

## Migration in Asia after the Economic Crisis: Patterns and Issues

By Ronald Skeldon \*

\* Independent consultant and Adjunct Professor, Institute for Population and Social Research, Mahidol University, Salaya, Nakornpathom 73170, Thailand.

*The economic downturn will not have as great an impact on international migration flows as initially expected*

The economic crisis in parts of the Asian region, which began in the middle of 1997, has altered the migration patterns that emerged during the first half of the 1990s, but perhaps not in the ways most commonly thought. Initial examinations of the immediate impacts have appeared in a special issue of the Asian and Pacific Migration Journal (APMJ, 1998) and Battistella and Asis (1999), mainly on a country-by-country basis. This article will seek a broader, regional and up-dated assessment. While data on the social impact of the crisis, including its impact on migration, are as yet weak or difficult to obtain, the economic consequences have been abundantly clear. If the analysis in a popular economics journal is to be accepted, the economic downturn in Asia, 1997-2000, is in the same order of magnitude as the Great Depression in the United States of America between 1929 and 1933, when output fell by 30 per cent (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 Niño effects in South-East 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, Hobsbawm (1994), termed the "Age of Catastrophe", i.e. the Second World War 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 current difficulties in past events, already the crisis in Asia is causing us to rethink many ready assumptions about development in Asia. While much of the following analysis must still be speculative as data are unavailable, the general characteristics of the impact of the crisis on migration are emerging.

The "Asian miracle", the "Asian values" that have contributed to the rapid economic development in East Asia and parts of South-East Asia, and now the "Asian crisis" — these terms all seem to affirm that Asia is in some way unique and at the centre of a particular form of development in today's world. However, for the sake of debate, it is worth beginning 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.

It is necessary to place the regional economic downturn firmly in a broad economic context. Periods of growth and decline, often precipitated by "crises", are a normal — some would argue even necessary — part of development in 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, the current crisis in Asia should not be seen 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. (For an incisive discussion of Kondratieff cycles and political change, see Taylor [1993].) 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 the period 1945-1950. 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 speak 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 South-East 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 crisis: the economic fundamentals

The rapid growth of the East and South-East Asian economies suddenly came to an end in 1997. The World Bank's East Asian "miracle economies" — namely Japan, the four "tigers" of Hong Kong, China; the Republic of Korea; Singapore; and Taiwan Province of China, together with the economies of Indonesia, Malaysia and Thailand, which grew at perhaps the highest and most sustained rates in history — appeared to have gone into reverse. Between 1960 and 1985, these economies had demonstrated a growth in gross national product (GNP) per capita of 5.5 per cent per annum, with double-digit growth in some years being not uncommon for particular countries. In 1998, the majority of the East and South-East Asian economies entered into recession with negative GDP growth (table 1). The recession was deepest in Indonesia and Thailand and has been most persistent in Japan. Regional currencies have depreciated significantly; the Indonesian rupiah dropped by over 60 per cent in 1998 alone. Regional stock markets have plunged, and banks and financial institutions in the Republic of Korea and Thailand have failed on an unprecedented scale. Yet, despite the depth of the recession, most of these economies are forecast to recover by the year 2000.

**Table 1. Growth in per capita gross domestic product (GDP), 1997-2000, East and South-East Asian economies**

Country/area	1997 (actual)	1998 (estimated)	1999 (forecast)	2000 (forecast)
<b>East Asia</b>				
China	8.8	7.8	8.2	8.4
Hong Kong, China	5.3	-5.1	-1.0	1.5
Taiwan Province of China	6.8	4.8	4.5	4.8
Japan	-0.7	-2.1	-0.7	-0.8
Republic of Korea	5.5	-5.8	5.0	4.0
<b>South-East Asia</b>				
Indonesia	4.9	-13.7	-1.8	2.4
Malaysia	7.8	-6.8	2.0	3.9
Philippines	5.2	-0.5	2.4	4.0
Singapore	8.0	1.5	2.5	4.0
Thailand	-1.3	-8.0	-0.5	2.2

Source: Far Eastern Economic Review, 29 July 1999.

### **Social impact of the crisis**

The outward signs of financial crisis may be clear enough, but the implications for social change are not so obvious. Unemployment unquestionably rose rapidly, with data (despite all their limitations) indicating a doubling in Hong Kong, China; Malaysia; and Thailand, a tripling in the Republic of Korea, and a yet more dramatic increase in Indonesia by mid to late 1998 (E. Lee, 1998:39-43). Labour force data from Thailand show that, although the number of unemployed actually decreased from around 354,000 in 1996 to 292,000 in 1997, their number increased markedly in 1998 to 1,138,000. Even though the figure is large, it still represents only 3.4 per cent of the labour force (Gray, 1999). Using different estimates, the International Labour Organization (ILO) expected unemployment in Thailand to exceed 1.9 million by early 1999, up from 1.6 million in May 1998. The number of unemployed was just under 700,000 before the crisis began, according to figures cited in E. Lee (1998:40). 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, China, an economy which had one of the tightest labour markets in Asia, unemployment in the second quarter of 1998 was estimated at 4.8 per cent, the highest level in two decades.

The incidence of poverty in Thailand declined steadily from 32.6 per cent of the population in 1988 (representing 17.9 million people) to 11.4 per cent in 1996 (representing 6.8 million); however, it increased to 12.9 per cent in 1998 (NESDB, 1999: 4). The crisis was estimated by the same source to have been directly responsible for an increase of 1.5 million in the number of poor, the total of which reached 7.9 million in 1998. The increase in poverty in Indonesia has been much greater. Having declined from about 54.2 million in 1976 through 30 million in 1987 and 22.5 million in 1996, the number of poor rose to some 80 million in 1998. ILO estimates place the number of poor in that country at a much higher level, i.e. almost 99 million, although that estimate is not comparable with the numbers for earlier periods (Feridhanusetyawan, 1999:76).

### **Changing patterns of migration in East and South-East Asia**

Before attempting to assess what impact the crisis may have had on population migration in East and South-East Asia, some background to the major shifts that have occurred in the patterns of movement in the region before the crisis is necessary. It is important to realize that the movement of peoples is not new in Asia; throughout the region's long history, population movement has brought about a mixing of cultures. There have been, however, significant fluctuations in the volume and direction of those population movements 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 appear to have increased markedly over the recent past nor seem unduly large when compared with previous "ages of migration" (see Zlotnik, 1998). Some even argue the real migration question of our current global era is: "Why is it that more people do not move?" (Hammar and others, 1997). Certainly, on a per capita basis, the volumes of movement from Asia today are still low when compared with the proportions leaving European populations a century ago. In considering the implications of the current crisis affecting Asia, it should not be forgotten that such crises are not new.

Although the movement of labour has long been a ubiquitous feature of Asian societies, there has been considerable

variation from one part of that vast area to another. The movement of indentured labour, for example, affected only a 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; indeed, it was particularly heavy from specific districts within those provinces (see Pan, 1998). 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 Clarke, Peach and Vertovec, 1990:12). As we shall see below, the more recent migrations in Asia have also been concentrated in space and there is considerable variation in the volume and types of migration from one part of the region to another.

There was little international migration either within or from Asia from the early 1950s to the early 1970s. One of the earlier major flows during the past quarter-century was of contract labour migrants, primarily to the oil-rich countries of the Middle East. The evolution of this system from dependence upon regional sources of Arab labour, through to the countries of South Asia, and then to the countries of East and South-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 conflict of 1990/91, there was a shift in direction of labour migration towards destinations within Asia itself and particularly towards those economies that had exhibited rapid and sustained economic growth — Japan and the previously mentioned four "tiger" economies as well as those of Brunei Darussalam, Malaysia and Thailand.

Associated with the economic growth in these economies was a transition to lower fertility. The rapid employment creation and the slowing in growth of the labour force in several of these countries saw a transition from labour-surplus to labour-deficit economies and a shift from labour export to the importation of labour 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 labour emigration to labour immigration is particularly clear for the Republic of Korea and Taiwan Province of China. Thailand has emerged as a country of major immigration as well as emigration.

It is worth pointing out that the centrally planned economies of China and Viet Nam followed a different path. There, workers went to the former Union of Soviet Socialist Republics and the countries of Eastern Europe where some still remain, although, with the demise of the USSR and the opening up of the Chinese and Vietnamese economies, migrant labourers have increasingly been going to capitalist countries and competing with the more traditional source areas of Asian migrants.

The magnitude of the change in destination is clearly seen for the three major exporters of contract labour in the South-East Asian subregion: Indonesia, the Philippines and Thailand. In 1980, 84 per cent of overseas contract workers from the Philippines went to the Middle East, with only 11 per cent going to other Asian countries. The corresponding figures for Indonesia were 74 and 8 per cent, and for Thailand 97 and 3 per cent respectively (data cited in Hugo, 1998b). By 1994, Asian countries were the destination of 36 per cent of overseas contract workers from the Philippines, 36 per cent of those from Indonesia and 89 per cent of those from Thailand. 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 by a Thai worker of jewels belonging to Saudi royalty, a case which illustrates the fragility of the overseas contract labour market and the extent to which political considerations can affect flows. In both the remaining labour movements to the Middle East and in the regional flows to Asian destinations, an increasing feminization of the flows is taking place consequent upon the rising demand for labour in service occupations in a broad range of activities, including domestic workers, nurses and entertainers of all sorts (see, for example, Skeldon, 1999).

The numbers involved in the contract labour 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 growing number of migrants in Asian countries. 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. ILO has attempted to make sense of a complex situation (ILO, 1998). There were, before the crisis, probably some 2.5 million foreign workers in Malaysia, including at least 1.4 million who were undocumented, perhaps over 1 million in Thailand, although the estimates fluctuate widely, 1,350,000 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.

## **Migration and the crisis: the issues**

The core issue of the crisis relates to what will become of the recent labour 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 appear to be not only economically rational but also politically desirable as it would relieve domestic 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 migrants are in a country illegally.

Large numbers of 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 migration flows, and these women may be particularly vulnerable to exploitation both in the formal labour market and in the informal "black economy". Trafficking of young women as well as children of both sexes to overseas destinations, through criminal networks, may increase as prospects for employment for new entrants to domestic labour markets decline.

Will the crisis prove to be a "turning point" for migrant communities in the region and bring about a stabilization similar to that resulting from the impact of the 1973 oil crisis on migrant labour in Europe? There, the further importation of labour was curtailed but the numbers of migrants continued to increase as those workers already in Europe were allowed to bring in their families.

While the deportation of foreign labour, 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 labour in more dynamic economies, which may play into the hands of unscrupulous brokers who may exploit those who wish to go overseas. If overseas destinations are not a viable option for the newly unemployed, will they return to home areas in the rural sector or enter the informal sector as a substitute for migration either back home or to some other destination? 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 because of the crisis. 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 activism and demands for change.

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 rather as flows of individuals with rights to basic needs and protection.

## **Migration and the crisis: the reality**

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 impact on migration was likely to have been 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 South-East Asia, suggests that the impact of the crisis upon migration may not have been as significant as might at first have appeared.

### **East Asia**

Foreign residents represent a very small proportion of the populations of the developed economies of East Asia. The number of migrants can be large in terms of absolute figures, as in the case of the 1.4 million migrants in Japan, but these account for just over 1 per cent of that country's total population. Of this not insignificant absolute number, fully 46 per cent come from the Republic of Korea, that traditional area of migration to Japan, and a further 17 per cent come from China, including Taiwan Province of China. Thus, the number of recent foreign labourers, even accepting that the data exclude quite large numbers of overstayers, represents a very small proportion of Japan's total labour force. Similarly, in Hong Kong, China; the Republic of Korea; and Taiwan Province of China, foreign workers represent small proportions of the total labour forces. The figures for total proportions are somewhat deceptive as foreign workers are often concentrated in specific neighbourhoods 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 labour in these economies.

Small in proportion does not necessarily mean that the foreign workers make an insignificant contribution to their host economies, however. 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 situation should not necessarily be related to the economic crisis in Asia. In Taiwan Province of China, for example, structural shifts in the nature of the economy have reduced the demand for construction workers while increasing demand in other sectors. 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 seriously affected parts of Asia coming without contracts to try to find work illegally. However, tight border controls characterize all the developed economies of East Asia, so illegal immigration through such channels is not a significant problem. Job-seekers usually enter a country legally as tourists, students or trainees but then stay on after the expiration of their visa thus becoming "overstayers". The numbers of overstayers in Japan and Taiwan Province of China remained fairly constant through the crisis at between 285,000-277,000 and 6,600-6,900 respectively, while those in the Republic of Korea declined by about one third between December 1997 and June 1998 (see Watanabe, 1998:246; J.S. Lee, 1998:164; and Park, 1998:228).

Of all the economies of Asia, Taiwan Province of China has remained relatively unaffected thus far and is perceived as offering opportunities for governments such as Thailand's that may wish to export their domestic unemployed. Certainly, the number of migrants in Taiwan Province of China increased throughout the years of the crisis from 230,000 in June 1997 through 250,000 in June 1998 to 271,000 in May 1999. Almost half of those workers come from Thailand. With domestic

unemployment at around 3 per cent, or about 280,000 people, Taiwan Province of China sought initially to halt labour imports. However, in that society, many of the domestic unemployed are supervisory or technical staff who are unwilling to undertake labouring jobs. Employers in Taiwan Province of China in early 1999 estimated that some 200,000 positions were vacant in manufacturing jobs. The importation of labour has continued, with almost a 40 per cent increase in the number of foreign workers in manufacturing from 1997 to 1998, i.e. about 71,000. Currently, Taiwan Province of China is considering extending employment contracts from three to six years and to allow workers to change employers. It would thus appear that the labour market there is becoming more, rather than less, open to foreigners. In early 1999, Taiwan Province of China was diversifying its sources of recruitment to include workers from Viet Nam, which was expected to supply between 5,000 and 10,000 workers by the end of that year.<sup>1/</sup>

The principal issues involving migration to the most developed Asian economies relate more to long-term structural change in the nature of their economies than to anything that can be attributed directly to the crisis itself. Construction workers may be replaced by those with skills in manufacturing, for example. The critical issues in the more developed economies revolve not around the deportation of workers but around questions of the protection of migrant workers, particularly those who fall into the "grey" area of entering as trainees, but who participate fully in the labour force, and those women who are in isolated or vulnerable positions in the service sector.

## **South-East Asia**

The situation in the economies of South-East 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, than in East Asia. 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 per cent of the labour force. Although the real number of foreign workers in Malaysia appears closer to 2.5 million (ILO, 1998:28), let us accept the official figure of 1.7 million foreign workers (Pillai, 1998:264) which, in a country with a labour force of 8.6 million in a population of almost 21 million in 1997, accounts for just under 20 per cent of that labour force. In Thailand, however, the 1.3 million foreign workers account for only about 4 per cent of the total labour force in a country whose population is 61.8 million in 1999.

The implications of the large number of foreign labourers in South-East 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 countries than they are in many parts of Africa, for example, there are often large "grey" areas along the borders where the populations are ethnically quite distinct from those forming the dominant "core" nationality. 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 considered further 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 in Sumatra and Java towards Peninsular Malaysia and the other from Nusa Tenggara towards East Malaysia in Sabah and Sarawak. Both of 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 the Lao People's Democratic Republic into the north-eastern part of Thailand (Isan) can also be seen in this light where Lao-Isan cultural ties are traditionally closer than those between Isan and the central Thai people. Despite these caveats, labour migration is unquestionably of great relative and absolute importance in the countries of South-East Asia.

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

In both Malaysia and Thailand, there have been loud calls to expel large numbers of foreign labourers (unskilled foreign labour is implied here) either because they have become unemployed or because they are taking jobs from local labour. As suggested above, the reality is somewhat different. Unskilled foreign labour 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 labour, as in the economies of East Asia discussed above, tends to carry out jobs that local labour is unwilling to undertake: in the plantation sector in Malaysia and in the fishing and rice-milling industries in Thailand, for example. Thus, there is a mismatch between the skills of the newly redundant local labour and what is required for the positions occupied by migrant labour. Second, the presence of foreign labour 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 would be unlikely to implement policies not in their own best economic interest. Third, it is much easier to maintain a compliant foreign labour force, particularly if it is illegal, than to employ indigenous labour which can seek political support in the local community and insist on minimum wages and other entitlements. Fourth, there is a mismatch in the location of the newly unemployed. For example, in Thailand they are to be found primarily in Bangkok and its periphery. However, the regions where foreign labour is employed tend to be primarily in peripheral regions of the country, as is the case in Thailand. Thus, entrepreneurs are faced with the expense of transporting the unemployed to areas where these may not wish to live, which

increases discontent. Fifth, the situation in the countries of origin of the majority of the migrants is worse than in their host economies. Governments of countries where migrants originate may bring political pressure to bear on host governments not to exacerbate the economic situation in the countries of origin by expelling tens of thousands of workers. In the interests of regional solidarity, host governments may comply, which seems to be the case in Malaysia with regard to its treatment of the majority of migrants from Indonesia, and in Thailand with regard to its attitude towards Laotians, and possibly some of the migrants from Myanmar.

Expulsions of migrant labour, particularly of illegal workers, have taken place. The number of expulsions frequently reported in the press in Thailand is 300,000 and the number of foreign workers in the country is now usually reported to be around 700,000 rather than the 1 million commonly cited before the crisis. However, there is no independent and objective way of verifying the figures. The 700,000 may refer to illegal workers only, with a further 290,000 with legal work permits (Bangkok Post, 19 July 1999). The astonishingly precise figure of 90,911 foreign workers was registered as of 31 January 1999.

Large numbers of illegal workers are indeed likely to have been returned across the border, some surely as part of the normal circulation of labour after they have achieved their work goals, and others who perhaps have failed to pay appropriate "tea money" that would encourage the authorities to ignore their presence. In the case of Thailand, there is pressure on local authorities to show that something is being done to protect the integrity of Thai workers. However, an absolute ban on foreign labour is met with resistance from Thai entrepreneurs, particularly in industries such as rice milling and fisheries which are dominated by foreign labour. There is no information about the number of migrants who may have entered the country during the period of the exodus of the 300,000, the assumption being that the exodus represents one-way traffic out of the country.

All illegal foreign workers were supposed to have left Thailand by 4 August 1999 as stated in a newspaper headline: "Strictly no illegals after the deadline" (Bangkok Post, 9 July 1999). Yet, only a few days later this resolve appeared to be weakening as on 16 July 1999, a headline in that same national newspaper trumpeted: "Ban on foreign workers to be eased soon". As in 1996, it may perhaps be expected that the regulations governing foreign labour in Thailand will be relaxed in 43 provinces (out of 76), mainly border provinces, and in 11 sectors of industry. As in Taiwan Province of China, the unemployed in Thailand do not wish to undertake jobs at the bottom end of the skill spectrum. For example, as of this writing, Thai rice millers are once again petitioning that the work permits for foreign labour be extended for another five years. The number of foreign workers in the milling industry is estimated to be around 10,000, not 3,700 as recognized by the government.

Malaysia has also resorted to deportations, with about 160,000 having been returned to Indonesia during 1997 and 1998. However, at precisely the same time that deportations are proceeding, the recruitment of additional labour is going ahead in response to the acute labour shortage in the country. In late 1998, the government reported that employers had been given permission to import 220,000 additional foreign workers (Migration News 5(12), 1998). In February 1999, the Malaysian Immigration Department announced that 109,425 Indonesian and Thai workers could enter the country (presumably as part of the 200,000 already authorized) and that temporary work permits for 380,773 foreign workers would be extended (Migration News 6(3), 1999). What is occurring in Malaysia appears to be more a drive to regularize the status of foreign workers rather than a move to reduce their numbers. If anything, the numbers of migrants may have increased.

The Philippines may be considered the country of emigration par excellence, with 2.7 million overseas contract workers and another 1.9 million undocumented workers outside the country at the end of 1996. 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 previously: perhaps fewer than 50,000 out of many hundreds of thousands 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. There is unlikely to be any immediate and dramatic change in the fortunes of the perhaps half million Thais working abroad, primarily because the principal destinations in Asia for workers from Thailand (as well as for the Philippines) are not among those most severely affected by the crisis (namely Hong Kong, China; Singapore; and Taiwan Province of China). Also, as previously 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 local workers, but there are unlikely to be mass expulsions with any real impact on the overall numbers.

The above conclusions should not imply that the crisis will have no impact on foreign labour. It appears highly likely that the position of foreign labourers 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 at home. The opportunities for abuse, for corruption by local officials, and for criminal gangs smuggling virtual slave labour 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 fallout 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 that group's role in regional economies: the skilled migrants who are representatives of transnational corporations, both regional and global. Precise figures are not available, but many will be from western companies and the majority perhaps come from the Asian region itself as corporations based in Hong Kong, China; Japan; Republic of Korea; Singapore; and Taiwan Province of China reduce, or even close, their 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 closures or reductions in production are 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 labour 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. However, it could be emphasized that the data from the labour force surveys of Thailand suggest that women have not been disproportionately affected by the crisis in terms of lay-offs. Quite the reverse: male unemployment in urban areas rose much more sharply than that for women between 1997 and 1998, and was indeed higher than that for women in 1998 (Gray, 1999).

What happens to the laid-off workers, both male and female, 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 some evidence that substantial numbers have indeed returned to the villages in Indonesia (Hugo, personal communication, July 1998). For Thailand, the preliminary results of a study supported by the Asian Development Bank and the National Economic and Social Development Board (Bangkok Post, 26 September 1998) suggest that agriculture will be the safety net, absorbing as many as 630,000 workers who will move from the urban to the rural sector. However, a more recent analysis based upon a regular series of labour force surveys (Gray, 1999) suggests that a return to the village economy is not a realistic proposition and that no significant increase in the proportions of return migration has been observed. The majority of laid-off workers have no wish to return to villages after tasting city life in Bangkok; the majority opt for survival in the informal sector of the capital city. Moreover, little of the money put aside for job creation reaches the rural sector but is allocated to metropolitan areas or tied up in urban bureaucracies (Crispin, 1999).

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; in many of the economies under consideration, those workers 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 labour on the one hand, and the viability of the urban informal economy on the other.

One final group of migrants which is likely to be adversely affected by the crisis is students. The reduced purchasing power of the emerging middle class in countries such as Malaysia and Thailand is forcing children who had been enrolled in expensive private schools in North America, Europe and Australia to return home to attend local schools.

## **Conclusion and policy implications**

Domestic political pressures in Malaysia and Thailand for the deportation of undocumented workers are intense. However, there are also intense, but less visible, domestic and international pressures to limit the extent of any deportations. Both political and economic considerations are important in a complex matrix of analysis of the issues. Those favouring the expulsion of undocumented workers argue — understandably — that, in a time of increasing domestic unemployment, work should be provided for domestic labour rather than for foreign labour. On the opposing side, there is still considerable doubt about the extent that domestic labour can, or will, want to substitute for foreign labour. 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 labour. As these same entrepreneurs tend to be closely linked to the evolving political systems, 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" all mean that complete substitutability of newly unemployed labour for illegal foreign labour will not be possible. Thus, the expulsion of foreign labour, legal or illegal, could actually harm economic performance and aggravate the crisis. In addition, countries of origin, most of which are neighbours, 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 large an impact on international migration flows as initially 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. Even here, however, the impact may not be so pronounced as first thought. The urban informal sector is likely to play the major role in absorbing the newly unemployed although 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 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 can be expected to increase their level of activity to take advantage of the rising local demand to find work abroad. There is likely to be a period when economic downturns in sending

countries put greater pressure on workers to migrate to neighbouring countries, but the lack of regional employment opportunities may eventually act to reduce the flows if backed by adequate policy measures.

Finally, in any consideration of migration in Asia, much will revolve around what happens in two of the demographic giants of the region, China and Indonesia. China has apparently avoided the worst effects of the crisis so far, although every percentage point decline in the economic 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 the Chinese yuan renminbi, one of the few regional currencies not to be devalued yet, 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 existence of 80-100 million "floating migrants" within its borders is a major security concern for China.

The situation in Indonesia clearly shows that the crisis in Asia is not over. The current events are equally clearly not simply a consequence of the economic shocks dating from July 1997, but are more directly associated with issues related to political succession, compounded by the events in East Timor; however, they have been exacerbated by the rising unemployment in that country. Past programmes of transmigration of Javanese to outer islands, which involved 1.5 million people between 1979 and 1984 alone, have created an ethnic mix in several parts of the country which could become explosive during an economic downturn. Should inter-ethnic conflict intensify, very large numbers will be seeking refuge in neighbouring states, intensifying a sense of crisis in these areas.

These realms of speculation aside, the economic crisis in Asia thus far 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 communities in Europe following the 1973 oil crisis remains a moot point. A few signs are emerging in the more developed economies of East Asia such as Hong Kong, China; Japan; and Taiwan Province of China that legal provisions for longer-term migrants are being seriously considered for certain groups of migrants. However, no country or area in the region is willing to plan for the permanent immigration of non-nationals.

A key difference lies in the nature of the social and political systems in Asian societies. Social welfare and social democratic institutions remain weakly developed. A contradiction in the whole debate on "Asian values" is that authoritarian governments, perceived as a positive requirement of Asian models of development, are unlikely to favour the integration of aliens — Asian brothers or sisters though they may be. The crisis is more likely to foster nationalism, if anything, which will keep the foreigner, although a critical economic necessity, in a vulnerable position and, as argued above, promote more, rather than less, illegal movement. It will be some time yet before we see the evolution of the kinds of 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 towards the creation and implementation of these institutions in the face of an economic reality that demands foreign labour.

It should be clear from this analysis that governments need to avoid spontaneous reactions to economic events in implementing migration policy. The expulsion of foreign labour is unlikely to resolve the issue of domestic unemployment but it is likely to aggravate the situation by favouring increases in illegal migrants and in illegal workers, and in maintaining foreign labour in vulnerable situations. Given the mismatch between recently unemployed domestic labour and employed foreign labour in terms of skill and location, any policy to replace foreign labour with local labour seems unlikely to succeed.

The need for foreign labour is not going to disappear, even at a time of crisis. Governments should not be tempted to opt for short-term solutions, which are likely to be ineffective, at the expense of designing long-term policies to manage population migration in the region more effectively. In this regard, the Bangkok Declaration, signed by 19 countries and regions in Asia and the Pacific in April 1999 (see IOM, 1999), may be one step towards reaching a consensus on the types of policies that might better manage regional population flows, irrespective of any crises to come.

## Endnote

1. The information in this paragraph is taken from various issues of Migration News in 1998 (vol. 5) and 1999 (vol. 6). Migration News, published by the University of California at Davis, is available electronically at <http://migration.ucdavis.edu>

## Acknowledgements

This article had its origin in comments first made at a meeting of the Asia-Pacific Migration Research Network in Hong Kong, China in February 1998, revised with discussants' comments at a meeting in Manila in May 1998 (Skeldon, 1998), and elaborated into a discussion paper for the International Organization for Migration in June 1998 (IOM, 1998). The interpretation has been subsequently modified and amplified by information that has appeared since then and through discussion at meetings at the University of Waikato, New Zealand (July 1998) (Bedford, Ho and Skeldon, 1998), the University of Dundee, Scotland (August 1998), the University of California at Davis (October 1998), the University of Warwick (September 1999) and from colleagues at the Institute for Population and Social Research at Mahidol University. The author would like to express his gratitude to all who have made comments and provided information and particularly to Kritaya Archavanitkul, Graziano Battistella, Richard Bedford, Stephen Castles, Aphichat Chamrathirong, Philip Guest, Graeme Hugo and Philip Martin. While all may see their hand in parts of this article, none should be held responsible for the interpretations presented here other than



## References

- Abella, M.I. (ed.) (1994). "Turning points in labor migration" *Asian and Pacific Migration Journal* 3(1): special issue.
- APMJ (1998). "The impact of the crisis on migration in Asia" *Asian and Pacific Migration Journal* 7(2-3), special issue.
- Arnold, F. and N.M. Shah (eds.) (1986). *Asian Labor Migration: Pipeline to the Middle East* (Boulder, Colorado, Westview Press).
- Battistella, G. and M. B. Asis (1999). *The Crisis and Migration in Asia* (Quezon City, Philippines, Scalabrini Migration Center).
- Bedford, R., E. Ho and R. Skeldon (1998). "The Asian financial crisis and migration: perspectives from the Asian region and New Zealand". Population Studies Centre, University of Waikato, Discussion Paper No. 30.
- Bohning, W.R. (1998). "Conceptualizing and simulating the impact of the Asian crisis on Filipinos' employment prospects abroad" *Asian and Pacific Migration Journal* 7(2-3):339-367.
- 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.
- Crispin, S. W. (1999). "Cycle of despair" *Far Eastern Economic Review* 162(38):22.
- Feridhanusetyawan, T. (1999). "Social impacts of Indonesia's economic crisis: employment, income and poverty issues" in *Social Impacts of the Asian Economic Crisis in Thailand, Indonesia, Malaysia and the Philippines* (Bangkok, Thailand Development Research Institute).
- Fields, G.S. (1994). "The migration transition in Asia" *Asian and Pacific Migration Journal* 3(1):7-30.
- Findlay, A. M. (1994). *The Arab World* (London, Routledge).
- Gray, R. (1999). "The effects of globalization on labour force and migration in Thailand". Paper presented at the Policy Seminar on the Impact of Globalization on Population Change and Poverty in Rural Areas, Bangkok, ESCAP, 31 March-2 April.
- Gunatilleke, G. (ed.) (1986). *Migration of Asian Workers to the Arab World* (Tokyo, 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, mimeographed.
- \_\_\_\_\_ (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 Singapore" *Asian and Pacific Migration Journal* 7(2-3):187-218.
- ILO (International Labour Organization) (1998). *The Social Impact of the Asian Financial Crisis* (Bangkok, Regional Office for Asia and the Pacific of the International Labour Organization).
- IOM (International Organization for Migration) (1998). "The impact of the current economic crisis in Asia on population migration in the region". Discussion paper for the Asia-Pacific Consultations on Refugees and Displaced Persons, Government of Thailand, International Organization for Migration and United Nations High Commissioner for Refugees, Bangkok, 9-10 June.

\_\_\_\_\_ (1999). "Draft Declaration of the International Symposium on Migration: Toward Regional Cooperation on Irregular/Undocumented Migration", Bangkok, International Organization for Migration, 21-23 April, mimeographed.

Lee, E. (1998). *The Asian Financial Crisis: The Challenge for Social Policy* (Geneva, International Labour Office).

Lee, J.S. (1998). "The impact of the Asian financial crisis on foreign workers in Taiwan" *Asian and Pacific Migration Journal* 7(2-3):145-169.

NESDB (1999). "Poverty and inequality during the economic crisis in Thailand" in *Indicators of Well-Being and Policy Analysis: A Newsletter of the National Economic and Social Development Board* 3(1).

Pan, L. (ed.) (1998). *The Encyclopedia of the Chinese Overseas* (Singapore, Archipelago Press).

Park, Y.-B. (1998). "The financial crisis and foreign workers in Korea" *Asian and Pacific Migration Journal* 7(2-3):219-233.

Pillai, P. (1998). "The impact of the economic crisis on migrant labor in Malaysia: policy implications" *Asian and Pacific Migration Journal* 7(2-3):255-280.

Skeldon, R. (1998). "The crisis in Asia and implications for migration and social development" *Asian Migrant* 11(2):45-47.

\_\_\_\_\_ (1999). "Migration of women in the context of globalization in the Asian and Pacific region". *Women and Development Discussion Paper Series No. 2*, Bangkok, ESCAP.

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

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.

Watanabe, S. (1998). "The economic crisis and migrant workers in Japan" *Asian and Pacific Migration Journal* 7(2-3):235-254.

Zlotnik, H. (1998) "International migration 1965-96: an overview" *Population and Development Review* 24(3):429-468.