

# **The Future of Labor Migration in Asia: Patterns, Issues, Policies -- Ron Skeldon**

THE FUTURE OF LABOR MIGRATION IN ASIA: PATTERNS, ISSUES, POLICIES\*

Ronald Skeldon

Mahidol University, Thailand

September 1998

Historical Background 1

The New Labor Migrations: The Patterns 3

The New Labor Migrations and the Background to the Crisis 4

The Crisis: Some Facts 6 The Crisis and Migration: Some Issues 6

The Crisis and Migration: A Discussion 7

(a) The most developed economies of East Asia 7

(b) The economies of Southeast Asia 8

The Crisis and Migration: Policy Measures 11

(a) Policies to manage migrant flows 12

(b) Policies to improve migrant welfare in destination economies 13

(c) Policies of reintegration 13

Conclusion 14

References 16

## Historical Background

The movements of peoples are not new in Asia but have brought about a mixing of cultures throughout that region's long history. To cite only a very few of the more significant movements: Indian and Chinese groups came together in Indochina, Islamic groups came to trade and settle throughout the Indonesian archipelago and Mongol peoples conquered and settled parts of China. Migration has thus been an integral part of the development of Asian societies and nations. Labor migration, as a more specific form of population movement, also has a long history. The capture of the able-bodied as slaves was an integral part of societies that saw the control of people, essentially labor, as more important than the control of territory. The evocative bas-reliefs at Angkor bear mute testimony to the significance of forced labor migration in Southeast Asian societies a millennium ago, and the corvée system in Thailand was abolished only in 1905. Throughout history there has been the continual circulation of labor within specific regions of the vast Asian region.

Leaving labor migrations from the dawn of history aside, the movement of Asians overseas under contract became institutionalized after the suppression of slavery by European powers at the beginning of the nineteenth century and the simultaneous expansion of European colonial influence in Asia. The increasing demand for labor in colonial activities, as well as in activities in labor-deficit North America and Australasia, extended the range of movement of Asian peoples, and especially of the Chinese and Indians, onto the global scale for the first time. These indentured movements - a "new system of slavery" (Tinker 1974) were primarily of males who went out with the hope of returning, even if many did in fact become permanent settlers overseas or died before they could return. For contemporary analyses of Chinese migration, see Ta Chen (1923) and Campbell (1923). As Asian migrations grew in volume, they were increasingly blocked by the dominant groups in North America and Australasia through the implementation of the infamous racist exclusion acts that were enacted from the late nineteenth century. Although migrations away from Asia effectively ceased from that time, they had laid the basis for their resumption, in a very different economic as well as political environment, some seventy-five years later, or from the mid-1960s. After the exclusion of Asians from North America and Australasia, however, the labor migration of the time became focussed increasingly on destinations within Asia itself, and particularly on the Malayan peninsula. These movements peaked in the 1920s but dropped dramatically with the global recession of the 1930s and the regional and global conflicts from the mid-1930s to the mid-1940s. Apart from the forced movements of millions of people during wars and rebellions and as a result of the dissolution of colonial rule in Asia, the greater part of population migration since the 1930s was internal to the Asian countries themselves. International migrations, despite their long tradition, were neither of importance nor of political concern within Asian countries until the mid-1980s when the situation changed completely.

The central point of this overly brief historical introduction is to emphasize that labor migration in Asia is neither recent nor continuous in time. There have been significant fluctuations in volume and direction of population movement in the past and we can surely expect further fluctuations in the future. It has been argued that our time is "the age of migration" (Castles and Miller 1993) and while international movements in Asia and elsewhere have unquestionably become a major

concern as the twentieth century comes to a close, the actual proportions of the population which are moving neither appears to have increased markedly over the recent past nor seems unduly large when compared with previous "ages of migration". Some even argue the real migration question of our present global era is why it is that more people do not move (Hammar et al 1997). Certainly, on a per capita basis, the volumes of movement from Asia today are still low when compared to the proportions leaving European populations a century ago. When we consider the implications of the present crisis affecting Asia, we should not forget that such crises are nothing new and their impact in restricting the movements in Asia in the 1930s has already been noted. Although the movement of labor was a ubiquitous feature of Asian societies, there was considerable variation from one part of that vast area to another. Any discussion of anything "Asian", irrespective of the topic, immediately runs into the issue of regional differences, and migration is certainly no exception. Just as there have been critical differences in migration over time, so too are there differences over space. The movement of indentured labor, for example, affected only relatively few areas around the periphery of the continent where colonial or foreign penetration and influence were most intense. The emigration of the Chinese was essentially from two provinces in southern China, Guangdong and Fujian, and concentrated from specific districts within those provinces. Similarly, the emigration from India came from a number of clearly defined source areas rather than being evenly drawn from the Indian population as a whole (see the map in Clarke, Peach and Vertovec 1990:12). As we will see below, the more recent migrations in Asia are also concentrated in space and there is considerable variation in the volume and types of migration from one part of the region to another.

#### The New Labor Migrations: The Patterns

There have also been significant shifts in the pattern of labor migration from Asian countries since international migration in and from the region again rose to prominence from the early 1970s. Contract labor movements from Asian countries were initially primarily to the oil-rich countries of the Middle East. The evolution of this system from depending upon regional sources of Arab labor, through to the countries of South Asia, and then to the countries of Southeast and East Asia has been well told elsewhere (Arnold and Shah 1986; Gunatilleke 1986; Findlay 1994, ch 5). From the late 1980s, and accelerating after the Gulf War of 1990-91, there was a shift in direction in labor migration towards destinations within Asia itself and particularly towards those economies that had exhibited rapid and sustained economic growth - Japan and the "tiger" economies of South Korea, Taiwan, Hong Kong, Singapore, Malaysia, Singapore, Brunei and even Thailand. Associated with the economic growth in these economies had been a transition to lower fertility. The rapid employment creation and the slowing in growth of the labor forces in several of these countries saw a transition from labor-surplus to labor-deficit economies and a shift from labor export to the importation of labor in what has been called a "migration transition" (see the essays in Abella 1994, especially that by Fields). While the search for specific "turning points" might prove elusive, the general shift from participation in systems of labor emigration to labor immigration is particularly clear for South Korea and Taiwan. Thailand has emerged as a country of major immigration as well as emigration. It is worth pointing out that the socialist economies of China and Viet Nam followed a different path. There, workers went to the then Soviet Union and the countries of Eastern Europe where some still remain although, with the demise of the Soviet Union and the opening up of the Chinese and Vietnamese economies, migrant laborers have increasingly been going to capitalist countries and competing with the more traditional Asian source areas. The magnitude of the change in destination is clearly seen for the three major exporters of contract labor in the Southeast Asian region: Indonesia, the Philippines and Thailand. In 1980, 84 percent of overseas contract workers from the Philippines went to the Middle East, with only 11 percent going to other Asian countries. The corresponding figures for Indonesia were 74 and 8 percent, and for Thailand 97 and 3 percent respectively. By 1994, Asian countries were the destination of 36 percent of overseas contract workers from the Philippines, 36 percent of those from Indonesia and 89 percent of those from Thailand (data cited in Hugo 1998b). The switch for Thailand is most dramatic and occurred in the late 1980s. Part of the reason for the more rapid shift for Thailand, was political with Saudi Arabia barring the recruitment of Thai workers because of a theft of jewels belonging the Saudi Royal family by a Thai worker, which illustrates the fragility of the overseas contract labor market and the extent to which political considerations can affect flows. In both the remaining labor movements to the Middle East and in the regional flows to Asian destinations, there has been an increasing feminization of the flows consequent upon the rising demand for labor in service occupations in a broad range of activities, including domestic workers, nurses and entertainers of all sorts. The numbers involved in the contract labor migrant system are large. In 1994, the annual number of contract workers going overseas from Indonesia was 141,287, from the Philippines 555,226 (plus another 154,376 based at sea), and from Thailand 169,764 (Huguet, 1995). Perhaps more impressive, however, has been the growth in the number of migrants in the Asian countries

themselves. Accurate numbers are impossible to ascertain at this stage owing to the importance of undocumented migrants, who may indeed account for the greater proportion of total workers. The International Labour Organization (ILO 1998) has made recent estimates of labor migrants in Asia, including undocumented migrants, and these are given in table 1. There are probably some 2.5 million foreign workers in Malaysia, including 1 million who are undocumented, some 1.26 million in Thailand, 1.35 million in Japan and 450,000 in tiny Singapore. The greater part of the build-up in these numbers took place in the 1990s, with the number of workers in Malaysia doubling in the five years from 1992.

The critical question now is what will happen to the migrant laborers given the severe economic recession now afflicting the majority of Asian economies. Will the numbers of migrants within the region be severely curtailed and the numbers of those leaving the region increase as the economic problems intensify? Calls for the mass expulsion of migrant workers have already appeared in the popular press in several countries in the region. Or will the crisis, as posited by Stephen Castles (personal communication), prove a "turning point" for migrant communities in the region that will see a stabilization similar to that resulting from the impact of the 1973 oil crisis on migrant labor in Europe? There, the further importation of labor was curtailed but the numbers of migrants continued to increase as those workers already in Europe were able to bring in their families. Will the new unemployed enter the informal sector as a substitute for migration either back home or to some other destination? While it is still too early answer these and other questions with confidence, the following part of the paper attempts to raise the main issues and likely scenarios the crisis will have for migration in the Asian region. The paper concludes with an examination of the policy options available to improve the condition of migrants and to manage the migrant flows more effectively.

#### The New Labor Migrations and the Background to the Crisis

If the analysis in a recent Economist article is to be accepted, the current economic downturn in Asia will be in the same order of magnitude as the Great Depression in America between 1929 and 1933, when output fell by 30 percent (The Economist, 25 April 1998, p.15). Out of the Great Depression grew a whole culture of migration in the United States based around the hobo, which was intensified by the environmental problems of the dust bowl of the farther mid-western states as people in desperation moved to survive. The combination of economic slump in Asia and environmental problems brought on by the el ni o effects in Southeast Asia engender uncomfortable parallels. Even more uncomfortable are the political implications of economic downturns. Out of the Great Depression came the culminating phase of what the British historian, Eric Hobsbawm (1994), termed the "Age of Catastrophe", World War II and the Spanish Civil War in Europe and the Sino-Japanese war and the Chinese civil war in Asia. Although it is dangerous to search for future implications of present difficulties in past events, already the crisis in Asia is causing us to rethink many of our ready assumptions about development in Asia.

The "Asian miracle", the "Asian values" that have contributed to the rapid economic development in East Asia and now, the "Asian crisis": these terms all seem to affirm that Asia is in some way unique and at the center of a particular form of development in today's world. However, for the sake of debate, let me begin with an apparent conundrum in order to understand what is going on: "Asia" is at the same time too small and too large an entity for meaningful analysis. It is too small because, in an era of globalization, the forces generating the crisis (and the "miracle") lie as much outside the region as within it; it is too large because the areas profoundly affected by the crisis (and which experienced the miracle) represent, thus far at least, a relatively small part of the whole Asian region.

Much has been made of the "contagion effect" of the Asian crisis in which the crisis spread like a virus from Thailand, the first country in the region to devalue its currency in July 1997. However, little is usually made of the crisis being exacerbated, if not actually engendered, by forces outside the region. This is a view that has gained currency among several nationalist leaders in the Southeast Asian region. Nevertheless, one does not need to subscribe to conspiracy theories to accept that financial institutions based in developed countries bear some measure of responsibility for what has occurred. Indiscriminate lending by cash-rich institutions without adequate controls on what was being done with the money until it was time to redeem the loans surely had some role to play. A lack of adequate surveillance by global financial institutions cannot simply be ignored when blame is attached to regional governments and institutions. Did these global institutions not learn anything from the strategies that had to be implemented after their first cash-rich lending experiences from accumulated petrodollars from the mid-1970s? The pegged exchange rates and rising real exchange rates indeed played critical parts in creating the crisis, but where do the real roots of the crisis lie?

It is necessary to place the regional economic downturn firmly in a broader economic context. Periods of growth and decline, often precipitated by "crises", are a normal, even necessary, part of the development of the capitalist system. "A basic feature of the capitalist mode of production is the lack of any overall control, political or otherwise" (Taylor 1993: 14). Thus, we should not see

the current crisis in Asia as being in any way abnormal. The periods of growth and stagnation have been systematized into a series of cycles - Kondratieff cycles or their ilk - and if there is substance to these ideas it may be that we are currently approaching the end point (low point or crisis) between one cycle and the next. Perhaps most worrisome is the fact that the world economy has experienced, with varying degrees of intensity, a continuous process of integration, or "globalization" since 1945-50. Such periods are often followed by a period of disarticulation of local economies, or reversals of globalization, as states fall back into narrower nationalistic attitudes. The other side of the coin, however, is that to talk of an "Asian crisis" ignores the very real fact that the difficulties are unevenly spread across the region. The crisis has been concentrated, so far at least, in the economies of East and Southeast Asia. The economies of South Asia have remained relatively unscathed while those in Central Asia even appear to have reversed the decline that characterized them through the 1990s, even if some remain extremely weak. The Asian crisis has primarily affected Indonesia and Thailand, as well as South Korea and, to a lesser extent, Malaysia.

#### The Crisis: Some Facts

The basic facts of the current crisis in Asia are clear. The rapid growth of the East and Southeast Asian economies has suddenly come to an end. The World Bank's East Asian "miracle economies" - Japan, the four "tigers" of Hong Kong, South Korea, Singapore and Taiwan, together with the economies of Indonesia, Malaysia and Thailand, which grew at perhaps the highest and most sustained rates in history - appear to have gone into reverse. Between 1960 and 1985, these economies demonstrated a growth in GNP per capita of 5.5 percent per annum, with double-digit growth not uncommon for particular countries for particular years. The majority of the East and Southeast economies are in recession with GDP growth during the second quarter of 1998 for Hong Kong at -5 percent, Indonesia -16.5 percent, Japan -1.3 percent, Malaysia -6.8 percent, the Philippines -1.2 percent, South Korea -6.6 percent, and Thailand -9.4 percent, with the growth rate for Singapore only 1.6 percent. (data cited in *The Far Eastern Economic Review*, 10 September 1998). These rates were continuously revised downwards as the depth of the current crisis became ever more obvious, and compounded by the political crisis in Indonesia and now (September 1998) Malaysia. Regional currencies have depreciated significantly, in the case of the Indonesian ringgit by over 60 percent in 1998 alone. Regional stock markets have plunged, and banks and financial institutions have failed on an unprecedented scale in South Korea and Thailand. The outward signs of financial crisis may be clear enough, but the implications for social change are not so obvious. Unemployment levels will unquestionably rise, and present data suggest that these have already doubled by early 1998 in Indonesia, South Korea and Thailand (*The Economist*, 25 April 1998). Unemployment will rise further and the ILO expects unemployment in Thailand to exceed 1.9 million in 1999, up from 1.4 million in early 1998. The total number of unemployed in Indonesia has already probably reached almost 15 million and must surely be a factor in the unrest in that country. Even in Hong Kong, an economy which had one of the tightest labor markets in Asia, unemployment in the second quarter of 1998 was estimated at 4.8 percent, the highest level in two decades.

#### The Crisis and Migration: Some Issues

The core issue perhaps relates to what will become of the recent labor migrants in Asia in the face of increasing domestic unemployment. The ready solution would be to expel them and to replace them with domestic workers recently made redundant by the crisis. This solution might not only appear to be economically rational but would relieve domestic political pressures that might have built up from the unemployed. That the solution cannot be so simple will become apparent below, but the fact that many countries are proposing such an approach raises the very important issues of migrant protection and migrant rights, particularly in the case where significant numbers of the migrants are in a country illegally.

Large numbers of the migrants are in vulnerable positions and gender issues may exacerbate the problem. As mentioned above, one of the characteristics of the recent migrations in Asia has been the increasing participation of women in the flows, and these women may be particularly vulnerable to exploitation both in the formal labor market and in the informal black economy. Trafficking of young women to overseas destinations, as well as children of both sexes through criminal networks, may increase as prospects for employment for new entrants to domestic labor markets decline.

While the deportation of foreign labor, both legal and illegal, may be a ready response to the crisis, so too is the temptation to "export" domestic unemployment overseas. Governments may seek to place newly redundant labor in more dynamic economies, which may play into the hands of unscrupulous brokers who may exploit those who wish to go overseas. Thus, the issue of migrant protection refers to both sending and receiving countries.

The return of migrants to their home countries raises the issue of their reintegration into the domestic economy at precisely the time when that economy is contracting. Overseas contract

workers are used to earning wages far in excess of those that can normally be earned at home, and suddenly to be thrust back into a stagnant economy may be a cause for frustration that finds its outlet in political demands.

All these issues relate to the overall question of the management of migration and how governments in the region need to coordinate their efforts to plan for the expected population flows. At issue here, too, is the role of international agencies and the role that they can play in supporting governments in the region and, most critically, in protecting migrants and potential migrants. Central to the topic is the human side of the equation: migration must not be seen simply as a response to an economic crisis but as flows of individuals with rights to basic needs and protection.

#### The Crisis and Migration: A Discussion

It is abundantly clear that the impact of the crisis has been uneven throughout the region. Even where economies showed clear signs of a slowdown, the likely impact on migration was likely to be highly variable. There was a major difference by level of development of the country concerned. The evidence from the more developed countries in East Asia, plus Singapore in Southeast Asia, suggests that the impact of the crisis upon migration may not be as significant as might at first appear.

##### (a) The most developed economies of East Asia

With the notable exception of Singapore, foreign residents represent a very small proportion of the populations of the developed economies of Asia. Numbers of migrants can be large in terms of absolute figures, as in the case of the 1.4 million in Japan, but these account for just over 1 percent of that nation's total population. Of this not insignificant absolute number, fully 46 percent came from South Korea, that traditional area of migration to Japan, and a further 17 percent came from China, including Taiwan. Thus, the number of recent foreign laborers, even accepting that the data exclude quite large numbers of overstayers, represents a very small proportion of Japan's labor force. Similarly, in South Korea and in Hong Kong, foreign workers represent very small proportions of the total labor forces. The figures for total proportions are somewhat deceptive as foreign workers are often concentrated in specific neighborhoods and are highly visible, giving the impression that they are more important overall than they really are. This distributional effect is one factor in explaining the strident public and official reactions to foreign labor in these economies.

Small in proportion does not necessarily mean that the foreign workers make an insignificant contribution to their host economies. They tend to undertake jobs that are low-paid and that local workers find undesirable, and they fill important "niche" activities in local economies. Some foreign workers have indeed not had their contracts renewed and are having to leave the developed economies of East Asia, but this should not necessarily be related to the economic crisis in Asia. In Taiwan, for example, structural shifts in the nature of the economy have reduced the demand for construction workers while increasing demand in other areas. Thus, it is virtually impossible to separate the effects of these long-term structural shifts in the economy from the more short-term effects of the crisis in these developed economies.

Where the crisis may have an impact on the more developed economies is in the increasing number of job-seekers from more affected parts of Asia coming without contracts to try to find work illegally. Of all the economies of Asia, Hong Kong and Taiwan have remained relatively unaffected thus far and, theoretically, might present attractive targets for migrants. However, tight border controls characterize all the developed economies of East Asia, and illegal immigration is not a significant problem. Job-seekers will enter legally as tourists, students or trainees but then stay on after the expiration of their visa as "overstayers". However, even here there is little evidence of a migration crisis, with the numbers of overstayers remaining small compared with legal foreign workers, and there is no evidence of sharp increases in their number in the recent past.

The principal issues involving migration to the most developed Asian economies relate to more long-term questions rather than to anything that can be attributed directly to the crisis itself. These essentially revolve around questions of the protection of migrant workers, particularly those who fall into the "gray" area of entering as trainees, but who participate fully in the labor force, and those women who are in isolated or vulnerable positions in the service sector.

##### (b) The economies of Southeast Asia

The situation in the economies of Southeast Asia is somewhat different from that described above. In Singapore, Malaysia and Thailand, foreign workers play a much more important role, both absolutely and relatively. Singapore, with a total population of 3.7 million, has a total foreign population of 633,200 including dependants. The number of foreign workers is around 450,000, which accounts for 27 percent of the labor force. Although the real number of foreign workers in Malaysia appears closer to 2.7 million, let us accept the official figure of 1.7 million foreign workers

which, in a country with a population of almost 21 million in 1997, accounts for about 20 percent of the labor force. The 1.3 million foreign workers in Thailand, however, account for only about 4 percent of the labor force in a country of over 61 million in 1998.

The implications of the large number of foreign laborers in Southeast Asian countries do have to be tempered somewhat by the fact that many of the transnational migrants belong to peoples of similar ethnic backgrounds separated by modern state boundaries. Although international boundaries in Asia are much more meaningful as a guide to nations than they are in many parts of Africa, for example, there are often large "gray" areas along the borders where the populations are ethnically quite distinct from those forming the dominant "core" nation. This situation would apply along the Thai-Myanmar border, where substantial numbers of the migrants from Myanmar to Thailand would not be ethnic Burmese but minority peoples. Similarly, although not further considered here, much of the movement from Viet Nam to Cambodia is of peoples moving within traditional circuits of mobility. In Indonesia, Hugo (1998a) has identified two quite separate systems of international migration: one essentially based on Sumatra and Java toward Peninsular Malaysia and the other from Nusa Tenggara toward East Malaysia in Sabah and Sarawak. Both these flows, in different ways, have strong ethnic dimensions and are influenced by kinship ties and traditional fields of mobility. Much of the movement from Laos into the north-east of Thailand (Isan) can also be seen in this light where Lao-Isan ties were traditionally closer than those between Isan and the central Thai. Despite these caveats, labor migration is unquestionably of great relative and absolute importance in the countries of Southeast Asia.

Given this importance of foreign labor in the economies in this region, the question must be whether the observed rising levels of unemployment are to be found disproportionately among the migrants. The reverse, however, is suggested, with retrenchments to be felt in those sectors where foreign labor is concentrated. In Malaysia, only 12 percent of those retrenched during the first quarter of 1998 were foreign laborers (Pillai 1998). In Singapore, in the final quarter of 1997, the vast majority (almost 80 percent) of those retrenched were in the manufacturing sector, with the construction industry, a sector which employs large amounts of foreign labor, actually expanding during 1997, even if at a slower rate than previously (Hui 1998).

In both Malaysia and Thailand, there have been loud calls to expel large numbers of foreign laborers - and unskilled foreign labor is implied here - either because they have become unemployed or because they are taking jobs from local labor. As suggested above, the reality is somewhat different. Unskilled foreign labor is not found primarily in those sectors most affected by the crisis thus far. There are other strong reasons to suggest that the impact of the crisis will not result in mass expulsions. First, foreign labor, as in the economies of East Asia discussed above, tends to carry out jobs that local labor is unwilling to undertake: in the plantation sector in Malaysia and in the fishing or rice-milling industries in Thailand, for example. Thus, there is a mismatch between the skills of the newly redundant local labor and what is required for the positions occupied by migrant labor. Second, the presence of foreign labor exerts downward pressure on wages, which is to the benefit of local entrepreneurs. As the latter are often either local political leaders themselves or closely allied with that class, they will be unlikely to implement policies not in their own best economic interest. Third, it is much easier to maintain a compliant foreign labor force, particularly if it is illegal, than to employ indigenous labor which can seek support in the local community and insist on minimum wages and other entitlements. Fourth, there is a mismatch in the location of the new unemployed, who in Thailand are to be found primarily in Bangkok and its periphery, and the regions where foreign labor is employed, which, again in Thailand, tend to be primarily in peripheral regions of the country. Thus, entrepreneurs are faced with the expense of transporting the unemployed to areas where these may not wish to live, increasing discontent. Finally, the situation in the countries of origin of the majority of the migrants is worse than in their host economies. Governments of countries of origin of migrants may bring political pressure on host governments not to exacerbate the economic situation in origin countries by expelling tens of thousands of workers. In the interests of regional solidarity, host governments may comply, which seems to be the case of Malaysia and its treatment of the majority of migrants from Indonesia, and Thailand's attitude toward Laotians, and possibly migrants from Myanmar. The Philippines is the country of emigration par excellence, with almost 7 million of its citizens overseas. Bohning (1998), in an analysis of the worst-case scenario, found that the impact of the crisis on the movement of workers from the Philippines was not likely to be as profound as might have been thought: perhaps less than 50,000 out of many hundreds of thousands deployed would return to the Philippines. Similarly, the impact of the crisis on international migration is likely to be more apparent than real in the case of Thailand. We are unlikely to see any immediate and dramatic changes in the fortunes of the perhaps half a million Thais working abroad, primarily because the principal destinations in Asia for workers from Thailand (as well as for the Philippines) are not amongst those most severely affected by the crisis, namely Taiwan, Hong Kong and Singapore. Also, as suggested, the workers from those countries occupy niches in the destination economies that local workers are unwilling or unable to fill. Hence, mass repatriations are unlikely from these areas.

Thus, in terms of its impact on the actual volume of international flows, the crisis is unlikely to have a major effect. Certainly, there will be "show" deportations in order to demonstrate that governments are working in the best interests of the local workers, but there are unlikely to be mass expulsions. The principal impact of the current economic crisis on the volume and direction of population movements is likely to be felt in internal migration rather than international migration. Local workers may seek to return to their villages after being laid off, if this option remains viable. This alternative is examined in more detail below but more research is required before we can conclude that this hypothesis is truly valid.

The above conclusions should not imply that the crisis will have no impact on foreign labor. It appears highly likely that the position of foreign laborers in regional economies will become increasingly tenuous. Levels of exploitation may increase as employers seek to take advantage of the illegal status of foreign workers in the context of the economic slowdown. Some workers may be forced to become illegal migrants after terminating their contracts, and they then become more manipulable. Few will want to be sent back to even more depressed economies. The opportunities for abuse, for corruption by local officials, and for criminal gangs smuggling virtual slave labor are all likely to increase. Thus, the issues of migrant protection and migrant rights loom large, and increased illegal movements appear likely to be a significant fall-out of the crisis..

The crisis certainly will have an impact on one group of migrants, small in terms of absolute numbers but large in terms of its role in regional economies: the skilled migrants who are representatives of transnational corporations, both regional and global. Many will be from western companies but the majority perhaps come from the Asian region itself as corporations based in Japan, South Korea, Taiwan, Hong Kong and Singapore reduce or even close overseas plants. These firms will be among the first to respond to any economic downturn as, ultimately, they must act in the long-term interests of their principal shareholders in balancing short-term losses against the potential for more long-term gain. Plant closure or reduction in production is directly the result of the contraction of regional demand for such goods as automobiles, electronic goods and even lower-cost consumer goods such as shoes and clothes. It is still too early to say how many corporations are scaling back production and reducing personnel, although the numbers are likely to be substantial. The impact upon migration is likely to be in three areas: first, in the departure of a number of highly paid expatriates; second, in the indirect effect of this exodus of expatriates upon the demand for services - domestic servants, restaurateurs and so on - and, third, the direct impact on the workers who are laid off through cutbacks in production.

The workers who are laid off through the departure of the "new labor aristocracy" (Waldinger 1992) will be in both manufacturing and services. They will be primarily internal migrants to the largest cities in the region. Many of these will be women. What happens to them is a matter for conjecture. Will a return to the rural sector remain a viable alternative? For a generation raised in the relative prosperity and material culture of the city, this alternative may be unappealing, even if the villages can indeed absorb the large numbers that are the result of previous patterns of high fertility. There is already some evidence that substantial numbers have indeed returned to the villages in both Thailand (from the latest quarterly labor force survey - although results are still being processed) and Indonesia (Hugo, personal communication July 1998). Another study in Thailand suggests that agriculture will be the safety net, absorbing as many as 630,000 workers who will move from the urban to rural sectors (preliminary results of a study supported by the Asian Development Bank and the National Economic and Social Development Board cited in the Bangkok Post, 26 September 1998).

Larger numbers of displaced workers, however, may either be first-time entrants to, or come to depend upon, the informal sector for their survival. Not too clear a distinction between formal and informal sector employment must be drawn as in many of the economies under consideration those in so-called formal sector jobs have always maintained simultaneous informal sector incomes. The crisis simply forces them to switch their attention from the former to the latter. Perhaps the most critical research area on the social impact of the crisis relates to these two areas: the absorptive capacity of the rural economy for retrenched urban labor on the one hand and the viability of the urban informal economy on the other.

#### The Crisis and Migration: Policy Measures

Three general points should be made on this final section on policy recommendations:

(a) Given the difficulty of separating any "crisis impact" on migration from the impact of deeper structural change in the economies, it is unlikely that any specific, short-term policy instruments should be implemented to deal with perceived problems in the regional migration system. Rather, the crisis could serve as a catalyst to introduce policies that, over both the short and the long term, might seek more effectively to manage flows of labor while at the same time improving the welfare of migrants, quite independently from the immediate conditions of the crisis itself.

(b) Given the varying significance of foreign labor across the region, it is unlikely that there can be any uniform policy application. The most effective policies are likely to be those that are tailored to address specific issues in specific areas. These will vary by level of development of the economy and whether it is primarily a sending or a receiving country. The following recommendations are but guidelines to identify the general areas for policy intervention.

(c) The focus here is entirely upon those policies that deal directly with migration. Those macrolevel economic policies, fiscal measures, and so on, introduced to deal with the crisis will not be considered here, even though these may have indirect effects on migration.

Three general areas of policy intervention can be identified:

(a) Policies to manage migrant flows;

(b) Policies to improve migrant welfare in destinations;

(c) Policies to help migrants to reintegrate into their economies and societies of origin.

\

(a) Policies to manage migrant flows

(i) Systems of proper documentation of foreign migrants need to be introduced. These are in the interests both of governments and of the migrants themselves. They would remove the element of illegality that is of concern to all governments in the region and would also remove the constant fear of deportation and random arrest with which so many migrants have to live.

(ii) Amnesties have been recommended in order to encourage illegal migrants to come forward to be registered. However, while amnesties undoubtedly serve to regularize a proportion of illegal migrants, these have proved to be only partially successful and, without the implementation of effective border control, may prove to be counterproductive as news of such programmes diffuses back into home areas and encourages yet further migration.

(iii) Bilateral communication between countries needs to be improved in order to reduce the incidence of illegal migration and to facilitate cross-border collaboration.

(iv) While the most effective policies to manage migration are likely to be in the form of government-to-government agreements, multilateral paths should also be explored. These could be through the offices of international agencies such as the ILO or IOM or through regional organizations such as the Association of South East Asian Nations (ASEAN). The waiver of visitor visas for citizens of ASEAN countries for travel within the region, for example, is a first step towards a freer market for population mobility within the region, although such an objective can only be long-term and it conflicts with the desire of most countries in the region for a greater degree of control over their borders in order to reduce illegal moves.

(v) Governments should be discouraged from the temptation to implement policies to export the increasing numbers of unemployed. Only the export of unrealistically large numbers of migrants would make any impact on the overall unemployment rate and there is little likelihood that the skills possessed by the unemployed will match those required overseas.

(vi) Given that there is nothing so permanent as a temporary worker (Martin 1994: 86), it is unlikely that the dependence upon foreign labor can be reduced significantly. Thus, in order to control illegal migration more effectively, governments should consider enforcement through more effective legislation aimed at the employers of foreign labor rather than controls on the migrants themselves. Such an approach follows the "user pays" principle.

(vii) More freedom for foreign laborers and trainees to change jobs or status within their sector of allocation should be considered in order to discourage them from going underground if retrenched.

(b) Policies to improve migrant welfare in destination economies

(i) Governments in the region need to become signatories to existing international conventions relating to the protection of migrant rights and to follow such action with the political will to implement appropriate policies.

(ii) Effective networks need to be established to diffuse information to migrants regarding their rights within the host society. Non-governmental organizations may provide a suitable vehicle for such activities. Information on the rules, regulations and procedures relating to foreign labor needs to be diffused to potential employers as well as to the migrants themselves.

(iii) The establishment of a network of job placement agencies in order to facilitate the incorporation of foreign labor into the labor force might seem to be desirable. However, the experience of Japan, which implemented such a system, demonstrated that it was not particularly effective in its primary objective of finding jobs for migrants but was more effective as a counseling service. Thus, governments and non-governmental organizations should explore the value of such networks for social integration, particularly in the organization of orientation courses for foreign workers.

(iv) A critical policy area that touches upon the welfare of migrants is the system of recruitment. While there may be some argument for the deregulation of the business of sending workers



overseas in order to give migrants more choice and to make the process more transparent, more important would be the introduction of effective monitoring of existing programmes in order to prevent abuse, excessive fees and unscrupulous practices. This is an area requiring urgent attention.

(v) Particular attention must be paid to vulnerable groups, such as women, or to those who fall within gray areas in worker legislation, such as trainees. Gender perspectives need to be incorporated clearly into regulations referring to migration as women tend to be treated unequally with regard to pay and conditions.

#### (c) Policies of reintegration

(i) Governments need to look much more closely at what happens to the migrants after they finish their time overseas and return home. Return is a normal part of any international labor migration system, even though it may be accentuated during the time of crisis. It is possible that the system that has just been introduced in the Philippines may serve as a model for other countries.

(ii) Given that there are difficulties in monitoring, let alone legislating for remittances, there may be value for governments to explore ways in which part of the monies returned to countries can be used for the most beneficial purposes. In particular, a proportion of the remittances could be put into an investment fund that would be used for migrant welfare upon their return to the home country. This could form the basis of a type of provident fund.

#### Conclusion

The essence of the recommended policies outlined above is in two general areas: (a) the control, or management, of migration and (b) the protection of the migrants. It is important for governments and other agencies and organizations to realize, however, that control and protection do not necessarily imply the limitation or discouragement of migration. Migrants can indeed be thrust into positions of exploitation, but existing research reveals that it is more common for migrants actually to improve their position through their migration. Migration can be a powerful force for the empowerment of people, both men and women, allowing them to escape difficult and often abusive conditions to lead more productive lives. It is incumbent upon governments and international organizations to seek a balance between national concerns and those basic universal human aspirations.

The economic crisis of the Asian region which began in the middle of 1997, it is argued here, will alter the migration patterns that emerged during the first half of the 1990s, although perhaps not in the ways most commonly thought. The biggest impacts are likely to be felt primarily on internal migration and on two very different types of international migration: on the highly skilled migration system and on the illegal migration system. Two of the countries hardest hit by the crisis, Malaysia and Thailand, are the major destinations of undocumented migrants, while Indonesia, a country whose economy has also been badly affected, is the origin area of many illegal migrants.

There are intense domestic political pressures in Malaysia and Thailand for the deportation of undocumented workers. However, there are also intense, but less visible, domestic and international pressures to limit the extent of any deportations. There are both political and economic considerations in a complex matrix of analysis of the issues. Those favoring the expulsion of undocumented workers argue, understandably, that in a time of increasing domestic unemployment work should be provided for domestic labor rather than for foreign labor. On the opposing side, there is still considerable doubt about the extent that domestic labor can, or will, want to substitute for foreign labor. In the rapidly evolving free market economies of the region, local entrepreneurs do not wish to pay the higher wages that would result from the limitation or reduction of foreign labor. As these same entrepreneurs tend to be closely linked to the evolving political system, attempts to limit or control the flows may reflect rhetoric rather than reality.

There are more basic economic reasons why it is difficult to carry out deportations. Differences in desired income, skill levels, location and that amorphous concept "tastes", mean that complete substitutability of newly unemployed labor for illegal foreign labor will not be possible. Thus, the expulsion of foreign labor, legal or illegal, could actually harm economic performance and aggravate the crisis. Origin countries, most of which are neighbors, also may not want to see the sudden return of thousands, perhaps hundreds of thousands, of workers. All these factors give substance to the hypothesis suggesting that the economic downturn will not have as a large an impact on the international migration flows as expected. The impact may be concentrated on internal migrants returning to the rural sector where this remains a viable option in the face of rising unemployment. The growth of the informal sector is likely to be another major response. The whole relationship between the crisis and internal migration requires careful examination.

It might be expected that the numbers of new undocumented migrants would decline, as demand for new workers is reduced. Such a scenario has to be balanced against a possible rise in illegal migration as the newly unemployed search desperately for employment overseas. Unscrupulous brokers, purveyors of human misery, can be expected to increase their trade to take advantage of

the rising local demand to leave. There is likely to be a period when economic downturns in sending countries put greater pressure on workers to migrate to neighboring countries, but the regional lack of employment opportunities may eventually, if backed by adequate policy measures, act to reduce the flows.

Finally, in any consideration of internal migration in Asia, much will revolve around what happens in China, a country that apparently has avoided the worst effects of the crisis so far. However, every percentage point decline in the growth rate of that vast country creates between 2 and 4 million more unemployed (The Economist, 2 May 1998). Declining regional markets for goods priced in one of the few regional currencies not to be devalued create tensions in the economy which, together with the much-needed reform of state-owned enterprises, are likely eventually to precipitate a crisis of their own. The importance of between 80 and 100 million "floating migrants" is a major security concern for China. As witnessed in Indonesia, rising unemployment cannot be divorced from the forces of political change.

The current economic crisis in Asia may be more a catalyst for change throughout the region, reinforcing existing pressures, than generating a completely new set of conditions. Whether the crisis is a turning point for the Asian migrant communities in a historical parallel with migrant labor communities in Europe following the 1973 oil crisis remains a moot point. A key difference lies in the nature of the social and political systems in Asian countries. Social welfare and social democratic institutions remain weakly developed in Asian countries. A contradiction in the whole debate on "Asian values" is that the authoritarian governments, seen as such a positive requirement of Asian models of development, are unlikely to favor the integration of the alien, Asian brother or sister though they may be. The crisis, if anything, is more likely to foster nationalism, which will keep the foreigner in a vulnerable position and, as argued above, promote more, rather than less, illegal movement. The borders of many states in Southeast Asia are not yet secure and much of the transnational migration is within ethnic group but across national boundaries. This fact reinforces a central part of the argument of this paper which is that there is an intimate relationship between international and internal movements. It is on the pattern of internal migration that the full impact of the crisis is likely to fall, it is there that there is a close relationship between nation-building and population mobility; and it is there too that policy measures should be directed. It will be some time yet before we see the evolution of the institutions that will foster the development of stable foreign migrant communities which will have the same rights as citizens in the majority of Asian countries. The challenge, nevertheless, is to work toward the creation and implementation of these institutions.

#### References

- Abella, M. I. (ed.) 1994 "Turning points in labor migration", Asian and Pacific Journal 3 (1): special issue.
- Arnold, F. and N. M. Shah (eds.) 1986 Asian Labor migration: Pipeline to the Middle East, Boulder, Westview.
- Bohning, W.R. 1998 "The impact of the Asian crisis on Filipinos' employment prospects abroad: a preliminary assessment", paper presented at the International Conference on the Impact of the Crisis on Migration in Asia, Manila, 14-15 May.
- Campbell, P.C. 1923 Chinese Coolie Emigration to Countries within the British Empire, London, P. S. King.
- Castles, S. and M. Miller 1993 The Age of Migration: International Population Movements in the Modern World, London, Macmillan.
- Clarke, C., P. Peach and S. Vertovec 1990 "Introduction: themes in the study of the South Asian diaspora", in C. Clarke, C. Peach and S. Vertovec (eds.), South Asians Overseas: Migration and Ethnicity, Cambridge, Cambridge University Press, pp.1-29.
- Findlay, A. M. 1994 The Arab World, London, Routledge.
- Gunatilleke, G. (ed.) 1986 Migration of Asian Workers to the Arab World, Tokyo, The United Nations University.
- Hammar, T., G. Brochmann, K. Tamas and T. Faist (eds) 1997 International Migration, Immobility and Development: Multidisciplinary Perspectives, Oxford, Berg.
- Hobsbawm, E. 1994 Age of Extremes: The Short Twentieth Century 1914-1991, London, Michael Joseph.
- Hugo, G. 1998a "International migration in eastern Indonesia", paper prepared for East Indonesia Project, mimeo.
- Hugo, G. 1998b "Migration and mobilization in Asia", in E. Laquian, A. Laquian and T. G. McGee (eds.) The Silent Debate: Asian Immigration and Racism in Canada, Vancouver, Institute of Asian Research, pp.157-192.
- Huguet, J. 1995 "Data on international migration in Asia: 1990-1994", Asian and Pacific Migration Journal 4 (4): 521-529.
- Hui, W-T 1998 "The regional economic crisis and labour migration in Singapore", paper presented at the International Conference on the Impact of the Crisis on Migration in Asia, Manila, 14-15 May.

ILO 1998, *The Social Impact of the Asian Financial Crisis*, Bangkok, Regional Office for Asia and the Pacific.

Martin, P.L. 1994 "The United States: benign neglect toward immigration", in W. A. Cornelius, P. L. Martin and J. F. Hollifield (eds.), *Controlling Immigration: A Global Perspective*, Stanford, Stanford University Press, pp. 83-89.

Pillai, P. 1998 "Impact of the economic crisis on migrant labor in Malaysia: policy implications", paper presented at the International Conference on the Impact of the Crisis on Migration in Asia, Manila, 14-15 May.

Ta Chen 1923 *Chinese Migrations with Special Reference to Labor Conditions*, Washington, Government Printing Office.

Taylor, P. J. 1993 *Political Geography: World Economy, Nation State and Locality*, London, Longman.

Tinker, H. 1974 *A New System of Slavery: The Export of Indian Labour Overseas 1830-1920*, London, Oxford University Press.

Waldinger, R. 1992 "Taking care of the guests: the impact of immigration on services - an industry case study", *International Journal of Urban and Regional Research* 16 (1): 96-113.