Is your migration policy ready for development?

Ljubica Nedelkoska on behalf of many at CID

Global Empowerment Meeting
CID Harvard, 2018
Countries grow by diversifying their productive knowhow

Access to knowhow and skills is a major constraint to growth

Panama’s Binding Constraint to Growth (Hausmann et al. 2017):

Empirical evidence indicates that the most binding constraint to further growth is **human capital**.

Albania’s Binding Constraint to Growth (O’Brien et al. 2017):

Despite serious issues in many other areas, we find that the binding constraint to stronger growth in Albania is a **lack of productive knowhow**. By “knowhow,” we mean the knowledge and skills needed to produce complex goods and services. Albania faces a unique knowhow constraint that is deeply

Sri Lanka’s Binding Constraint to Growth (O’Brien, Stock et al. 2017):

In brief, this growth diagnostic analysis shows that economic growth in Sri Lanka is constrained by the **weak growth of exports, particularly from new sectors**. Compared to other countries in the
How did others access knowhow?

Singapore: 46% of population is foreign born

Bangalore: Indian diaspora networks meet strong tech base

Panama: 10 years of 10% FDI inflows as a share of GDP
Such flows of investment, foreigners and diaspora need the right kind of immigration policy.

Is your migration policy ready for knowhow inflow?
Diversifying Sri Lanka

- Where will knowhow come from?
  - Post-conflict FDI inflows are around 1% of GDP
  - Immigrants are less than 1% of the population
  - Estranged diaspora

Source: Stock (2016) using data from UN COMTRADE

Export growth (2000-2014) by product age

Annualized export growth (%), 2000-2014

Source: Stock (2016) using data from UN COMTRADE
Will Sri Lanka make it on its own?

Can knowhow be build at home?

Imagine a Korean engineering company would like to invest in Sri Lanka and open about 1000 IT jobs …

Hiring a foreign professional in Sri Lanka

• As investor you can, but:
  • Spouses are not allowed to work
  • Cannot choose a different company in Sri Lanka
  • Cannot aspire permanent residence, let alone citizenship

• As an other company, even harder:
  • Employers make individual work permit applications on behalf of each foreign professional
  • The national association for the profession has to approve each application, and they seldom do.
Hiring a foreign professional in Indonesia

You need a foreign expert for one of these departments?
• HR
• Legal
• Health, safety, and environment affairs
• Supply chain management
• Quality control and inspection

Is your company in service, trading, and consulting industries?

One + one rule applies
+ a training plan for the Indonesian employee

Coordination across 5+ agencies (consulates, national and regional-level agencies)*

No foreigners allowed!

Foreign advisors only!

1. Min. of Manpower approves your company’s needs to hire foreign workers (RPTKA)
2. Pre-working permit (Pre-IMTA)
3. Working permit (IMTA)
4. Limited stay permit (VITAS)
5. Limited stay permit card (KITAS)
6. Multiple entry/exit card (MERP)

Visa extension (after 6-12 months)

*Min of Manpower, Directorate General of Immigration, Consulates, Regional Immigration office, regional registration offices
What prevents developing economies from adopting more favorable migration policies?

“Ultimately, ideas do.”* (Lant Pritchett, 2006)

“Because the constraints on labor flows are ideas, not economics, the main challenge is not to generate proposals that produce economic gains (that is easy) but to produce proposals that are politically feasible …”* (Lant Pritchett, 2006)

* The full quote relates to the obstacles of low skilled migration to rich countries: “What stops the five massive, and mounting, pressures for movements of labor from resulting in even greater flows of people across borders? Ultimately, ideas do.”

** The full quote “Because the constraints on labor flows are ideas, not economics, the main challenge is not to generate proposals that produce economic gains (that is easy) but to produce proposals that are politically feasible in rich countries – while remaining development friendly.”
Idea 1: Reciprocity

Reciprocity in visa regimes between countries (2010)

- Share of bilateral relationships requiring a visa by at least one country: 87%
- Reciprocal visa requirements: 86%
- Reciprocal visa waivers: 52%

Source: Own calculations using data from Mau et al. (2015)
Idea 2: Zero sum game

• Jobs for us, not for them.
• National Associations of Professionals see the world this way.
• Production is not a zero-sum game. It is about growing the cake, not only dividing it.
Idea 3: Growing skills at home

- The skills you learn in school are not the same as the skills you learn on the job.
- To develop productive knowhow, you need jobs, often brought in through FDI.
Idea 4: *They are not like Us*

Losing cultural identity – loss aversion

Brexit: Leave voters and immigration by district

There are no easy choices, but a difficult balance

• Learning from Singapore
• Positive new ideas (backed up by evidence) can fight entrenches ideas, but …
• There are no easy choices, but a difficult balance:
  • National identity
  • Integration of foreign nationals
  • Economic progress
THANK YOU
The Challenges of Migration Policy Making

Nirmalan Wigneswaran
Senior State Counsel
Attorney General’s Department, Sri Lanka
GEM 2018
Outline

- “Indian Tamils” in Sri Lanka – “Us” or “Them”?
- Tamil Diaspora – Getting “them” back to “us”
- Employment visas and immigration reform - How do “they” visit “us”? 
Sri Lanka – A story of migration

• Founding myth

• *Mahavamsa:* the world’s longest unbroken historical account from 500 BC
  • Recording numerous South Indian invasions and migrations and its effects on Sri Lanka.

• Colonial Rule
  • Portuguese - 1505
  • Dutch - 1658
  • British – 1796 (and entire island in 1815)
    • Peasant Revolt of 1848 – why?
“Us” or “Them”? Indian Tamils

- “British Subject” – Ceylon (Constitution) Order in Council 1946
  - Ceylon Citizenship Act 1948
  - Indian and Pakistani Citizenship Act 1949
  - Flawed implementation
- By November 1964 – Only 140,000 out of 824,000
  - Srima – Shastri Pact 1964
  - Indo–Ceylon Agreement (Implementation) Act 1967
Indian Tamils

• A numbers game - Is it 4:7 or 4:7?
  • Grant of Citizenship to Stateless Persons Act 1986
    • 469,000 people
  • Special Provisions Act 1988 – “on the cusp of elections”
  • Don’t give the Indians another excuse
  • 84,000
  • Grant of Citizenship to Persons of Indian Origin Act 2003
  • Amendment in 2009
Why?

• The Kandyan Singhalese would become the minority
• 1947 Elections – almost all voted for Left leaning parties
• Government elite at the time had a different ideology
• Elections Ordinance amended in 1949

• Short term political gain > basic dignity and rights

OR

• “They” were just not “us” enough?
Diaspora

• Migration following ‘Black July’, 1983 (previous riots in 50s)

• Tamil Diaspora
  • Around 900,000
  • Economic and Political migrants
  • Politically very active, largely successful
  • Funding for the Tamil Tigers
  • 100,000 in refugee camps in India

• Dramatic decimation of Tamil Tigers 2009

• Diaspora at odds with War winning Government

• Dual Citizenship suspended in 2011
Getting them back to us - Refugees

- Refugees linked with IDPs and addressed for the first time
- Steps to help their reintegration into society – land, facilities, recognition of qualifications etc.
- A few have started returning in 2017
- Greeted by the Minister of Resettlement at the point of entry
- Follow up?
Getting them back to us - Partners

• Dual citizenship reintroduced after change in Government in 2015
  • 1987 to 2011 – 42,979 dual citizenships
  • 10 months over 14,000 applications – 3000 granted.

• Perception of the Tamil Diaspora in Sinhalese Media

• As investors
  • To Invest directly in the Northern and Eastern Provinces
  • “Chief Minister’s Fund” – initiative stalled due to issues with approvals
Employment Visas

Legal Lacuna  Lack of trust

- CEPA Collapse – Sri Lanka – India
- Ad hoc visa issuance procedure at present
- Transparent process in the context of FTAs with Singapore, India and China.
Balancing Concerns

[ECONOMIC]
Ease/Cost

[POLITICAL]
Unemployment

Employment of unqualified persons

Local Preference
Strategies

- Engagement with Unions
- Regulation as short term measure (really?)
- Legislation reform later
- Transparent process
- Formal qualification recognition
- Involvement of professional bodies but strict timelines
- “Come now prove later” for investors
- National Human Resources Council to be empowered
- Local advertisement
- Minimum pay