



Should South Africa open its doors to skilled foreigners?

CDE held its eighth debate on 13 October 1997. The speakers were Ms Lindiwe Sisulu, Deputy Minister for Home Affairs; Robin Plumbridge, immediate past Chairman of Gold Fields SA; and Lot Ndlovu, President of the Black Management Forum. CDE Executive Director Ann Bernstein chaired the debate.

In June this year the Centre for Development and Enterprise entered the national debate on cross-border migration with the publication of its two-part research study, **People on the Move**. The first document, **Lessons from international migration policies**, looked at the international experience, and the second, **A new approach to cross-border migration in South Africa**, proposed guidelines and a framework for a South African policy.

Shortly thereafter, government tabled its **Draft Green Paper on International Migration** which invited public comment. CDE responded, reiterating its stance that there should be free movement of skilled people from any-

WHAT ARE THE CDE DEBATES?

During 1996 and 1997 CDE ran a series of debates on topics important to current national policy issues. These will continue next year. The intention is to air issues underlying the topic and to raise the challenges facing both players and policy makers. Following each debate, CDE publishes a pamphlet summarising the event. These are distributed widely as CDE's contribution to keeping the debate alive.

where in the world into South Africa.

What clearly emerges is that the new government inherited an inappropriate migration policy for a non-racial democracy and enhanced economic growth and this has to be dealt with.

Official statistics on the availability of skills in South Africa are not reliable, but it is commonly accepted that South Africa is losing skilled people at a rapid rate. Decision makers know that to achieve the economic growth the country needs and to fuel GEAR, South Africa requires an abundance of skilled labour. Without skilled people South Africa will not get the sustained economic growth it needs.

What the speakers had to say...

Ms Lindiwe Sisulu opened the debate by saying that the democratic dispensation in South Africa had, for the first time, broadened the ambit of the policy making process to include the participation of most of the country's people and institutions. Politicians had to be honest mediators at all times of the interests of the various and sometimes competing sectors of South African society.

South Africa had a long way to go before it could get to the conditions that made the 'liberal' policies of Australia and Canada possible and even sustainable. The final product of the policy making process on immigration will have to take into account the policies of welfare, health, education, foreign affairs, labour and housing. It was no accident that the Department of Home Affairs was one of the last departments to formulate policy. It had to await the formulation of all other policies that would inform its immigration policy.

South Africa was part of a sub-regional community whose basic agreements further proscribed its scope and had bound itself to an agreement with its neighbours not to poach their skills.

South Africa's immigration policies would not be premised on economic factors alone - they would be an outcome of other concerns such as social, humanitarian and security factors. Immigration was but a small fraction of the factors that account for total economic growth.

Ms Sisulu said this background set the parameters within which South Africa needed to situate its immigration policy. But first and foremost, it was vital that all involved in this debate agreed on the definition of terms.

It was absolutely necessary to separate the legal stream of migration/immigration from the illegal because then it might be understood that the average South African is not as xenophobic as he is often made out to be. It was also important that South Africans realised that not every black foreigner was an illegal immigrant. This racist perception was very real, even among government officials.

Illegal immigration was not about blacks from SADC countries. It covered a whole range of nationalities that for some reason or other have not complied with South African requirements or have chosen not to comply.

Ms Sisulu said she was concerned with how CDE, in its migration

report, deals with migrants from SADC countries, a grey area that encompassed illegal immigrants. The South African government made a very clear distinction between regular/authorised legal immigration and irregular/unauthorised illegal immigration. This underpins any government analysis on migration. The essence of a country's immigration policy is to systematically work out who will be allowed in and who will not. That is why South Africa cannot equate those who have complied with our laws with those who have not, whatever the reason.

Ms Sisulu turned her focus more specifically to CDE's two-tier recommendations in relation to migration policy which included free movement of skilled people from anywhere in the world to South Africa and probationary entry of unskilled SADC people.

CDE in essence is advocating a liberalisation of migration policy which, it argues, will accord with the principles of GEAR. This position is almost tantamount to asking the government to do away with the borders and submit to a regime of free labour mobility not possible anywhere in the world. The actual situation is different. While globalisation had facilitated unmitigated free movement of resource and capital, industrialised countries, and the G7 in particular, had consistently resisted free labour mobility across borders, particularly between north and south, and in the last few years had put in place very strict measures to hinder labour mobility.

CDE rejects the argument that illegal migrants compete for jobs and other scarce resources with South Africans. This is based by CDE on research from the USA where existing evidence allegedly reveals that, despite disparities in wealth between the US and Latin America, Mexicans and other Latin Americans do not appear to be taking jobs away from Americans.

This analogy is mechanically grafted onto the South African situation with very little evidence.

CDE's conclusion ignores the fact that the demand for migrant labour, apart from its cheapness (an illegal migrant is even cheaper), has historically and traditionally been predicated on factors other than market forces. Such a conclusion can only be credible when arrived at on the basis of a study of historically specific conditions of South Africa.

CDE's proposals on international skilled migration are even more liberal. CDE suggests that skilled workers from anywhere in the world be allowed free entry into South Africa, the only requirement being proof of skills and or experience. CDE advocates further that the definition of skills be broadened to make sure that it includes most forms of small scale entrepreneurship allowing anybody with minimum levels of defined skill to enter the country.

The assumption is that skilled people import economic resources in the form of skills, networks and investment capital. By extension, it is argued that, because South Africa has a shortage of skilled person-power and is desperately in need of foreign investment, this area ought to be abandoned to the mercy of market forces with very little interference from the state.

If South Africa was to adopt such a liberal immigration policy with respect to skilled labour, with hundreds if not thousands of people with minimum levels of skills being allowed into our country, what would become of our own policies with respect to skills development of our own people?

All South Africans agree that we need skills. How we move from this basic recognition to a recommendation that amounts to an open door policy is difficult to understand. Lack of skills has to do with the distortions of the past. Importing skills does not solve the problem of human resource development - not now, not in the future.

The government would like to see in place a policy that allows South Africa to import skills in the short term - on work permits - while ensuring that an intensive human resource development programme guarantees that for every expatriate skill there is a South African being trained for that job. Any suggestion that goes beyond this will be problematic for the government.

Government is presently having to deal with big business that is bent on circumnavigating government policy on affirmative action by employing foreign blacks. Imagine how much worse the situation would be if we were to allow anybody from anywhere, with the flimsiest excuse of a skill, to flood the labour market.

Any immigration policy aimed at attracting skills will

have to be managed very carefully to ensure that South Africa can keep its promise to its neighbours; the country is selective, ensuring that we take in only the skills we need; and that such a programme is tied to the country's own human resource development.

No one involved in the immigration debate has so far adequately addressed the political implications of the proposals put forward. This tends to give the impression that the perceptions of the majority of South Africans do not really matter.

Accepting that some of government's recommendations put forward in the Green Paper will be unpopular, there is widespread belief that what government needs to do is accept certain economically correct positions, however unpopular, and then educate the extremist masses about how correct and right these are. This does not work for immigration because the same extremist masses are in effect the host, and their opposition would ultimately work to undermine the same policies government seeks to put in place. Education can only be part and parcel of government's process of consultation.

Immigration is one area of government policy where there needs to be some consensus. Ultimately, South Africans want successful policies - not ones that the government may have to discard. A successful immigration policy is one that at least a fair sector of South African society is happy with. You can never be right about immigration. But to liberalise South Africa's immigration policy to the extent advocated by CDE would be a complete disaster for the country right now.

Robin Plumbridge said his perspective on the debate was drawn from his working experience in the mining industry and, more recently, as a director of companies and a member of society interested in social development and its constraints within South Africa. South Africans had to recognise that there are various constraints - be they political, of its own making or due to external forces.

Mr Plumbridge began by posing a question: Do we want South Africa to be a winning nation? The answer has to be an unequivocal yes. Do we want to be a leading player in response to the cries for help from our fellow African countries? Again, yes.

It is common cause that a great many African states have struggled prior to and since their independence. Most are not realising their full potential. While South Africa has a primary responsibility to its own society, it also has a responsibility - both from the public and private sectors - to respond to its African neighbours which desperately need South African input to develop their economies. Some countries are in two minds about South African assistance; they do not want to be dominated. South Africa has to be prepared to respond. And many private sector companies are.

The crisp question which relates to the transformation of this country is: Do we want all South Africans to participate in our economy to their full individual potential? The answer again must be yes. But with some reservation. South Africa cannot afford to place its immediate skills needs in the hands of inexperienced, newly qualified people who may or may not have the relevant training for the job. The issue of training is a recognised problem and it needs to be addressed vigorously.

Do we have the human resources available now to provide the experienced, skilled, technical, professional and managerial requirements for the first two points above - to build a winning nation and to help our neighbours?

At this particular juncture the answer is no. Looking back on the past five years - the core period of our transformation - two positive factors emerge. First, South Africa has attracted back many outstanding people who were educated and trained overseas and who are now making a major contribution to our country.

Second, we have pulled through the system high quality people who would otherwise have been trapped under the old regime in unrewarding positions where they were not fulfilling their potential. There are many examples of people who have blossomed under South Africa's changed circumstances.

One of the negatives of the past five years is that we have swept aside many highly skilled and productive peo-

“South Africa has to attract skilled people - swiftly - in competition with other countries”



ple - in both the public and private sector, mostly in the 50+ age group - by allowing and encouraging 'early retirement'. The valuable mentoring and advisory skills this group could have ploughed back into our economy have been lost.

Another negative is that South Africa has lost a great many young people to emigration. Why? Fear of crime and fear over the future of our educational and health services rate as the chief reasons. Official statistics don't tell a fraction of the true story. It is possible that South Africa has lost an unrecorded 100 000 young people over the past three years, youngsters who 'go on holiday' and do not return. Will we get them back? This is our challenge.

A smaller category of 'lost' skills is those employees transferred abroad to lead the teams managing South Africa's foreign investments. Inevitably, these people will be among the country's most skilled - again both in the public and private sector - and it is alarming that few choose to return once their contracts are completed.

The bottom line is that the shortage of skilled people - those with a significant post-matric qualification - in South Africa is critical. This is a highly visible vacuum. It is perhaps most apparent in the information technology field where skilled South Africans are being approached daily by American corporations willing to pay a dollar salary determined simply by replacing the rand with a dollar.

South Africa's critical skills shortage is also reflected in the high number of vacant top posts and by the present incumbents who often don't have the right skills for the job or the acceptable levels of training and experience.

South Africa has to attract skilled people - swiftly - in competition with other countries. There are certain basic requirements: language, health, security clearance and an available job. These recruits should be able to come speedily and the paperwork speedily completed.

South Africa also needs to allow in people who are entrepreneurial enough to come out to our country to seek employment - provided they meet the basic requirements of language, health and security.

Lot Ndlovu said the topic had to be seen in the light of the challenges facing South Africa. Three are key:

- to become a world class country - to be globally and internationally competitive
- equity and fairness, particularly with respect to gender and race, and
- ensuring that Africa as a continent regains the respect it deserves, specifically in the areas of equity, ethics and productivity.

The narrowness of the skills base in South Africa is most probably the number one threat to foreign investment and economic growth. This is notwithstanding the sound policies the new government has adopted in the economic arena and on the business front. These display the progressiveness of an international player and will benefit South Africa as a community even if some of the policies have been opposed, notably GEAR, from powerful quarters.

But good policies alone will not deliver South Africa as a global play-

er. In the final analysis, the country will be judged by the strength of its business community. However, sound policy decisions are necessary for creating a healthy, nurturing business environment.

Too little is heard from either the political or business leadership of this country about the danger of running an economy on such a narrow skills base. This issue is not incorporated in many policies. When the public does engage leadership, particularly black business leadership, unfortunate and destructive arguments about the creation of an elite are put forward. It is conveniently forgotten that it is out of this base that leadership is usually born. When the dust settles on the creation of good policy making, South Africa will discover that it has to import skilled labour to run this economy.

South Africa's immigration policy will have to give the African component of immigrants specific attention - for several compelling reasons:

- South Africa is historically linked by race and ethnicity to African immigrants
- Africa's past political support for the struggle has to translate into future linkages
- the past benefits derived from external labour (viz the mining industry) has to be recognised
- as a country alone South Africa may not be able to offer a foreign investor economies of scale but, as part of a larger Southern African regional trading bloc, it can.

The whole process of cross-border migration has to be balanced and efficiently managed. Immigration cannot be uncontrolled. At present there are very few restrictions.

Immigration should never be seen as a substitute for developing our own people. With new investors coming in to our economy, South Africa cannot decline foreign workers.

Four elements of managing immigration may provide a solution:

- employees should come on a contract basis for no longer than three years;
- in this time they should have transferred their skills to understudies - specifically black South Africans. This will go some way to the addressing the gross undertapping of local potential in the past;
- companies which employ skilled immigrants should pay a fee of not less than 20% of the salary package into a fund to develop further much needed skills. The idea of a fee has been raised before by the Black Management Forum, an organisation which would be an ideal administrator of such a fund; and
- the number of immigrants employed by any one company should be limited. It should not, say, exceed 2% of a company's total professional/management cadre.

Whilst the route of employing foreigners is unavoidable, it can add enormous value to our society. South Africa is in desperate need of skills. We cannot ignore the fact that we are besieged by the world economy. But we must control and manage immigration to the benefit of our own economy, as a country and as a region.

Points raised during open discussion...

- I find it disturbing that the Deputy Minister and the BMF president have spoken of a zero sum job market in that foreigners working in South Africa will be taking away local jobs and not creating any. The Southern African Migration Project has done research in this area, particularly among lesser skilled immigrants such as street traders, and has found that there is a substantial number who are creating jobs for South Africans. Among SMEs, the research has shown that 70 foreigners have created 270 jobs for South Africans coupled to some kind of training. At the higher level of skills, there is an increasingly mobile job market. Restrictions such as set time contracts and work permits can prevent South Africa from attracting the skills it needs. Government is going to have to take harsh decisions which run counter to public opinion, even if emotions relating to racism and xenophobia are running high.



- There is a growing perception among Department of Home Affairs officials that immigrants from Europe are bona fide investors whereas all African immigrants are illegal. This colours the response and treatment meted out by the Department. Is the Deputy Minister experiencing this problem and, if so, what is she doing about it?
Ms Sisulu answered the last point first. She said she had pointed out that one way of dealing with this perception was to shift the parameters of South Africa's analysis. Legal and illegal immigrants had to be seen in terms of legality not in terms of race. There was a problem with this perception among the country's immigration officers and it was being attended to. The Department was drafting legislation which will assist private immigration agents to understand the ways and means of the Department and which outlines the parameters within which an agent should function. It is part

of the restructuring of the Department.

Ms Sisulu said Home Affairs would like to take a broad direction which defined 'petty commodity traders' (traders who sell curios and operate from tourist areas and flea markets) and 'petty petty commodity traders' (hawkers). The intention was to draft by-laws which will secure petty petty commodity trading for South Africans. This would prevent, for instance, a Senegalese being allowed in to the country to sell a South African tomato to a South African. The Department of Home Affairs had asked the Department of Labour to set up a national skills audit which will pinpoint South Africa's areas of short supply. This will assist the department with granting permits.

Taking harsh decisions contrary to public opinion could only be done once a thorough education programme had been carried out. The abolition of the death penalty, for instance, had always been embodied in the ANC manifesto; but not immigration.

Lot Ndlovu said he had doubts as to whether the job creation by immigrants noted by the SA Migration Project was purely as a result of the presence of the immigrants themselves. Those jobs could well have been created by South Africans. He said he was in favour of a phased approach to immigration: initially tough rather than liberal. Conditions could be eased as unemployment lessened and public emotion settled.

Robin Plumbridge took issue on the question of contracts. He said international experience had shown that generally the only beneficiary of contract employment was the employee himself. That person puts nothing back into the host economy other than his or her direct effort. Contract employees do not train understudies. It would be far better to follow the example of, say, Hong Kong where foreign workers had to renew a work permit

annually. This renewal was granted only if the foreigner could prove he had put something back into the economy.

Mr Plumbridge said he agreed that skilled immigrants created jobs but, conversely, incompetents also created jobs of the very worst kind. South Africa had many examples of this, particularly in the public sector, where under-trained, under-experienced officials surrounded themselves with more and more colleagues and achieved less and less. This situation is the ideal breeding ground for corruption. The only way to stop corruption is to place competent people who bring about efficiency and who will train and develop their colleagues.

- Is there any restriction on immigrants from Africa who may have held high office in a tumbled government and who bring looted money with them? What is the position regarding their permanent residence?
- Doesn't the granting of permanent residence to immigrants create an overflow of skills in certain areas? What if this sector left en masse tomorrow? Surely this destabilises skills development?

Robin Plumbridge said it will take many years to clear the skills backlog. The South African mining industry employed only 2.5% of the number of engineers it should and this had stunted the growth of this sector. South Africa should ensure that each citizen is given the utmost opportunity.

The Deputy Minister said her department was trying not to grant permanent residence in return for skills, higher qualifications or wealth. The Department does not sell anything. All applications for permanent residence are scrutinised and several issues at various levels are considered. Prescribed fees are charged if an immigrant is classified as a businessman wanting to invest in South Africa.

Concluding remarks by Ann Bernstein

I am in a difficult position as chair as CDE's policies have been attacked and it is inappropriate for me to reply. I can only suggest that people read our reports, listen to the Deputy Minister and then make up their own minds.

The question of migration raises a range of very important and complex issues of fact and philosophy. The discussion had reflected some fundamental views of how people see economic growth, the opening up of opportunities to all South Africans (many of whom have long been denied such opportunities) and how this relates to different attitudes on how countries grow. Do increased opportunities for some mean less for others? Or can South Africa offer an expanding cake of opportunity?

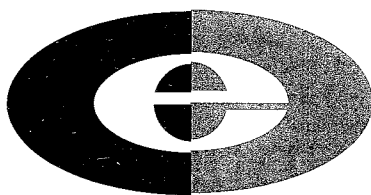
There are also important issues of fact: the time it takes to train, for example, an experienced engineer. What particular skills are in short supply? How many experienced people does South Africa need in a specific

area? Should we be opening our doors more widely to Africans because of our place on the continent? Is it really possible for South Africa to control its borders effectively and, if so, at what cost?

Some of the issues raised make it difficult to reconcile South Africa's ambition to become an open trading country. On the one hand we want to trade and expand our integration with the rest of Southern Africa, on the other we want strict rules on who is allowed in and under what conditions. All three speakers agree that South Africa should not open its borders willy nilly.

This debate also raises questions of capacity. Policy advocates and policy makers need to think hard not only about what is best for a country but also what is possible to implement at a particular time.

The policy issues surrounding immigration will be with us for some time. Ironically, the more successful South Africa becomes, the greater the migration pressures will be on the country.



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