit as required of other foreign citizens, can set up a company on the same basis as Polish citizens, participate in the educational system, including graduate studies, as well as in research and development work, and use Polish healthcare services in case of emergency (Aikins and White 2011).

Another way to provide for mutually beneficial relationships with the diaspora is to create systems for formal rewards and recognition. For many, though not all, diaspora members, an act of recognition or expression of appreciation may be important. Some of the mecha-

nisms that have been used towards this end are: formal honors systems such as the Order of Canada or the Legion d'Honneur of France, honorary degrees or appointments awarded by universities, recognition through the network of the home country's embassies or consulates, invitations to meet visiting members of the home country's government, or membership in some recognized body of advisors.

A specific example of a recognition system is the World-class New Zealand Awards, an annual red-carpet, black-tie event hosted by the Prime Minister and attended by 500 prominent New Zealand business leaders, where individuals who have made major contributions to New Zealand's global success are honored. Another example is the Pravasi Bharatiya Samman Awards with which the Indian government recognizes overseas Indians who have done exceptional work in their profession or field (Aikins and White 2012).

### **3.5. Building institutions for diaspora engagement**

Capacity-building includes the creation of institutions and networks to engage the diaspora in home-country concerns and projects. Often, institutions are created in the public sector while other times initiatives that begin in the private sector take on institutional form in the public sector, while yet others remain in the private sector but collaborate with public bodies. The creation of diaspora networks is increasingly assigned a top place on agendas for engaging the diaspora, given the ever greater recognition of their importance for stimulating home country growth. In this section, various public and private forms for diaspora engagement will be examined.

Many home states have established specific governmental offices for diaspora engagement, at various levels of government, while some countries have created multiple institutions devoted to diaspora engagement at different levels of government. Some function at the ministry level, others at a subministry level, while some are part of a consular network and others operate as quasi-governmental institutions (Agunias and Newland 2012). Greece, for example, has a General Secretariat for Greeks Abroad (GSGA) within its Ministry of Foreign Affairs.

On the other hand, Armenia has a dedicated ministry –the Ministry of Diaspora, while Albania (whose top destination for migrants is Greece) has a Diaspora Department within its Ministry of Foreign Affairs.

A common problem faced by many such government diaspora institutions is that they lack the requisite financial, technical, and political resources to carry out their programmes and policies. The result is often “institutions rich in ambition but poorly able to implement their vision” (Agunias and Newland 2012: 90).

Monitoring diaspora populations is the activity common to such government agencies, and is usually carried out through involvement with diaspora associations, often in conjunction with consular services. As has been noted (Gamlen 2006), the budgets allocated to such activities can create tensions: residents of the home state may resent the state’s expenditure on non-tax-paying expatriates while some expatriates may object to the state’s selection, and empowerment, of certain diaspora individuals or groups as “representatives” of the diaspora community. This latter type of conflict can be observed at present with respect to the Greek diaspora. As will be seen in Chapter 5, discussions in the relevant Greek parliamentary committee concerning a new law for the World Council of Hellenes Abroad (SAE) have been characterized by bitter disagreements about membership and representativeness of the body.

The location of the diaspora portfolio within the governmental hierarchy affects not only its influence both inside and outside the government, but also its mandate and effectiveness. Very often, special diaspora agencies are located within foreign affairs ministries (as the case of Greece), and other times within labour ministries, with a primary mission of protecting the rights of migrants abroad, or yet within other ministries. An investigation of diaspora institutions in 56 countries (Agunias and Newland 2012) revealed that in no country was a diaspora agency located within a government body or ministry responsible for development planning, as might be considered appropriate given new thinking about the potential offered by diasporas for economic development.

With respect to the location of diaspora agencies within the government hierarchy, it should also be noted that in some countries, di-

aspora institutions without ministry standing report directly to the highest executive body, enjoying an influential position within the government. For example, the Philippines, which was one of the first countries to develop comprehensive diaspora policies, has multiple devoted institutions and one of these, the Commission on Filipinos Overseas, lies directly under the Office of the President and is encharged with promoting economic and cultural ties between the Philippines and its diaspora. Contrary to its other diaspora agencies, this Commission deals principally with Filipinos who have either acquired citizenship in the destination country or are permanent residents there.

Other countries have created intergovernmental or parliamentary committees to coordinate policies and actions concerning their diasporas. For example, the National Council on Mexican Communities Abroad includes secretaries of various ministries. Likewise, the Overseas Chinese Affairs Office is an administrative office under the State Council, the country's highest executive body (Agunias and Newland 2012) and includes activities such as the operation of two universities serving the Chinese diaspora as well as the compilation of databases organized by city, county and province so that diaspora members can trace their ancestral roots and homes. In some cases, countries have created special committees within their legislative bodies. For example, Poland established the Polish Commission in its lower legislative branch while both China and the Philippines have similar diaspora committees within their legislative bodies. As will be seen in Chapter 5, Greece also has a special standing parliamentary committee for diaspora affairs.

Moreover, in some countries, local level institutions have been created for diaspora engagement because it has been ascertained that diaspora often prefer to get involved at the local level, where they frequently maintain family or other ties (Agunias and Newland 2012). Such local institutions have been identified in El Salvador, India, China, Somalia and Mexico. In China, local diaspora offices exist in 30 provinces as well as in specific cities and towns. While local diaspora offices receive general policy directions from the central government, which convenes annual meetings of local agencies, these offices enjoy relative independence and develop innovative methods to attract diaspora investment to their localities. For example, the Economic and

Technology Division of Shanghai's Overseas Chinese Office has strengthened Shanghai universities' alumni associations located in the US in order to better inform these alumni about business and research opportunities in Shanghai (Aguinas and Newland 2012). Similarly, the "Ireland Reaching Out Project" embraces initiatives of local communities which target those who have emigrated: instead of waiting for the diaspora to contact them, they assemble information at the level of town, village, and parish levels to trace those who have moved abroad and invite them and their descendants to become part of their place of ancestral origin (Aikins and White 2011).

Consular networks are also utilized by governments in order to engage with their diasporas (Aguinas and Newland 2012). Most nations with large diasporas have an active consular presence in the top destination countries of their emigrants, and have increasingly directed their consulates to assist their migrants and strengthen their ties with the home country. Most embassies and consulates provide information on business and investment opportunities in home countries but often do not have strategies to locate and target diaspora members for the dissemination of such information.

Quasi-governmental institutions that have been created by governments to engage with their diasporas include bodies such as foundations and councils, sometimes in an attempt to "play down" or "disguise" the involvement of origin countries in the affairs of destination countries (Aguinas and Newland 2012). Israel, Morocco, Mexico and the Republic of Korea are among the countries with such institutions that straddle the line between governmental and non-governmental bodies. However, quasi-governmental institutions often are initiated in the private sector before becoming institutionalized and collaborating with the public sector.

The creation of networks is the goal of many contemporary diaspora strategies. Sometimes these networks are based on country of destination and sometimes are professional or sector-based. They frequently act as global "search networks" for the development of local industry and assist in the creation of global knowledge-based networks to promote indigenous enterprises. Among the most successful networks are Advance Australia, ChileGlobal, GlobalScot, the Ireland



Funds and KEA New Zealand. Such networks will be discussed further in Chapter 4.

### **3.6. New thinking and trends concerning diaspora capacity-building and related strategies**

In recent years, ministries and bureaucracies focusing on diasporas have multiplied throughout the world due not only to the continuous increase in the size of diaspora populations but also to the increased recognition of the economic benefits they can offer their countries of origin. In 2014 Ireland appointed its first minister for the Irish diaspora (*The Economist* 27.6.2015).

As seen above, various types of capacity-building policies have been designed by home countries in their efforts to build solid relationships with their diasporas. Such policies are usually considered a necessary element if diasporas are to be utilized for home country development. Institutional and organisational forms for diaspora engagement range from dedicated government departments to private initiatives and network formation. Thus, there is a long continuum regarding the level of government involvement, from heavy to minimal. In some cases, governments play the role of implementer and, in others, of facilitator.

In recent years, the international policy experience has highlighted the value of mapping the diaspora and identifying the diaspora population segments or individuals that exhibit the greatest potential for contributing to the country of origin, and focusing on these. As has been stressed, “quite often it is a small fraction of the overall number of the diaspora that are the ones who are going to make the difference” (Aikins and White 2011: 14); it is the “high achievers” who should be targeted (Kuznetsov and Freinkman 2013).

The creation of networks of such individuals has been increasingly prioritized by governments attempting to tap diaspora potential for home-country economic development. Recent international experience with the creation of diaspora networks to promote economic development will be examined in the following chapter. It should be noted

here, however, with respect to the institutional forms taken by such networks, that various observers (Kuznetsov 2006a; Aikins and White 2011; Kuznetsov 2013a; Boyle and Kitchin 2013) have claimed that the vitality of networks can be threatened or stifled by state attempts to formalize them. When this appears to be a danger, they advise that states should be “facilitators” rather than “implementers”.

### **3.7. Conclusion**

Diasporas are groups of migrants and their descendants who have a collective identity and whose emotional attachment and commitment to the homeland fluctuate over time. Many countries of origin have developed “capacity-building” policies in their attempts to solidify identification of their emigrants with the homeland and enhance their sense of commitment –necessary preconditions before diasporas can be mobilized in order to contribute to home-country economic development.

Great variety is observed in the institutions that governments have forged in order to engage with their diasporas. The location of the diaspora portfolio within the government hierarchy often reflects its mandate and is likely to affect its influence and effectiveness. In some cases, governments have preferred to create quasi-governmental institutions or agencies to engage with their diasporas, while observers have noted that in some cases, state involvement may be counter-productive and responsibility for diaspora mobilization should be entrusted to civil society and private organizations. Regardless of institutional form, efforts for diaspora engagement and its mobilization for economic development have increasingly focused on identifying and targeting specific diaspora segments in order to achieve specific policy aims, rather than on the diaspora as an undifferentiated whole.

## CHAPTER 4

### INTERNATIONAL EXPERIENCE IN MOBILIZING THE DIASPORA FOR HOME COUNTRY ECONOMIC DEVELOPMENT

#### 4.1. Introduction

Emigration, and especially emigration of the well-educated and highly skilled, has long been considered a loss for countries of origin. Governments are increasingly recognizing, however, that emigrants can be an important asset for economic development if the diaspora is successfully engaged to contribute to their home countries. Indicative of this growing recognition of diaspora potential to foster home-country economic development was the organisation in 2011 of the first Global Diaspora Forum in Washington, D.C. According to the convener, then US Secretary of State Hillary Clinton, the forum's purpose was to "challenge diaspora communities to forge partnerships with the private sector, civil society and public institutions in order to make their engagements with their countries of origin or ancestry effective, scalable, and sustainable". The inaugural European strand of the Global Diaspora Forum was held in Dublin in 2013.

Diaspora contributions to home-country economic development can be considered a counterweight to the loss of skills and talent resulting from emigration. Diaspora members can contribute by drawing on their professional expertise and international networks as well as by playing the role of cultural ambassadors (Aikins and White 2011). Moreover, diaspora investors differ from other investors because they are often motivated by factors beyond economic gain, such as a sense of patriotism and a desire for the prosperity of their homeland.

For decades, remittances were almost the exclusive focus of developing countries' efforts to take advantage of emigration for their

economic development, with the main policy aim being to channel remittances into productive investment rather than consumption. Diaspora philanthropy was another area in which some governments traditionally attempted to engage their diasporas. International experience with these older forms of diaspora engagement will be examined first in what follows.

In recent years, both developing and developed countries experiencing migration outflows have prioritised other economic areas in their attempt to leverage the potential of their emigrants and diasporas for economic development. These areas are knowledge and skills transfers, direct investment, capital market investments, and diaspora tourism. International experience in these four areas will be examined in turn further below.

Nonetheless, the major focus will fall on human capital transfers, whose potential for stimulating economic growth is becoming ever more evident. Furthermore, it is an area which Greece has not yet systematically targeted despite the large pool of highly-educated and highly-skilled Greeks abroad and the recent significant increase in the emigration of this segment of the Greek population.

## **4.2. Older forms of diaspora engagement**

### **4.2.1. Remittances**

The development impact of remittances has been a matter of debate for decades (Gamlen 2006). It has been argued that remittances do not lead to productive investments but instead to excessive consumption, that they increase income and wealth inequalities, that they may induce inflation, that they create dependency while conditions abroad may worsen and result in their sudden decline, thereby wreaking economic havoc, and also that they adversely affect agricultural development. As seen in Chapter 2, some of these criticisms were made in relation to the use of remittances sent to Greece by emigrants in the postwar period.

Nonetheless, there is little doubt about the potential of remittances for poverty relief and economic development in home countries. In recent decades, governments have made efforts to channel diaspora savings to development purposes. It was estimated recently that migrants residing in high-income countries hold savings in excess of US \$500 billion (World Bank 2014a). Countries can often mobilize the savings of their diasporas through instruments such as diaspora bonds at lower interest rates than charged by institutional investors in international capital markets, since bank deposits in many destination countries yield very low interest rates. Moreover, because the perception of sovereign risk of the origin country is usually lower for diaspora investors than for institutional investors, spread over the benchmark is lower for diaspora investors (World Bank 2014b).

The reduction of transaction costs to remit has been high on the agendas of international development organizations over the last decade, subsequent to documentation of the exorbitant percentages of migrant remittances retained by institutions involved in these transfers. In recent years, the cost of sending money has declined substantially. In the first three quarters of 2014, the cost continued to fall, with the global average for sending US\$ 200 decreasing from 8.9% in the third quarter of 2013 to 7.9% in the third quarter of 2014 (World Bank 2014b). Obviously, the reduction in transaction costs results in more funds being available to countries of origin.

#### **4.2.2. Philanthropy**

Diaspora philanthropy concerns the private donations by members of the diaspora to support various causes in their home countries, typically in the areas of education and healthcare. The Greek diaspora has a long history of philanthropic contributions to the homeland, commemorated with the naming of streets, buildings, and institutions, as well as with the erection of statues in villages and cities.

The motivations, objectives, and capacities of diaspora donors differ, as do the impacts of their donations. Individual donors are not only wealthy, successful entrepreneurs but are also diaspora mem-

bers with middle incomes or even limited incomes. Sometimes diaspora philanthropists have adequate knowledge and connections to select the targeted cause on their own and donate independently. Other times, donations are channeled through intermediaries such as hometown and community-based associations, religious organizations, professional networks, diaspora foundations, or Internet-based philanthropic platforms (Agunias and Newland 2012).

In recent years, governments have developed three main approaches in order to leverage diaspora philanthropic donations: engaging individuals, engaging organizations, and providing for the pooling of funds through donor aggregators (Agunias and Newland 2012). In some initiatives, governments have worked together with private corporations and migrant associations to attract funds to specific development projects in countries or communities of migrant origin. Among the best-known programmes involving diaspora philanthropy are the so-called matching fund schemes. Typically in such programmes, collective contributions made by diaspora organizations abroad are matched by public or private funds. Most often, and especially in the case of diaspora populations located in the US, these funds flow through so-called “hometown associations,” which are centred on a common community of origin in the home country.

According to some assessments (e.g. Aikins and White 2011), philanthropic contributions made by worldwide diasporas can be expected to increase in the near future. Among the reasons for these predictions are that the number of exceptionally wealthy people in the world is growing, resulting in issues of intergenerational transfers which will render donations an attractive option; the spread of technologies such as social media which facilitate connectivity between potential donors and projects or causes; the increased emphasis on corporate social responsibility by enterprises and consumers; and the decrease in government spending, subsequent to the banking crisis and the economic recession experienced in many countries of the world, with consequent gaps in areas such as education, healthcare, and the arts, which philanthropists will be motivated to redress.

### **4.3. Newer forms of diaspora engagement**

#### **4.3.1. Knowledge and skills transfers**

Countries of origin with outflows of talented nationals can gain access to the knowledge and skills of their diasporas by building and maintaining connections across borders either through informal networks or organized programmes (Agunias and Newland 2012). Diaspora members can act as “global ‘search networks’” (Aikins and White 2011: 21) for developing and supporting indigenous industry, as in the Taiwanese case in which the government and leading diaspora engineers in Silicon Valley teamed up to establish a successful venture capital industry in Taiwan.

Three broad categories of governmental policies to achieve human capital transfers have been identified. These are: 1) policies which aim to fill critical resource and knowledge gaps by the return of migrants, whether permanently, temporarily, or virtually, 2) policies for engaging diasporas as partners through a long-term exchange of resources and knowledge, and 3) policies for creation or support of scientific, technical and business networks which can enhance research, business, and investment opportunities in the home country (Agunias and Newland 2012). These will be examined in turn.

##### *4.3.1.1. Transfers via permanent, temporary or virtual return*

Among the earliest programmes which attempted to harness diaspora skills and talents were those which encouraged their return, either temporarily or permanently or “virtually.” Some of these programmes relied only on the altruism of diaspora members to help their home countries, requesting them to volunteer their time and expertise for specific projects, for example to help establish a new university (Agunias and Newland 2012). On the contrary, other policies that aimed to encourage the return of talented emigrants offered incentives, both material and nonmaterial. After identifying particularly successful emigrants, governments attempted to convince them to return to carry out research or set up businesses, offering incentives such as coverage of

moving costs, supplementation of salaries, provision of start-up funds or other financial support for the firms they intended to establish.

Taiwan was one of the first countries to implement such policies. From the 1960s, it recruited diaspora scholars by offering perks such as travel subsidies, while from the 1980s the incentives were increased and included salaries commensurate with those they enjoyed abroad, subsidies for housing and for children's education, and a work environment with state-of-the-art facilities and equipment (Agunias and Newland 2012). The Hsinchu Science-Based Industrial Park was founded in an attempt to replicate the concentration of creative talent in California's Silicon Valley, where many high-skilled Taiwanese were working. In the hope of enticing diaspora members to return, the infrastructure included subsidized Western-style housing, schools and commercial services. Moreover, the authorities promised venture capital funding to innovative businesses owned by members of the diaspora. The high-tech complex proved to be very successful, attracting both foreign and diaspora-owned companies. By the year 2000, companies at Hsinchu Park employed 120,000 people and created sales of \$28 billion. In that year, 113 of the complex's 289 companies were owned by Taiwanese diaspora members based in the US, who also owned 70 companies in Silicon Valley.

Similar policies for the return of talented diaspora members or special provisions offering incentives for them to establish businesses in their homelands have been implemented by countries such as China, Jamaica, Uruguay, Argentina, Croatia, and Thailand. The latter's "Reverse Brain Drain" programme was ascertained to be unsuccessful because it was not competitive enough to persuade talented emigrants to return and the Thai government subsequently decided to increase the incentives in order to attract the talent it needed for its development goals (Agunias and Newland 2012).

It should be noted that the formulation of appropriate incentives for return has been a sticky issue for many countries because attractive packages offered to returning members of the diaspora can lead to the resentment of local populations and of talented natives who have not emigrated. It is often felt that those who left were already privileged compared to those who were unable to escape difficult local conditions, and that to provide them with extra benefits was unfair.



One of the best known cases where resentment of returnees by locals was the result of governmental policies to entice them back is that of China, which started implementing relevant policies in the 1990s. Specifically, tensions were created between returnees, dubbed the “returning sea turtles faction” and those who had not emigrated, dubbed the “land turtles faction.” The latter claimed that the decision to favour returnees was like “giving up a son to get a son-in-law” (Agunias and Newland 2012:164). Tensions between the two groups eventually subsided, both because the returnees came to be seen less as competitors and more as partners who could offer knowledge and financial resources and because increased freedom of movement across the Chinese border made it easier for local talent to participate in conferences and exchange programmes abroad.

Eager to further increase the return of talent, China has recently poured ever more funds into its diaspora programmes. Its “111 Project” (Programme of Introducing Talents of Discipline to Universities) was initiated in 2005 and aimed to establish 100 innovation centres in universities by gathering 1,000 talented diaspora members from the top 100 universities and research institutes worldwide, in order to enhance the innovation capacity and competitiveness of leading Chinese universities (Cai 2009). Apart from other funding, each innovation centre received a sum of \$US 88 million over a period of five years which could be used only for the recruitment of overseas talent, for expenses such as the travel and short-term stay of diaspora scholars in China. The generous funding enabled each innovation centre to recruit from the elite of the Chinese diaspora, including Nobel Prize winners and other internationally top-ranked scientists. It is interesting that the immensity of the funding initially stunned the staff of the innovation centres, who were at a loss as to how to use so much money for the specific purpose.

It should be noted that a similar initiative was launched in France, of smaller scale but which also managed to attract illustrious elite academics to return from prestigious institutions abroad. The 2014 Nobel Prize in Economics was awarded to Jean Tirole, Professor of the University of Toulouse, who left his academic position at the Massachusetts Institute of Technology in 1992 in order to return to France to take

on a professorship at Toulouse. His return was the result of the systematic efforts exerted by a senior academic at Toulouse to attract world-class French academics to the new Institut d' Économie Industrielle, which was funded by large public and private enterprises with the goal of providing high quality, handsomely paid consulting services, with the understanding that the excess would be used to support the salaries of internationally recognized academics working there. This was achieved with the help of an academic institutional framework that allowed for creativity and innovation (Ioannides 2014).<sup>10</sup>

Several international organizations have long been involved in assisting governments to draw on the potential of their knowledge diasporas. The International Organisation for Migration (IOM) has implemented multiple programmes in Latin America, Africa and Asia. Most of these programmes identify suitable diaspora candidates for specific posts in the public and private sectors in fields such as medicine, engineering, sciences, education, economics and computer science. The United Nations Development Programme's (UNDP) "Transfer of Knowledge through Expatriate Nationals" (TOKTEN) seeks talented diaspora for short-term volunteer consultancies, usually lasting from three weeks to six months. The programme was started in Turkey in 1977 to attract scientists, technology experts, and business managers of the Turkish diaspora for a brief stay in their homeland to share the skills they acquired abroad. Since then, the programme has been introduced into more than 50 other countries (Agunias and Newland 2012).

#### *4.3.1.2. Engaging diasporas as partners*

As seen, programmes for the return of talent have long been on the policy agenda of developing countries. A much more recent policy direction that has been adopted by both developing and developed countries to utilize diaspora talent is the creation of partnerships with

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<sup>10</sup> It should be noted that Ioannides' article was written in the hope that Greece would follow the French example, and find new ways to take advantage of its talented diaspora to the benefit of its educational system and national economy.

diaspora members who remain in destination countries, in order to tap their knowledge, skills and influence.

Often, these partnership programmes entail collaborative research. China's previously mentioned "111 Project" provides for ongoing collaboration, beyond the temporary stays of visiting scholars. Another programme providing for partnership is Croatia's "Unity through Knowledge Fund," introduced in 2007 by the Croatian Ministry of Science, Education and Sports and backed by funding from the World Bank. Grants worth up to €200,000 are given to projects which include individuals from scientific and professional communities in Croatia and abroad (Agunias and Newland 2012).

Municipal twinning is another approach to the establishment of collaborative partnerships with the diaspora. In the Netherlands many such partnerships have been created with foreign cities which are sources of its immigrants. In some cases, it is the respective chambers of commerce that have been partnered, with the goal of promoting economic development in the respective municipalities. Another such initiative is the Partnership Together programme initiated by the Jewish Agency for Israel which has twinned diaspora Jewish communities with various regions of Israel (Agunias and Newland 2012).

#### *4.3.1.3. The creation or support of scientific, technical and business networks*

The creation or support of scientific, technical and business networks has recently been highlighted as perhaps the most promising strategy for tapping diaspora potential to further home-country development. These networks operate as global "search networks," offering opportunities for leading members of the diaspora and local professionals, academics, businesspeople, and government officials to meet and discuss research, business and investment possibilities in the home country (Agunias and Newland 2012). Meetings can occur either face-to-face or on Internet-based networks.

Some of the most spectacularly successful cases of diaspora engagement through networks are Advance Australia, ChileGlobal, GlobalScot, and the Ireland Funds. These will be briefly described in turn.

Advance Australia was created in 2002 by the Australian central and state governments and private partners in order to link Australians, alumni of Australian universities, and “Friends of Australia” living abroad, with the goal of tapping this talent pool of senior Australian expatriates, alumni and mentors for the economic, cultural and social advancement of Australia. It has 24,000 members based in 80 countries and counts offices in New York, San Francisco, Hong Kong and London. The network includes eight specific global industry networks: financial services; green technology; life sciences; creative industries; professional services; media, communications and technology; social entrepreneurship and academic and research. The network has launched programmes to accelerate the successful global commercialisation of Australian innovation and has partnered with Australian government agencies, institutions and the private sector. It supports over 100 worldwide networking events every year and has established successful media partnerships (Aikins and White 2011). The network receives government support from the Australian Department of Foreign Affairs and Trade, state governments of Australia, as well as global partners and donors (Agunias and Newland 2012).

It should be noted that Advance Australia not only encourages emigrants to make business connections but also to consider returning to their home country. To this end, it offers repatriation information and also operates an online forum where job opportunities are posted (Hooper and Sumption 2016).

ChileGlobal is a talent network for innovation composed of about 400 successful Chilean entrepreneurs and executives living and working in foreign countries, whose aim is to contribute to Chilean economic development. Membership is by invitation only. The Chilean government started linking these talented expatriates in 2005 in an attempt to counterbalance the negative effects of ‘brain drain’ and transform it into ‘brain circulation’. ChileGlobal is operated by a Technical Secretariat which was initially located in a private, non-profit foundation and subsequently in a public-private institution encharged with promoting the Chilean image globally. The initiative has exhibited substantial success in attracting foreign direct investment, technology transfer and human capital development (Aikins and White 2011).

GlobalScot is an international business network established in 2001 by Scottish Enterprise, Scotland's main economic development agency. The GlobalScot network is composed of more than 650 senior business people based across the world and across Scotland's key sectors. Like ChileGlobal, membership is by invitation only, following a nomination process, and members are welcomed to the network by Scotland's First Minister. The international network is leveraged for Scottish development through members' provision of market advice and business contacts and their participation as advisors for industry bodies as well as for specific companies. It is estimated that annually GlobalScot makes over 600 connections which translate into benefits for Scottish firms (Aikins and White 2011).

The precursor to the Ireland Funds, the Ireland Fund, was founded in 1976 by two extremely successful Irish-American businessmen. The Ireland Funds are now active in 12 countries worldwide and draw on the talent and power of the Irish diaspora, estimated to number 70 million people, to promote constructive change in Ireland. Activities include philanthropy, support of education and culture, as well as the promotion of trade, investment, and tourism. The main lessons that can be learned from the initiative are the importance of key individuals, of devoting time and patience to develop deep, lasting relationships, and of providing feedback to donors and supporters about the impact of their actions (Aikins and White 2011).

Creation of professional and specialist knowledge diaspora networks is a goal increasingly placed at the top of agendas for diaspora engagement, especially by countries which, like Greece, have expressed aspirations of becoming knowledge-based economies. These knowledge networks are often sector specific, such as for biotechnology or information and communication technology, and offer crucial support for the development of the relevant sector in the homeland by offering advice, mentoring, expertise, or finance via the provision of venture capital (Aikins and White 2011). Examples of such highly skilled professional networks that exchange contacts, skills, and ideas to promote business in home countries are the Irish Technology Leadership Group, the Association of Thai Professionals in America and Canada, the Global Network of Korean Scientists and Engineers, the

Silicon Valley Indian Professionals, the Indus Entrepreneurs, the Chinese-American Engineers, and the Scientists Association of Southern California.

One of the earliest attempts to build academic networks targeting diaspora researchers as a tool to facilitate the transfer of knowledge and skills between origin and destination countries was Colombia's Red Caldas, which linked members of the scientific diaspora with scientific and technological projects in the home country. Collaborative research projects had dual leaders: one based locally, and the other abroad. Although very successful in the first years after its establishment in 1991, it subsequently lost momentum and by 2000 was out of operation. The main reason for its demise was that members left in order to participate in more specialized research networks. Heterogeneity has been ascertained to be a principal problem confronting such networks, while professional demands limit the time diaspora members can devote to such projects. Therefore, it has been concluded that network organizers should take care that networks are professionally relevant to its members and not excessively heterogeneous, thereby rendering participation more rewarding (Agunias and Newland 2012).

Since then, Colombia has launched a new network initiative, organized by its Ministry of Foreign Affairs with support from the International Organisation for Migration (IOM), with the creation of a website and a networking platform. The platform's goal is to increase interactions among diaspora members and spark new ideas for development. The platform offers various thematic areas to be navigated: 1) scholars, including scientists and researchers, students and teachers, 2) academic institutions, including universities and research institutes, 3) a trade network, to facilitate access to contacts and improve knowledge exchange with the goal of promoting commercial activity, 4) a cultural network which promotes exchange and collaboration among artists and others involved in Colombian cultural activities, and 5) a community network which aims to support vulnerable social groups and other measures of political and social inclusion (Agunias and Newland 2012).

Another early attempt to tap the potential of highly educated diaspora members was the Philippines Brain Gain Network (BGN), whose

goal is to increase the competitiveness of the Philippine economy by stimulating cooperation among successful members of the Filipino diaspora and local professionals, students and corporations. By 2012, the BGN's database had accumulated information on 2,240 members, most of whom were based in the US and Singapore. Members can see the profiles on the database and can use a search engine to find professionals according to their specific expertise, educational background, or industry. The aim is to facilitate diaspora use of the network to help them establish a business in the Philippines, form a business abroad which will do business in the Philippines, or to find clients for their consultancy services. Moreover, the network also helps diaspora members identify employment opportunities for return. Access to the database is also afforded to potential employers searching for highly skilled and well educated cadre (Agunias and Newland 2012).

The government of Bosnia and Herzegovina launched an initiative in 2006 to start a directory of successful diaspora members. The first edition of "Who is Who in BiH Diaspora: PhD Holders and Researchers" was published in 2009 and included information on 142 members of the diaspora while the second edition was published in 2010 with profiles of 242 members. The goal of the directory is to promote cooperation between local and diaspora professionals and academics.

It should be noted that two successive attempts by the South African government to establish diaspora networks resulted in failure, due to lack of funding and lack of interest by diaspora members. The first attempt was initiated in 1998 under the aegis of the National Research Foundation and aimed to create a database of highly qualified South Africans living abroad. Through this network, South African graduate students trained with diaspora members while a parallel goal was the facilitation of business contacts and collaboration in research and commercial projects. The second attempt began in 2003 and connected about 40 successful business leaders based in the Greater London area with South Africa-based business people seeking assistance in expanding their businesses abroad. The diaspora members involved in the network were connected with the South African Business Club located in London or with the University of Cape Town's Graduate School of Business (Agunias and Newland 2012).

Another example of failure by a developing country to successfully utilize its diaspora is that of Armenia (Kuznetsov and Sabel 2006). Like the diasporas of China and India, the Armenian diaspora is large, well-organized and mature, dating centuries. While the Chinese and Indian diasporas contributed spectacularly to the economic growth of their home countries, the Armenian diaspora failed to do so. It should be noted that upon the collapse of the Soviet Union, Armenia was the republic that appeared to be the most promising candidate for a successful transition to a market economy, given that it was the most educated and industrial of all the Soviet republics and well known for its resemblance to Silicon Valley, with high-tech industries, developed infrastructure and a capable workforce. It was expected that it would draw on its diaspora, numbering about one million members in the US and another one million members in Europe, who were organized socially and politically as well as exhibiting high levels of economic and professional success. Armenia was unable to achieve rapid growth despite its potential, largely due to the formation of a domestic elite composed of communist bureaucrats, security service officers, and managers of large state-owned enterprises who spurred economic liberalization and privatization in ways which bestowed personal benefits (Kuznetsov and Sabel 2006). For this reason, the new elite encouraged diaspora humanitarian aid and loans rather than diaspora investment in sectors and enterprises which might threaten the advantages of the local elite. The main diaspora organizations did not conduct evaluations of the use of the aid and support they provided, nor did they voice criticism of the abuse of the diaspora, out of concern for the government's reputation. The political divisions between the diaspora and the political class that came to power in post-Soviet Armenia, together with substantial philanthropic contributions from the diaspora, served to shield domestic actors from the costs of their actions and stymied economic development. The Armenian experience indicates that it is not only the economic environment that is of importance but also the political and institutional context.

According to Aikins and White (2011), the key to success for leveraging diaspora networks for the economic development of home countries is to develop well-designed initiatives which are superbly executed. A wide range of factors should be taken into consideration



when formulating and implementing diaspora strategies. New information technologies offer vast potential for connecting with the diaspora on a mass level, as internet portals allow individuals and groups to connect with home countries and with each other.

Concluding one of the first collections of important work on the utilization of diaspora talent for economic development, Kuznetsov (2006a) identified three main elements which are combined in successful diaspora networks. First, networks should be composed of members who have both talent and strong motivation to contribute to their home country. Talent may be technical, managerial or creative but its common denominator is that it has high impact, whether in science and technology, business, culture or politics. Creative talent that brings innovation, however, is not sufficient; it must be accompanied by intrinsic motivation which pushes individuals to overcome obstacles to achieve results.

Second, members play both direct and indirect roles. They act directly, by carrying out projects in the country of origin, through investments and financial contributions or knowledge transfers. They act indirectly as search networks, acting as bridges making connections and opening doors. They also function as sensors which identify local opportunities, drawing on their knowledge of both global trends and of domestic circumstances (Kuznetsov 2006a). The role of diasporas as search networks is exemplified by the previously mentioned initiatives of GlobalScot and ChileGlobal.

Third, successful networks manage to move from discussions on how to get involved to initiate actual projects and bring tangible outcomes, such as joint research projects or the provision of assistance with finding new markets for start-ups in the home country. Often, the initial enthusiasm of networks dissipates before tangible results can be observed, especially when large projects requiring extensive planning are the goal. Therefore, it may be advisable to start with smaller projects whose results can be observed earlier, thereby maintaining the interest and enthusiasm of network members. Projects can gradually increase in scale and scope, after gaining trust and experience, which will lead to credibility; diasporas often consider that governmental partner organisations in home countries lack credibility, which must be built over time (Kuznetsov 2006a).

It should be noted that in many cases of successful diaspora engagement, the expatriate networks emerged spontaneously rather than as a result of government intervention. In such cases, the usual trajectory was from spontaneous networks to diaspora associations, and then government organizations, which gradually assumed an ever greater role (Kuznetsov 2006a). The spontaneous development of networks is more typical for large countries with large diasporas such as China and India. On the other hand, proactive efforts by governments appear to be necessary in the case of smaller countries with smaller diasporas.

As has been emphasized by many authors, small numbers of individuals can make a huge difference, as illustrated in the “‘mile wide-inch deep’ versus ‘inch wide-mile deep’ conundrum” analogy (Aikins and White 2011: 14). More specifically, members of the diaspora do not all have the same sense of belonging, extent of commitment, level of skills, or degree of influence; it is preferable to focus on the few who have the motivation and capability to offer. In short, rather than attempting to mobilize the diaspora as a whole, the key to success is to identify elite actors who can make a difference and then cultivate these ties so that they can influence corporate investment or trigger skills and knowledge transfers (Aikins and White 2011). Therefore, diaspora strategies should distinguish between models that involve mass mobilization and models that segment the diaspora and target high achievers who can wield their resources, talent, and influence to contribute to the increase of investment, trade, innovation and development. Moreover, strategies should take account of the fact that diasporas have a wide variety of motivations and reasons for becoming involved, as well as a wide variety of interests, which differentiate the ways they wish to become involved.

While talented and motivated diaspora members are a necessary element for the process of formation of diaspora networks that can contribute to home country development, it is the quality of home country organizations that is the major determinant of success (Kuznetsov 2006a). As seen above, the Armenian diaspora was massive, wealthy, entrepreneurial and enthusiastic but proved unable to promote economic development in Armenia due to the restraints and obstacles posed by home country institutions. On the other hand, Chile

and Scotland managed to successfully use their own diasporas, which did not have the wealth of the Armenian diaspora, because of their effective domestic institutions.

According to Aikins and White (2011), the process of networking with diaspora members who have the most to offer their countries of origin can be broken down into a four-step process. The first step is to research the diaspora and identify those who can make a difference and become “champions” who make the right connections, dissolve skepticism and put forward ideas for projects which are promising. An example of careful diaspora research is that conducted by the successful GlobalScot network. As previously mentioned, membership is by invitation only, in order to guarantee the network’s reputation as a world-class resource for Scottish businesses. Nominees are rated by the International Networks Team in Scottish enterprise on the basis of criteria such as personal achievements, ranking in their industry, and ability to contribute to the industry sectors considered to be important for the future growth of Scotland.

The second step (Aikins and White 2011) is to cultivate ties with the diaspora members identified as having the most potential for impact. The cultivation phase is a long process of transforming initially unaware diaspora members into knowledgeable, engaged, committed advocates of the home country. A commonly used means of cultivating important diaspora members is the organization of conferences in the home country for key diaspora members. Invitations from prime ministers and presidents are more likely to result in acceptance than those extended by diaspora organizations. The country that organizes the most home visits for diaspora members is Israel. Such visits, often termed “missions,” are central to keeping individuals informed of new developments. Meetings and conferences for the diaspora are also organized overseas. In 2009 Ireland organized the Farmleigh Global Irish Economic Forum, which gathered the most influential members of the Irish diaspora in the areas of business and culture, as well as individuals with strong business connections to Ireland. The purpose of the forum was to explore ways in which local and diaspora Irish could join forces to contribute to economic renewal and create new links between Ireland and its global diaspora. As a result of the forum, the Global Irish Network was founded by the Irish government in 2010,

and soon had more than 300 members based in 37 countries. This network provides Irish enterprises and other entities with access to leading private sector decision-makers around the globe. Regional meetings of the network have also been organized in the main destination countries of Irish emigrants.

The next step to networking the diaspora in the scheme of Aikins and White (2011) is to solicit members' participation in specific projects. Since endless online and offline discussions among network members tend to wear down enthusiasm, key members should be engaged in small groups with specific projects having specific timelines.

The fourth and last step of the process (Aikins and White 2011) is "stewardship," which means, in the case of diaspora networking, the ongoing expression of gratitude and recognition of the diaspora's contributions. Such stewardship is critical for maintaining the engagement of the diaspora. Another important element of this phase is the evaluation of results and the measurement of outputs, which should be provided as feedback to network members, along with conclusions about the lessons to be learned from successes and failures.

#### **4.3.2. Direct investment**

International investors are usually averse to investing in countries characterized by risky environments. Nonetheless, members of the diaspora often present a different risk profile concerning investment in their home country, due to factors such as greater familiarity with the economic and social environment, patriotic motivations, and the potential emotional satisfaction that can be derived from investing in the homeland, or the possibility of social recognition within the diaspora or the home country (Aikins and White 2011). Given that world Foreign Direct Investment (FDI) flows declined following the financial crisis in 2008, many governments pinned hopes on the different risk profile of the diaspora and developed new strategies to attract Diaspora Direct Investment (DDI).

Agunias and Newland (2012) have identified various areas on which governments and other organizations have focused in order to engage diaspora for investments. The first area is provision of access

to information. As noted, even though diasporas are often particularly motivated to invest in the homeland, lack of transparency about local business opportunities often proves to be an important obstacle. Many governments therefore offer diaspora members privileged information on investment requirements and procedures, as well as details about how to procure business loans. In Thailand, for example, the Bangkok Bank provides counseling services for investors who want to investigate local opportunities. In Bosnia and Herzegovina, the Department for Diaspora hosts an enquiry portal for investment opportunities. Moreover, some governments feature websites that function as one-stop shops with information concerning investment opportunities, and requirements and procedures for establishing a business.

Another area governments have focused on is provision of access to networks. Diaspora networks, discussed previously in a wider context, have been created by governments and by diaspora initiatives to engage diaspora for direct investment and other forms of economic contribution to home country development. Network organizations have provided various means for diaspora members to become involved in home country development investments. These include business networking events, which typically focus on the sectors that the government has prioritised and allow consultation with business experts (Agunias and Newland 2012). Networks also help match local entrepreneurs, business owners, and government leaders with their diaspora counterparts, in an attempt to increase the flows of foreign investment and foreign trade to the origin country and also to promote local entrepreneurship and to build long-term, strategic alliances between local and diaspora-connected entities. Some government-backed diaspora initiatives which aim to attract foreign investment and other economic contributions to the home country have created networks where membership is exclusive, including only top business leaders and very influential diaspora members. Most such networks focus on public-private partnerships. Typical examples are GlobalScot, ChileGlobal, and Red de Talentos Mexicanos (Mexican Talent Network). In case of ChileGlobal, the lessons learned concerning the challenge of sustaining diaspora networks over the long-term are that political support in the home country is necessary to respond rapidly to shifting diaspora interests, that diaspora networks should focus on the

quality and not quantity of their members in order to achieve high impact, and that the development of partnerships with public and private bodies that promote innovation is the key to success (Agunias and Newland 2012).

Another area that governments have used to promote diaspora investment in the homeland is the provision of access to funds for entrepreneurs. This can be accomplished in a variety of ways, such as partnerships with local banks which offer lines of credit to diaspora entrepreneurs wanting to set up their own businesses in the origin country, the provision of matching funds, or the provision of loans. An example of the latter is the programme of the Ministry of Immigrant Absorption of Israel, which assists former residents of Israel who wish to start a business in Israel or transfer one to the country (Agunias and Newland 2012).

Diaspora members play an important role in contributing to home country development not only by making direct investments themselves but also by means of signaling or influencing investments by non-diaspora members through the facilitation of the familiarity effect and the reduction of constraints caused by information asymmetries and transaction costs (Aikins and White 2011). It is considered that a main reason companies such as Yahoo, Hewlett Packard and General Electric opened research and development centres in India was that they gained confidence in India as a result of their interaction with Indians who worked in their US operations. Diaspora identity resulted in creating an image of Indian prosperity and progress on the part of potential investors.

Pioneering a novel way of using diasporas to spur national economic development, Ireland founded ConnectIreland, which engages the diaspora as “spies” for home-country investment. Payoffs are the reward for successful “spies” whose information leads to the creation of jobs in Ireland by foreign companies (*The Economist* 27.6.2015).

#### **4.3.3. Capital market investments**

Capital market investments constitute another category of private financial resources that flow from diasporas to their countries of origin.

To date, policymakers have focused mostly on the category of financial flows that has, by far, accounted for the greatest amounts, which is remittances, and to an increasing extent, on the category that has typically included the next largest amounts, direct investments that diaspora entrepreneurs make in their businesses in the homeland (Agunias and Newland 2012). Capital market investments in the homeland by migrants and their descendants have so far attracted less attention even though they play a crucial role in economic development since they include markets for stocks or equities, bonds, loans, and asset-backed securities as in commodity markets, as well as a wide range of derivatives based on these.

Diaspora members often have notable financial assets and tend to have a different risk profile than non-diaspora investors. First, they may be prepared to accept lower returns from investments placed in the homeland than elsewhere, or what is known as a “patriotic discount” (Agunias and Newland 2012). Second, compared to non-diaspora investors, they may have superior information about investment opportunities and be more able to assess these. Third, they may have a different time horizon than other investors given that it is their homeland.

Given that capital market investment is open to all investors and it is usually not possible to distinguish diaspora investors from others, it is difficult to quantify diaspora participation in mainstream capital markets. Nonetheless, some governments and businesses have designed special financial vehicles to attract and utilize the financial resources of their diasporas. Some of these are targeted at very wealthy members of the diaspora and others at members of moderate affluence. Among the instruments that have been created by governments to tap diaspora wealth for use in capital markets are special deposit accounts, diaspora bonds, and transnational loans.

Turkey, Tunisia and India are among the countries that have established a special category of deposit accounts at commercial banks in the homeland. Diaspora members opening such accounts are typically given preferential interest rates as well as the possibility of holding the account in a foreign currency. The introduction of such accounts to attract diaspora resources not only affords banks access to expand bank capitalization for lending and onward investment, but

also facilitates diaspora participation in local capital markets (Agunias and Newland 2012).

Diaspora bonds have become an increasingly popular instrument employed by governments to mobilize the financial resources of diasporas, typically using their consulate networks abroad. Governments issuing such bonds gain access to fixed-term funding, frequently at a lower interest rate than the going market rate due to the “patriotic discount” that diasporas are often prepared to accept (Aikins and White 2011; Agunias and Newland 2012). Not only can countries mobilize savings of diaspora members at lower interest rates than typically charged by institutional investors, but in recent years bank deposits in many destination countries have yielded very low interest rates, close to zero, meaning that the benchmark for diaspora bonds is much lower than the LIBOR, which comprises the standard benchmark for international institutional investors (World Bank 2014a). Moreover, the spread over the benchmark is also lower for diaspora investors given that their perception of the sovereign risk of their home country is typically low compared to that of institutional investors. Therefore, the cost saving resulting from lower interest rates may be greater than the cost of selling such bonds to retail diaspora investors.

Nonetheless, the experience of countries such as Israel and India indicates that diasporas cannot always be counted on to behave differently than non-diaspora investors and to accept even small discounts (Agunias and Newland 2012). In a study of the motivations pushing diasporas to invest in their homelands, it was observed that emotion, sense of duty, social networks, and the strength of diaspora organizations were major factors (Aikins and White 2011). In addition, it appears that apart from the psychological benefits derived from assisting their home countries, sometimes holders of diaspora bonds believe that the acquisition of such bonds afforded them some degree of policy influence in the home country (Terrazas 2010).

Israel was one of the first countries to pioneer diaspora bonds, issuing them annually since 1951 to attract resources to fund investments in infrastructure. It was estimated that in the diaspora bond’s first 60 years, over 33 billion US dollars had been raised (Agunias and Newland 2012). The government considers these annual bonds as a stable source of overseas borrowing as well as an important vehicle



for maintaining ties with its diaspora. Diaspora members are offered various options, such as multiple maturity as well as minimum subscription options that range from as low as US \$100 to as high as US\$100,000 (Aikins and White 2011).

Greece attempted to launch a diaspora bond in 2011, primarily targeting wealthy diaspora investors, especially in the US. The initiative, however, was negatively affected by the specific conjuncture in which the bond was to be issued, characterized by the downgrading of Greek government bonds by credit rating agencies such as Moody's (Agunias and Newland 2012).

Yet another area in which governments have attempted to attract diaspora investments is by providing of transnational loans to diasporas and their families from banks in their country of origin. Such loans are typically provided for purposes such as business expansion, home improvement, home purchase and education expenses; the most popular and successful of these has proved to be mortgage lending. Through such loans, diasporas can provide credit to family members back home. Differences in bankruptcy laws and enforcement among countries had, to a large extent, prevented diaspora members from using their assets abroad as collateral for transnational loans (Agunias and Newland 2012).

Among the lessons learned from international experience with respect to the creation of instruments to attract diaspora investments in home country capital markets (Aikins and White 2011; Agunias and Newland 2012) are, first, that a major barrier to realizing the full potential of such vehicles is formed by perceptions of economic, political or social risk held by diaspora, as well as non-diaspora, investors. Such issues must be addressed by governments in their attempts to attract investments. In addition, many governments and policymakers are unaware of the instruments that could be designed to attract investment, and when such instruments are indeed in place, diaspora communities are often ignorant of them. An additional impediment concerning diaspora bonds is the complex regulatory framework for the issuance of such bonds abroad. For example, the issuance of diaspora bonds in the US retail market entails registration of the product with the US Securities and Exchange Commission, which is characterized

by rigorous disclosure requirements as well as steep fees for launching such an issuance. As a result, it behooves governments to carefully examine the relevant prerequisites in countries where they have considerable diaspora populations and then strategically select the appropriate countries for introducing diaspora bonds.

#### **4.3.4. Diaspora tourism**

Tourism is one of the world's most valuable exports, and of crucial economic significance to Greece, especially since the fiscal crisis. Worldwide, diaspora tourism has become an important market niche in recent years, spurred by the processes of globalization and transnationalism (Aikins and White 2011). Players in the tourism industry have targeted the "homing desire" of various diasporas and have developed specialized marketing strategies to this end.

As has been noted, the impact of tourism is not only economic but spills over into multiple areas. Specifically, tourism is "an advertising voice to the world, an empathetic connection to the world" (Aikins and White 2011: 119), an opportunity to bring the diaspora back home, to prompt further visits, to elicit the purchase of a home in the country of origin, or to encourage investments in the homeland. The economic development outcomes resulting from the promotion of the identity and culture of the homeland are enormous.

Heritage tourism focuses on history, culture and identity, attracting diaspora tourists who want to discover their ancestry and heritage. Heritage diaspora tourism has taken various forms in recent years (Newland and Taylor 2010).

For example, many governments have focused on genealogy tourism, which facilitates the research of family trees and ancestry of diaspora members and making connections with specific localities. Genealogy tourism has been claimed to be one of the fastest growing hobbies in the world (Aikins and White 2011). Ageing "baby boomers" in the US and elsewhere are considered to be a prime target for this industry, being the healthiest, wealthiest, most educated cohort ever and who are keen on traveling, learning and having new experiences. In some European countries, public-private initiatives have assisted

diasporas in finding documentation on their ancestors and locating their graves, giving rise to “cemetery tourism”.

As a matter of fact, some countries do not wait for diaspora members to take the initiative to search their roots but instead do the search themselves. For example, Ireland Reaching Out, a government-financed non-profit organization, practices “reverse genealogy,” creating genealogical trees and tracking down the descendants of those who left Ireland, who are then invited to visit their homeland (*The Economist* 27.6.2015).

“Visit Scotland,” the website organized by Scotland’s National Tourism Organization, includes a few sections devoted to researching Scottish roots which begin with successful openers such as “In our hectic modern world where everything seems on a global scale and quickly superseded, people are increasingly fascinated by questions such as ‘who am I?’ and ‘where do I come from?’” and “Many people across the world are lucky enough to have ancestral ties to Scotland, but not everyone has uncovered their connection yet...” Likewise, the “Discover Ireland” website organized by the National Tourism Development Authority of Ireland contains a section entitled “Tracing your Ancestors” which suggests the collection of relevant background information by diaspora members in order to make their visit to Ireland even more worthwhile, and contains the catchy opener “when you start researching your family history you never know what you’re going to find, and with no fewer than four recent US presidents claiming Irish family connections, the chances of discovering an influential relative are not as slim as they might at first seem!” Clearly, much time and thought has been invested by the national tourist authorities in creating appealing “invitations” to diaspora individuals (and potentially diaspora individuals) to trace their roots by embarking on genealogy tourism.

Attraction of diaspora members to cultural celebrations and festivals is another means which governments have used to foster diaspora tourism as well as to create and solidify identification with the homeland. The Scottish government aimed to tap the benefits of diaspora tourism through the organization of Homecoming Scotland 2009, with a year-long programme of more than 300 events (Newland and Taylor 2010). Widely advertised, the programme attracted members

and non-members of the Scottish diaspora around the world and the return on investment was 1: 9.8, exceeding original estimates of 1: 8 (Agunias and Newland 2012).

Similarly, the Gathering Ireland 2013 was an Irish initiative that sought to mobilize the Irish diaspora to return to Ireland during the year 2013 and participate in local gatherings and events organized by private individuals as well as non-governmental organizations. The concept for the Gathering originated at the 2009 Global Irish Economic Forum held in Dublin, which had two goals: to explore ways in which Ireland could develop more strategic relationships with its diaspora and to provide a platform for those with Irish ancestry living abroad to contribute to Ireland's economic recovery. The Gathering emerged as an opportunity to address both of these goals simultaneously.

Diaspora conferences constitute yet another means to attract members of the diaspora to the homeland. Countries such as Australia, Israel, Scotland and Ireland are among those which have organized such conferences (Aikins and White 2011). Of course, such conferences aim not only at stimulating diaspora tourism but also at engaging the diaspora more widely in contributing to home countries.

#### **4.4. Conclusion**

Countries of emigration have long attempted to reap economic benefits from the presence of their nationals abroad, traditionally focusing on migrant savings and remittances as well as philanthropy. In recent years, governments have sought new ways to tap diaspora potential for home-country economic development.

Knowledge and skills transfers have constituted a main focus of recent efforts to leverage diaspora potential. Developed countries such as Ireland, Scotland, Australia and Chile have successfully facilitated such transfers with policies that initiate or build on existing scientific, technical and business networks. Scientific networks link professionals, academics or researchers of the diaspora with colleagues in the home country, with the aim of improving domestic levels of knowledge, skills, and innovation, and the application of these in business settings.

Business networks are typically composed of successful diaspora entrepreneurs who seek opportunities for businesses at home, linking them with potential investors, collaborators or customers.

Diaspora direct investment, capital market investment, and diaspora tourism are other areas where governments have focused increased efforts. Enormous creativity can be observed particularly in the latter area, with local communities tracking down emigrants and their descendants, attempting to entice them back with activities such as “genealogy tourism” or “cemetery tourism”.

In all these areas, valuable international experience has accumulated which should be consulted and monitored by governments attempting to tap diaspora potential. The international experience includes successes and failures as well as attempts to identify the factors contributing to these outcomes.

## **CHAPTER 5**

### **ENGAGEMENT OF THE GREEK DIASPORA: POLICIES AND INITIATIVES**

#### **5.1. Introduction**

The Greek government and other bodies have a long history of collaborating with the Greek diaspora on issues considered to be of mutual interest and concern. In this chapter, the recent policy experience of Greece in engaging the diaspora will be examined. Programmes and initiatives of both the public and the private sector will be discussed.

In the next and final chapter, existing policies in Greece will be evaluated in the light of both the characteristics of new emigration from Greece examined in Chapter 2 and the recent international policy experience in engaging diasporas discussed in Chapters 3 and 4. Conclusions will be drawn with respect to the suitability of present policies for engaging the talented Greeks belonging to the recent waves of emigration from Greece and for tapping their potential to contribute to Greek economic development.

#### **5.2. Diaspora engagement by the Greek government**

##### **5.2.1. The General Secretariat for Greeks Abroad (GSGA)**

The General Secretariat for Greeks Abroad (GSGA) is a government agency founded in 1983 under the aegis of the Ministry of Foreign Affairs and entrusted with the planning, coordination and implementation of policies concerning diaspora Greeks, including the successful integration of those returning to Greece. Its main priority is the strengthening of ties of diaspora Greeks with the mother country,

which is to be achieved through the preservation of ethnic identity, the keys to which are considered to be the cultivation of Greek language, history and culture.

In 2003, a new Presidential Decree (122) restated the mission of the GSGA, specifying three goals: 1) realizing measures and programmes which strengthen the ties between diaspora Greeks and Greece, safeguarding ethnic conscience and maintaining Greek language as well as cultural identity, 2) shaping government policy concerning migration from Greece and repatriation, and 3) supporting diaspora Greeks worldwide and smoothing the integration of those returning.

Additional goals of the GSGA<sup>11</sup> are to provide support for initiatives taken abroad in the cultural and educational sphere, such as for Departments of Greek Studies, Greek schools, and international programmes for hosting young members of the diaspora; to support the operation of diaspora communities and organizations as well as to encourage the establishment of such groups; and to support national interests by means of strengthening the networks of Greeks abroad, which are considered to be bridges of friendship and cooperation between Greece and destination countries.

As will be seen, the mission of the GSGA has focused almost exclusively on maintaining the cultural and ethnic identity of the diaspora, with activities related to what can be termed “capacity-building” policies. As seen in Chapter 3, three types of capacity-building diaspora policies are commonly implemented by sending states: those that create or reinforce a shared national identity, those that aim at the creation of reciprocity by providing rights, benefits, or recognition to the diaspora, and those that create institutions for diaspora engagement. The activities of the GSGA, which will be examined below, basically fall into these three categories.

It should be noted, that the GSGA contains three directorates that correspond to different geographical regions where the diaspora is located – the directorate for Europe, the directorate for America, and the directorate for Oceania, Africa and Asia. These carry out similar activities in their respective regions.

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<sup>11</sup> [www.ggae.gr](http://www.ggae.gr), accessed 23.11.2015.

#### 5.2.1.1. *GSGA: Promotion of Greek language, history and culture*

Activities focusing on the promotion of Greek language, history and culture in order to create and maintain a shared national identity account for the largest portion of the efforts and budget spent by the GSGA, given the many programmes it supports for the cultivation of these. The main types of such programmes will be briefly overviewed in what follows.

First, the GSGA supports education in the Greek language in localities where diaspora populations are concentrated. In recent years the GSGA has been subject to serious reductions in its budget due to the economic crisis and has prioritized funding of Greek educational programmes in countries with low per capita GDP where the local diaspora cannot support these programmes with its own resources, such as countries of the former Soviet Union. Teachers of the Greek language are generally volunteers belonging to the diaspora community, and the GSGA has provided very small stipends per hour taught by these teachers in order to morally support their efforts. In addition, the GSGA organized a two-week training programme for these teachers in Thessaloniki in the summer of 2014, in order to improve their knowledge of the Greek language and to instruct them in methods of teaching Greek as a foreign language. The programme included sixty diaspora teachers from the Ukraine, Russia, Armenia, Kazakhstan and Georgia. In some of these countries, the authorities have allowed Greek classes to take place within the public education system while in other countries classes in Greek are organized by the diaspora communities at other locations. At the request of the Greek government, the GSGA recently created a list of all Greek language programmes of all types (within schools, afternoon classes, etc.) in operation throughout the world.

Second, the GSGA supports diaspora community organizations in destination countries with activities promoting Greek language, history, culture, and customs. These community organizations are mainly of three kinds: destination-based (e.g. the Greek community of Munich), ethno-local based (e.g. Greeks of Cretan origin) and professional organizations (e.g. Greek-American lawyers). For decades the GSGA has compiled and updated rosters of such organizations. At last count there were about 3,000 such organizations, but the database has not been



updated in recent years. Several hundred of these organizations have received economic support from the GSGA in the past. In the more recent past, the number of organizations receiving funding has been drastically reduced owing not only to budget cuts but also to the new bureaucratic requirements faced by organizations requesting funding and, especially, the requirement that they acquire a Greek tax identification number (AFM).

Third, the GSGA has organized summer “hospitality” programmes targeting second and successive generations of diaspora youth, a long-term investment strategy in the development of ties with the diaspora, implemented by other countries such as Israel with its Taglit-Birthright Israel programme (Aikins and White 2011; Agunias and Newland 2012). Of course, the Greek programmes are of much smaller scale and budget than the Israeli programme. Subsequent to the onset of the economic crisis, the programmes did not operate for several years and were reinstated in the summer of 2014. In one of the two programmes recommenced in the summer of 2014, fifty members of the diaspora youth (a smaller number than previously) aged fifteen through seventeen were brought to Athens to become more familiar with Greek language, history and culture and to meet diaspora youth from other countries. In the other programme, diaspora youth aged nine through thirteen were hosted at summer camps in Malesina with the aim of improving their knowledge of Greece. In these programmes, the creation and maintenance of a shared identity is a common goal. The programmes aim to instil pride in these youth about their Greek origins through emphasis on the central role played by Greek civilization in the development of principles and values that form the backbone of political institutions in developed nations.

Another of the stated goals of the GSGA is to support academic departments of foreign universities that feature Greek studies as well as professorships and other chairs focusing on Greek language, history, or civilization. Again, due to budget cuts in recent years, this support has dwindled. Once again, priority has been given to programmes functioning in countries whose diaspora populations are less affluent and less able to contribute from their own resources for such purposes. Specifically, relevant programmes being funded in 2014 were in universities located in Georgia and the Ukraine.

#### *5.2.1.2. GSGA: Other provisions for the diaspora*

The GSGA attempts to assist the diaspora in various ways, including provision of information on its website concerning the “navigation” of Greek ministries and other public agencies that the diaspora may need to deal with. Contact information is also offered. In addition, the GSGA collaborates with consular networks in destination countries in order to supply relevant information to diaspora populations.

In response to the new wave of emigration from Greece, the GSGA and consular networks abroad have collaborated to assist the integration of newly arrived migrants by providing information on consular websites about settlement in a particular country, necessary procedures, potential problems, etc. One of the important needs that has been identified among the new diaspora population is educating the plethora of Greek children arriving in Germany who have no knowledge of the German language. As noted by senior cadre of the GSGA with respect to the current wave of emigration by Greeks, new needs are being created at a time when budgets and available funds have been significantly reduced.

#### *5.2.1.3. GSGA: Initiatives engaging the diaspora for Greek economic development*

Until the recent past, the GSGA has not been directly involved in attempts to engage the diaspora to contribute to Greek economic development. However, in November 2015, the new General Director of the GSGA, who was appointed at the end of March 2015, presented a list of the GSGA’s priorities to the Special Parliamentary Committee for the Greek Diaspora in which measures enhancing economic development figured prominently. More particularly, the list included the organization of, or participation in, conferences and exhibitions that promote entrepreneurship and investment by diaspora businessmen, as well as the organization of conferences for various professional groups such as doctors, archaeologists/historians and artists, which were to include not only members of the diaspora but also those residing in Greece and Philhellenes at large. These activities were to be realized

through collaboration with relevant ministries and other bodies such as chambers of commerce or professional associations.

While such economic dimensions were not a focus of the GSGA's activities in the past, it should be noted that the Secretariat did contribute to several previous attempts to engage the diaspora on economic issues. First, with the help of Greek consular authorities in destination countries, it compiled a list of philanthropic contributions made in response to the Greek economic crisis by diaspora organizations to NGOs in Greece, which was posted on the GSGA website. Second, at the request of the government, the GSGA compiled a list of Greek businessmen all over the world, apparently used by members of the government in organizing meetings with prominent diaspora members.

Finally, it should be noted that the Presidential Decree of 2003 concerning the GSGA does indeed specify responsibilities concerning tapping the economic potential of the diaspora. More particularly, Article 4 of the decree provides that the various geographical divisions of the GSGA are to inform the diaspora, in conjunction with other responsible agencies, about investment opportunities in Greece and the realization of programmes for utilizing investment activities, as well as to take steps to attract and utilize the foreign currency of the diaspora. These areas of activity were never developed as were other dimensions of the GSGA's mission. The necessary collaboration with other public agencies for developing these economic dimensions never materialized.

### **5.2.2. General Secretariat of International Economic Relations and Development Cooperation**

The General Secretariat of International Economic Relations and Development Cooperation is located within the Ministry of Foreign Affairs and is entrusted with economic diplomacy. The main goals of this diplomacy are to facilitate Greece's bilateral relations with other countries and also to offer economic development support and humanitarian aid to third countries.

With the development of bilateral relations, the Secretariat seeks to promote "outward-looking" Greek economic strategies by assisting Greek enterprises in their efforts to seek business abroad and increase their exports. At the same time, these bilateral relations aim to serve

foreign businesses that want to invest in Greece or develop their activities in Greece. A large part of these efforts is carried out through the sixty-two economic offices with economic and commercial attachés located in Greek embassies and consulates abroad. In short, these offices serve as a link between the two countries, helping Greek businesses expand abroad and foreign businesses expand into Greece.

The Secretariat has not pursued strategies or policies specifically targeting the diaspora. Nonetheless, it frequently comes into contact with members of the diaspora in the course of its work. For example, diaspora businessmen located abroad who wish to develop business activity in Greece often contact the commercial office of the Greek embassy or consulate in their destination country, just as non-diaspora businessmen who are considering doing business in Greece would do the same.

It should be noted that the Secretariat also exercises economic diplomacy with the “commercial missions” it organizes when Greek leaders carry out official visits abroad and are accompanied by Greek businessmen who have local meetings. In addition, it has often co-organized business and investment missions abroad with public-sector investment agencies such as Enterprise Greece and the Hellenic Republic Asset Development Fund (TAIPED) (whose activities are discussed below), or, when not a co-organizer, has collaborated by offering the services of the local economic-commercial offices in Greek embassies and consulates abroad in order to “open doors” and identify and invite prominent businessmen of the area who might be potentially interested in investing or developing business in Greece. Once again, in the course of this work, diaspora businessmen have often been involved.

### **5.2.3. Special Parliamentary Committee for the Greek Diaspora**

The Greek Parliament foresees a Special Permanent Parliamentary Committee for the Greek Diaspora, comprised of 30 Members of Parliament. Its stated mission is to investigate the problems faced by Greek diasporas, to maintain Philhellenism and the Greek language particularly among younger generations of Greeks, to promote Greek

culture and national issues, and to support Greeks abroad and participate in events of diaspora organizations.

Following the example of other governments, Greece has discussed extending voting rights to the diaspora and relevant issues have been discussed by the Special Permanent Parliamentary Committee for the Diaspora. As seen in Chapter 3, the extension of voting rights is a capacity-building policy commonly used by nations attempting to engage their diasporas (Gamlen 2006; Agunias and Newland 2012; Newland and Plaza 2013), as one of a series of civil, political, or social rights or benefits offered to the diaspora in order to create trust and mutually beneficial relationships.

The discussion on extension of voting rights to the Greek diaspora has now lasted nearly a decade and intense disagreement among Greek political parties has prevented the adoption of such a measure. In May 2014 the Minister of the Interior appeared before the Special Permanent Parliamentary Committee for the Diaspora, and announced that a new draft bill including provisions for voting by diaspora members was being prepared by a working group. All members of the Committee agreed in principle to the extension of the vote to diaspora members, but it appeared that the details and specifics of the procedure would likely, once again, constitute serious issues of contention among the Greek political parties.

#### **5.2.4. World Council of Hellenes Abroad**

The Greek constitution provides for the World Council of Hellenes Abroad (Συμβούλιο Απόδημου Ελληνισμού [ΣΑΕ]) which is entrusted with representing diaspora organizations and advising the Greek government concerning diaspora issues. The Council is an umbrella organization covering first-degree or first-level diaspora organizations and professional associations, second degree organizations (federations of communities, organizations and associations which operate at the state or national level of a country), and third degree organizations (co-federations, which function at the international level).

In recent years, the Council has been in the throes of controversy and the Presidency has resigned. Protests abounded from first-degree and second-degree organizations and associations around the world

about the amount of funds consumed by the Council Presidency for its own expenses, leading to the resignation of the leaders. By the end of November 2015, a new Presidency was not yet in place and it appeared that the Council would remain paralysed until relevant legislative action was taken by the Greek Parliament.

A draft bill concerning the World Council has been discussed by the Special Permanent Parliamentary Committee for the Greek Diaspora, since a new bill is required to place the Council on a new footing. However, discussions in the Parliamentary Committee reached an impasse in 2014 due to disagreements among the Greek political parties concerning the provisions for the “refounding” of the Council. The main issue of contention was whether individuals could become members of the Council or whether membership would remain restricted to organizations and associations. Those arguing that individuals should have the right to become members claimed that only about 5% of the diaspora population belonged to diaspora organizations and associations. Another change under discussion was that the Council become self-funding, rather than receiving funds from the Greek state. In meetings of the Special Parliamentary Committee for the Greek Diaspora held in 2015 after a change of government, the relevant authorities announced to the Committee that the draft of the new bill concerning the re-founding of the World Council was under preparation. The bill would provide for the modernization and self-funding of the Council, while it was hoped that consensus could be achieved among the Greek political parties with respect to the new bill.

#### **5.2.5. Other government initiatives**

Since the onset of the economic crisis, various leaders of the Greek Republic, including Prime Ministers, have gone abroad and appealed to the diaspora to contribute economically to their country of origin, in a wide variety of ways. The most prominent of these visits will be briefly described.

In September 2013, Prime Minister A. Samaras met in New York with prominent businessmen of the diaspora and invited them to invest in Greece. He stated that instead of the “red tape” of bureaucracy that confronted would-be investors in past years, Greece had rolled out the

“red carpet” to welcome investors and was continuing efforts to improve the institutional and tax environment.

In September 2015, again in New York, Prime Minister A. Tsipras addressed a large gathering of wealthy diaspora entrepreneurs organized by the Hellenic Initiative. Extolling their love for Greece and exhorting them to invest in their homeland, he presented a plan with incentives for attracting foreign investments, including provisions for reducing bureaucracy and corruption.

In addition, ministers of the Greek government have been active in promoting Greek interests at various international fora, some of which have focused specifically on the Greek diaspora, while others are more general but are often attended by members of the Greek diaspora community. One such example is the annual Investment Forum “Capital Link”. Other relevant examples are the appearances of government leaders at bilateral chambers of commerce, where diaspora members are usually present.

While these efforts by Greek leaders have been very valuable in attracting the attention of the diaspora and highlighting investment opportunities in Greece, they do not appear to be part of a systematic, long-term strategy to harness diaspora potential for the economic development of Greece. The collaboration of various public bodies is needed to forge and implement successful long-term strategies and policies for engaging the diaspora for Greek economic development. It should be noted that the GSGA has generally not been brought into this process, other than compiling lists of names, usually without clarification of the purpose of such lists.

## **5.2.6. Public-sector investment agencies**

### *5.2.6.1. Enterprise Greece*

The agency Enterprise Greece is the successor organization of Invest in Greece which also took on the mandate of the Hellenic Foreign Trade Board. Its main goal is to attract foreign investment. While it does not focus specifically on the diaspora, some of its successful projects were the result of collaboration with diaspora Greeks.

Between 2000 and 2005 the agency collaborated with a Greek research laboratory to approach US enterprises owned by Greek diaspora members that designed semi-conductors, resulting in two major investments in Greece. The first was an investment amounting to 20 million US dollars by Atmel, founded by a first-generation Greek migrant to the US, and concerned the establishment of a high technology design centre in Patra. The investment was undertaken with assistance from the Greek government on the basis of Law 2601/98. Approximately 200 highly trained engineers and computer specialists were hired. A few years later, the company changed its priorities and closed the Patra unit, which led to the creation of eight spin-off companies and a new technology cluster in Western Greece.

Another investment project involving Enterprise Greece was the creation of a European client-support centre by Photronics, a US-based company which specializes in sub-wavelength solutions. The centre was established in the Technological Park of Lavrio and approximately 20 engineers were hired. The company was founded by a first-generation Greek migrant to the US.

Enterprise Greece has been involved in various missions to countries with noteworthy Greek diaspora populations such as Australia (2009), the US (2013) and South Africa (2013). These missions to attract investments in Greece were coordinated with local Chambers of Commerce as well as with groups such as the Hellenic Initiative.

#### *5.2.6.2. The Hellenic Republic Asset Development Fund (TAIPED)*

The Hellenic Republic Asset Development Fund (TAIPED) is an agency whose mission is to maximize the proceeds of the Greek state from the development or sale of assets owned by the Greek public. TAIPED periodically organizes tenders for land development, infrastructure, and corporate projects. It is unclear to what extent diaspora members are contacted and approached about participating in these competitions and bids since for each project a different external consultancy is contracted to contact potential investors and organize the relevant “roadshow” to inform interested parties, and apparently each consultancy prepares its own list of prospective investors. Nonetheless, prominent members of the diaspora are undoubtedly among



those approached by these external consultants, even if diaspora engagement is not part of a central, systematic plan.

According to sources at TAIPED, prominent members of the diaspora who are interested in investing in Greece often take the initiative to come directly in contact with political leaders, such as with the Prime Minister or Ministers of the government with economic portfolios. This appears to have been the case with the Calamos Fund, which won the bid for a major project in Rhodes and was founded by a second-generation Greek-American.

### **5.2.7. Other relevant bodies under the auspices of Greek authorities**

It should be noted that in addition to the diaspora databases maintained by the GSGA, several Greek agencies have created specialized databases containing diaspora Greeks. The two agencies below have constructed databases which include Greek academics, professionals and researchers who are located abroad.

#### *5.2.7.1. National Documentation Centre (EKT)*

The National Documentation Centre is part of the National Hellenic Research Foundation which operates under the auspices of the General Secretariat of Research and Technology. It maintains various databases concerning research and researchers. One of its databases contains all doctoral dissertations undertaken in Greece and a large proportion of those undertaken by Greeks at foreign universities, and specifically those that have been recognized by the National Academic Recognition Information Centre (DOATAP, formerly DIKATSA).

Among the stated goals of the National Documentation Centre are the strengthening of communication among academics, the promotion of research and innovation, the creation of on-line Greek databases of research and technology, and the realization of collaborative efforts, both national and international. The Centre believes that its wide range of information sources, specialized staff, and technical infrastructure render the Centre a central point in the flow of scientific and techno-

logical information to the scientific, research, educational, and entrepreneurial community of Greece. At the same time, the Centre is also active in Europe, through participation in projects and networks concerning information society and innovation.

#### *5.2.7.2. Hellenic Quality Assurance and Accreditation Agency*

The Hellenic Quality Assurance and Accreditation Agency (HQA) is an independent body overseen by the Ministry of Education whose mission is to ensure the quality of Greek tertiary education. The HQA maintains a register of external experts containing eminent Greek and foreign scholars based abroad who are drawn on in order to participate in the External Evaluation, one component of the procedure of the quality evaluation undertaken in Greek tertiary institutions.

### **5.3. Networks of elected officials of Greek origin**

The Special Permanent Parliamentary Committee for the Greek Diaspora, discussed above, collaborates with the World Hellenic Inter-Parliamentary Association (Παγκόσμια Διακοινοβουλευτική Ένωση Ελληνισμού), founded in 1996 as an initiative of the Greek government. Its goal is the networking and collaboration of members of foreign parliaments who are of Greek origin. In 2015, the Association had approximately 200 members who were from 27 countries, including ex-prime ministers, presidents and vice-presidents of parliamentary bodies, ministers, and members of national legislative bodies.

The European Network of Elected Greeks in Local Authorities Abroad (Δίκτυο Ελλήνων Αιρετών Αυτοδιοίκησης της Ευρώπης – ΔΕΑΑΕ) is a related association composed of members of the Greek diaspora who have been elected to posts in local authorities. This association was created in 2001 on the initiative of Greece's Ministry of Foreign Affairs, the General Secretariat of Greeks Abroad, the European division of the World Council of Hellenes Abroad, and the Central Union of Municipalities of Greece, with the support of the Greek Parliament.

## **5.4. Private sector initiatives**

Many Greek diaspora organizations and groups have been involved in recent initiatives to contribute to the economic and social welfare of Greece. Some of these initiatives have been undertaken by older, long-established organizations such as the American Hellenic Educational Progressive Association (AHEPA) and others by groups that were formed subsequent to the onset of the Greek economic crisis. Only a few of the many initiatives currently underway will be presented in what follows.

### **5.4.1. Private sector initiatives launched by business communities**

Many initiatives have been launched by diaspora members in recent years in order to promote economic development in Greece and improve the levels of economic and social welfare of the population. In what follows only several such efforts will be described.

#### *5.4.1.1. The Hellenic Initiative*

Perhaps the most “high profile” non-government initiative taken in response to the crisis by members of the Greek diaspora is the “Hellenic Initiative,” whose launching event in Athens in July 2012 featured former US President Bill Clinton alongside Greek business leaders and prominent members of the global Greek diaspora. The Initiative describes itself as a global, nonprofit, secular institution whose vision is to mobilize the Greek Diaspora and Philhellenes around the globe to invest in the future of Greece.

The Hellenic Initiative has developed activities in various areas. Activities in the first area aim to rebuild a culture of entrepreneurship through the establishment and funding of three programmes. The stated goal is to “reignite” the Greek entrepreneurial spirit by stimulating a wave of innovation and creation, shaping new opportunities to transform ideas into successful businesses, thereby slowing the “brain drain” of young professionals from Greece.

The first programme consists of a business plan competition among Greece-based entrepreneurs that leads to the “Hellenic Entrepreneurship Award.” Winners of the award receive funding to support the new business venture as well as free business consulting. Business support includes legal, accounting, communications and IT services. In addition, the winners are assigned mentors who are highly experienced business professionals. Over 800 people registered for the inaugural award of 2013, submitting 295 business plans. More than 730 business plans were submitted in the 2015 competition, with the three winners sharing prize funding of up to 1,000,000 euro. It should be noted with regard to the four winners in 2013 that by 2014 all four enterprises were operational and had created hundreds of direct and indirect jobs.

The second entrepreneurship programme, the “Venture Garden,” is an educational programme housed at graduate schools of business in Athens (ALBA Graduate Business School at the American College of Greece) and Thessaloniki (Anatolia School of Business at the American College of Thessaloniki). It is an entrepreneurship education programme designed to provide knowledge and skills which will contribute to an increase in the number of entrepreneurs and to their success.

The Hellenic Initiative also aims to enhance long-term economic development in Greece through programmes that invest in the future by supporting initiatives that stimulate near-term job growth while laying the foundations for long-term development. The first initiative is the Hellenic Investment Fund, which is an impact investment fund targeting investment returns as well as job growth, by providing growth equity to small and medium sized companies crucial to the Greek economy. Another initiative, the “Fellowship for a New Economy,” invests in the human capital necessary to create sustainable growth in strategic economic sectors. Investment in a new generation of Greek business leaders is accomplished by providing young managers in Greek businesses with twelve-month rotations in multi-national as well as leading US businesses. The Initiative has arranged placements for them in businesses abroad, but not all of which are owned by members of the Greek diaspora. In 2014, twenty-five young Greeks were chosen as recipients of the relevant “scholarships” to work as interns and trainees in these businesses.

The newest programme launched by the Hellenic Initiative is entitled “ReGeneration” and is a six-month practical training programme or internship which offers work experience, training, and diverse opportunities for self-improvement and personal development. Inaugurated in October 2014, 55 training positions at 24 different companies in Greece were secured, with the hope that the stints would lead to full-time employment in these firms. The Australian Internship Programme was to collaborate with the ReGeneration programme to locate suitable candidates for the opportunities it shapes.

The Hellenic Initiative also engages in crisis relief. It has carefully selected partner organizations with proven track records. It has provided grants ranging from US \$135,000 to US \$300,000 primarily to NGO’s which provide medical and children-focused services, as well as to the Ashoka network of social entrepreneurs.

#### *5.4.1.2. Reload Greece*

Reload Greece is an organization based in the United Kingdom which aims to assist a new generation of entrepreneurs to create ventures with economic or social impact, by providing them with the relevant guidance, support and means. Founded in 2012, it has located and mobilized approximately fifty mentors in the UK who offer their expertise, skills and contacts to budding entrepreneurs in order to help them establish or expand their businesses. The business ideas selected for support by the organization must have the potential to create jobs in Greece or to benefit Greek society in some tangible way. The third annual conference of Reload Greece was held in London in September 2016 with the title “Enterprising Diasporas: From Drain-Brain to Brain-Gain”.

#### **5.4.2. Private sector initiatives launched by academics**

There are many diaspora associations of professionals corresponding to specific professions and diaspora locations, whether country- or city-specific. Many of these may have developed relations with their counterparts located in Greece. Only a few initiatives by academics in the field of economics will be briefly described below.

#### *5.4.2.1. Conference on Research on Economic Theory and Econometrics (C.R.E.T.E.)*

An important initiative for the transfer of state-of-the-art knowledge and skills between diaspora and local academics is the annual “summer school”, “Conference on Research on Economic Theory and Econometrics” (C.R.E.T.E.), which brings together distinguished foreign and Greek academics and advanced Ph.D. students at Greek and foreign universities. It is organized annually by prominent Greek academics at universities abroad and in Greece, and is typically held on a Greek island. In July 2016, its 15<sup>th</sup> annual conference was held on the island of Tinos.

The conference is by invitation, though quite open, with the aim of ensuring that those who attend are active researchers. It has no registration fee and is instead financed by fundraising in the Greek public and private sectors. Greek students pursuing post-graduate studies are exposed to world-class academic research and have an opportunity to present and receive comments on their own research. The format is designed to encourage informal interactions. In addition, junior faculty and postgraduate students can learn about possibilities for academic jobs. Since its inception in 2002, the conference has hosted prominent young Greek academic economists, including several now teaching at highly ranked universities who uniformly credit C.R.E.T.E. for their early exposure to top-notch research.

#### *5.4.2.2. Greek Economists for Reform*

The diaspora initiative “Greek Economists for Reform” was founded in response to the Greek recession by prominent academics at leading universities in Greece and abroad who offered their expertise and ideas for overcoming the economic crisis. The group has produced publications outlining institutional reforms to encourage economic recovery and sustainable growth. Though many of the group’s members have presented their work at conferences organized by important organizations like the Bank of Greece, the Greek government has thus far drawn only minimally on their expertise.

## **5.5. Conclusion**

Greece has long had formal policies for engaging with its diaspora, chiefly through its General Secretariat for Greeks Abroad (GSGA). The focus has been on preserving ethnic identity, with emphasis on activities which cultivate Greek language, history and culture.

To date, neither the GSGA nor other public bodies have exhibited systematic policy attempts to tap the potential the Greek diaspora offers for domestic economic development. Only piecemeal attempts to attract diaspora investment can be observed, such as the appeals of recent Prime Ministers voiced at international gatherings of prominent diaspora businessmen.

Given the exceptionally large pool of highly educated and highly-skilled Greeks who work and reside abroad, strategies and policies to promote knowledge and skills transfers could prove particularly beneficial for the Greek economy. Policies aiming at such transfers, such as the creation or support of scientific, technical or business networks, do not figure on the public policy landscape.

On the other hand, outside the public sector, various diaspora initiatives have emerged in recent years. Several promising civil-society initiatives have developed programmes which aim to foster knowledge and skills transfers and promote entrepreneurial activity in Greece.

## CHAPTER 6

### CONCLUSIONS AND NEW POLICY DIRECTIONS

#### 6.1. Conclusions

For nearly a century, Greece was a major migrant-sending country, transforming into a receiving country only in the last decades of the 20<sup>th</sup> century. Greece could have reaped greater economic benefits from its overseas nationals who left Greece in the early part of the 20<sup>th</sup> century and in the postwar decades if it had shaped effective diaspora engagement policies. Though emigrants sent back significant remittances, the government lacked policies to effectively channel this capital towards development projects and productive uses.

Subsequent to the onset of economic crisis in 2008, large numbers of Greeks are emigrating once again. It appears that Greece may once again fail to capitalize on the advantages presented by emigration for national economic development.

This time, the challenges and opportunities are different. Past waves of emigration were composed mainly of low-educated individuals who worked as unskilled or semi-skilled labourers abroad. In contrast to earlier waves, the current outflow appears to be dominated by university graduates. These new emigrants are joining the diaspora population of highly educated and skilled Greeks who have exited the country in the last few decades, further expanding the pool of Greek talent located abroad.

Two major policy issues emerge from this outflow of educated Greeks: how to stem their exodus and successfully utilize their talents and skills domestically, and how to harness the potential of those abroad for development at home. This second issue has formed the focus of this report.



Recent international policy experience in engaging diasporas for home-country economic development highlights the wide range of opportunities for states to tap the knowledge, skills, and resources of highly educated and successful diaspora members. Not only developing but also developed countries such as Scotland, Australia and Chile have displayed major success in involving their diasporas in networks and other organizational forms through which they have contributed substantially to the development of research centres and industrial sectors and the growth of enterprises based in the country of origin.

Unfortunately, Greece has yet to utilize the tremendous potential offered by its diaspora to promote economic development at home. This is not because Greece is lacking in diaspora-focused structures, institutions and policies. The Greek state and numerous public and private bodies exhibit a long history of engaging the Greek diaspora in promoting Greek national interests. In past decades, Greece managed to successfully leverage diaspora potential to contribute to geopolitical and foreign policy goals, such as support of Greek positions concerning the Cyprus issue, by mobilizing its diaspora to lobby and influence the foreign policy of powerful nations where its diaspora has an important presence.

However, to date, the Greek government has not successfully leveraged diaspora potential to contribute to economic development goals. It has not used existing institutions and structures or forged new ones in order to attempt to harness diaspora skills, knowledge, and resources for economic development. For example, the government does not appear to be in the process of developing business or academic networks or other appropriate organizational forms to mobilize the diaspora for economic development akin to the structures and networks it built to mobilize diaspora to help promote foreign policy goals, such as the networks it created of elected officials in legislative bodies around the world who are of Greek origin.

A comparison of the recent international experience in mobilizing diasporas for home country development seen in Chapter 4, on the one hand, with the policies and initiatives seen in Chapter 5 with respect to the Greek diaspora and efforts to engage them in Greek economic development, on the other, reveals the wide gap between opportunities and realities. The gap is especially glaring when considered

in the light of the vast potential offered by the size, knowledge, skills and resources of the Greek diaspora as illustrated in Chapter 2.

With respect to the four areas focused on in Chapter 4 concerning the recent international experience of diaspora engagement for home country economic development, Greece appears to come up short in all four. Specifically, knowledge and skills transfers between its diaspora and its local research, professional, and entrepreneurial communities have been minimal compared to the huge talent pool of diaspora Greeks. Few scientific, technical or business networks have been formed which would facilitate such transfers. Nor have successful policies been developed for the attraction either of direct investment or of capital market investments by the diaspora. Levels of investment in both these areas are in no way commensurate with the potential offered by the extensive financial resources held by successful Greek diaspora businessmen. Finally, policies for diaspora tourism, developed by many home countries in their efforts to utilize the diaspora for economic growth, not only by increasing revenues from tourism but also by creating or reinforcing links between the diaspora and their homeland, do not appear to be in place in Greece. It should be noted nonetheless, that in recent years several important initiatives have been launched by the private sector to harness diaspora potential to contribute to Greek economic development with The Hellenic Initiative constituting the foremost example.

For more than three decades, Greece has had a state institution dedicated to diaspora engagement, the General Secretariat for Greeks Abroad (GSGA). As yet, however, it has not been involved in planning or policy development related to engaging the diaspora for economic development. Instead, its programmes and policies have focused almost exclusively on “capacity-building policies.” As seen in Chapter 3, such capacity-building policies have long been considered a necessary first step to engaging the diaspora for issues of concern to the home country, and the GSGA exhibits substantial success in this area.

More particularly, since its founding in 1983, the GSGA has focused on a specific type of capacity-building policy, namely, “symbolic nation-building”, with activities aiming at the creation and reinforcement of a common ethnic identity through emphasis on Greek language, history and culture. The agency has carried out valuable work

in maintaining contact with diaspora Greeks all over the world. Most of its activities have been carried out in collaboration with diaspora community organizations in cities abroad. In other words, these diaspora organizations are the means by which the GSGA connects with the diaspora.

Despite the past successes of the GSGA in mapping the diaspora and maintaining contact with diaspora Greeks via such organizations, it appears that these government tools for engaging the diaspora may be out of tune with new segments of their target population. The GSGA's policies, the content of its programmes and the mechanisms for communication with the diaspora were designed and developed in correspondence with previous waves of migrants whose educational profile and era differed significantly from those of current waves. It is very probable that more recent emigrants are not being reached while these are the emigrants who can potentially contribute the most to Greece's economic development efforts, either now or in the future.

Attempts of the GSGA to stay in contact with the new wave of emigrants rest on the premise that the traditional focal points of the organization of Greek communities abroad (the Greek Orthodox Church, local diaspora associations with activities focusing on Greek language, culture, and customs) appeal to current emigrants. It appears doubtful whether the proportions of new emigrants approaching such organizations after arrival is similar to those of the past, given the different educational profile of recent emigrants, the prevalence of use of new information technologies among Greek youth, and the new sense of identity of many recent emigrants from Greece as cosmopolitans participating in a global society. The meeting place and organizational backbone of the new diaspora, or at least of substantial proportions of this population, may be social media and the myriad new websites and blogs created by emigrating youth and would-be emigrants. The GSGA needs to seek alternate sources of information about the new diaspora other than traditional diaspora organizations, and examine new ways of staying in touch with the new wave of emigrants. New communication technologies, social networks, and interactive media should be explored.

However, the challenges facing the government are much broader. Together with the GSGA they must rethink diaspora goals and strategies. Goals must be reformulated in collaboration with other related government bodies and agencies. Once the goals have been specified, appropriate strategies for pursuing these goals must be designed.

The creation of a high-level coordinating body would facilitate collaboration among state leaders, bodies and agencies involved in promoting economic development in order to shape policies for harnessing the diaspora potential. To date, such collaboration has been piecemeal rather than part of a systematic, long-term strategy to engage the diaspora in Greek economic development.

For example, in recent years, members of successive Greek governments, including Prime Ministers and various Ministers, have made high-profile visits to countries and cities with large diaspora populations and appealed to prominent members of the diaspora business community to devote resources to home country development efforts. These visits have proved valuable in attracting the attention and support of the diaspora and highlighting investment opportunities in Greece. Nonetheless, the visits do not appear to be part of a systematic, long-term strategy to cultivate solid relationships with the diaspora and draw on their potential for the economic development of Greece, but rather as *ad hoc* initiatives. The collaboration of various public bodies is needed to forge and implement successful strategies and policies for engaging the diaspora for Greek economic development. It should be noted that the GSGA has not been brought into this process, other than compiling lists of names in relation to specific visits.

After the goals of diaspora engagement have been determined, the segments of the diaspora population that could contribute to the various goals, whether economic or not, should be identified as well as the individuals who could play a pivotal role for the accomplishment of each goal, and then policies for the effective engagement of these diaspora segments and individuals need to be designed. To date, the GSGA's capacity-building policies have been directed to the diaspora community as a whole. Specialized strategies need to be developed for specific target groups within the diaspora population, according to the role they can play in contributing to Greece's economic development. As seen in Chapter 4, recent international policy experience in

utilizing the diaspora for economic development points to the importance of focusing on “high achievers” who present the greatest potential to contribute to economic development.

Greece is not the only country that seems to have placed near exclusive emphasis on a nation-building project among its diaspora population without having clearly specified the goals of this project; diaspora policies of many nations have focused on symbolic nation-building projects with ill-defined aims (Boyle and Kitchin 2013). As noted, the key to engaging the diaspora for economic development goals is not to abandon nation-building projects, or to subordinate these projects to economic imperatives, but instead to “find an appropriate balance between projects designed to fortify social networks and cultural institutions and initiatives designed to enlist diaspora populations in the development of sending states” (Boyle and Kitchin 2013: 327).

The roles the state and central government are to play in the implementation of diaspora policies for economic development must be carefully considered. As seen in Chapter 3, it has been observed that when governments attempt to “officialize” structures such as diaspora business networks that were formed to assist domestic businesses, government involvement may destroy their vitality. Therefore, it is often advised that states be “facilitators” rather than “implementers,” using an “indirect approach” with respect to organizational support for diaspora networks (Kuznetsov 2013a: 19). These conclusions from the international policy experience would appear particularly relevant in the case of Greece given that, as seen in Chapter 5, the characteristic acrimonious divisions among domestic political parties have spilled over into diaspora policy issues and created policy stalemates vis-à-vis the diaspora. It is perhaps instructive that the promising, privately launched Hellenic Initiative, which is pioneering new forms of mobilizing diaspora members and drawing on their skills, knowledge, and resources, experience and networks to foster economic growth in Greece, appears to have intentionally steered clear of involvement with Greek public bodies and agencies, other than inviting government leaders to appear at prominent events.

In short, Greece needs to seriously rethink its diaspora policies. Recent years have seen a steep increase in the emigration of well-

educated youth from Greece, further expanding the talent pool of the Greek diaspora. While Greece may be losing its best and brightest, it can act to take advantage of the opportunities offered by their presence abroad. The impressive knowledge, skills and resources of the diaspora can contribute significantly to Greek economic development if appropriate policies are developed for drawing on this potential. At present, the diaspora policies in place are ill-suited for maintaining contact, cultivating relations, and harnessing the impressive talent pool of the Greek diaspora. New communication technologies and the recent international policy experience must be taken into consideration when reformulating diaspora policies and examining the role the diaspora and specific population segments of the diaspora can play in promoting the economic development of Greece.

## **6.2. Summary of policy suggestions**

Greece should first determine specific goals concerning the engagement of its diaspora to enhance national economic development. The newer forms of diaspora engagement that have been ascertained in the international policy experience to be particularly successful in contributing to home-country economic development and that Greece has not yet adequately focused on are: 1) knowledge and skills transfers between the diaspora and the local research, professional, and entrepreneurial communities, 2) direct investment, 3) capital market investments and 4) diaspora tourism.

Next, Greece needs to develop strategies and policies to achieve these goals. For each strategy or policy, the segments of the diaspora population that appear best positioned to contribute to its achievement should be identified. Then, ways of approaching and cultivating relationships with the relevant segments and individuals should be worked out.

With respect to knowledge and skills transfers, Greece should draw on the existing valuable international experience in developing scientific, technical and business networks to facilitate home-country development. Some academic, professional, and entrepreneurial Greek

diaspora networks or associations already exist, and the potential to draw on these effectively should be evaluated.

Care must be taken such that existing diaspora networks and initiatives are not sapped of their vitality when the government attempts to collaborate. The “indirect approach” or “light touch” by the government is usually preferable; the international policy experience abounds with examples of failure when states sought to officialize existing diaspora structures.

Engagement of the diaspora to enhance home-country economic development can only be part and parcel of a long-term strategy of diaspora engagement. Greece needs to rethink the diaspora capacity-building policies it has implemented for decades via the GSGA, evaluating their effectiveness and designing policies and methods appropriate for the construction of solid relationships with the diaspora in today’s global society. Policies, networks, and activities are needed which can appeal to the new waves of highly educated young Greeks who have left Greece recently, and not only to the older, less-educated cohorts who emigrated in the post-war decades.

New communication technologies must be creatively employed to make contact with new emigrants and to broaden the base of the diaspora population with whom relationships can be cultivated, in the hope that ties with Greece will be maintained and that at some point these ties may contribute to the achievement of national goals. Even though successful courting of the diaspora may be a difficult task, international experience suggests that the substantial benefits that diasporas can offer their home countries render it a highly worthwhile endeavour.





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