



SKILLS, GROWTH AND BORDERS

Managing migration in South Africa's national interest

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INTRODUCTION

This report makes the case for reducing South Africa's skills shortages by recruiting large numbers of skilled migrants. The country's rate of economic growth can be accelerated by dramatically expanding the number of skilled foreigners moving to South Africa.

For nearly ten years, in response to mounting evidence of South Africa's growing skills shortage, the government has been promising to improve the systems under which skilled immigrants enter South Africa. If we are serious about achieving a much higher growth rate, a bold and determined new approach on this issue is vital.

The economy needs skills if it is to grow. With more skills, we could attract investment, make better use of technology, build the physical infrastructure we need, improve our schools and hospitals, and put unemployed people to work. There are no reliable estimates of the number of skilled people we need, but this is likely to be well over the estimate of 502 000 published by the Department of Labour in 2008.

South Africa's skills production system is grossly inefficient: children fare badly in almost every international test of literacy and numeracy; technical and artisanal training has all but ground to a halt; and universities produce too few engineers, managers and other skilled people. To make matters worse, skilled people have been leaving the country at an alarming rate.

Given the depth of the challenges, we have to reform the whole system of skills production. But that is not enough. It takes a generation before school reform produces well-taught learners; we cannot train technicians without skilled and experienced trainers; and our universities are large, sluggish bureaucracies which will take years to reform.

The only way to access large numbers of skilled people relatively quickly is through immigration. While the global skills market is luring away many skilled South Africans, it can also be used to recruit skilled people from elsewhere. South Africa's migration regime has consistently failed to do this.

Dramatically increasing skilled migration cannot be separated from other migration issues, such as those that arise from South Africa's obligations towards refugees and asylum-seekers. South Africans will not easily accept the need to import skilled people if they lack confidence in the government's ability to manage the flow of asylum-seekers and irregular migrants across the country's borders. These issues need to be addressed simultaneously.

SKILLED IMMIGRANTS

South Africa has a massive skills shortage which is limiting economic growth. Immigrants can spur growth by filling the skilled jobs which firms need in order to expand; providing the entrepreneurial skills needed to start new businesses; and adding the education, training, engineering, medical, and other skills needed to improve service delivery.



The United States provides the best example of the value of skilled immigrants. In 1990 more than a third of engineers and other IT professionals working there had been born elsewhere. Foreigners were responsible for more than 30 per cent of biotechnology inventions; generated a quarter of all global patent applications originating in the United States in 2006; founded more than a quarter of American companies, including Intel, Sun Microsystems, Yahoo and Google; and received 33 per cent of all doctorates awarded in 2008, including 48 per cent of those earned in physical sciences and 60 per cent in engineering.

Compelling proof of the importance of skilled immigrants can also be found in the efforts made by the world's most developed countries to attract them. In recent years, the United States, Germany, the United Kingdom, France, the Netherlands, Canada, and Australia have all taken steps to attract highly skilled workers. The same is true of countries in the Middle East.

Another recent development is increased competition for foreign students. States are competing for young people with high potential who are admitted to the receiving country's universities and encouraged to remain there after graduation.

Why South Africa needs skilled immigrants

The only plausible solution to South Africa's skills crisis in the short and medium term is to attract large numbers of skilled immigrants. But South Africa's skilled migration regime is poorly conceived and very ineffective. This is evident in the lengths to which companies must go to secure approval for foreigners whom they wish to employ. It is also reflected in the quota system, designed to facilitate the entry of skilled people even if they do not have a job offer, which is almost entirely unused in practice. In 2008, the year in which the Department of Labour estimated skills shortages of over half a million, some 36 000 permits were made available for skilled foreigners to enter the country without a job offer, but only 1 133 were utilised.

The whole system is premised on the false ideas that bureaucrats can predict the country's skills needs, and that skilled immigrants will become a burden on the economy if they do not have jobs waiting for them. Unsurprisingly, only 80 000 skilled people were granted work permits in South Africa between 2003/4 and 2007/8. Given the extent of the skills deficit, this is totally insufficient, especially when one considers that most work permits issued were limited to two or four years.

IRREGULAR MIGRANTS AND ASYLUM-SEEKERS

Most South Africans accept that the economy would benefit from more skilled migration. The same is not true about the migration of unskilled people. This is important for the debate about skilled immigration because these attitudes, which are often based on exaggerated fears, crowd out rational proposals for managed migration, and impact on policies affecting skilled migration. In this regard, a number of misperceptions have skewed debate about migration policy:

- the number of foreigners in South Africa is often greatly overestimated;



- the range of skills – including entrepreneurial energy – South Africa needs is greatly underestimated;
- asylum-seekers and irregular migrants who are already here are usually underestimated as a source of skills; and
- too many people think migration policy can be reduced to a simple process of admitting people the country needs or wants, and keeping out the others.

Irregular migration in southern Africa has a long history, but is rooted in differential economic opportunities. The length of time migrants want to stay to take advantage of these opportunities varies enormously, but overwhelmingly, they come to South Africa because they believe their economic prospects are better here than at home.

On the whole, irregular immigrants make a positive economic contribution. They tend to be more educated, and often have more work and entrepreneurial experience. As a result, they are significantly less likely to be out of work than locals, and much more likely to be self-employed.

These facts notwithstanding, irregular migration inevitably imposes some costs on South Africa. These include greater competition for jobs; uncertainties about, and increased pressures on, the planning and provision of services, especially in poor communities; social tensions that feed xenophobia; the erosion of public confidence in state agencies that appear unable to cope; and increased opportunities for corruption. In the face of these realities, South Africa's policy-makers have to choose the best possible mix of law enforcement and other interventions for managing irregular immigration.

Fortress South Africa?

For many people, including some in government, much more rigorous and extensive policing of South Africa's borders seems the obvious solution to the problems which they believe immigrants cause. However, it is doubtful that greatly improved border control could or should be the focus of improving migration management.

International experience suggests that, while physical border controls have a role to play, they are not a panacea. Both physical barriers and internal policing of migrants are very expensive. South Africa's own experience makes it clear that neither is very effective, and both generate unwanted side-effects.

South Africa's citizens have a right to expect their government to make a serious effort to manage and control the country's borders. However, the inherent weaknesses of a 'Fortress South Africa' policy and the poor capacity of most government agencies suggest that to rely on control alone would be to commit huge resources to a project that has little prospect of success. As one international expert has said of such efforts, 'Show me a fifty-foot wall, and I'll show you a fifty-one-foot ladder'.



Asylum-seekers

According to the UNHCR, South Africa has perhaps the most heavily utilised asylum-seeking system in the world. In 2008, for example, the country received 207 206 applications for refugee status, while the United States, which processed the second largest number of applications, dealt with only 49 600.

South Africa's policy for determining the status of refugees would be better suited to smaller numbers of applicants. The Department of Home Affairs (DHA) processed almost 70 000 individual claims in 2008, more than any other country in the world. However, as the large number of rejections (about 90 per cent of applications) reflects, the system is overloaded as there are no other routes to legality for so-called 'economic migrants'.

A NEW APPROACH TO MIGRATION POLICY

South Africa needs a new approach to managing migration which must achieve three goals:

- restore the credibility of the state with respect to immigration policy and implementation;
- realise the economic potential of immigration by actively recruiting very large numbers of skilled migrants; and
- take the pressure off our struggling asylum processing and enforcement systems.

Restoring public confidence

Rising numbers of asylum-seekers (from further and further afield), large numbers of migrants from Zimbabwe, internal violence, and the DHA's reputation for corruption all contribute to a public impression that migration is out of control. Little wonder that people believe there is a huge underground population, and that it poses a threat to South African society.

Policy reforms addressing all the main classes of migrants – skilled, irregular, and asylum-seeker – will be possible only if South African citizens have confidence in the capacity of government agencies to manage migration effectively. In the absence of effective management, the case for greater openness of our borders, which is essential for improved migration management, will simply not be heard.

Senior government figures should provide clear leadership in respect of migration policy. Priorities should include: making the compelling case for skilled immigration and engaging with skills shortage sceptics and denialists; and ensuring a more informed public understanding of how and why people enter this country, their numbers, and what they actually contribute. In practice, we need:

- credible assurances and demonstrations that the interests of citizens come first;
- explanations of why well-managed immigration is in the national interest, emphasising the positive contributions of many migrants;
- a directive to all officials to refrain from using exaggerated, untested estimates of migrant



- numbers, and generalising about migrants without reference to their precise legal status; and
- clarity on the rights and responsibilities of migrants in South Africa, including the expectation that they obey and respect the law.

Managing borders effectively

South Africa's long, porous borders cannot be sealed with the resources likely to be available for the task. Therefore, our migration regime should not be based on the false expectation that all irregular entrants can be kept out. Instead, we should create viable channels through which migration is managed in the national interest – developing smart, cost-effective methods of dealing with irregular migration, and recognising that growing regional trade and economic integration will encourage further migration. Elements of a smarter and more effective system would include:

- as effective a system of border management as we can realistically afford;
- a clear understanding of push and pull factors – the factors, both here and in their own countries – that encourage and sometimes compel people to migrate;
- reliable statistics (since perfection is not possible) on the scale of migrant flows and the reasons for them, which will require appropriate technology deployed by the DHA for gathering and processing information about the movement of people;
- the proper demarcation and policing of all borders, especially near towns and transport routes; and
- partnerships with neighbouring states – linked to appropriate incentives – to help manage migration.

Realising the economic potential of immigration

Migration policy is primarily an economic issue with enormous potential to contribute to South Africa's growth. Migration policy should not be a matter for the DHA alone; economic and social policy-makers must play a much bigger role.

South Africa needs an immigration policy whose principal purpose is the effective recruitment of very large numbers of skilled people, rather than setting and enforcing quotas.

This means that South Africa should welcome, with a minimum of conditions, any migrant with skills. The notion of 'skills' must be defined widely so that it includes anyone with formal tertiary qualifications from recognised institutions, as well as people with entrepreneurial ability (not just investors with millions to invest, but proven smaller entrepreneurs). We must go beyond just filling existing skills gaps in large companies. We urgently need immigrants to revitalise our faltering public health, education and skills production systems as well as to boost innovation and entrepreneurship.

The country needs a determined, energetic, and strategic recruitment programme based on a much better understanding of domestic and global labour markets. To get there, we need:



- A more open, frank debate on the country's skills crisis and the length of time it will take for domestic skills production to fill the gap.
- Official recognition that skilled foreigners are a crucial factor in accelerating economic growth and effectively developing local skills in greater numbers.
- A re-conception of how we think about South Africa's skills shortage. In a country desperate for skilled people spending effort on predicting what a dynamic market economy's skills needs will be, is a complete waste of time and money. Skills quotas should be abolished. We need the vision to see that we need 'skills to create skills', and 'skills to create jobs'.
- A global campaign to attract very many skilled immigrants, including a scheme for 'designer immigrants' to be educated at local universities, in order to boost skills across the economy, including in public services such as education and health.

Asylum-seekers and refugees

For complex reasons, large numbers of people in Africa and elsewhere are seeking asylum in South Africa. Despite strong performance by the DHA in processing claims, the sheer weight of numbers has generated significant backlogs. Clearly, any improvement in its capacity would be welcome, but the ultimate goal should be to reduce the number of people who apply for asylum. In practice, we need to:

- Appoint a special task force to clear the applications backlog. If a pathway to earned legality were open to economic migrants, the task team could redirect some applicants to that programme, and also deport unsuccessful applicants.
- Research the profile and routes of access used by asylum-seekers, in order to establish how to discourage more people coming from afar.
- Develop a 'safe third country' system in the region through partnership agreements with countries whose human rights regimes are similar to ours. These agreements would require asylum-seekers to apply for asylum in the first safe country they entered after leaving their homes.

Irregular migrants

Reforming our approach to skilled migration is the highest migration policy priority. However this cannot be divorced from the broader need to manage all forms of migration more effectively.

There are fewer irregular immigrants in South Africa than suggested by most of the estimates that have gained public currency. Immigrants also make smaller demands on public services than is generally believed, and contribute more to the economy than is usually recognised. However, this does not provide grounds for complacency as the numbers are still significant – some 2,5 million people is the best estimate.

The political and social challenges of unskilled migration need to be actively managed. Flows of irregular migrants are likely to persist, though they will fluctuate with changing political, economic, demographic, and climatic conditions in sub-Saharan Africa.



South Africa needs policies that recognise the realities as well as the limits of what can be achieved by increased law enforcement.

Creating a legal pathway for unskilled immigrants from SADC could ensure that migrants make a bigger contribution to South Africa's economy (by being registered for tax, for instance) than they do at present. A legal migrant population would be easier to manage than an unknown, underground one. Such a scheme could also reduce opportunities for corruption, exploitation and xenophobia.

The burden on law enforcement would be reduced; there would be less incentive for people smugglers to operate, and law enforcement efforts could be better targeted at more serious forms of criminality. Moreover, much of the incentive for abusing the asylum system would fall away. South Africa would be able better to discharge its obligations to asylum-seekers and refugees.

Designing such a programme is not simple. Nonetheless, South Africa must try to find a viable legal pathway for entry for a reasonable number of economic migrants. The status quo is too damaging to be allowed to continue, and stricter law enforcement will cost far more, with very limited returns coupled with adverse consequences. The country urgently needs a policy that invites and welcomes many more skilled migrants and simultaneously allows for a realistic number of unskilled migrants to earn the right to live in South Africa.

CONCLUDING REMARKS

South Africa has put too many obstacles in the path of skilled foreigners who want to live and work here, and whom the country desperately needs. We have made little effort to recruit the many thousands of skilled people that could accelerate economic growth, create employment, and drive development. In addition we have also not used the skills of refugees and Zimbabweans to best effect. The situation has been worsened by the emigration of many skilled people.

The government has failed – for years now - to manage the inflow of large numbers of (formally) unskilled people. It is impractical to throw up a wall around our borders, so we need to balance more effective border control with the creation of legal channels for migration.

This twin failure – to recruit and retain skilled people, and manage the entry of unskilled people – is holding back South Africa's prospects for growth and development and exacerbating social tensions.

Migration cannot be stopped or rigidly controlled. This is not a bad thing: the history of humanity is a history of migration. Invariably, it has benefited migrants, their countries of origin, and their destinations.

With smart leadership and policies that put South Africa first, the nation could reap enormous benefits from welcoming the brave, energetic people – risk-takers – who choose to migrate to this country in search of a better life.



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