Towards an integrated market in South-East Asia: The ASEAN experience

The trade union agenda

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Editorial

Since the World Summit for Social Development of 1995 and its outcome, the Copenhagen Declaration, the ILO has been better known for its insistent pursuit of social development as a necessary component of any lasting or meaningful development process. For those who may still be sceptical, certain dramatic events from time to time drum this principle even more into the minds of the international community: the Asian financial crisis of July 1997 was perceived by the Director-General of the ILO in office at the time as a dramatic illustration of how powerfully and swiftly a major economic shock could be translated into a major social crisis.

The articles which appear in this edition are the fruit of our promise to analyse the experiences of regional economic integration in other continents, in the same fashion as the Common Market of the Southern Cone (MERCOSUR) was addressed in an earlier edition (see No. 109 – 1997/4).

Rampak provides a backdrop to this edition with a comprehensive analysis of labour issues. He calls to mind both the Copenhagen Declaration, which stresses in Commitment3 the need to promote "appropriately and adequately remunerated employment at the centre of strategies and policies of Governments, with full respect for workers' rights and with the participation of employers, workers and their respective organizations…" as well as the WTO Declaration of December 1996 whereby the States at the Ministerial Conference in Singapore renewed their commitment to observe internationally recognized core labour standards and recalled that the ILO was the competent body to deal with them. The *ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up*, in its preamble, further reiterates the ILO's principle of maintaining the link between social progress and economic growth, which in turn would only be achieved by guaranteeing fundamental principles and rights at work. These three moments are bracketed as decisive to the future work of our organization, representing as they do a fresh thrust in its striving to achieve a fairer measure of social justice.

For the ILO, for workers, the way ahead is unequivocally mapped: in 1998, at an ILO High-Level Meeting on Social Responses to the Financial Crisis in East and South-East Asian Countries (Bangkok, 22-24 April 1998), the Director-General of the ILO in office at the time clearly pinpointed why the crisis had assumed such proportions: on the eve of the crisis, institutions for social protection were still underdeveloped; the weakness of institutions of social partnership severely handicapped the search for a socially equitable and harmonious way of overcoming the crisis. On that occasion, the Director-General advocated full respect for basic labour standards and the fostering of a strong and free labour movement as the means to ensure constant democratic pressure to improve working conditions and levels of social protection. He signalled, too, that there had been a relative neglect of labour rights and social protection in the pre-crisis period of high growth.

The echoes of 1997 have not yet been muted as this issue goes to press. The advantages of regional economic integration are analysed in the following pages in terms of general labour issues, employment trends and patterns, industrial relations, social security, migrant workers, and of course trade union rights. Rampak situates the shift from extractive, plantation-oriented economic activities to manufacturing and high-technology industries as a key moment in the industrial relations of Asean countries. This shift has resulted in a sudden upsurge of rural-urban migration and an aggravation of the vicious low-skill, low-wage cycle which has led to a further decline in the quality of life. Campbell aligns his discussion of industrial relations in the bloc on one simple fact: neither law nor policy in the countries of the subregion has been noted for its unstinting support of free and independent trade union movements. Although the wind is in the poop, any optimism must be guarded since the countries without exception repose on a legacy of ambivalence towards freedom of association or even outright oppression.

In examining employment trends and patterns in the region, Krishnamurty engages in an analysis spanning the full spectrum of the region's diversity: from Lao PDR and Myanmar, classified by the United Nations as least developed countries, in turn defined as "the poorest and most economically weak of the developing countries, with formidable economic, institutional and human resources problems…", to the "new Asian tigers": Indonesia, Malaysia and Thailand, with Singapore as a "Newly Industrial Country", at the other extremity.

As for social security protection within the Asean bloc, Navamukundan argues that traditional cultural values of "sharing and caring" have served their time, that the formal labour market of today requires comprehensive government intervention in terms of appropriate and relevant policies for the protection of labour. Social security in Asean countries may be organized from two angles: in the narrow and popular sense of obtaining some contingency payments or benefits, or as a comprehensive concept for guaranteeing employment opportunities, health benefits, the education of workers and their children, home ownership, and insurance for workers and their dependants. The condition of migrant workers in Asean countries needs to be addressed by responding to the major challenges facing Asean which are twofold: orderly management of migration flows and protection of migrant workers. Wickramasekara draws attention to the non-ratification – except for the Sabah State of Malaysia – by the major labour sending and receiving countries in Asean of the major ILO instruments in force for the protection of the rights of migrant workers. The role of the social partners so far has been limited.

This issue also features Izumi's scrutiny of trade union rights, portrayed against a sombre canvas of economic crisis and difficulty which have led to the fragmentation of trade unions with little ability to influence country policy or decision-making processes.

With this edition, appearing at the dawn of the millennium, a particularly outstanding team of authors have brought their expertise to our educational efforts to support workers as social partners engaged in the process of social dialogue so that they could articulate their daily concerns in a coherent fashion and draw up their demands accordingly. The ILO

Bureau for Workers' Activities has recorded in its annals the tragic events in Asia in 1997 and has marked the page by a note asking whether a more satisfactory level of tripartism and social dialogue could have averted such a crisis. Depending on how the Asean bloc fares in its efforts at economic integration, the future will no doubt provide an answer to the questions of the past.

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Editor's note: Detailed information on Asean's organizational structure as well as the texts of its Declaration, Concord and Treaties may be accessed at the following website:
http://scs.student.virginia.edu/~irouva/ASEAN/asean_docs.htm

Labour issues

The ILO is in a privileged position to convince the international community of the pressing need to balance economic development with minimum standards so that market forces do not turn the development process into a zero-sum game.

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Asean labour economics: An overview

In discussing labour issues in the Association of South-East Asian Nations (Asean),[1] one has to take into account the fact that the economies of Asean countries have a number of common characteristics which, to a large extent, bind them together:

- Almost all of them were previously colonized by the West until securing independence from colonial rule after the Second World War.
- They were largely agricultural economies with extractive industries (rubber, oil palm, timber and mining) forming the core economic activity.
- They all have a multi-ethnic, multilingual, multireligious and multicultural population.

Asean labour economics begins with the entry of migrant workers, then known as indentured labour, from the Indian subcontinent as well as from China to work in the rubber, oil palm, cinchona (a tree whose bark yields quinine) and sugar-cane plantations, as well as in the coal, iron and tin mines. It can be said that the Culture System[2] laid the foundations for the growth of an organized plantation industry in South-East Asia.

The advent of nationalism, which culminated in independence from colonial rule, brought with it new perspectives on what constitutes development. Fresh from the ravages of the Second World War, newly independent Asean countries embarked on ambitious socio-economic programmes which, among others, addressed two core concerns:

- modernize the national economy by placing more emphasis on manufacturing;
- bring about the socio-economic development of the local population by investing in public infrastructural projects.

Development in Asean has largely been state-led. This resulted in the utilization of large amounts of taxpayers' funds for infrastructural projects which, it was reasoned, would in turn encourage greater and more effective private sector participation in downstream business and production activities. No information is available as to whether any country-specific cost-benefit analyses have been performed to date in order to evaluate objectively and compare the direct and indirect returns of such state-led investment to the people of Asean. So paucity of reliable data poses yet another setback for such initiatives.

Quite predictably, this gradual shift from extractive, plantation-oriented economic activities to manufacturing and high-technology industries in Asean countries over a period of four decades has had a visible impact on the Asean labour scenario. It has resulted in a sudden upsurge in rural-urban labour migration, with the services sector receiving a boost in terms of increased business opportunities. Lured by hopes of higher wages and better living standards, increasing numbers of largely unskilled workers moved to the cities and towns in search of employment, eventually ending up as casual workers doing low-wage jobs and living in sprawling squatter settlements on the outskirts of towns, devoid of basic utilities, with dismal living standards. The vicious low-skill, low-wage circle contributed to a further decline in the quality of life.

The World Trade Organization (WTO) as the forerunner of globalization policies

The World Trade Organization (WTO), which replaced the General Agreement on Tariffs and Trade (GATT), upon the adoption of the WTO Declaration in December 1996 at Singapore, can be deemed to be the forerunner of globalization policies worldwide. The WTO, which has set the tone, scope and dimension of globalization by endorsing the principle of the liberalization of trade, inter alia, addresses five core issues:

- trade liberalization;
- ensuring sustainable growth;
- internationally recognized core labour standards;
- marginalization of the least developed countries; and
- improved growth, job creation and development.

The Declaration proposes to address these core issues by its commitment to bring about the following changes as part and parcel of a multi-pronged strategy:

- a fair, equitable and more open rule-based system;
- progressive liberalization and elimination of tariff and non-tariff barriers to trade in goods;
- progressive liberalization of trade in services;
- rejection of all forms of protectionism;
- elimination of discriminatory treatment in international trade relations;
- integration of developing and least developed countries and economies in transition into the multilateral system; and
- the maximum possible level of transparency.

Paragraph 4 of the the WTO Declaration referred to the role of the ILO in the context of developing and sustaining core labour standards:

> We renew our commitment to the observance of internationally recognised core labour standards. The International Labour Organization (ILO) is the competent body to set and deal with these standards, and we affirm our support for its work in promoting them. We believe that economic growth and development fostered by increased trade and further trade liberalization contribute to the promotion of these standards. We reject the use of labour standards for protectionist purposes, and agree that the comparative advantage of countries, particularly low-wage developing countries, must in no way be put into question. In this regard, we note that the WTO and ILO secretariats will continue their existing collaboration.

Globalization, as espoused by the WTO, has been identified as the sole cause for the quick cross-border movement of capital, technology and human resources with little or no social safeguards. In discussing social safeguards in Asean, it is necessary to look at the legal provisions and the enforcement mechanisms currently in place in Asean countries and make objective comparisons in order to determine the relative levels of social security in the region. The transition economies in Eastern Europe have succeeded in gaining visibility and recognition from the international community; they have launched initiatives aimed at eventually streamlining their social standards in order to adjust them to those of the market economies. Asean countries, especially those that are rapidly transforming their political, legal and social structures to achieve development by competing in international markets for foreign direct investment (Viet Nam, Lao PDR and Cambodia are such examples), also deserve similar recognition and treatment as are being enjoyed by the transition economies in Europe. The promotion of social safeguards will have to be pursued in tandem with the ever increasing calls for a "level playing field",[3] as one should ideally complement the other in the true spirit of the WTO. The ILO is in a privileged position to convince the international community of the pressing need to balance economic development with minimum social protection standards so that market forces do not turn the development process, spurred by foreign direct investment, into a zero-sum game in Asean countries.

The Asian economic and financial crisis

The Asian economic and financial crisis, which had its epicentre in Thailand when its Central Bank floated the Thai baht in July 1997, has inflicted serious injury on the economic well-being of Asean countries. Many Asean currencies depreciated sharply against the US dollar and other major currencies as a result of the contagion effect. More than 30 million jobs have been lost to date in South-East Asia, and the numbers are growing. Currency speculators took undue advantage of short-term capital flows by using hedge funds to further destabilize exchange rates. Indonesia, the Republic of Korea and Thailand were compelled to seek the assistance of the International Monetary Fund (IMF) to rescue their economies. Malaysia, instead of seeking IMF economic aid packages, introduced its own recovery measures, the first of which was to check currency speculation. The Malaysian Government imposed selective capital controls on foreign exchange transactions with effect from 1 September 1998 in order to ward off the efforts of currency speculators. The Malaysian ringgit was rendered non-convertible overseas as a result of capital controls.

As a response to the crisis, the Malaysian Government set up the tripartite National Economic Action Council (NEAC) which formulated the National Economic Recovery Plan (NERP) as a policy document for implementing various measures at both the macroeconomic as well as microeconomic levels. The imposition of selective capital controls is one such recovery measure proposed by NEAC. However, the capital controls have actually helped Malaysia to increase its national reserves, boost domestic savings, bring down interest rates, attract the return of Malaysian capital invested in ringgit-denominated deposit accounts overseas and mop up excess liquidity in the banking system. The country now has sufficient external reserves (M$125.5 billion)[4] to finance 6.5 months of retained imports. The Central Bank of Malaysia has projected that the country would be able to achieve 4.3 per cent real growth in its gross domestic product (GDP) by the end of 1999. This recovery strategy has been acknowledged by the then Managing Director of the IMF Michel Camdessus who, while addressing the 34th Conference of South-East Asian Central Bank Governors in Seoul, Republic of Korea, on 20 May 1999, said that "most clearly in Korea, the Philippines, and increasingly in Thailand and Malaysia, we see signs of an upturn in activity". The IMF prediction of an imminent economic recovery during the second half of 1999 certainly augurs well for Asean countries. Meanwhile, the ILO has held two important meetings, namely the High-Level Tripartite Meeting on the Social Responses to the Financial Crisis in East and South-East Asia (Bangkok, April 1998) and the Asian Regional Consultation on Follow-Up to the World Summit for Social Development (Bangkok, January 1999) to assess the impact of the crisis on workers in South-East Asian countries. Among recommendations and conclusions of these two high-level tripartite meetings was a proposal that the international financial institutions (IFIs) undertake a comprehensive review of their policy initiatives and directions, and that such a review should necessarily take into consideration the social impact of their financial policies on borrower countries. The other recommendations also included the promotion of core labour standards, setting up social safety nets, and improving tripartite consultations among the social partners with a view to achieving more sustainable levels of growth and development.

However, recent developments in South-East Asia as a result of the economic crisis clearly indicate that the IFIs, especially the IMF, have not been responsive nor sensitive to the social dimension of the crisis in terms of their lending policies. The usual conditions that the IMF imposes on borrower countries are:

- increase domestic interest rates;
- increase local taxes;
- close down businesses that are not financially viable;
- allow mergers and takeovers of loss-making businesses;
- tighten consumer credit;
- retrench workers;
- reduce social subsidies on health care, education and housing; and
- remove subsidies on essential goods and allow market forces to dictate prices.

Quite obviously, the remedies prescribed by the IMF have not helped to cure the ills. Moreover, the IMF has yet to address the issue of short-term capital flows which have wreaked havoc on Asean economies. The Asia-Pacific Economic Cooperation (APEC) Finance Ministers Meeting held in Langkawi Island, Malaysia, in mid-May 1999, could not reach consensus to stem the movement of short-term capital flows in and out of developing economies. The IMF rescue policies do not take into adequate consideration the relative level of economic development and social conditions of the affected country, nor national aspirations. Such policies therefore bring in to focus the urgent need for active labour participation in the decision-making processes of IFIs so that their lending policies are more relevant to the well-being of the people they are intended to assist.

The International Confederation of Free Trade Unions (ICFTU), realizing the urgency for having visible and effective labour participation in IFI policy-making bodies, established the ICFTU-Asia Pacific Labour Network (ICFTU-APLN) in 1995 with a view to requesting the participation of organized labour in regional economic bodies such as APEC which do not at present have labour representatives in their various committees. By APEC's definition, "social partners" only includes governments, employers and academics, and there is no provision at the moment for trade union participation. The ICFTU has been pressing for the inclusion of workers in all APEC decision-making bodies to give full effect to the concept of tripartism which is the guiding principle of the ILO. It is felt that the participation of organized labour in APEC would eventually pave the way for representation of labour in IFIs, given that IFIs and APEC work closely when formulating policies and deciding on projects for recipient countries. The latest meeting of ICFTU-APLN, held in Malaysia from 28 to 30 September 1998, adopted a policy document entitled *APEC's role in achieving global recovery from the Asian financial and economic crisis*. This policy document, among several others, calls for financial regulation, social assistance and workers' involvement in policy-making bodies. The APEC Leaders' Declaration, adopted in Kuala Lumpur, Malaysia, on 18 November 1998 at the end of the APEC Summit, included an item "Social Safety Nets", under which some of the ICFTU-APLN's recommendations were incorporated as general provisions.

The Asean Trade Union Council (ATUC), since its inception in 1994, has been supplementing and complementing the efforts of ICFTU-APLN at subregional level, and has focused attention on Asean countries. ATUC, which at present has six full-member affiliates (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Viet Nam) and one observer (Lao PDR), has held a number of seminars and workshops over the years in cooperation with the lLO and ICFTU-APRO in which ATUC affiliates have participated and given their views. ATUC has also been working closely with its affiliates towards seeking effective representation of trade unions in their respective national policy-making bodies, and has decided to seek trade union participation in all Asean Labour Ministers' meetings.

ICFTU delegations, in raising key issues in their meetings with IFIs, have proposed that IFIs should:

- curb currency speculation as it undermines the purchasing strength of national currencies and ruins the economic development of affected countries;
- insist on greater transparency, accountability and regulation of financial markets with internationally mandatory reserve-to-asset ratios for hedge fund agencies;
- bring about improved procedures for the accountability of government budget-making and policy implementation;
- take every possible measure to bring about institutional and policy changes including stronger rules on bribery and corruption;
- impress upon governments that there should be less budgetary allocation for military purposes, and that more funds should be made available for poverty eradication and social development;
- consider establishing an Asian Monetary Fund (AMF), with an initial capital base of US$200 billion, to complement the functions of the Asian Development Bank (ADB), the World Bank and the IMF in Asia;
- include in their policy agendas the establishment of social safety nets, unemployment insurance systems, occupational safety and health, human resources development, health care systems and affordable housing in recipient countries.

Above all, the ICFTU underlined that the role of labour in the context of IFI policy formulation needs to be clearly defined from the standpoint of a target beneficiary and not a mere factor of production.

Trade union structures in Asean

The complex challenges of globalization are also having their impact on trade union structures in Asean. Just as in many industrialized countries, trade unions in Asean are also compelled to grapple with the extension of enterprise-level bargaining, which has made it more difficult for them to sustain national solidarity. The handing over of state-held agencies to private enterprise has further compounded the seriousness of the problem. Asean trade unions have suffered from the expansion of the services sector where they find it more difficult to organize. A number of Asean countries still impose crippling legislative restrictions on trade union organizing and on collective bargaining: conditions which are in breach of ILO Conventions.

Though Asean countries have their own national trade union centres, there are a multiplicity of such centres in countries like Thailand. Notwithstanding the larger populations in certain countries, multiple trade union structures are generally perceived as having a dampening effect on workers' ability to influence national policies. The presence of a large informal sector in Asean countries further complicates the ability of trade unions to represent effectively the collective interests of workers. In Malaysia, the public sector unions have their own federation, the Congress of Unions of Employees in the Public and Civil Services (CUEPACS), while private sector and statutory body trade unions are affiliated with the Malaysian Trades Union Congress (MTUC).

ATUC is a regional grouping of national trade union centres of Asean countries which aims to improve the quality of relations between and within countries in Asean. Asean countries have their own national trade union centres, of which the following are affiliated to ATUC as full members:

- Malaysian Trades Union Congress (Malaysia);
- National Trades Union Congress (Singapore);
- Trade Union Congress of the Philippines (Philippines);
- Labour Congress of Thailand and Thai Trade Union Congress (Thailand);
- Federation of All Indonesian Trade Unions (Indonesia);
- Viet Nam General Confederation of Labour (Viet Nam);
- Lao Federation of Trade Unions (Lao PDR) – Observer

The principal objectives of ATUC are as follows:

- represent the collective interests of workers in Asean countries at all appropriate policy-formulating and decision-making forums;
- function as a collective and cohesive body to promote the well-being of workers in Asean countries;
- network and interact with ATUC affiliates with regard to common issues affecting workers;
- undertake research, education and training programmes for labour activists from ATUC affiliates;
- help ATUC affiliates increase their membership levels through mutual cooperation and assistance;
- hold periodic meetings with a view to identifying common problems, challenges and issues and finding solutions for them in a true spirit of unity and solidarity.

The first meeting of ATUC, held in Cebu City, Philippines, in April 1994, adopted the Cebu Declaration. The second, held in Kuala Lumpur, Malaysia, in May 1996, adopted the Revised Cebu Declaration. The third, held in Bali, Indonesia, in November 1997, adoted the Bali Declaration. These policy documents have helped ATUC to chart its own course of action in response to the needs of its constituents.

Job distribution and quality of jobs

Creating, distributing and ensuring quality of jobs will become one of the biggest challenges that governments, employers and trade unions will have to come to terms with on the threshold of the next millennium. This challenge will perhaps manifest itself more seriously in Asean countries. The ILO has identified a number of pointers that would help the social partners to achieve this objective. In his Report entitled *Decent work*, submitted to the 87th International Labour Conference, the Director-General of the ILO has formulated a number of strategies that would contribute towards attaining this objective. These include:

- promoting opportunities for work;
- promoting rights at work;
- protection against vulnerabilities and contingency in work;
- ensuring security of employment;
- promoting social dialogue.

Central to these concerns is the right of workers to obtain fair wages for labour performed – wages that will enable them to live in reasonable comfort as citizens in a free society. Commitment 3 of the Declaration of the World Summit for Social Development (the Copenhagen Declaration), March 1995, states as follows:

> We commit ourselves to promoting the goal of full employment as a basic priority of our economic and social policies, and to enabling all men and women to attain secure and sustainable livelihoods through freely chosen productive employment and work. To this end, at the national level, we will: a) Put the creation of employment, the reduction of unemployment and the promotion of appropriately and adequately remunerated employment at the centre of strategies and policies of Governments, with full respect for workers'

> rights and with the participation of the employers, workers and their respective organizations, ...

and Commitment 8 which states:

> We commit ourselves to ensuring that when structural adjustment programmes are agreed to they include social development goals, in particular eradicating poverty, promoting full and productive employment, and enhancing social integration.

The right to full, productive and freely chosen employment, which forms the bulwark of Commitment 3 of the Copenhagen Declaration, also constitutes the underpinning for ILO Convention on Employment Policy, 1964 (No. 122). In the Asean context, job creation has generally been market-driven, not need-driven. Multinational enterprises setting up production facilities in Asean countries place market conditions at the top of their list of priorities. With the exception of a few multinational enterprises, we have yet to see convincing evidence, be it from governments or employers, that the promotion of quality employment is high on the list of national development agendas of Asean countries as much as job creation. To compound matters, the movement of short-term capital flows, coupled with the relocation of production facilities from high labour cost to low labour cost countries, has rendered the creation of quality employment a big challenge in many Asean countries.

Companies operating in Asean countries have adopted one or more of the following strategies in order to reduce costs:

- downsizing their production and operating capacities;
- introducing cuts in wages and benefits;
- retrenching their workers;
- offering workers voluntary separation schemes;
- increasing the level of process automation;
- outsourcing production and operations;
- recruiting contract workers;
- engaging migrant labour;
- relocating their operations to low-cost countries.

Small and medium enterprises (SMEs) have a pivotal role to play in creating as well as distributing quality jobs, especially for women workers. Since SMEs are generally low-cost business operations with reasonably high labour content, they are in a better position to create more jobs during difficult economic times.

Unemployment and wages

The Asian economic and financial crisis which occured in July 1997 has resulted in mounting unemployment with more than 30 million job losses thus far. Unemployment, which was at an all-time low in 1996 (2.6 per cent) reached double-digit levels (15 per cent) in Asean, sending wages in a downward spiral.

In Indonesia, GDP growth stood at an average of 7.6 per cent per annum during the period 1990 to 1996. The financial crisis hit the Indonesian economy at a time when it was already facing dwindling exports, a slowdown in overall growth, and a sharp drop in rice production leading to imports of rice and prospects of a substantial increase in food prices. The country recorded zero GDPgrowth for 1998, with a projected level of unemployment for 1998 at nearly 7.9 million or 8.3 per cent of the labour force, which is more than double the level prevailing in 1996, and these are conservative estimates.

One view is that agriculture in Indonesia has undergone such a transformation and has been commercialized to such an extent that its capacity to absorb additional labour has been greatly reduced. The same view also holds that many of those working in manufacturing, construction and other sectors in urban and semi-urban areas are no longer recent migrants from the countryside and have lost the necessary links to rural areas to enable them to return and be reabsorbed.

In Thailand, 54,000 workers were recorded as retrenched over the period January 1997 to February 1998. Slightly more women than men were made redundant. This, however, represents only a small part of the overall picture: the figure of 54,000 reflects only those lay-offs in which severance payments were made as reported by labour inspectors over this period or through severance pay disputes brought to the attention of the authorities through the labour court system. The actual number of crisis-induced lay-offs is widely assumed to be substantially higher. Industry associations, for example, reported job losses of some 422,000 at the end of 1997. Over half of these (or 252,000) occurred in the construction industry, with the bulk of the remainder (151,000) occurring in manufacturing industries. The manufacturing sector figure comes close to another job loss figure (165,000) from the records of the Social Security Office (SSO). Employer contributions to social security are payroll-based and there is thus a strong incentive for employers to report lay-offs to the SSO. There is likely to be underreporting of lay-offs from SSO data as the rate of non-compliance with SSO regulations may be as high as 25 per cent. Taken together, the various data sources in Thailand strongly suggest that the lay-off rate is substantially higher than the figure of 54,000 compensated job losers.

In January 1998, a Government survey of workers returning to rural (non-municipal) areas placed the figure at 188,000 persons. Compared to each region's rural population, the highest proportion returned to the north-east. This pattern of return movement puts pressure precisely on the weakest parts of the Thai agricultural sector. At the end of 1997, the north and north-east were hit particularly hard by drought. Furthermore, these regions had evolved an economy in which remittances from urban areas played a major role in sustaining living standards.

So unemployment and reduced wages, coupled with rising consumer prices and an absence of social safety nets, have seriously affected the quality of life of Asean workers.

Asean countries in general, and Singapore and Malaysia in particular, have a strong tradition of building social dialogue into social and labour policies. More recently, tripartite consultations have resulted in several of the Asean countries (see Box 1) agreeing to certain trade-offs to save or create jobs through social dialogue at the national level. Both in Singapore and in Malaysia, the trade unions have taken skills development as one of their major challenges and as a key responsibility. The role of the national trade union centres in these countries in maintaining a data bank on affected workers and in providing training deserves special mention.

Labour costs and competitiveness

The onset of globalization has brought into focus two important factors influencing labour policies in Asean:

- matching labour costs with skills and productivity; and

Box 1. Key trade-offs to save or create jobs through social dialogue at national level in Asean countries

Philippines. A Social Accord on Industrial Harmony and Stability (1998) between the Employers' Confederation of the Philippines and two major labour federations, namely the Trade Union Congress of the Philippines (TUCP) and the Labour Advisory and Consultative Centre (LACC), provided for six months' "mutual restraint" on lay-offs and industrial disputes. At regional level, the Department of Labor and Employment (DOLE) organized tripartite conferences on the theme "Saving jobs and saving industries", culminating in "Regional Social Accords".

Singapore. A Tripartite Panel on Retrenched Workers (February 1998) provides for: (1) development of a network of information on retrenchments before they occur to match job vacancies; (2) exploration of alternatives to retrenchment through redeployment, adjustments in working time and wages, and training possibilities; and (3) advice on training opportunities and use of a skills development programme (December 1996) as an alternative to lay-off. The programme, spearheaded by the National Trades Union Congress (NTUC) and funded by Government, allocates training subsidies of up to 80 per cent of course fees, and 70 per cent of absentee payroll for training conducted during normal hours of work.

Malaysia. A Tripartite Committee on Retrenchment has been set up to monitor retrenchment. It encourages reference to Malaysia's Tripartite Code of Conduct for Industrial Harmony, in particular the passages relating to retrenchment which stipulate a range of alternatives to retrenchment. The Government has introduced legislation (following consultation with the tripartite National Labour Advisory Council) requiring employers to notify the Labour Department of prospective lay-offs one month in advance. The new law also aims to expand labour force participation of married women through increasing flexibility of working time. A data bank on job vacancies and retrenched workers seeking jobs was established by the Federation of Malaysian Manufacturers (FMM) and the Malaysian Trades Union Congress (MTUC), respectively, to facilitate mutual data exchange on jobs available and retrenched workers seeking employment.

Source: *Globalization and change: Social dialogue and labour market adjustment in the crisis-affected countries of East Asia*, ILO-EASMAT, 1999, background paper presented at the ILO/Japan Asian Regional Tripartite Seminar on Industrial Relations and Globalization, Bangkok, 31 August – 2 September 1999.

- keeping production costs low in order to stay competitive.

Trade liberalization in a borderless world, as espoused by the WTO, has not only resulted in cross-border short-term and long-term capital flows but has also brought to the fore a new definition as to what constitutes "competitiveness" and "staying competitive" in the context of a borderless world. There has been relocation of labour-intensive, low-technology industries from high-labour cost countries to low-labour cost countries in Asean. This phenomenon is evident even within countries in Asean. There have been instances of assembly-line electronics industries, often referred to as "suitcase industries", literally packing up overnight and setting up shop in another low-cost country, leaving in their trail a long queue of retrenchments, lay-offs and displaced families. Citing "competitive" factors, these industries often find it easy to relocate to new low-cost countries, obtain tax-free status as pioneer industries or foreign investors, acquire land at very low premium in export processing zones (EPZs) and enjoy a high level of immunity from local legislation, including labour legislation.

Labour mobility

Labour mobility is a major characteristic in Asean countries. Rural-urban migration has resulted in substantial increases in urban populations, thus exerting much pressure on housing, water and electricity supply, transport, sewage disposal, health care, education and a host of related downstream supplies and services. The traffic-choked cities of Bangkok, Jakarta, Kuala Lumpur and Manila offer good examples of the visible impact of rural-urban migration on metropolitan utilities and services. Greater national emphasis on value-added production has resulted in a gradual shift from agro-based plantation industries to assembly-line manufacturing, thus bringing about a paradigm shift in labour priorities and resource allocations on the part of policy planners. Rural workers perceive an urban lifestyle to be an advancement in their social mobility. Though this may be partly true, most rural-urban migrants only find unskilled jobs. These tail-end jobs, accompanied by low wages, and higher urban living costs, cancel out any perceptible gains in rural-urban migration. The net result of all these variables manifests itself as a substantial increase in squatter settlements and colonies on the outskirts of Asean cities and towns, with little or no modern public amenities.

While rural-urban migration is seen as a socio-economic phenomenon in developing countries, the governments and employers could help to localize economic growth by embarking on "in situ" development strategies. These strategies should preferably include the simultaneous provision of essential social infrastructure such as housing, schools, hospitals, public utilities, etc., along with the establishment of manufacturing units and other job-creating production units. By doing so, developing countries will be able to attain better distribution of growth centres and achieve a more equitable spread of employment opportunities. An "in situ" development strategy will also help to reduce the pressure on urban amenities and bring about a generally higher standard of living countrywide.

Public and private sectors

The eighties and nineties have witnessed two very interesting phenomena that have had very visible and lasting effects on labour in Asean: privatization and WTO decisions. Asean governments, at the behest of IFIs, embarked on privatization policies which saw the handing over of agencies and utilities previously owned and operated by the State to private enterprise. Railways, telecommunications, power generation and supply, water supply and distribution, postal services, civil aviation, highways and broadcasting are among the essential services and utilities that have been handed over to private companies. The private sector overtook the State as the engine of national growth, and the public sector, previously seen as the fountain of employment creation, is now viewed as a mere facilitator. Asean governments, fearing budgetary constraints, began downsizing their civil services by freezing new recruitments. Employees of state-owned entitites handed over to private companies were deemed to have become private sector workers in line with the privatization strategies of Asean governments. The trade unions that represented these workers assumed new identities and drew up totally different plans of action with regard to collective bargaining and industrial relations, as the thrust of such strategies had to be viewed from the new standpoint of a profit-oriented corporation and no longer as that of a service-oriented utility. The demarcation between the public and private sector was now complete.

Wages and benefits of private sector workers in Asean are generally higher than that of their counterparts in the public sector. Private sector workers enjoy higher wages, receive bonuses, participate in share-option schemes and have greater career mobility. This has not prevented the occurrence of severe wage disparities between top management staff and shop-floor level workers. However, public sector workers enjoy job security and are not subjected to the vagaries and uncertainties of the market forces which wreak havoc on their colleagues in the private sector. The new millennium will see more state-held utilities being handed over to private enterprise, entailing greater challenges for trade unions in the realm of organizing, industrial relations and collective bargaining. There is a pressing need to introduce appropriate legal and procedural safeguards in the privatization procedures of Asean countries in order to obviate marginalization and victimization of workers.

Training policies

Rapid globalization and fast-paced technological progress present new challenges that are common to all countries, and those of the Asean bloc are no exception. The heightened competition and economic change that result from the combined forces of global economic integration and technological advancement can cause instability and lead to difficulties in maintaining the employability of large segments of a country's labour force. At the same time, these new economic forces provide new opportunities for economic growth and employment expansion. Furthermore, the level of quality of skills that a nation possesses is becoming a critical factor in taking advantage of the opportunities as well as minimizing the social costs involved in rapid technological transformation and the transition to a more open economy.

The demand for skilled labour has risen significantly as a result of globalization and changes in technology and the organization of work. The three are closely linked: the new information technology, by reducing the cost and increasing the speed of communication, has been a major factor in globalizing production and integrating financial markets; in turn, globalization, by intensifying competition, has spurred technological diffusion and the adoption of new forms of work organization. Increasingly, a country's economic performance depends critically on access to and the adoption of new technology and labour force skills.

In Asean, push-pull factors have a decisive impact on competitiveness, but technology modernization and economic development have their bases in the capacity of countries to train and retrain their workers in employable skills. Wage levels are, of course, closely linked to skills. Skills development, or otherwise termed human resources development in Asean can be categorized into the following levels:

- skilling;
- re-skilling;
- multi-skilling.

This can be explained as first, second and third instance training. The rapid transformation of mechanical production systems into electronic, digital and computerized operations calls for re-skilling. Market needs for workers having more than one employable skill call for multi-skilling. These initiatives will have to be effected in tandem with one another, and a high level of complementarity will have to be ensured in order to prevent wastage of material and financial resources as a result of duplication.

State-financed subsidies permit training programmes to proceed with a fair measure of success and consistency. In Malaysia, the Human Resources Development Fund (HRDF), set up with employers' statutory contributions, offers opportunities for serving employees to undergo job-related training. The Malaysian model of training for market needs should be emulated, modified and improved according to specific national skills needs.

The common elements which enhance training effectiveness include:

- *Adequate financing.* There must be appropriate incentives to promote training and stable funding for those training institutions which develop the higher-level skills for which there is expected to be a demand in the medium term. Funding need not necessarily come from general tax revenues: it can also come from special-purpose schemes.
- *Quality.* Quality is crucial if trainees, enterprises and funding organizations are to have confidence in the ability of the training provider to deliver the required skills. Since quality is a moving target, continuous evaluation of training curricula and delivery methods needs to be undertaken in order to sustain training quality and to bring it in line with the prevailing skills needs of industry.

- *National training policies.* Policies and strategies for implementation need to be devised jointly by the government and the social partners. Such policies must meet the challenges of lifelong learning with provisions for affordable training opportunities.
- *Reliable and easily accessible information.* A good training system needs an adequate input of information from industry, workers' organizations, communities, public and private education and training providers, and the employment service, including information on vocational and career guidance.
- *National skills recognition and certification system.* Such a system is essential to enable the skills of individuals (gained from training programmes, experience, or prior learning) to be assessed against nationally defined and agreed job-entry competencies and should cover both the formal and informal sectors.
- *Networking.* This can be an effective means for clusters of small firms to meet their training needs.

These key areas need to be looked into by policy planners in Asean in order to attain the objectives of an integrated training policy.

The informal sector

In Asean, the informal sector largely revolves around agriculture, fishing, petty trading, part-time work, contract-based work and domestic services. As seen in most developing countries, the informal sector in Asean is also seriously lacking in organized representation, thus making detailed analysis difficult as available data are often not reliable. There appears to be an inverse relationship between the growth of the informal sector and the planned development of the formal sector. Though one should ideally complement the other, this does not seem to be the case. Informal sector workers, officially categorized as "self-employed", do not enjoy the same legislative protection as formal sector workers. This has made the work of trade unions very difficult, as there is little information available on the informal sector.[5]

Social security

One of the clearest lessons to emerge from the economic crisis is that existing systems of social protection in Asean were unable to cope adequately with its social consequences. The strengthening of social protection is thus an important priority for future action. Finding solutions to labour issues in Asean cannot be isolated from dealing with its social consequences. This has been seen very clearly in the economic crisis, especially in Indonesia and Thailand. Social security constitutes the very underpinning for sustainable social development, and should ideally include the following:

- unemployment insurance;
- severance pay guarantees;
- social safety nets;
- health care;
- provident funds;
- a minimum pension.

In Malaysia, the Social Security Organization (SOCSO) provides financial assistance to workers injured while at work. Assistance includes medical care, hospitalization and a monthly derivative pension for dependants of deceased workers. In Thailand, the World Bank and the Asian Development Bank have jointly financed a Social Sector Programme which, among others, addresses three major social policy fields – the labour market and social welfare, education, and health. These, at best, can be seen as only providing temporary relief to a major ailment affecting workers in Asean. What is needed is more concerted action that would attempt to address these issues on a more holistic basis.

Migrant workers

International labour migration is currently a global phenomenon and few countries remain completely unaffected by it. However, it is difficult to establish with accuracy the number of migrant workers in the world today. In many countries, particularly countries in the course of transition, incomplete or non-existent data impede the drawing of an accurate global picture of migratory patterns. Even where such data exist, the definitions of such key terms as "economic migrant", "permanent migrant", and "irregular migrant" are by no means universally accepted, and the systems by which the data were collected often differ widely, reducing the comparability of statistics.

In South, South-East and East Asia, official estimates state that there are 2 to 3 million economically active migrants supporting 3 to 4 million dependants. Official estimates of legal migrant workers holding passports and employment permits, along with their dependants, point to the possibility of 5 to 7 million migrants in this region at any one time. This does not include the ever increasing numbers of illegal migrants seeking employment opportunities in host countries. Host countries in Asean report that the ratio of legal to illegal migrant workers is 1:1. This means that the labour statistics of host countries are often unreliable indicators of foreign labour force participation rates in local industries.

In Asean countries, migrant labour is mostly utilized in plantations, service industries, construction sites and in production-line manufacturing. The bulk of migrant labour is of the unskilled category which is willing to work for lower wages than that given to locals. So cost-reducing strategies of employers include large-scale recruitment of migrant labour as it is perceived as a “quick fix” solution to trim operating costs.

Women workers

In Asean, women workers are beginning to enter the mainstream formal sector in larger numbers than ever before. Improved educational opportunities, better social amenities, greater access to high-wage jobs, less gender discrimination and more liberal social attitudes towards women workers have by and large contributed towards affording women workers better access to the labour market. Women workers constitute around 40 per cent of the total workforce in most Asean countries, though there may be minor differences when detailed comparisons are made between Asean member countries on a sectoral basis. Women workers still account for a large part of the informal sector, especially homeworkers and part-time workers as well as those employed by cottage industries. In the agricultural sector, women workers are seen as complementing male workers, especially in down-stream activities such as sorting, packing and labelling. This trend is visible in the rubber, tobacco and tea industries in Asean.

In keeping with Asian social values, women workers often alternate between full-time work and child-bearing duties. This is quite evident in the rural populations of Asean, though the situation in urban areas appears somewhat different with the advent of increased educational opportunities for women. Problems such as exploitation, low wages, sexual harassment and long working hours still linger in certain pockets of both the informal and formal sectors, but are not, of course, unique to Asean. Asean trade unions have set up special action committees for women’s affairs which attend to their problems in a more specific and coordinated manner.

Child labour

Child labour in Asean is intertwined with the traditional beliefs and values of Asean societies. Figures released by the ILO’s International Programme on the Elimination of Child Labour (IPEC), stating that there are more than 220 million child workers worldwide, are rather disturbing, but even more so if one were to consider the impact of child labour on the well-being of tomorrow’s citizens. Child labour in Asean is largely poverty-driven, and the Asian economic crisis has resulted in even larger numbers of child workers entering the job market to supplement dwindling family incomes. Most children work either because schools, if available, are expensive to attend, their parents are poor or handicapped, their families may be heavily indebted to creditors and are compelled to enter bonded labour, or there is no motivation or encouragement from parents or peers for children to receive formal education. In these circumstances, there are also child workers who assist their parents to run the family business after school hours or during school holidays, and who do not necessarily perform hazardous work. So cultural mores and practices do exert an influence on social perceptions towards child labour, and such perceptions vary from region to region.

International labour standards

The issue of international labour standards has always been a very difficult and controversial one for Asean countries. Though there is broad-based consensus that international labour standards provide the benchmark for sustainable labour standards worldwide, governments have been quick to respond that they cannot be implemented at the expense of job creation. Job creation stands very high on the development agendas of Asean countries, and according to the latter, other considerations which might render job creation difficult will have to wait or, at best, be appropriately adapted to suit local circumstances. Freedom of association, collective bargaining, fair wages for work performed, equal wages for men and women, discrimination at work, safety and health and working hours are among some of the issues confronting Asean workers in terms of international labour standards. There are many more to be considered, but these assume greater importance over the others by virtue of their recurrent impact on labour in Asean. Globalization and trade liberalization have made the implementation of these labour standards more difficult on the part of obdurate policy-makers, especially when countries begin competing with one another to use the absence of labour standards in their countries as a competitive advantage to attract foreign direct investment. Trade unions, who have to bear the brunt of such pressures, are in a dilemma. On the one hand, they have the moral obligation to protect the livelihoods of the workers and ensure that their collective welfare is sustained. On the other, keen representation on their part for complete observance of international labour standards results in job losses as cross-border movement of capital and technology become easier with globalization and liberalization. It is a long and winding road ahead, but the challenges have to be faced in a concerted manner in order to tide over successfully the vagaries in the world of work.

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Notes

[1] The Association of South-East Asian Nations (Asean) is an economic grouping of countries in South-East Asia. First established in 1965 and then known as Maphilindo (Malaysia, Philippines and Indonesia), Asean currently has ten members, namely Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar (formerly Burma), Philippines, Singapore, Thailand and Viet Nam. The Asean Secretariat is located in Jakarta, Indonesia.

[2] The Culture System, introduced in Java (Indonesia) in 1830 by Dutch Governor-General Van Den Bosch, converted large tracts of virgin forests into plantations, mainly for cash crops.

[3] A term often used by Malaysian Prime Minister Dr. Mahathir Mohamad to describe the need to provide equality of opportunities when determining global competition policies involving developed and developing economies.

[4] The prevailing exchange rate is Malaysian Ringgit 3.80 to the US dollar (Dec. 1999).

[5] See *Labour Education*, No. 116 – 1999 / 3: "Trade unions in the informal sector: Finding their bearings. Nine country papers".

Industrial relations: Notes from the field

The key question: When adversity recedes, will the pressures for institutional reform, including those that endorse stronger labour market institutions and workers' and employers' organizations, lose momentum?

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Their geographical proximity aside, the member States of the Association of Southeast Asian Nations (Asean) reflect a diverse set of cultures, historical experiences, contemporary institutions and governance arrangements. From autocratic military rule in Myanmar (former Burma) at one end of the spectrum to a socialist State in transition to a market economy in Viet Nam at the other; from recent radical political transformation towards democratic rule in Indonesia and Cambodia to the single-party domination of longstanding democratic governments in Singapore and Malaysia; and from the small, wealthy countries of Singapore and oil-rich Brunei Darussalam to substantial pockets of poverty in many of the remaining member States, Asean countries defy easy categorization.

An uphill battle

Most of the countries share one common characteristic, however, which is the relatively weak development of their industrial relations systems. There are many reasons why such a situation prevails, but among them must be underlined the simple fact that neither law nor policy in the countries of the subregion has been noted for its unstinting support of free and independent trade union movements. There are now good indications of change in the right direction, but the starting point for this optimism reposes on a legacy of ambivalence towards or outright repression of freedom of association. If the future of trade unions now seems brighter than the past in many of these countries, reaching this target has nonetheless been an uphill battle.

Not independent of the State

Periodic military coups in Thailand have been accompanied by setbacks in trade union organization. In the last coup, in 1991, for example, trade unions in the state-owned sector were abolished, summarily cutting by one-half the total union membership in the Kingdom. The civil strife and horrific toll of violence that it took in Cambodia delayed the industrial development around which trade unions would have formed, and further suppressed the emergence of an independent worker voice. Since the country's first democratic elections, overseen by the United Nations in 1993, it has taken the remainder of the decade to arrive at the expression of democratic freedoms, inter alia through trade union organization, for such an independent voice to awaken. Free and independent trade unions are not currently an option under military rule in Myanmar. Labour organization in Viet Nam, as in China, and as was the case in the former socialist countries, is relatively strong, but is neither fully independent of the State, nor would an independent alternative, should one arise, be tolerated under the prevailing labour law. Even in the Philippines, where freedom of association is unambiguously guaranteed in law, it can often be frustrated in practice by unwilling employers.

Trade union density and collective bargaining coverage

Trade union membership as a percentage of the workforce, or "union density", is a crude but telling indicator of the underdevelopment of industrial relations. It matters, of course, whether trade union membership is shown relative to what may be called the "organizable" workforce – i.e. employees in the modern or formal sector – or relative to the workforce as a whole, including the rural and urban informal sectors. To take the case of Thailand as an example, an estimated 2.8 per cent of the workforce in the formal sector, both public and private, are union members. This number, however, excludes the country's large informal sector in rural, agricultural occupations as well as the urban informal sector. Were this larger denominator included, "union density" in Thailand would be less than one per cent of the total workforce.

Poor financial clout

On the other hand, because trade union membership rights were removed from the state-owned enterprises (SOEs) at the onset of the decade, total trade union membership declined by a half. There are legislative moves now underway that would restore union membership rights in the SOEs and, should this occur, Thailand's union density would be closer to 5 per cent of the formal workforce. Of the Philippines' 3.7 million trade union members, meanwhile, fewer than one-third (1.1 million) are estimated to be dues-paying members. An 11 per cent of the trade union membership ratio, therefore, exaggerates the financial clout of the Philippine trade unions.

Collective bargaining coverage: Malaysia

A more significant indicator of trade union strength and effectiveness is collective bargaining coverage. For example, union membership stands at 9 per cent of the total workforce in Malaysia. This percentage not only includes the informal, unorganized workforce in the denominator, but excludes the numbers of employees covered by collective bargaining agreements. Although this latter number is not available, it is certainly a multiple of trade union membership totals, since collective bargaining agreements apply to non-union employees covered by the scope of the agreements (whether at enterprise or, in some instances, industry level). On the basis of these considerations, officials in the Ministry of Human Resources estimate that trade unions in Malaysia effectively "cover" about 90 per cent of the "organizable" workforce.[1]

Less than two per cent: Philippines and Singapore

Collective bargaining coverage also exceeds trade union membership in Singapore, where union density is approximately 20 per cent. The same is not the case either in the Philippines or Thailand, however. In the former country, an estimated one-seventh of trade union members are in fact covered by collective bargaining agreements. If such coverage is a more genuine indicator of trade union effectiveness than membership alone, then 1.7 per cent (or one-seventh of 11 per cent) of the workforce are truly represented. The same is true for Thailand: trade union membership exceeds bargaining coverage. A rough estimate based on the available data indicates that about 1.2 per cent of Thailand's formal sector workforce are covered by collective agreements. In Cambodia's transition to a market economy, the climate for trade union organization has become clearly favourable and enjoys generous public policy support through the country's 1997 Labour Code. While trade union membership is on the rise, however, collective bargaining agreements have yet to be negotiated and signed.

Merely joint endorsement

Strong support for trade union organization is also explicitly expressed in Viet Nam's 1995 Labour Code, which calls for trade unions to be set up in all enterprises. One problem, however, is that the Viet Nam General Confederation of Labour (VGCL) membership is concentrated in the state-owned economy, whereas the future on which the country is embarked is very clearly heading in the direction of the growth of the domestic and foreign-invested private sector. To date, the private sector remains less well organized. Figures from VGCL, as quoted in their report on their three years of experience with the Labour Code, state that more than 50 per cent of the foreign-invested companies have not established a trade union. For the private sector, the figure amounts to more than 70 per cent; nor has collective bargaining progressed extensively: the very concept of collective bargaining and, in particular, bargaining over interests is not widely known in Viet Nam. Such collective agreements as do exist tend more often than not to amount to little more than the joint endorsement by labour and management of legally prescribed terms already existing in the Labour Code. This in itself is not an altogether negative development. The

VGCL unions themselves are grappling with the obsolescence of antiquated functions and the need to justify entirely new functions thrust upon them by the transition to the market economy and the inevitable separation of labour market interests that arise from such transition. Moreover, to the extent that collective agreements, such as they are, do in fact reflect joint acknowledgement of the terms of the Labour Code, is at the very least helpful to diffuse knowledge of the Labour Code. Poor knowledge of the Code is a problem shared by all the transition economies where the legal framework underlying the transition is relatively new. While not the outcome of true collective bargaining, these more restricted collective agreements are at least a place to begin.

Although much has changed in Indonesia since the fall of the Suharto regime in May 1998, an accurate sense of union membership would be difficult to obtain. There would nonetheless seem to be at this stage a coincidence of diverging trends. On the one hand, since the putting into place of democratic reforms, there has been a proliferation of new trade union federations reflecting, as it were, a pent-up demand for the expression of freedom of association. From one official trade union federation under the Suharto regime, the number had grown to 19 in mid-1999. On the other hand, the number of trade unions at establishment level – and of union members – has declined in the wake of the Asian financial crisis and its aftermath which were responsible for the loss of a substantial number of formal sector, unionized jobs.

Rising trend reversed by plant closures

Indonesia, of course, is not alone in this regard. For many of the Asean countries, one effect of the Asian financial crisis was to render the already relatively weak position of trade unions weaker still. Thus, for example, the rising trend in union membership throughout the 1990s in the private sector in Thailand was reversed by the plant closures arising in the wake of the crisis. Indeed, membership loss in Thailand was overwhelmingly concentrated in just one industrial province in the outskirts of Bangkok.

Malaysian union membership also registered a decline associated with the crisis – although the decline was a very modest one, amounting to the loss of 7,100 members or about one per cent of total trade union membership. One factor explaining the relative stability of union membership was that much of the employment dislocation experience in Malaysia was concentrated among the large share of foreign migrant labour in the Malaysian workforce, and these workers were largely unorganized. In the Philippines, meanwhile, the effect of the crisis was less dramatic, a factor that may explain why Philippine trade union membership has held relatively constant in the crisis years.

Trade union fragmentation: Two sides of the coin

As will be seen below, Malaysia and Singapore offer excellent examples of how well-structured industrial relations arrangements played a vital role in the management of the financial crisis and its aftermath. One of the key ingredients here resides in the advantages that the labour movement enjoys when it is able to speak with one voice and commit its members to the often difficult decisions that hard times impose. In the case of both the Malaysian Trade Union Congress (MTUC) and Singapore's National Trade Union Congress (NTUC) a clear and unified labour voice proved influential in addressing crisis-induced problems.

Unified position after the crisis

Elsewhere in the subregion, however, the relative under-representation of the labour force is compounded by a high degree of organizational fragmentation. The effect is often to weaken labour's ability to maintain a consistent, unified position in tripartite dialogue with employers and the State. Trade union fragmentation is a particular issue in Thailand and the Philippines, although there are signs in both countries of a greater willingness to forge solidarity across organizational boundaries. In Thailand, the financial crisis has resulted in a greater display of unity efforts among the country's eight labour federations than hitherto seen. Unified positions on labour law reform and on policies to address the fallout from the financial crisis have resulted from collaboration among the federations.

New inter-union grouping

In the Philippines, as well, there are successes to record, one of which is discussed below. Another initiative, taken by the Government, may also help: labour representation on the country's Industrial Peace Council has been increased from its former two to now six of the Philippines' labour federations. While this does not equate directly to inter-federation collaboration, it offers the opportunity for such to occur. Trade unions themselves are undertaking initiatives to overcome fragmentation: a new inter-union grouping underway has as its explicit and main purpose the forging of greater solidarity, irrespective of ties with particular federations.

By mid-1999, as noted, no fewer than 19 labour federations had emerged in Indonesia. In Cambodia, at the end of 1998, there was only one labour federation. Now, barely one year later, there are five. Employers' organizations in Cambodia over the same interval have grown from one to three.

Admittedly, the rapid proliferation of new actors is difficult for even a stable industrial relations system to absorb, much less one that is newly emerging. In Indonesia, the current debate is on how to incorporate "multi-unionism" within a structure of labour-management relations. The matter applies not only to the enterprise level for the purposes of employee representation and collective bargaining, but in national tripartite arrangements as well. The latter have yet to update their criteria of representation to accommodate the new entrants. Cambodia has perhaps fared better: all five labour federations (and all three employer bodies) are represented on the country's newly created tripartite National Labour Advisory Committee. So far, only one collective agreement has been signed.

A major concern, of course, arises in the case of those countries where the process of fragmentation of the labour movement has been more long standing. In a climate of uncertainty, volatility, and change, a unified labour voice would be an asset. Still, present-day Cambodia and Indonesia bear witness to a vibrant display of freedom of association where no such freedom previously existed. Both countries have recently ratified Convention No. 87 on freedom of association, and are the only two Asean countries to have done so. The resulting proliferation of organizations may be procedurally chaotic or confusing, but this is likely to be only a short-term outcome until design details of the emerging systems become better worked out. It is, obviously and in any case, a far preferable outcome to trade union repression or to the imposition of undue constraints on the participation of civil society and labour in choices that affect them. And besides, multiple organizations are squarely within the meaning of full freedom of association as understood by the ILO's international labour standards.

Other constraints involved in industrial relations

Beyond problems of under-representation and, often, fragmentation, labour laws in some of the Asean countries restrict the full freedom of trade unions to engage in activities deemed to be managerial prerogatives or that result in industrial dispute. For example, when viewed in a comparative light, the scope of bargaining in both Malaysia and Singapore is relatively restrictive. In neither country are trade unions legally empowered to negotiate hiring, transfers, promotions, or dismissals. All of these subjects are viewed as managerial prerogatives. There are, of course, many reasons why governments endeavour to restrict the legislated powers of private organizations such as trade unions. That the power of such organizations be curbed so as not to pose a challenge to political authority is one reason. Curbs on pluralism that existed in socialist countries, and which continue to exist in China and Viet Nam – where the official trade union federations are not independent of the State – serve this end, as they did in Indonesia under Suharto. Constraints on freedom of expression – for example, freedom of the press – are also to be found in Malaysia and Singapore, and such restrictions are motivated by concerns over public order and political control.

Ensuring an investor-friendly labour climate

There are, however, other reasons why governments choose to restrict the freedoms of private actors. The restrictions on the scope of bargaining in Malaysia and Singapore participate in a strategy of export-oriented development in which the aim is to ensure an investor-friendly labour climate. Not a chance occurrence, Malaysia and Singapore happen to be the two countries in Asean in which the share of foreign-owned firms (and the share of such firms in total exports) is highest. The concern of maintaining a labour climate attractive to foreign investors is clear in Malaysian laws on trade union organization and collective bargaining in the "pioneer" industries, such as electronics. Only "in-house" or enterprise unions are permitted in such industries, and there are constraints imposed on collective bargaining outcomes.

Theory and practice

Now it ought to be mentioned that the restrictions on the scope of bargaining, while real enough, are often rendered less meaningful in practice. This situation also results from the legal framework and, in particular, the judicial system. In Malaysia, therefore, law may well restrict negotiations over retrenchments, but the law also encourages employers to exhaust alternatives to retrenchments, and their failure to do so can expose them to penalties through the industrial courts. This legal provision in Malaysian labour law takes the form of a Tripartite Code on Industrial Harmony – a voluntary agreement that has nevertheless acquired "teeth" through judicial interpretation.

A second indication of the policy desire to preserve a climate of industrial peace is more widespread among Asean countries. It refers to the procedures prescribed for the settlement of collective disputes, not merely those over rights but also over interests. In most of the member countries there is a clear bias towards narrowing the legal grounds on which a strike (or lock-out) can occur. As a general rule, a legal strike is often bound by a pre-strike notification requirement, and more often than not, can occur only after compulsory mediation has failed or, indeed, after the results of compulsory arbitration have been rejected by one side, the other, or both.

Compulsory arbitration of collective disputes is, for example, the case in Viet Nam. As a consequence, both of the detailed procedures through which collective disputes are settled under Vietnamese law and the relative ignorance of the law, as well as the difficulty of complying with some of its terms, all industrial disputes that occur in Viet Nam are technically illegal. In Thailand, the current labour law imposes restrictions on the right to strike in a relatively long list of industries deemed essential or sensitive to national security, and strikes can be curbed at the discretion of the State. A similar tendency to have recourse to industrial actions exists in most of the Asean countries.

Positive signs of change

The foregoing description suggests in brief a few of the main limitations on industrial relations in the Asean countries. With some exceptions, the general rule is that formal, bipartite relations at the enterprise level are largely undeveloped. Yet this is not the only thing to say about industrial relations in the Asean region. There are signs of progress, many associated with the financial crisis and the worsened economic and social climates shared to different degrees by all Asean countries.

Grappling with the social and economic fallout of the crisis has involved the resurgence of social dialogue in many Asean countries at the national tripartite level. This is a healthy sign, although one that must be viewed against the backdrop of the often weak partners in such dialogue. Nevertheless, the initiatives are worth recording not only for their substance, but because they bear witness to a growing dynamism with respect to heeding labour's voice in social and economic choices.

An employers' initiative

In the Philippines, for example, a national tripartite process was initiated by the Employers' Confederation of the Philippines (ECOP), involving two of the country's main labour federations and the Department of Labor and Employment (DOLE). The process resulted in a national social accord (February 1998) in which employers committed themselves to seek every alternative to retrenchments in return for the trade unions' pledge to avoid industrial disputes. The accord was renewed six months thereafter, and also replicated through tripartite accords at regional levels. A particularly healthy sign was that the initiative for these accords was not "government-engineered", but arose from the employers. This is a positive development in a subregion in which state involvement in the labour market and labour relations has been relatively significant.

Provincial tripartite wage committees

Recognition of the need for greater private sector responsibility for labour relations is also evident in Thailand, where all eight trade union federations and the country's two main employers' organizations are united in their view that strengthened bipartite relations are essential to sound industrial relations. Currently, at the initiative of the garment industry employers' association, there are plans to inaugurate a labour-management dialogue at industry level that would focus on issues of common concern. The country is also reviewing the functions of its 16 tripartite mechanisms and has drafted recommendations designed to strengthen tripartism in Thailand. The creation of a "tripartite-plus" mechanism for the discussion of economic and employment policies is foreseen for the year 2000. The minimum wage, set in Thailand by a National Wage Committee, will in the future be set at the decentralized, provincial level. To this end, provincial tripartite wage committees have begun to be set up. While the decentralization of minimum-wage fixing has been opposed by Thai trade unions, as the labour movement is weakly organized in most provinces, the establishment of tripartite committees could, in fact, strengthen and diffuse representational machinery.

Matching job losers with vacancies

The crisis in Malaysia resulted in the substantial elevation of the stature of the MTUC as an accepted partner in the national decision-making apparatus. The MTUC became a participant of the National Economic Action Council, set up by the Prime Minister to face the challenges of the crisis, and whose recommendations resulted in a National Economic Recovery Plan including decisions going well beyond social policy to include basic macroeconomic policy choices. A tripartite retrenchment monitoring committee was also set up. Additionally, the crisis resulted in a legal change to require one month's prior notification of collective dismissals to the Ministry of Human Resources. The notification requirement allowed timely job-matching assistance by the Ministry to affected companies, but it also enabled a "window" of negotiation space in which alternatives to retrenchment could be fully explored. A second innovation consisted in the activation of a joint committee between the MTUC and employers in the manufacturing sector. This sectoral arrangement constituted itself as a sort of private employment exchange in which job losers could be matched with vacancies.

Social consensus aided Singapore in crisis

Singapore's experience in the crisis showed, in particular, the value of longstanding tripartite mechanisms. The country's history of tripartite labour-market management allowed it to respond quickly and effectively to the downturn. The tripartite monitoring of retrenchments was one feature. Another was the subsidization of the retraining of displaced workers using resources from the skills renewal fund, in a plan proposed by the NTUC and agreed to by employers and the Government. Of greater significance still was the consensual adjustment of wages towards the end of employment preservation. Singapore is the sole country in Asean in which national wage adjustments played a role akin to that of a national incomes policy in which the wage as one macroeconomic aggregate was adjusted (downward) towards the greater objective of preserving jobs. It is certainly plausible to assume that the prior existence of tripartite means of engendering social consensus aided Singapore in responding effectively to the crisis and in minimizing the greater social dislocation that might otherwise have occurred.

Although there are no truly strict lines of comparison between Singapore, Asean's wealthiest member State, and Indonesia, the point can be made that the very absence in Indonesia of the sort of credible tripartite mechanisms that Singapore has set in place was a factor in the violence and social disarray that resulted from the crisis in Indonesia. As noted earlier, however, the depths of the crisis in Indonesia have resulted in socio-political transformation – still at an early stage – leading in a direction that is very propitious to institution-building and the greater inclusion of labour's voice in decision-making. Much of industrial relations in Indonesia is being "rethought", and the likely outcome will be towards the creation of viable and credible tripartite mechanisms in which popular participation through democratic mechanisms will become the accepted norm. It is in this sense that President Wahid's view of open and often vociferous public disagreement and debate as a positive sign of democratic transformation can be understood.

Another sign of change: The law

Coping with adversity alters the status quo, increases the will to experiment, and forges new alliances: a common sense dictum that nevertheless seems to apply to the Asean region since 1997. If anything, the crisis appears to have accelerated a secular trend towards greater "democratization" in these countries. Malaysia's recent election was the most contested one in thirty years. Thailand's 1997 Constitution, endorsing freedom of association and popular participation as good governance, is gradually transforming the political landscape. Indonesia, of course, has made a clean break with its political past, as has Cambodia. An enabling political environment – towards greater openness, towards respect for democratic processes – is a clear prerequisite for the

Legislative and policy trends in Asean member States

Thailand	The Thai legislature is currently reviewing its two basic labour laws covering the public and private sectors, respectively. The reform of the State Enterprise Labour Relations Act (SELRA) is poised to restore trade union rights to workers in state-owned enterprises. The reform of the Labour Relations Act (private sector) is towards greater protection of trade union organizers and, in the Government's version, would mandate the creation of labour-management committees in which the trade union's role would be protected.
Cambodia	The country's 1997 Labour Code gives clear encouragement in public policy to the formation of trade unions, and provides for the mandatory election of employee representatives ("shop stewards") as a preliminary voice of employees prior to trade union formation. Cambodia ratified in 1999 all of the ILO's core Conventions. It convened for the first time in October 1999 a National Labour Advisory Committee on which all the newly formed workers' and employers' organizations are represented, as well as the Ministry of Economic Affairs and the Ministry of Labour. So far, only one collective bargaining agreement has been signed.
Viet Nam	The country's 1995 Labour Code provides generous encouragement to the formation of trade unions at enterprise level. The Code is now under review for improving the conditions under which trade unions can be formed and recognized. At the same time, public policy is supportive of the creation of national and provincial tripartite mechanisms and the current focus is on building these institutions through a UNDP-funded project begun in 1999.
Lao PDR	Labour laws and implementing regulations have been created to respond to the transition to the market economy. The laws include provisions for trade union formation and foresee the development of tripartite machinery at the national level. Currently, the focus is on dissemination of knowledge of the labour law.
Philippines	The basic labour law is slated for reform in terms of minimizing the legalistic and adversarial framework of Philippine industrial relations. At the same time, there has been active public policy support in recent years towards the promotion of labour-management cooperation through the creation of labour-management councils at enterprise level. The country has ratified ILO Convention on Freedom of Association and Protection of the Right to Organise, 1948 (No. 87).
Indonesia	The promulgation of the revised Manpower Act of 1998 was suspended pending revisions to take account of the transition to democracy. All of the ILO's core Conventions have been ratified by Indonesia. Draft laws on trade unions and on dispute resolution have been completed for legislative review. Tripartite mechanisms in Indonesia are under review to incorporate the proliferation of workers' organizations in the post-Suharto era. These would also include state participation of other Ministries, not only the Ministry of Labour (DEPNAKER).

growth and strengthening of the labour movement in Asean.

A key question is whether, when adversity recedes, will the pressures for institutional reform, including those that endorse stronger labour market institutions and workers' and employers' organizations, lose momentum. A key variable in addressing this question is whether current reforms are legally rooted. From this perspective, there are grounds for optimism. The table highlights the legislative or policy trends on which such optimism can be founded.

Conclusion

As the foregoing table illustrates in brief, respect for the growth of institutions in civil society and greater public participation appears to be gaining in acceptance in the Asean member States. These basic principles, as aforementioned, are prerequisites for the development of sound industrial relations on which countries will need to rely in order to cope with the economic and social adjustments imposed by greater interdependence. They are the first principles for labour organization, and provide incentives for the creation of labour market institutions in which the values of democratic processes and participation in development choices can thrive.

Note

[1] See Navamukundan, A. 1999. "The true challenge: To bring about equitable and meaningful income distribution in society", *Labour Education*, Nos. 114/115 – 1999/1-2, ILO, Geneva.

Trade union rights

The recent economic crisis, although leading to a massive denial of most basic rights, also provides lessons and opportunities for the trade union movement: unification, restructuring, and intensifying the rate of unionization are essential if viable strategies are to be put in place to uphold workers' rights in the future.

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It is an interesting time to revisit this topic. The financial crisis which first hit Thailand in mid-1997 but quickly spread across the region has had a devastating effect on workers' rights. To start with, the most fundamental right – to have employment – has been lost for many millions of workers. The situation has been made worse by the lack of adequate social safety nets in the Asean countries – a matter which ranks high on the ICFTU-APRO agenda. The study which follows, then, takes place against a backdrop of economic crisis and difficulty. As a critical observation, it must be recorded that a number of trade union movements across the Asean region are fragmented with low unionization rates which, consequently means little ability to influence country policy or decision-making processes. Accordingly, as set out below, and where applicable, an attempt will be made not only to describe "trade union rights" in the individual Asean countries but also, even if brief, the trade union situation and some proposals for redressing current inadequacies. Those seeking more detail on the situation in the Asean countries may wish to refer to the ICFTU publication *Annual Survey of Violations of Trade Unions Rights* – 1998.

Asean

Asean (Association of Southeast Asian Nations) is comprised of ten member countries: Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam. Of these, only four have national trade union centres, affiliated to the ICFTU – Malaysia, Philippines, Singapore and Thailand. This in itself provides an indication of the difficulties, and of course challenges involved in striving to improve workers' and trade union rights in this region. Consistent with the view of APRO all countries should aim at a single national trade union centre, APRO is currently working with and / or seeking to develop further contacts with, national union centres from Cambodia, Indonesia, Lao PDR, Myanmar and Viet Nam. A country-by-country resumé of "trade union rights" in Asean countries follows:

Brunei Darussalam

Due to its extensive resources of oil and gas and its small population (305,000), Brunei Darussalam, ranks among the richest countries in the world. The working population is 130,000 of which approximately half come from other countries. Little information is available regarding workers' rights issues or trade union activity although the Government has prohibited the establishment of a national trade union centre. Although the situation is not clear, it is assumed that the membership of such a centre would come from the small number of company-controlled, enterprise-level unions that reportedly exist in the oil industry.

Cambodia

Collusion between the Labour Ministry and employers led to company-controlled unions being set up and registered, particularly in the garment sector. Independent unions encountered severe difficulties in obtaining registration. The new labour code, which came into force in March 1997, gave private sector workers the right to organize, bargain collectively and strike, although strike procedures are lengthy and tedious.

To be legally registered, a union is required to submit a letter of application, a list of union officers and a copy of its charter to the authorities. Registration is automatic after 60 days. Another section of the law says that those responsible for the management and administration of trade unions must "not have been convicted of a crime in any court". The Ministry of Labour has invoked this clause to require the executive board members of any union to obtain police certificates of good conduct, approved and stamped by the Ministry of Justice as a condition of registration. Such certificates are time-consuming and costly to obtain. A national ID card must be presented to obtain a certificate – even though there is no national ID card system. There are reports that the only way to get the ID card is to give a substantial bribe to the police.

Divide and rule tactics employed by the Government have been evidenced in factories where government officials have encouraged workers to set up and register government-sponsored trade unions where independent unions already exist. There have been reports of forced union elections at several factories where factory managers made sure that their favoured candidates were chosen and of collusion between the authorities and employers in nominating shop stewards in others. The authorities have often ignored complaints of worker abuse. Mechanisms to enforce the labour code are inadequate and the handful of labour inspectors are often kept out of factories, sometimes by armed bodyguards.

A wave of strikes at the end of 1996 and the beginning of 1997 in the emerging garment industry were brutally suppressed and leaders of newly established unions sacked. The workers in the industry are mainly young women. They are forced to work long hours receiving in return low wages, physical abuse, insults, beatings and strip searches in public. There is no maternity leave. Pregnant workers are sacked without notice or compensation, as are workers who are ill, who complain, or who attempt to organize other workers.

An emerging trade union movement in Cambodia has seen the formation of three different national trade union centres. The main area of membership for all three is in the garment sector so all compete against each other for membership. In one way or another, all centres also have close links with the political process. APRO has recently met with representatives from all centres in order to try to find ways of jointly running education programs and ultimately forming a single national centre free from political interference.

Indonesia

There were marked improvements in Indonesia's respect for trade union rights after the resignation of President Suharto in May 1998. However, major problems, specifically the involvement of the army in labour matters and industrial disputes, remained.

At the beginning of 1998, the Federasi Serikat Pekerja Seluruh Indonesia (SPSI) was the only legal national trade union centre. It had been set up in 1973 in a government ordered restructuring of the unions, and was controlled and directed by the government. The government viewed industrial relations as a security issue and justified its control of the SPSI by the need to maintain law and order. The industrial relations system was subservient to "Pancasila", the government-sponsored national ideology, which claimed to stress consensus, national unity and social justice. In reality it existed to limit dissent, enforce social and political cohesion and restrict the development of opposition.

Retired military officers held leadership positions in the SPSI and in the affiliated union structures at regional and district level. This was justified by the official ideology which gives the armed forces (ABRI) a role in the social and economic development of the country, in addition to defence. The authorities also said that workers lacked the necessary education, leadership experience and expertise to run their own unions. Trade union organizations outside the SPSI were repressed. Their activities were obstructed by security agents and the Manpower (labour) Department. Union officials were harassed, often arrested and jailed.

Public servants and workers in state enterprises could not join trade unions. They were compelled to belong to the Indonesian Corps of Civil Servants, KORPRI, whose membership is estimated at some five million members, which the government established in 1971. It was not a trade union, was not independent of the government, and could not carry out trade union functions. The KORPRI Central Development Council was chaired by the Minister of Home Affairs. Teachers had to belong to the government-controlled PGRI, which was given trade union status in 1990. It did not perform a union function, but carried out welfare activities and played a role in the management of the education system. The Ministry of Information banned the media from employing members of the Independent Journalists' Union (AJI), who were frequently harassed, victimized, and beaten up.

Complicated mediation and compulsory arbitration procedures made legal strikes virtually impossible. Strikes could be held in private enterprises which were not considered vital to the national interest. Nearly all strikes were short wildcat strikes which were quickly ended by police or military intervention after a request from the company. The SPSI and its industrial federations never led or supported strikes. SPSI workplace branches often intervened on the side of management during a dispute and there were many examples of SPSI enterprise unions going on strike over payment of the minimum wage without the support of the union at the branch level.

Most strikes took place because employers paid below the minimum wage. In many cases where the minimum wage was paid, employers cut other benefits. Local government officials and security agents kept workers under surveillance during strikes, participated in negotiations, and detained, arrested and interrogated activists. The army also continued to intervene in strikes and intervention in labour conflicts became even more marked in 1997. Most employers had close ties with local police or army units. On the positive side we recently received the good news that prominent trade unionist, Dita Sari, has been released unconditionally following three years imprisonment.

In 1998 the Indonesian Government ratified the ILO Convention on Freedom of Association and Protection of the Right to Organise, 1948 (No. 87), the Convention on the Right to Organise and Collective Bargaining, 1949 (No. 98) having been previously ratified and, in 1999, ratified the remaining core international labour Conventions becoming the first country in the Asia-Pacific region to have done so. Although such ratifications are welcome, they only represent the first step: the real test for the Government will be to implement them.

The first free and democratic elections since 1955 were held in Indonesia in June 1999. In an expression of the newly found freedoms, 48 political parties contested. The new democracy has also seen a mushrooming of trade union structures. Currently there are 18 registered national trade union centres: a classic example of how the concept of freedom of association, as expressed by ILO Convention No. 87, can also be used as a tool for union fragmentation and disunity. There is a trend towards further trade union multiplicity following the outcome of the general elections as a number of political parties are said to favour the creation of labour sectors as part of their structure. The potential exists in Indonesia for a trade union movement divided along party lines which would be constantly drawn into political disputes and demarcation issues – not serving the interests of workers, employers or government.

Lao PDR

To date APRO has had little contact with the state-controlled Lao Federation of Trade Unions (LFTU). Equally little is documented regarding the situation of workers' rights in what has been an economy largely dominated by agriculture (including forestry). In terms of its background, the Lao People's Revolutionary Party (LPRP) has maintained exclusive hold on political power since 1975. The LFTU has the status of a Government Ministry subsidized by the Government. There is at present no room for workers to form trade unions of their own choice. The agricultural sector employs in excess of 80 per cent of the labour force, but industry has grown rapidly in the 1990s, especially in textiles and garments, food processing, agri-business and wood products, and car and motorcycle assembly. Tourism, together with hotel and restaurant services, has contributed to recent growth in the services sector.

As the economy opens, especially through the further development of export-oriented manufacturing industries, it is expected that labour practices and standards will assume greater importance, providing an opportunity for trade union development as well.

Malaysia

The law imposes extensive restrictions on basic trade union rights. The Director-General of Trade Unions and the Minister of Human Resources have far-reaching powers to regulate trade union affairs. The Trade Unions Act of 1959 and the Industrial Relations Act of 1967, and subsequent amendments, restrict the right to organize and bargain collectively. The Trade Unions Act closely regulates almost all aspects of trade union activity. Under the Act, a trade union can only represent workers "within any particular trade, occupation, or industry, or within any similar trades, occupations, or industries or within a single enterprise or establishment". These provisions have been invoked to direct industrial unions to remove several thousand members from their membership, denying both recognition and collective bargaining rights.

Workers removed from union membership under the circumstances described above are not permitted to join existing unions. They have to establish separate, in-house unions – often a risky and time-consuming endeavour. This aspect of the law remains a serious obstacle to the organizing activities of trade unions. The Act gives the Director-General of Trade Unions, a government official, the right "to supervise, direct and control the trade unions". Every union is obliged to register within a period of one month (or other extended period specified by the Director-General) from the date on which the union was established. Any trade union which has not sought registration within this stipulated period would be deemed illegal. The Director-General can refuse to register a union if a similar one already exists. Under this legislation, 160,000 mainly women workers employed by multinational electronics companies have been denied the right to organize a national union in the electronics industry since the early 1970s. They can only form in-house unions. Workers forming in-house unions in the sector usually face management hostility, including threats of dismissal. In general, the government and employers encourage the formation of in-house unions. Amendments to the Trade Unions Act in 1989 allowed for the formation of unions in the enterprise regardless of whether a registered union already existed. Unions report that they continue to encounter difficulties in organizing. Many employers, including some multinational corporations, go to extreme lengths to deny union recognition and evade collective bargaining. They often challenge government directives to accord union recognition and refuse to comply with Industrial Court awards to reinstate wrongfully dismissed workers.

The Industrial Relations Act also restricts collective bargaining in the "pioneer" enterprises. A few years ago, the Government said that it had formally approved the deletion of the provisions relating to "pioneer" status from the Industrial Relations Act and was taking measures to repeal the provisions. So far, this has not been done. Legislation such as the 1961 Internal Security Act, which allows detention without trial, the Official Secrets Act, the Printing Press and Publications Act, and the Sedition Act can, and have been invoked to restrict the exercise of trade union rights. The Malaysian Penal Code requires police permission for public meetings of more than five people.

Malaysia has returned to a single national union centre framework after the Malaysia Trades Union Congress (MTUC) and the generally Government supported Malaysia Labour Organization (MLO) merged in 1997. Although only about one-third of all registered unions in the country are affiliated to the national centre, the MTUC represents more then 60 per cent of all unionized workers. Continued Government attempts to marginalize the movement combined with employer efforts to confine labour organization to within factory walls have made it difficult for the MTUC to play a full role in country development planning. The economic crisis has provided opportunities in this regard with a number of tripartite committees now established to deal with labour and economic policy.

Myanmar

All basic trade union rights are denied. The military dictatorship represses anyone taking part in independent trade union activity. They are likely to be arrested, tortured and imprisoned. There are no legally functioning trade unions in the country, no trade union law and no legal structure whatsoever to protect trade union rights. It will be noted that almost all teachers, numbering around 40,000, were sacked by the SLORC junta government when they stood up for democratic rights to be restored in the country in the early 1990s.

The Federation of Trade Unions of Myanmar (FTUM) is forced to operate from outside the country. The FTUM was founded in 1991 by former trade union leaders and members who were fired from their jobs and persecuted by the military regime for their trade union activities. The FTUM coordinates its activities with the banned National League for Democracy (NLD), which won the 1990 elections but was prevented from taking office by the regime. NLD leader Aung San Suu Kyi has expressed her support for the FTUM and for independent trade unionism in Myanmar. The Seafarers' Union of Myanmar, which forms part of the FTUM, works in exile to help Myanmar seafarers. The regime controls the employment of seafarers through the Seaman's Employment Control Division, and there have been many cases in which it abused and intimidated seafarers who have complained about underpayment and poor working conditions on foreign ships.

In June 1999 a resolution adopted by the International Labour Conference deplored the fact that the Government had failed to comply with recommendations concerning the cessation of the use of forced labour as detailed by the ILO Commission of Enquiry on this subject. The Conference resolved that the Government of Myanmar should cease to benefit from any technical assistance from the ILO until such time as it had implemented the conclusions of the commission. A similar ban applies in relation to invitations to ILO meetings, symposia and seminars.

There can be no trade union rights in Myanmar without the restoration of democracy. To this end, the ICFTU-APRO, in conjunction with the International Trade Secretariats (ITS), plans to conduct a "Democracy for Myanmar" conference in the latter half of 1999. This conference, which was initially planned to have been held in Thailand in May 1999, was postponed when the Thai Government, obviously valuing the friendship of the Myanmar junta more highly than the principles of democracy and freedom of expression, withdrew permission for it to be held. A similar situation was encountered in approaching the Indian Government who likewise refused permission for the holding of a rescheduled conference, planned for Calcutta in July 1999.

The Philippines

Export processing zones (EPZs), special industrial parks and regional industrial centres apply "no union, no strike" policies. There are very few unions in the export processing zones and in the growing number of special parks and regional industrial centres, where around 175,000 people are employed. Although the labour law applies, in practice "no union, no strike" policies usually exist and are enforced by foreign investors, local government officials, and zone administrators. Workers in the zones, as elsewhere, are increasingly employed on short-term contracts. This practice grew in 1998 on the pretext of the economic crisis, allowing employers to subcontract staff while evading their obligations to them. It also meant that these employees had no union rights. Union harassment in the zones usually takes the form of intimidation of the workforce as well as threats of dismissal and factory closures. Companies often prefer to leave the zones rather than allow unions to be set up. Trade union leaders and organizers are dismissed, discriminated against and blacklisted by other companies. Workers are often prevented from meeting each other except on the job. There is little inspection by the authorities. The Department of Labour has proved unwilling or unable to enforce the law in the zones.

In the Cavite free trade zone, near Manila, despite its "no union, no strike" policy, there were nine registered unions in 1997 and at least two collective agreements. The zone employs some 35,000 workers, of which 75 per cent are young women, in mainly Korean, Japanese, Taiwanese and German factories. They are required to sign a document saying that the employer can dismiss them if they get married. Firing of employees who join unions, forced overtime, and poor working conditions are common. There are no unions in the Mactan EPZ where around 21,000 people work. Workers are monitored and cannot meet in groups. Organizers are debarred from the zone. There are no unions in the Baguio City zone. The Subic Bay special EPZ was declared "union-free". A "Labour Centre" was set up, purportedly to handle labour disputes and assist workers with their entitlements, but workers claimed that it existed to promote company unions. Zone guards prevented inspectors from the Department of Labour from making independent factory inspections.

Although, in regional terms, the Philippines has a high rate of unionism (28.8 per cent), there are multiple national trade union centres and fundamental ideological and political differences among them have reduced the ability of the movement to support and advance workers' issues especially at the national level.

Singapore

Legal restrictions on collective bargaining are still the order of the day: collective agreements have to be certified by the Industrial Arbitration Court before coming into effect. The law sanctions the Court to refuse to register an agreement which is not considered to be in the public interest, although no such refusals have so far been recorded. The law also limits the scope of collective bargaining.

Collective agreements in newly established enterprises cannot provide more favourable conditions than the legal minimum specified in the Employment Act, although exemptions have been granted. For a number of years, the National Trades Union Congress (NTUC) has been saying that this law is outdated and has asked the Government to repeal it – the Government has said that it would review the provision but no change has occurred.

The NTUC, the single national trade union centre in Singapore, not only has a strong interest in development policy, but an acceptance by the social partners of a high degree of tripartism has meant that the NTUC has been able to ensure that country economic gains have also been shared by workers. The NTUC reports that the task of organizing workers is becoming increasingly complex due to changes in the labour market. Specifically, the replacement of full-time positions by contract or part-time ones and the movement from labour-intensive manufacturing to value-added and service industries, requiring fewer workers.

Thailand

Repeated attempts to amend the law so that trade union rights could be restored to state employees have recently again come to naught. The widely held view is that the Government has again intentionally frustrated the passage of the bill. The 1991 State Enterprise Labour Relations Act (SELRA) abolished state employees' trade unions. This measure denied union membership to over 200,000 (now 330,000) workers and cut total union membership in Thailand by half. In the Act, introduced by the military National Peacekeeping Council, trade unions in the state sector were replaced by State Enterprise Employees' Associations which could not bargain collectively or strike; nor can the associations form national federations or join existing trade union centres, having as they do only a limited, advisory role. Trade union assets were transferred to the associations.

Frequent attempts to amend the 1991 act have all foundered. In January 1998, a SELRA reform bill which had been amended by the Senate (the appointed upper house of Parliament which is still heavily influenced by the military) was rejected by the lower house following the charge by the State Enterprise Workers' Relations Confederation (SERC) that the Government had intentionally sabotaged the bill.

In the private sector, while the law protects workers against acts of anti-union discrimination, it does not protect them from the consequences of organizing new unions which have not yet been officially registered. In practice, trade unionists in private enterprises can be discriminated against and fired. Court cases for reinstatement can take from one to three years. Employers can employ new workers to replace strikers. The Labour Act says that every trade union official must be a full-time employee at the factory where he or she has been elected, which means trade unions cannot employ full-time elected officials. National labour law also gives a broad definition of "essential services" in which strikes are prohibited. The Minister of Labour can issue an order to prevent a strike or order strikers to return to work if a strike would "affect national security or cause severe negative repercussions for the population at large".

Thailand has continued to suffer the effects of the regional economic crisis and hundreds of thousands of workers were laid off in 1998. In July 1998, the Government estimated that two million workers had lost their jobs since the beginning of the crisis in July 1997.

There are eight national union centres in Thailand which makes it difficult for a united workers' voice to be presented. The ICFTU-APRO is attempting to work with the Thai unions to achieve a more united movement and has held a member of joint seminars to this end.

Viet Nam

The Viet Nam General Confederation of Labour (VGCL) is the only legal trade union centre and remains under the leadership of the ruling party. The relationship between the VGCL and the ruling party is reflected in the law and in the VGCL constitution. All unions must be affiliated to the VGCL. There are no independent trade unions.

The 1995 labour code provides for union recognition and collective bargaining, and bans anti-union discrimination. While some collective agreements have been signed, they are limited in scope and content. The labour code also imposes restrictions. Strikes had previously been forbidden, although the growth of the private sector in recent years has led to tolerance of peaceful strikes at foreign-owned factories. Strikes may be authorized but only after several stages of lengthy procedures. The majority of strikes are illegal. Non-enforcement of the labour code has been responsible for many wildcat strikes, notably in the textile and footwear sectors. Disputes also arise over late and unpaid wages, wage claims, breaking of contracts, poor working conditions, illegal dismissals, long hours, or abuse and humiliation of workers by foreign supervisors. In 1998, increasing lay-offs because of the regional economic crisis led to strikes over compensation payments.

Strikes are banned in enterprises which the Government defines as public utilities and in enterprises essential to the national economy or to security and defence. In 1996, strikes were banned in 54 key occupational sectors and businesses. Sectors in which strikes cannot take place include water supply, electricity generation, post and telecommunications, public transport, air and sea transport, banking, public works, the oil and gas industry, and national defence and security. The Prime Minister can suspend or end a strike considered to be a threat to the economy or public safety.

Summing up

Trade union rights in Asean are as diverse as the region itself: at one end of the spectrum, workers suffer brutal repression, but enjoy extensive tripartite involvement in development planning at the other end. Trade unions are similarly diverse in structure, varying from a single national trade union centre to multiple ones, from government-controlled status to free and democratic status, either with their coffers full to the brim or in dire straits. The recent economic crisis, although leading to a massive denial of the most basic rights, also provides lessons and opportunities for the trade union movement in Asean countries. Unification, restructuring and intensifying the rate of unionization are essential if viable strategies are to be put in place to uphold and improve workers' rights in the future.

Employment trends and patterns

Asean, since 1967, has changed greatly in terms of its membership as well as its aims and approaches to trade liberalization and coordination in economic and social policies, so any discussion of employment trends and patterns has to take into account the great diversity among the member countries.

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An increasingly diverse grouping

Expansion

Asean as a grouping has a long history. It was established in 1967 with Indonesia, Malaysia, the Philippines, Singapore and Thailand as members. One of its initial set of objectives was to accelerate economic growth and promote active collaboration and mutual assistance in several areas, including economic development. It was only in 1984 that Asean membership began to expand. Landmarks included the addition of Viet Nam in 1995, and the addition of Lao PDR, Myanmar and Cambodia, making up the Asean Ten in April 1999. The Asean region now has a total population of about 500 million, a GNPof US$685 billion and a total trade of US$4,720 billion. However, for much of the period of its existence Asean really consisted of the five original members who were much less diverse in economic terms, and who shared common security concerns.

Diversity

While Asean, as a grouping, has been in existence since 1967, it has changed greatly over time in terms of its membership as well as its aims and approaches to trade liberalization and coordination in economic and social policies. Any discussion of employment patterns and trends with the Asean region has to take into account the great diversity among the member countries in terms of differences in their recent history, their social and economic structure and their levels of development. While the original members had market-based economies, with some recourse to public ownership of enterprises and state involvement in the planning and coordination of economic activities, the later entrants to membership typically had economies with a tradition of centralized planning and regulation of economic activity, but were on the threshold of embarking on deregulation and opening of their economies to freer foreign trade and payments systems.

City-states to large countries

The Asean countries vary greatly in terms of population size. The grouping includes countries like Singapore, which is really a city-state, and Brunei Darussalam and the Lao People's Democratic Republic (Lao PDR), each with populations of 5 million or less in 1995. At the other end of the spectrum are member countries which are large in terms of population like Indonesia (197 million), the Philippines (68 million) and Viet Nam (73 million).

Diverse levels of development

While GNP per head comparisons should be taken to express only broad orders of magnitude, they do indicate a very heterogenous collection of countries within this grouping. Singapore tops the list with a level of US$26,730 in 1995, with Viet Nam at the bottom, at $240. Indonesia, Malaysia, the Philippines, and Thailand all have per head GNP levels of between about US$1,000 and US$4,000, and Cambodia, Lao PDR and Viet Nam have levels below US$350 (see table 1). In terms of the UNDP's Human Development Index for 1995, Brunei Darussalam, Malaysia, Singapore, and Thailand came within the top 60 countries; Indonesia and the Philippines were 96th and 97th;

Table 1. Selected features of employment and economic growth in the Asean region

Country	Labour force growth rate 1990-97 (% per annum)	Employment growth rate 1985-95 (% per annum)	Unemployment rate 1995 (%)	Real GDP growth rate 1990-1995 (% per annum)	GDP per head 1995 (US$)
Cambodia	2.4	–	–	6.4	270
Indonesia	2.5	2.5	4.9	7.6	980
Lao PDR	2.3	–	–	6.5	350
Malaysia	2.7	3.5	2.5	8.7	3 890
Philippines	2.7	2.6	8.8	2.3	1 050
Singapore	1.7	–	3.0	8.7	26 730
Thailand	1.5	2.3	2.6	8.4	2 740
Viet Nam	2.0	2.9	–	8.3	240

Source: ILO: *Towards full employment: Prospects and problems in Asia and the Pacific* (Bangkok, 1999).

while Viet Nam was 128th, Lao PDR 136th, and Cambodia 140th in the list of countries.

It may also be worth noting that two Asean countries, Lao PDR and Myanmar have been classified by the UN as "least developed countries" which are described as " the poorest and most economically weak of the developing countries, with formidable economic, institutional and human resources problems…" At the other end of the spectrum, countries like Indonesia, Malaysia, and Thailand have been described as the "the miracle economies" or "new Asian tigers," and Singapore had, somewhat earlier, achieved the New Industrial Country (NIC) status along with a number of East Asian countries and territories.

Varied employment structures

The structural differences between the different Asean countries may be gauged in terms of the differences in the structure of employment. The share of agriculture in the labour force exceeds 70 per cent in Lao PDR, Cambodia, Viet Nam and Thailand, is a little over half in Indonesia and the Philippines, about a third in Malaysia, and 1 per cent in Singapore. In terms of the share of the labour force in the industrial sector, Singapore leads with a share of 36 per cent, followed by Malaysia with 28 per cent, the Philippines, Indonesia, Thailand and Viet Nam with about 14-15 per cent each. Cambodia and Lao PDR have single digit shares of industry in the labour force.

"Asean effect"?

Given that Asean has several new members who have not participated in many of the earlier activities of the organization and who are moving from command economies to market-based systems, that its efforts to encourage intra-Asean trade have been of recent origin, and that recent history has seen a general lowering of trade barriers and a significant inflow of foreign investment to the region, it becomes impossible to quantify the "Asean effect" and distinguish it from the effect of the general process of export growth, income and employment expansion that has characterized the region until the financial crisis of 1997. We briefly review the evolution of trade arrangements and efforts to develop subregional development programmes, both of which might have had a positive impact on employment growth.

Trade arrangements

In terms of developing trade arrangements, the grouping started rather late in the day. The Common Effective Preferential Tariff Scheme (CEPT) which was launched in 1993 now covers most of intra-Asean trade. Between 1993 and 1995, intra-Asean exports grew at about 30 per cent per year on average, while total Asean exports grew at about 20 per cent per year. However, the share of intra-Asean exports to total exports, even in 1995, did not exceed 22 per cent.

With the conclusion of the Uruguay Round in 1994, there has been a general trend towards reducing tariff barriers and Asean has shared in this process. It is, however, difficult to determine how much of the Asean growth, leading to expanded employment, can be attributed to reduction of tariffs on intra-Asean trade, which is a process which will take quite some time, and how much is attributable to the general trend of trade liberalization worldwide.

Growth triangles

Another key development taken under Asean auspices, with potentially strong employment spin-offs, has been the creation of "growth triangles" aimed at intensifying cooperation within a narrower framework. A growth triangle is expected to take advantage of differences in factor endowments between adjacent locations situated in different member countries of Asean. The earliest initiative was the Singapore-Johor-Riau growth triangle, known as SIJORI, which involves Singapore, Malaysia and Indonesia. SIJORI has led to a significant inflow of investment and will no doubt prove employment creating, especially since labour costs are much lower in the areas adjoining Singapore. The Indonesia-Malaysia-Thailand growth triangle (IMT) again covers selected contiguous areas in the three countries involved. Similarly, it appears to have attracted a good volume of investment and has expanded activities in the areas where labour costs were relatively low. The third Asean Growth Area (EAGA) covers contiguous areas in Brunei Darussalam, Indonesia, Malaysia and the Philippines. As it only started in 1994, it may be too early to assess its impact.

In general, the growth triangles have served to attract foreign investment and may have contributed to output growth and employment expansion. While it is very difficult to estimate how much of this employment growth would have taken place if the triangles had not been set up, their contribution was certainly positive.

Economic growth and employment expansion

Generally rapid economic growth until 1997

A more or less common feature of the Asean countries during the period up to about 1997 has been relatively rapid rates of growth of real gross domestic product. Considering the period from 1990 to 1995, most of the countries experienced growth rates in the region of 6 to 9 per cent which were well in excess of their population growth rates. The Philippines, however, had a much slower growth rate of 2.3 per cent per year, resulting in little improvement in living standards. However, even in this case, the growth rates for 1996 and 1997 were above 5 per cent per year.

Impact on unemployment

During the first half of the 1990s, unemployment rates generally tended to decline. The generally rapid rates of economic expansion of the Asean countries were accompanied by employment growth averaging around 3 per cent per year over 1985-95 in the countries for which we have estimates. It would be safe to say that this must have contributed to a reduction in unemployment and underemployment in most of the countries during the period up to 1997. In some, like Thailand and Singapore, labour shortages may have occurred. Unemployment rates fell sharply in Malaysia from 6.9 per cent in 1985 to 2.5 per cent in 1996; in Singapore, from 4.1 to 3 per cent; and in Thailand, from 3.7 to 2.2 per cent. In Indonesia and the Philippines unemployment rates rose, possibly reflecting some expansion in employment opportunities in the face of rapid growth in the labour force. In 1996, the unemployment rate in Indonesia was 4.1 per cent of the labour force; in Malaysia, 2.5 per cent; in the Philippines, 7.4 per cent; and in Thailand, just 1.1 percent. After 1996, as employment opportunities fell sharply in Thailand, Indonesia and Malaysia in particular, but also to some extent in the other countries of the Asean region, unemployment rates generally rose sharply. The rate for 1998 for Indonesia was in the range of 9.0 to 12 per cent; Malaysia, 6.7 per cent; the Philippines, 13.1 per cent; and Thailand, 4.4 per cent.

Employment growth outpaced labour force expansion

When we compare for Malaysia, Philippines, Indonesia, Thailand and Viet Nam, annual average labour force growth rates over the nineties with similar employment growth rates over the decade ending 1995, we find that in Malaysia, Thailand and Viet Nam, employment growth had outpaced labour force growth, resulting in improved labour utilization and fuller employment. In Indonesia and the Philippines, employment growth and labour force expansion seem to have proceeded at about the same pace. There may have been some improvement in terms of fuller employment, but this is unlikely to have been significant. As we shall see, after 1996 the situation sharply deteriorated.

Labour migration within Asean

The process of rapid economic growth and employment also resulted in greater movements of jobseekers from one country to another. The movements were not only among Asean countries, but involved a broader regional dimension. The principal movements within Asean's present members were from Indonesia into Malaysia, from Myanmar and Lao PDR into Thailand, and from several Asean countries into Singapore. The number of migrants in mid-1977 in Hong Kong (China), Japan, the Republic of Korea, Thailand, Malaysia, Singapore and Taiwan (China) has been placed at about 6.5 million.

Apart from providing better prospects for relatively unskilled workers in countries (and regions within countries) with pools of surplus labour, Asean had also begun to operate more as a single market for highly skilled and mobile professionals, and this made it possible for individual countries to overcome specific skill shortages. It also opened up the prospect for greater economic integration through expanding flows of skilled and unskilled labour within Asean.

The recent economic downturn has, however, had a very negative impact on this process, and large numbers of migrants have been sent back to their own countries. This has contributed to further deterioration in employment prospects in the countries to which the migrants have returned. According to ILO estimates, by mid-1998 the total number of migrant workers had declined in Thailand by about 460,000 and in Malaysia by 400,000. It is not clear whether economic recovery in the future will lead to the resumption of some, if not all, the major flows, and whether Asean, as a grouping, will follow special policies for skill development and migration for the grouping as a whole rather than for individual countries. This in turn would partly depend on whether the principle of free flow of workers across national boundaries within Asean will be accepted.

Real wages

Real wages rose alongside the expansion of employment opportunities. For instance, in 1996 alone real wages rose 6.6 per cent in Indonesia, 5.8 per cent in Malaysia, 3.3 per cent in the Philippines and 2.3 per cent in Thailand. However, by 1998 all these countries had experienced declines in real wages in the wake of the spreading Asian financial crisis.

Impact of the financial crisis

As is well known, most of the countries experienced sharp reductions in growth rates with the onset of the Asian financial crisis during the second half of 1997. The estimates for 1998 and forecasts for 1999 of the Economist Intelligence Unit suggest that Indonesia's economy will decline by 14.8 and 2.1 per cent, Thailand's by 8.0 and 1.4 per cent, and Malaysia's by 6.0 and 2.9 per cent over the years 1998 and 1999. In the case of Singapore, 1998 will see a 0.3 per cent increase and 1999, a 0.9 per cent decrease over the previous year in each case. Viet Nam will see a considerably reduced, but positive, growth rate of about 5 per cent in these two years.

Two important points need to be made on the estimates. First, they vary somewhat depending on the agency making the estimate/forecast, and they are revised as new information flows in. Secondly, most estimates suggest that growth rates of 5 to 9 per cent per year experienced during the first half of the 1990s may not be seen again before 2003.

Some special features of the employment experience

The employment experience of different members of Asean has not been uniform, reflecting the very great differences between them in terms of recent historical experience, social and economic systems and date of entry into and integration into the world economy. The country experiences may be classified in several different ways. We have sought below to highlight certain important features and issues relating to particular countries or sets of countries in Asean.

Rapid growth in the labour force

In Lao PDR, Malaysia, the Philippines and Viet Nam, the period of the 1980s and 1990s witnessed a rapid growth in the labour force due to high rates of population growth. During the period 1990-97, the labour force grew annually at 2.7 per cent in Malaysia and the Philippines, 2.4 per cent in Cambodia, 2.3 per cent in Lao PDR and 2 per cent in Viet Nam. But even in a country like Indonesia, where population growth has been significantly reduced in recent years, the effect of past rapid growth and some rise in female participation has led to annual labour force growth of 2.5 per cent per annum. It is only in Singapore and Thailand that labour force growth rates have fallen to 1.5 and 1.7 per cent per year respectively, reflecting rapid fertility decline, offset partly, in the case of Singapore, by labour in-migration.

Youth unemployment

In most of the Asean countries, youth constitute a significant segment of the population, accounting in 1995 for 18 to 22 per cent in Lao PDR, Malaysia, the Philippines, Viet Nam, Thailand, Indonesia and Myanmar (see table 2). While the proportion in this age group is likely to rise over the next 10 to 15 years in Cambodia, Lao PDR, and Malaysia, it is likely to decline in the other Asean countries. The pressure of young population on the labour market may be moderated by more and more young people spending longer periods in education and training, but there is also a trend for rising female labour force participation.

The youth unemployment problem has taken a serious turn with the advent of the Asian financial crisis. Rates of absorption of new entrants have declined and young workers are often facing the prospect of retrenchment. This may be illustrated by some recent ILO findings for Indonesia. In the past, a large part of the unemployed was comprised of educated first-time jobseekers in urban areas: these were young people who were willing and able to wait until the right kind of job turned up. Following the crisis, in 1998, the urban youth unemployment rate touched 26 per cent, compared to 23 per cent in 1997, and compared to the adult unemployment rate of 4 per cent in 1998. With the economic crisis, the reasons for youth unemployment have changed. Urban unemployment has increased rapidly among high-school-leavers, especially those with vocational education, who find it difficult to get a job in the shrinking formal sector. Also, very significantly, the young were found to be more likely to be laid off than older and more experienced workers. The share of the youth unemployed with previous work experience rose dramatically from 14 per cent to 27 per cent between 1997 and 1998.

Gender differentials

In the Asean countries, gender differentials in labour force and work participation have generally been low. While employment opportunities for women appear to have grown up to 1996 or 1997 alongside that of men, especially in Indonesia, Malaysia, Singapore and Thailand, significant differentials in terms of earnings, job security and quality of employment have persisted. Again, international mobility among women has grown. According to ILO estimates, 76 per cent of all migrant workers from the Philippines working in other Asian countries in 1997 were women. The corresponding figure for Indonesia was 37 per cent.

The financial crisis does not appear to have had a differential adverse impact on women's employment in the Asean countries. But the evidence is by no means clear or complete as yet. It is possible that job losses for women may not be fully captured in the data, and many who worked for low pay and with lack of security may have had to accept lower remuneration and inferior terms and conditions of work. Also, the impact of unemployment may have been more severe on the large number of

Table 2. Growth of the young population (aged 15-24) in the Asean region, 1995-2010

Country	Size of youth population (millions)		Share of youth in total population (%)	
	1995	2010	1995	2010
Brunei Darussalam	0.05	0.07	16.6	18.8
Cambodia	1.58	2.86	15.8	21.6
Indonesia	41.07	42.13	20.8	17.7
Lao PDR	0.87	1.45	18.2	20.8
Malaysia	3.74	4.92	18.6	19.0
Myanmar	9.22	8.35	21.5	16.4
Philippines	13.67	17.66	20.5	19.5
Singapore	0.47	0.54	14.3	13.9
Thailand	12.13	10.51	20.7	15.8
Viet Nam	14.8	18.06	20.1	19.9

Source: UN Population Division: *World population prospects: The 1998 revision* (New York, 1998) (medium variant projection), women who worked under conditions where severance pay was not offered and who may have more dependants to support.

Special factors in Viet Nam's experience

Viet Nam's experience brings to the fore some features which make it rather different from that of the founding members of Asean: Indonesia, Malaysia, the Philippines, Singapore and Thailand. Viet Nam was a centrally planned economy which has since the late 1980s been opening up to the world economy. It has moved towards freer trade and payments, more flexible exchange rates in line with market trends, deregulation of production and privatization of state enterprises, and encouragement of foreign capital inflow and promotion of private enterprise. Lao PDR and Myanmar have also followed the same path towards market-based development.

As a result of this shift, Viet Nam, like Indonesia, Malaysia, Thailand and Singapore, was able to sustain fairly high rates of economic growth in excess of 8 per cent per year over the period 1990-97. However, while aggregate employment grew fairly rapidly from 30.3 million in 1990 to 39.7 million in 1997, employment in industry stagnated, rising nominally from 3.1 to 3.5 million over the same period. This is particularly surprising since GDPin the industrial sector grew at about 13 per cent per year between 1991 and 1997. The major problem has been the difficulty in privatizing or closing down state enterprises which are often overmanned and where the Labour Code makes it very difficult to displace workers. At the same time, small and medium-size enterprises which create much more employment are unable to grow due to a variety of restrictions and regulations.

The Asian financial crisis has led to a virtual halving of the Viet Nam growth rate for 1998 and 1999, but deceleration in growth has not been confined to industry but extends to agriculture as well. So unless the employment content of industrial growth is significantly increased along with other measures to promote growth and employment, the situation is likely to deteriorate over the next year or two.

In general, economies like those of Viet Nam, Lao PDR and Myanmar, which are caught up in the process of economic restructuring and have felt some impacts of the Asian crisis, have to make the difficult commitment to continue opening the economy and restructuring the production structure, while continuing to provide social safety nets to groups at risk.

Conclusion

The Asean region has generally seen rapid economic growth over the late 1980s and much of the 1990s. This has been accompanied by fairly rapid expansion in employment opportunities in most of the countries and an increasing degree of involvement with the world economy in terms of trade and capital inflows. The recent economic downturn, associated with the Asian financial crisis, should not lead us to underestimate the importance of the growth experience and its generally positive impacts on the lives of working people in the countries of the Asean region. In our present state of knowledge it is not possible to estimate how much of the success may be attributed to Asean *per se* and how much to the simultaneous process of opening of markets within the region and in the world in general.

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Social security

Trade unions, as a social partner, need to engage actively in negotiations with governments to develop adequate social security programmes and ensure their implementation.

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Western influences

Asean comprises ten South-East Asian nations, namely Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Myanmar, Malaysia, Philippines, Singapore, Thailand, and Viet Nam. These nations have all undergone rapid changes from traditional indigenous value-based societies to modern societies based on Western influence. They have all been exposed to Western influence either as a colony or through friendly influence in the course of trade and military alliances. Malaysia, Myanmar, and Singapore were British colonies; Lao PDR, Viet Nam, and Cambodia were parts of former French Indochina; Indonesia was a Dutch colony; and the Philippines was under Spanish and American rule. The Kingdom of Thailand, though never formally colonized, was nevertheless exposed to Western influence through trade and military alliances.

The emergence of modern free market-based economies in Asean nations was largely due to such influences. After the Second World War, Asean nations which had been colonized achieved independence. Their traditional economic systems changed rapidly after independence and over time new economic and social institutions emerged in these nations which needed to cope with rapid economic and social changes. They have achieved different levels of prosperity: Singapore, for instance, which is an urban city-state depending largely on the services sector (accounting for approximately 64 per cent of the GDP) and per capita GNP of US$22,500 compared to Viet Nam, with per capita GNPof US$200 and predominantly agricultural employment (approximately 70 per cent of the workforce) which contributes to 28 per cent of the GDP. With the exception of Singapore, an island-city-state with an urban population, more than two-thirds of the population in the majority of Asean nations are to be found in the rural areas. In Malaysia and the Philippines, urban population account for half the population. The percentage of the labour force in industry is as low as 6 per cent in Lao PDR and 36 per cent in Singapore. The manufacturing sector contributes less than one-third of GDPin all Asean nations while the services sector contributes as low as 31 per cent in Lao PDR and as high as 64 per cent in Singapore. Agriculture is important in the economy with as high as 51 per cent of GDP in Lao PDR and 10 per cent in Thailand.

It is obvious, therefore, that Asean nations have all attained different stages of development. In 1999, out of 174 nations in the world ranked by the UNDP according to its Human Development Index, Indonesia ranks number 105, Malaysia 56, Thailand 67, the Philippines 77, Myanmar 128, and Lao PDR 140. It is also important to understand the circumstances of Cambodia which has undergone major political upheavals. So it is in a context of unequal levels of development that Asean nations are endeavouring to establish institutional social security systems in their nations.

Social security, ancient and modern

Social security benefits represent both a formal and informal social mechanism for sharing means and caring for those in need. The concept of "sharing and caring" is rooted in the cultural values of the respective Asean nations. In practice, the phenomenon of "sharing and caring" is found in the extended family and other social and religious institutions dedicated to care for those in need. However, these traditional institutions with their limited economic and social relevance have gradually become obsolete in the modern economy. Government interventions to provide for people's social security needs through appropriate and relevant policies and institutions in each country proved inevitable in due course especially when the formal labour market began to expand and minimum labour standards for the protection of labour, which includes social security, had to be introduced and enforced.

Social security can be looked at from two points of view. In a narrow and popular sense, it may be perceived by workers as a means of obtaining some contingency payments, as a series of benefits which include medical care, sickness benefits, maternity benefits, employment injury benefits, old-age benefits, invalidity benefits, survivors' benefits, unemployment benefits, and family benefits. In some cases, welfare benefits such as vocational rehabilitation for disabled persons, convalescents, or even vocational training or retraining for unemployed workers, and recreational facilities are also included among social security benefits. Thus, the contingencies normally dealt with by social security systems include:

(i) the need for medical care;

(ii) suspension, loss or substantial reduction of income due to
  - (a) sickness;
  - (b) maternity;
  - (c) occupational injury, covering both accidents and occupational diseases;
  - (d) old age;
  - (e) invalidity;
  - (f) death of the breadwinner;
  - (g) unemployment; and

(iii) responsibility for maintaining children.

In a broader sense, social security represents more than just a contingency relief: it is a comprehensive concept focused on the achievement of the goal of workers' welfare in general. Its purpose is to provide the means for improving workers' economic and social well-being. There is therefore a need to look at social security policies and programmes which can provide the means for guaranteeing opportunities for employment, health benefits, the education of workers and their children, home ownership, and insurance for workers and their dependants.

Today, the term "social security" refers to the protection offered by society to its members through a series of public measures against economic or social distress that is caused by the absence of earnings or substantial reduction or stoppage of earnings resulting from sickness, maternity, employment injury (including occupational diseases), unemployment (including absence of employment) and underemployment, invalidity, destitution, disability, retarded development, old age, and death; and further, to provide for health care including preventive measures.

Types of social security

Social security systems in Asean nations can be classified into two types: voluntary schemes and compulsory schemes. These schemes can also be categorized as follows:

(a) traditional systems;

(b) provisions in employment contracts of service and in collective agreements;

(c) statutory.

Community response: a safety net

The traditional social security systems are voluntary in nature and are governed by local cultural practices which ensure that assistance is provided to families and individuals in times of need. Collective action in the community for the purpose of mobilizing resources to provide benefits for families include occasions such as funerals, assistance for widows, orphans, and the destitute. The rules governing the conduct of the affairs of these types of programmes are informal in nature but are sanctioned through convention in the community. This type of social security is important in the rural as well as the urban poor communities who are mainly workers in the informal sector of the labour market. Although the community response to such needs occurs on an ad hoc basis, it is important to note that the community initiatives to maintain these types of self-help programmes empower the communities to play a proactive and positive role in maintaining a social security safety net for the poor in the unorganized sector of the labour market, both in the rural and urban areas.

Statutory provisions or negotiated terms

In the formal labour market, where employment is governed by contracts of service and where trade unions play a role in determining the terms and conditions of employment through collective bargaining with employers, provisions are in place in contracts of service and in collective agreements which address the issues of social security, contingency payments, medical benefits, retirement benefits, training and education, and death benefits. While the provisions in these agreements recognize the minimum standards laid down in the statutes, the actual terms and conditions with regard to the payment of social security benefits are usually negotiated above the minimum statutory standards. These negotiated terms and conditions represent therefore an important complement to the statutory social security benefits provided for workers. However, the number of workers who benefit from them are limited to those in the formal sector of the labour market and specifically to those whose terms and conditions of employment are governed by a contract of service on a personal to holder basis or by collective agreements.

Cooperatives: a major vehicle

One other institution which provides social security benefits to its members is the cooperative society. This type of society focuses on benefits to its members which include medical benefits, retirement benefits, housing, and group insurance. This type belongs to the category of the voluntary social security services available in society. However, its role is limited to the membership in the cooperatives. These institutions are also useful links for participation in national social security programmes: for instance, farmers' cooperatives facilitate the participation of individual farmers in national social security schemes organized by the government. In Malaysia, for example, the cooperative movement is being studied for the potential it offers to serve as an important channel for integrating farmers, fishermen, and self-employed workers into the social security schemes provided for under the Social Security Act. This approach will undoubtedly add significantly to the number of workers who enjoy social security benefits in the country.

As for compulsory social security schemes, they are enforced through legislation. This ensures that all workers and employers must comply with legislation, both by contributing to and benefiting from the schemes. All Asean nations have set up statutory social security schemes through appropriate legislation. However, such legislation only covers the formal sector of the labour market. The millions of workers in the peasant, agricultural, forestry, fishing, and in the informal sector of the urban labour market are not adequately covered by the legislation in place.

The planning, implementation, administration, and evaluation of the social security schemes functioning in Asean countries have evolved in proportion to each nation's economic and social circumstances. Given the varied degrees of prosperity prevailing in these nations, the various schemes launched have gradually been improving in terms of the coverage of workers, types, and quantum of benefits. Social security benefits also vary depending on whether employees are in the private or public sector. The schemes usually developed cover the following areas:

(a) old age, disability, and survival;

(b) sickness and maternity;

(c) employment injury; and

(d) family allowances.

Old age, disability, and survival benefits

Old age, disability and death benefits are covered either through provident fund schemes or through the social insurance system. In countries such as Indonesia and Singapore, the provident fund system is used. In Indonesia, legislation ensures that establishments with ten or more employees or a payroll of 1 million rupiahs or more a month are covered under the provident fund scheme. Coverage is gradually being extended to smaller establishments and to casual and seasonal workers. Civilian public employees and military personnel are covered under special systems designed for them. Provident fund contributions are collected from the employee at the rate of 2 per cent of earnings while the employer contributes 4 per cent of the payroll. Old age benefits, which take the form of a lump sum payment equal to total employee and employer contributions paid plus accrued interest can be collected at the age of 55. Disability and survivor benefits are paid to people for total incapacity for work under the age of 55 or in the case of death. Disability benefits amount to a lump sum equal to total employee and employer contributions paid plus accrued interest. Survivor benefits include a similar payment and in addition they receive a death benefit of 1.2 million rupiahs.

In Singapore, the provident fund system coverage is extended to employees earning more than S$50 (Singaporean dollars) per month. This coverage is also extended to self-employed workers. Public sector employees are excluded from this scheme since a special pension system is implemented for them. Employees contribute 20 per cent of their wages in the category earning wages over S$200 per month. Employers contribute 20 per cent of monthly earnings to the fund for workers earning S$50 and above. The Government's objective is to create a long-term central provident fund rate for both employees and employers. Lower contribution rates are applied to persons above the age of 55. Old-age benefit is collected as a lump sum equal to total employee and employer contributions plus at least 2.5 per cent compound interest, less the amount set aside for medical contingencies and S$40,000 to ensure continued income from the age of 60. Disability benefits are paid as a lump sum similar to old-age benefits, while survivor benefits are paid to nominated survivors or legal heirs, but a smaller amount is allocated to medical contingencies.

In Malaysia, the national provident fund covers all workers. However, teachers, members of the armed forces, and other employees who have private provident fund arrangements are excluded. The national scheme is also extended on a voluntary basis to domestic workers and self-employed. Provident fund contributions are constituted by 10 per cent of employees' earnings and 12 per cent of employers' payroll. The provident fund pays a lump sum at the age of 55 or at any age if a worker is emigrating permanently. Workers can also withdraw up to 30 per cent of their accumulated fund at the age of 50 before retirement. Survivor benefit amounting to total employer and employee contributions plus accumulated interest in the provident fund is paid to the legal beneficiary of the fund. Permanent disability entitles a contributor to withdraw his or her total amount due as accumulated credited in the provident fund. In Malaysia, disability benefits are also covered under a social insurance system which provides temporary, permanent, and survivor benefits to the insured worker. Contributions for these purposes are shared as follows: workers contribute approximately 0.5 per cent of earnings and employers 0.5 per cent of the payroll. Permanent disability benefits under the social insurance scheme provide a maximum pension of 65 per cent of workers' earnings.

Viet Nam, Philippines, Thailand

Myanmar has a special pension system for public employees only. Survivor benefits include the funeral grant of 1,000 kyats which is paid under the sickness insurance. In Viet Nam, the Philippines, and Thailand, old age, disability, and death benefits are managed through a social insurance system. In Viet Nam, employees contribute 5 per cent of wages while employers contribute 10 per cent of the payroll; in Thailand, the worker contributes 1.5 per cent of wages, employers contribute 1.5 per cent of the payroll, and the Government contributes an annual grant equal to 1.5 per cent of covered wages. In the Philippines, workers contribute 3.3 per cent of earnings, self-employed workers 8 per cent, and employers 4.67 per cent of the payroll.

The coverage in the Philippines includes seafarers aboard foreign vessels, self-employed workers, farmers, fishermen, and domestic servants. Family labour is excluded. Special systems are in place for government employees. Old-age benefits in the Philippines are provided in the form of a pension, the floor set at 1,200 pesos a month or 40 per cent of average monthly credited earnings. Permanent disability benefits and survivor benefits are also provided for in the Philippines. The benefit levels for permanent disability and survival benefits are similar to the old-age pension plan.

In Viet Nam, the old-age pension reaches a ceiling of 75 per cent of average wage in the last ten years before retirement and rates for permanent disability and survival benefits are also stipulated. Provisions are also in place for a survivor grant of a lump sum of a maximum of up to 12 months' wages of a recipient and a funeral grant of a lump sum equal to seven months of the minimum wage applied in state employment.

Sickness and maternity benefits

Sickness and maternity programmes are covered through the social insurance system in Myanmar, Indonesia, Viet Nam, and the Philippines. In the Philippines, workers contribute 1.2 per cent of their earnings, while employers contribute 1.2 per cent of the payroll for medical benefits. Employers also contribute 0.4 per cent of the payroll for maternity benefits. In Viet Nam, sickness and maternity benefits are funded by the employer at the rate of 5 per cent of the payroll. In Indonesia, employers contribute 6 per cent of the payroll for married employees and 3 per cent for single employees. All three countries provide for cash benefits and medical treatment. In Indonesia, medical benefits are also extended to the dependants of workers covered by the social insurance system. In Malaysia, sickness and maternity programmes are covered as an employer liability programme enforced through provisions in the Employment Act and provisions of collective agreements where applicable. Employers in turn seek private sector insurance policies for medical benefits for their employees. The employees' provident fund also provides benefits to contributors for critical illness. In Singapore, sickness and maternity are funded from the Medisave account in the Central Provident Fund. Both workers and employers contribute to this account 3 per cent of the 20 per cent contributions each makes to the Central Provident Fund. Maternity benefit is covered under the Employment Act which provides for paid leave of up to four weeks before and four weeks after confinement provided that the worker was employed at least 180 days during the preceding year. Maternity benefit in Singapore is limited to the first two children. Medical benefits are also extended to dependants. All Asean nations recognize the importance of maternity leave and provide for paid leave and leave of between 90 to 120 days in special circumstances and up to 180 days as in the case of Viet Nam.

However, government health care services take pride of place in all Asean nations. Although social security programmes cover the health service requirements of those who participate in them, the majority of the population relies on government health care services, particularly in the rural areas. This system is highly subsidized by the government and is accessible to all.

Employment injury benefits

Employment injury is covered through social insurance systems in Indonesia, Malaysia, Myanmar, the Philippines, and Viet Nam. Employers contribute to government social insurance schemes, e.g. the Government Social Security Organization in Malaysia. In Singapore, employers are required by statute to purchase private insurance for their workers to cover employment injury. Employment injury benefits cover medical treatment, loss of earnings, and survivor benefits in the case of fatal accidents. The Government Social Security Organization (GSSO) evolved out of workmen's compensation insurance which was obligatory on the part of employers. The benefits cover medical expenses, temporary disablement compensation for loss of earnings, invalidity pensions, funeral benefits, survivors' pension, education loans to children of deceased workers, prostheses, and training for occupational rehabilitation. The concept of comprehensive care is being gradually enhanced with the increase in resources allocated to the GSSO subject to prudent management to maintain solvency of the organization.

An important task of all social security organizations in Asean is to promote occupational safety and health programmes at the workplace. A proactive approach is sought, which encourages both employer and trade union participation to design and conduct workers' education activities on occupational safety and health issues so that employment-related injuries and health problems can be minimized.

Family allowances

As additional income support for families for contingent needs, family allowances constitute an area of concern which is being considered by social security organizations in Asean. However, the lack of financial capacity for these organizations to embark on such allowances in order to provide relief during periods of unemployment and other contingencies has been the major obstacle for the launching of such programmes. Moreover, the determination of eligibility for such relief can be subject to abuses, hence the caution on the part of social security organizations before embarking on this area of concern.

Observations

In Asean countries, government interventions in establishing social security programmes, especially for workers and their dependants, have been decisive in the progress made over recent years. From humble beginnings of contingency payments for workers, the social security organizations and systems in place are now poised to extend the types of social security programmes available with improvements in the quantum of benefits to keep up with the real cost of living in the respective nations. It is also important to note that wherever there are active trade unions, the types of social security programmes in place offer even better benefits through collective agreements. However, the scope for collective bargaining is limited and the impact of collective agreements is far weaker in Asean nations than in industrialized countries. Trade unions therefore need to play an active role as a social partner in negotiations with governments to develop further and accelerate the implementation of social security programmes in the Asean nations.

The coverage of existing programmes are focused on the formal labour force, but in reality the high incidence of self-employment in rural and urban areas poses the challenge for governments to work out strategies to bring in the large number of self-employed in both rural and urban areas. In addition, the lack of a transparent "employer-employee" relationship in the informal sector creates problems with regard to mobilization of contributions, verification of claims, and disbursement of benefits. Furthermore, current trends in the labour market indicate that many employment opportunities are being made casual with the result that the numbers of workers in the informal sector are increasing rapidly. Migrant workers within Asean nations are also excluded from social security programmes by virtue of their status and terms and conditions of employment. Illegal immigrant workers flow in large numbers, especially in and out of Indonesia, Myanmar, the Philippines, Thailand, the major labour exporting nations, while Singapore and Malaysia are largely labour importing countries. Unfair labour practice among employers is rampant, especially in the plantation and services sectors where labour is utilized as "contract for services" through third-party contractors.

In the more underdeveloped Asean nations such as Lao PDR, Viet Nam, Cambodia, and Myanmar, the majority of the rural population experience high levels of unemployment, underemployment, and have fluctuating and low levels of income. These characteristics pose severe constraints to the development of formal social security programmes. Since they largely depend on traditional systems, governments must ensure their continuity until formal systems can be developed to absorb traditional social security practices which prevail in the rural areas.

Dissemination and synergy

Although the administration of social security organizations is conducted on a tripartite basis, the government's role and influence tend to build a heavy bureaucracy in the administration of these organizations. Governments must be sensitive to administrative expenditure considerations in the implementation of social security programmes. Naturally, high administrative costs will mean that less resources are available to be paid as benefits to contributors. In addition, systems of administration must be efficient and effective with no opportunities for fraud. It would also be useful to disseminate the experiences of the various programmes applied in the different nations, not only among the Asean nations but also among their counterparts in the EU. Such exchange and synergy will enable effective planning, implementation, and evaluation of programmes.

In today's world, it is essential that a comprehensive social security safety net be built into society to cater for some of the basic needs of the population. In order to achieve such comprehensive coverage, it would be necessary to develop the following main areas of concern:

(1) Health:
  (a) occupational health and normal medical care;
  (b) maternity;
  (c) critical illness.

(2) Contingent liabilities during employment:
  (a) temporary disablement benefit;
  (b) permanent disablement benefit;
  (c) survivor benefits.

(3) Training and human resource development:
  (a) financial assistance;
  (b) centres for vocational rehabilitation.

(4) Home ownership:
  (a) housing loans;
  (b) projects of affordable homes.

(5) Retirement:
  (a) lump sum payment;
  (b) pensions.

(6) Unemployment relief:
  (a) family allowances.

(7) Special care for the handicapped.

(8) Care for survivors.

The above areas of concern will need careful planning with requiring the evaluation of details with regard to their financial implications. Needless to say, such a system has to grow at the same pace with economic and social development in the country.

Social security programmes through provident funds, group insurance, and other solidarity mechanisms will need to be considered.

At the same time, the respective roles of the private sector and the government must be carefully understood. Given current market-friendly options in developing social security programmes, enforcement of legislation must be effective so as to cover the entire population. However, although social security funds constitute an important source of development finance for governments, it is in the very management of such funds that extreme caution must be exercised so that the objectives of fulfilling the trust of delivering social security services to the contributors is not compromised. Each nation would need to develop a long-term strategic plan for implementing its comprehensive social security system.

Governmental social security organizations are usually programme-specific, e.g. often in the form of provident funds and managed as a department in the portfolio of the finance, labour, or human resources ministries. However, the scope and dimensions of social security for the population demand a full-fledged ministry with a capacity to manage the complex managerial responsibilities involved in running social security programmes. Of course, contributions to specific programmes must be tied to meaningful levels of benefits, which means that government-run social security organizations must compete with private sector insurance companies and therefore must offer competitive services.

Option to privatize

The current trend to adopt market-friendly approaches in social security planning gives government the option to develop social security programmes through privatization. This approach must be carefully evaluated, especially in the Asean nations where the levels of economic and social developments are relatively low. A major consideration will be the level of premiums and contributions that will be required to maintain social security programmes for the large number of workers in the lower income groups. With the exception of Thailand, other Asean nations have been relying on employer and employee liability for developing social security programmes. Instances where the government provides direct funding for social security are limited to selected welfare projects.

Employers, for their part, are always conscious of the increasing cost of labour and therefore resist recommendations from trade unions to increase their contributions so that workers could enjoy better benefits. At the same time governments are competing for foreign capital investments and are slow to respond to the employers' demand for higher social security contributions so that the latter can maintain competitive labour cost levels. This myopic approach will need to give way to more people-friendly policies which will enhance the general quality of life through the institutionalization of social security programmes.

All Asean nations are experiencing the effects of globalization with rapid transformation of their economies, and the recent financial crisis in East Asian countries has not spared Asean economies. The severe consequences of this crisis on labour adds to the urgency of the trade union call on governments to address social security issues comprehensively and effectively. The future welfare of the Asean peoples will depend to a large extent on the success of Asean countries in developing and running their social security systems.

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Migrant workers

The main challenges facing Asean nations are twofold: Orderly management of migration flows and protection of migrant workers.

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Along with globalization, regional economic integration and mobility of workers across borders have been receiving increasing attention in recent years. The Association of South-East Asian Nations (Asean) and the South Asian Association for Regional Cooperation (SAARC) represent the major regional groupings in Asia, but Asean was instituted almost two decades earlier. The objective of this article is to review migration trends in Asean and raise some critical issues which have emerged in the course of such migration. Following brief remarks on the profile of Asean, this article provides an overview of migration flows and patterns. It then proceeds to address selected migration issues such as irregular migration, female migration, the impact of the Asian crisis and social protection. The final section deals with policy implications.

I. Some notes on Asean

Asean was established in 1967 with five founding members: Indonesia, Malaysia, the Philippines, Singapore and Thailand. Today it has embraced ten countries with the addition of Brunei Darussalam, Cambodia, Lao PDR, Myanmar and Viet Nam. The total population of Asean countries was around 500 million in 1998. An important feature about Asean is the diversity among its members. Table 1 captures part of this diversity. The per capita GDP ranges from US$280 in Cambodia to more than US$30,000 in Singapore. At the same time, there is political diversity with both mature market economies and transitional economies in the group.

Most Asean countries had maintained high average growth rates of around 6 to 7 per cent during the first half of the nineties, but the Asian economic crisis has set back their growth performance considerably. While Asean seems fully committed to promoting liberalization in trade, investment, industry and services, yet "Asean does not yet foresee itself developing into a common market, much less an economic union with a single currency like in the EU" (Chalermpalanupap, 1999; Cortes et al., 1998). Under VISION 2020, Asean aims only at creating "a stable, prosperous and highly competitive Asean Economic Region in which there is a free flow of goods, services and investments, a freer flow of capital, equitable economic development and reduced poverty and socio-economic disparities" by the year 2020.[1] Asean will therefore continue to be a loose association of governments, increasingly focusing on economic cooperation issues, particularly relating to trade. The decision taken in 1992 to aspire towards an Asean Free Trade Area within 15 years was a milestone in this respect – the target date for its establishment has now been advanced to 2002. Several subregional economic groupings labelled as "growth triangles" have also been formed for greater economic cooperation within Asean. They intend to exploit the differences in development stages and availability of resources in adjacent geographical locations.[2]

The financial crisis, the first stirrings of which were felt in Thailand in July 1997, had a contagious effect engulfing the entire Asean region, which clearly showed the high degree of interdependence among the Asean economies. "Rightly or wrongly, the Asean economies are now seen as a single economic region, a contiguous market in the eye of most international investors and bankers" (Chalermpalanupap, 1999).

Most Asean countries have benefited from globalization and seen their economies becoming increasingly integrated into the global

Table 1. Profile of Asean countries

Country	Surface area – 1 000 sq. km. 1996	Population: Total millions 1998	Population: Average annual growth rate % 1990-98	Labour Force: Total millions 1999	Labour Force: Average annual growth rate % 1990-99	GNP per capita US$ 1998	Value added as a % of GDP 1998: Agri-culture	Indus-try	Ser-vices
Brunei Darussalam*	–	0.3 (1997)	3.0 (1975-97)	–	–	29 773 (1997)	–	–	–
Cambodia	81	10.7	3.1	6	3.1	280	51	15	34
Indonesia	1 905	203.7	1.9	98	3.1	680	16	43	41
Lao PDR	237	5	3	–	–	330	52	21	27
Malaysia	330	22.2	2.8	9	3.5	3 600	12	48	40
Myanmar	677	44.4	1.3	24	1.9	–	50	10	31
Philippines	300	75.1	2.6	32	3.3	1 050	17	32	52
Singapore	1	3.2	2.2	2	2	30 060	0	35	65
Thailand	513	61.1	1.4	37	2.1	2 200	11	40	49
Viet Nam	332	77.6	2.3	40	2.3	330	26	31	43
Totals	4 376	503.3							

Source: World Bank, *World Development Report 1999/2000*; * UNDP, *Human Development Report 1999*.

marketplace. Yet the fact remains that globalization in finance, trade and capital flows has not extended in the same way to labour movements (OECD, 1998). This result may be attributed to the strict immigration policies adopted by many countries to safeguard their sovereignty, which impede the free movement of labour across borders.

Given the vast differences in the levels of development and factor endowments within Asean, a higher incidence of labour movement from surplus to shortage areas should have occurred. While considerable migration flows occur among countries of Asean, a substantial flow of labour occurs in turn from Asean to the rest of the subregion (Mehmet, 1997). So regional integration should normally lead to a higher level of migration, but the level of integration within Asean is limited as noted above. Bloom and Noor (1997) argue that there is greater integration of labour markets in East and South-East Asia than conveyed by direct labour mobility: "the integration was achieved mainly through the sharp increase in intraregional trade, with a relatively small contribution from intraregional capital mobility and an even smaller contribution from direct labour mobility". The growth triangles, which are multinational economic zones in contiguous areas, should promote greater mobility of labour, but we have no information on labour migration within the growth triangles.

It is important to note that Asean leaders have been careful not to mention labour mobility or migration within Asean in any of their policy statements, no doubt due to the sensitive nature of the issue.

II. Labour migration from and within Asean: Patterns and trends

2.1. The data

It is well known that there are serious limitations in available information relating to coverage, accuracy, transparency and consistency of temporary migration flows in most countries (Athukorala and Wickramasekara, 1996). Available data usually pertain to officially reported labour movements, and therefore do not cover undocumented or irregular migration. Gender-wise data are often not collected, while skill and occupational categories do not conform to internationally accepted definitions and standards. Among Asean countries, the Philippines is the only one which has developed a more comprehensive data system on migration. Neither Singapore nor Malaysia has transparent data systems on labour migration. Only a few countries have a system for recording return migration. It should be stressed that migration data deal with the movement of "human beings" and a crucial aspect of information is the quality of employment – wages, terms of employment, working conditions and the rights of migrant workers. Such information is not systematically collected in most countries.

2.2. Flows and patterns of migration[3]

It is important to note that migration is by no means a new phenomenon to Asean. The ethnic composition of a number of countries in the region has become diverse over centuries through migration, especially of overseas Chinese and the Indian communities (Chantavanich, 1999). Cross-border migration has been common even before the concept of nation states, before sovereignty or formal geographic borders were established a few decades ago, but it is beyond the scope of this paper to discuss the historical roots of migration in the region.

What are the reasons for increased migration within the region?[4]

The dramatic decline in fertility and miracle growth of certain countries contributed to the emergence of labour shortages, particularly at the low end of the market. At the same time, the developed economies of Asia invested more in the Asian countries. Most of this investment went into four Asean countries – Malaysia, Thailand, Indonesia and, to a lesser extent, the Philippines. The vast improvements in communications globally which cut down distances and made it easier to travel was another factor. The pressure on land resources and environmental degradation resulted in increasing migration from rural to urban areas, which was the first link in a chain of international labour migration. At the time, political instability and political repression of minorities in countries such as Myanmar acted as a push factor in triggering a flow of refugees into neighbouring Thailand. The relaxation of mobility restrictions between urban and rural sectors in transitional economies also resulted in high levels of migration to the cities, which contributed to the building up of emigration pressures. The growth of a large recruitment industry eager to exploit avenues of employment anywhere in the region also contributed much to expansion of migration (United Nations, 1998).

- Migration stages

Figure 1 (see page 46) shows the current status of Asean countries in international labour migration. The concept of migration transition has been used in the literature to describe a situation in which a labour-sending country changes into a labour-importing country. Singapore has always been a labour- importing country given its small population and rapid growth. Malaysia has become a large importer of unskilled labour while its own workers migrate to higher-wage countries on a modest scale. The case of Thailand is not clear-cut with about 450,000 Thai workers abroad while it is estimated to host about 1.2 million foreign workers, mostly with irregular status. Indonesia and the Philippines are still primarily labour-sending countries. The three countries which made up former Indochina – Cambodia, Lao People's Democratic Republic and Viet Nam – play only a minor role in Asean migration flows although Viet Nam had traditionally sent workers to Eastern Europe and Russia. Table 2 shows the trend in labour outflows for major sending countries.

Table 2. Selected Asean countries: Outflow of contract labour migration 1972-98 (No. of migrants (thousands))

Year	Indonesia	Philippines	Thailand
1972	– *	14.4	–
1973	–	26.4	0.3
1974	–	32.7	–
1975	–	36.0	1.0
1976	1.9	47.8	1.3
1977	2.9	70.4	3.9
1978	8.2	88.2	14.7
1979	10.4	137.3	10.6
1980	16.2	214.6	21.5
1981	17.6	266.2	26.7
1982	21.2	314.3	108.5
1983	29.3	434.2	68.5
1984	46.0	425.1	75.0
1985	54.3	389.2	69.7
1986	68.4	414.5	85.7
1987	61.1	496.9	85.5
1988	61.4	477.8	118.6
1989	84.1	523.0	125.3
1990	86.3	598.8	63.2
1991	149.8	701.8	63.8
1992	172.2	549.7	81.7
1993	160.0	550.9	137.9
1994	176.2	565.2	169.7
1995	120.9	488.6	202.3
1996	517.3	484.7	185.4
1997	235.3	559.2	183.7
1998	411.6	–	–

Sources: Wickramasekara, 1996; *Asean Migrant Yearbook*; Philippines Overseas Employment Administration(POEA); Ministry of Labour and Social Welfare (MOLSW), Thailand. * – = data not available.

Figure 1. Migration situation in Asean countries

Country	Sender	Receiver
Brunei Darussalam		Yes; professional and unskilled workers.
Cambodia	New entrant; very limited numbers of unskilled labour sent; agreement reached with Malaysia.	Only skilled workers under Foreign Direct Investment (FDI); but in practice, unskilled workers as well, from Viet Nam, etc.
Indonesia	Large outflows; largest share of undocumented migrants, mainly to Malaysia; Middle East and Asia important as destinations.	
Lao PDR	Very limited; new player; unskilled labour only.	Skilled workers for FDI projects; Thailand, Republic of Korea, Taiwan (China), etc.; about 12,000 in 1996.
Malaysia	To higher wage countries only – Singapore, Taiwan (China); Japan.	Net importer; main sources are Indonesia, Philippines, Thailand and Bangladesh; close to 2 million foreign workers, largely of irregular status.
Myanmar	Yes; large inflow to Thailand, mostly undocumented workers; officially acknowledged outflow very small.	Limited numbers of skilled workers.
Philippines	Largest labour sender in Asean; about half a million annually (excluding seafarers); Both Middle East and Asia important.	
Singapore		Major receiver of both unskilled labour and skilled labour; well-regulated policy regime to meet labour market and growth needs; levy on firms; large demand domestic helpers; systematic policy to encourage permanent skilled migration.
Thailand	Outflows to Taiwan (China), Japan and Republic of Korea; Singapore and Malaysia; reported outflow about 150,000 per year; stock of workers abroad – 450,000.	Net receiver; estimated at 1.2 million, mostly unskilled workers on irregular basis from Myanmar, Lao PDR and Cambodia; concentrated in fishing, manufacturing and agriculture in border provinces; skilled workers under FDI.
Viet Nam	Exploring new markets as traditional destinations (Russian Federation and Eastern Europe) no longer available; Memorandum of Understanding reached with Taiwan (China); recorded outflow in 1996 – 12,700 persons.	Only skilled workers with FDI inflow.

• Skill composition of migration flows

While Asean has not clearly laid down policies for exchange of skilled labour across borders, such labour normally moves with direct foreign investments.[5] Countries generally relax immigration restrictions to attract both foreign investment as well as high technology and skills unavailable at home. At the same time, skilled workers face few problems overseas given their bargaining power and the support of parent companies. Within Asean, Singaporean professionals dominate skilled labour flows given its increasing investments in other countries. Thailand and Malaysia also send a limited number of professional and technical persons to other Asean countries, particularly to those of former Indochina. There are no direct estimates of the numbers involved.

• Changing destinations

The major change in the pattern of Asean migration is the changing composition of destinations from a predominately Middle Eastern flow to an Asian flow. While the Philippines still has a sizeable proportion of outflow to the Middle East, other countries, especially Thailand, have shown a dramatic shift towards Asia. Table 3 shows the trends in this respect for the three major sending countries. Even in the case of the Philippines, the Asian share has now increased to about 50 per cent. This is even more pronounced in the case of Thailand with a 90 per cent share in Asia. Despite large fluctuations in reported figures across years, a similar trend is observable for Indonesia.

Table 3. Officially reported labour outflows by destination (percentages)

Table 3a. Thailand

Destination	1986	1990	1995	1998
Middle East	84.4	43.5	9.9	9.2
East Asia	1.9	19.4	66.5	65.0
Asean	9.8	27.4	22.9	22.3
Western countries	3.9	9.7	0.8	3.2
Total %	100.0	100.0	100.0	100.0
Total number	85 700	63 200	202 300	91 364

Source: Based on data from MOLSW.

Table 3b. Filipino overseas contract workers by destination

Destination	1990	1995	1997
Asia	27.6	38.1	48.4
Asean	4.0	7.0	8.4
Middle East	65.4	55.6	47.1
Americas	4.8	4.3	2.1
Europe	1.6	1.6	2.0
Total %	100.0	100.0	100.0
Total number	330 340	414 220	465 846

Source: Based on Philippine overseas employment administration data.

Table 3c. Indonesia (single year)

Destination	1997-98	1994-95	1990-91	1989-90	1984-85	1980-81
Middle East	56.0	56.6	48.5	71.9	77.3	69.4
Malaysia/Singapore	30.5	32.6	44.8	22.0	13.1	3.5
Other	13.5	10.9	6.7	6.1	9.6	27.1
Total	235 275	176 187	86 264	84 074	46 014	16 186

Source: Based on Hugo, 1999.

Thus, the Asean region consists of major labour-sending and receiving countries throughout Asia. Asean also records the largest sources (Indonesia and Myanmar) and the largest destinations (Malaysia and Thailand) of irregular workers in Asia. This latter flow mainly consists of cross-border migration, but long and porous borders coupled with weak administrative structures make it difficult to regulate such flows. Apart from the foregoing indications, the problems faced by migrant workers are by no means unique to the Asean region.

Among other countries, Myanmar has the largest number of migrant workers overseas – about one million, mainly to be found in Thailand and with irregular status. According to Myanmar official sources, however, the total number of registered workers migrating for employment during 1990–1996 was only 2,166, mostly professionals and trainees (Athukorala; Manning; Wickramsekara, 1998). Viet Nam had a sizeable outflow of contract workers to former USSR and Eastern Europe but the collapse of the communist bloc drastically reduced such flows. It is now aggressively trying to promote overseas migration but tight state control has made penetration of overseas markets difficult.

III. Country profiles

3.1. Thailand

Thailand has passed through a full cycle from being a major source of labour to the Middle East and Asia to becoming a major destination for migrant workers from neighbouring low-income countries. Asian countries replaced the Middle East as the major destination in the 1990s as noted above. This development was related to growing investment and trade ties with advanced Asian economies such as Japan, the Republic of Korea and Singapore.[6]

The national objectives pertaining to the promotion of labour outflow seem to have gone through a full cycle. Initially, migration was encouraged for benefits obtained from employment opportunities and foreign exchange. With emerging labour shortages in the early 1990s, the Government did not actively promote migration. However, migration of Thai workers to Taiwan (China) has shown a dramatic increase. Another new destination is Israel that has sought to reduce its dependence on Palestinian labour. Unlike the Philippines, Thailand has a high share of labour outflows within Asean – Malaysia, Singapore and Brunei Darussalam. Following the crisis, however, promotion of overseas migration has become one of the seven planks for unemployment relief announced by the Government, with an annual target of around 200,000–250,000 workers.

As regards inflow of foreign labour, during the 1990s a large number of unskilled overseas workers found employment in Thailand – mostly in agriculture and fisheries. The Ministry of Labour and Social Welfare, MOLSW, believes that there are close to one million undocumented workers.[7] Most of these irregular migrants are from Myanmar where repression against ethnic minorities and forced labour conditions act as a major push factor. The distinction between asylum seekers and economic migrants is therefore somewhat blurred. Generally, the workers are employed in “3D jobs” – dirty, dangerous and demanding occupations – normally shunned by local workers, at one-half to one-third of the wages local workers will accept. In 1996, the Government, in response to lobbying by employers, introduced a work permit and a registration scheme. Even then, only about half of the estimated 700,000 undocumented workers registered. According to the MOLSW, 987,000 migrants were found at the end of December 1997, of whom only 142,000 were registered.

The economic crisis has caused a sharp reversal of this policy. The Government as well as the MOLSW believe that rising domestic unemployment calls for repatriating illegal workers. Immigrant worker replacement is another major measure in the unemployment relief programme of the Government in the wake of the crisis. Estimates indicate that about 250,000 undocumented workers have already left or been repatriated. Given the poor working conditions and low wages, local workers are simply not willing to accept some of the jobs manned by foreign workers. Also, pressure from employers led to temporary reprieves for certain sectors such as the rice-milling industry. Currently, a major deportation drive is on, directed against irregular migrants from Myanmar, triggered by a political dispute with Myanmar.[8]

Thailand hosts limited numbers of skilled workers as well. Most such workers come under foreign capital inflows under provisions made by the Board of Investment. However, these workers do not face the same protection issues as unskilled migrant workers.

3.2. Malaysia[9]

Malaysia is an interesting case because of its role as a source of emigration as well as a destination of large-scale immigration flows.

Migration became an important policy issue since 1995 or so, given the increasing migrant inflows and the economic crisis.

Malaysians form the largest group of foreign workers in Singapore. They have been attracted to Taiwan (China) and Japan as well and the outflow amounts to about 100,000 workers (United Nations, 1998). It should also be noted that most migrants from Malaysia, especially to East Asia, are from the ethnic Chinese community.

Most foreign workers in Malaysia are unskilled workers in the plantation and construction sectors. Cross-border migration is easy since Malaysia shares common borders with a number of Asean countries. There are varying estimates of the numbers involved. The Central Bank's 1997 Annual Report estimated that there are 1.7 million foreign workers, of whom 1.14 million were undocumented (cited in Pillai, 1999). This would amount to 19.7 per cent of Malaysia's current labour force, which is one of the highest ratios of foreign workers in Asia. Of the documented workers, the major groups are: Indonesians – 65 per cent; Bangladeshis – 22 per cent; Filipinos – 7 per cent.

There has been diversification of the sectors employing foreign workers: manufacturing, construction, plantations, and services, including domestic services, with almost equal shares. As in Thailand, the Government announced large targets for repatriation of foreign workers as the crisis intensified. It was announced that 200,000 migrants would be laid off in 1998 and the work permits of another 700,000 migrants in construction and services would not be renewed. But these policies were relaxed in the course of the year. Between September and October 1998 160,000 undocumented workers in Peninsular Malaysia were deported (Pillai, 1999). There is no information available on the numbers who returned voluntarily following job loss. The planned redeployment of registered foreign workers from construction and services to plantations also did not materialize as expected, due to the logistical difficulties and the low wages offered in the latter.

The overriding need is for an orderly migration policy which can meet temporary labour needs as well as longer-term needs of the economy. While the ongoing recovery of the economy will ease the pressure on evolving such policies, the Government should seriously consider adopting and enforcing a systematic migration policy. To do so, it needs to engage in bilateral discussions with Indonesia and the Philippines to regulate the flow of irregular migrants.

3.3. Singapore

Singapore offers a different approach to foreign labour: it has relied on a large flow but under a strictly controlled guest worker scheme to suit longer-term national priorities. The guiding principle of immigration policies has been the labour market needs of the economy, which experienced fast growth, although the slowing of the population growth and ageing of the population were other determining factors.

The policy has been to control the inflow of unskilled manpower by imposing a levy on all work permit holders and ceilings on the share of foreign labour in various industries. On the one hand, skilled workers have been encouraged to settle permanently in the light of the heavy emigration of skilled nationals, while on the other hand a revolving pool of temporary workers on short-term work permits has been set in place to overcome temporary shortages and to work in jobs shunned by Singaporeans. In 1981, the Government announced a policy to phase out all unskilled foreign workers by 1991 but the policy was soon abandoned in the mid-1980s. Foreign workers as a percentage of the workforce rose steadily from 3 per cent in 1970, 7.4 per cent in 1980 to 12-13 per cent by 1990. The total number of foreign workers in 1997 has been estimated at 450,000, representing about 25 per cent of the workforce, according to the Ministry of Labour.[10] Foreign domestic helpers have enabled greater participation by Singaporean women in economic activities and the labour force.

Current concerns relate, firstly, to the need to control irregular migration and the social consequences of large-scale migration (Teng, 1998). Following the economic downturn, foreign workers' levies have been reduced except in construction to reduce business costs. In order to control the growing problem of illegal workers, Singapore has adopted a very firm stance, with caning and imprisonment for offenders, both employers and workers.

3.4. Indonesia

Indonesia experienced serious unemployment problems even before the crisis despite an impressive growth performance. The pressure to migrate overseas was therefore generally high. The Government also assigned high priority to overseas migration and successive five-year plans had set targets for employment of foreign workers abroad. The outflow consists mostly of unskilled male and female domestic helpers. Female domestic helpers dominate regular migration. Destinations are diversified with a large portion going to the Middle East as well as Asian countries and cross-border migration is common given the relatively easy entry into Malaysia due to cultural similarities. The recorded numbers are very unreliable because of the substantial but irregular flows. This feature also means that such workers face high risks of exploitation and abuse.

The crisis had a major impact on migration flows. On the one hand, there was considerable pressure on them to return from Malaysia. On the other, there was heightened pressure for migration given the serious economic hardships at home. Therefore, the main challenge for Indonesia's migration management is how to reduce irregular migration from the country and afford protection to vast numbers already abroad. Given the impact of the crisis, it is difficult to envisage any easing of migration pressures at home.

3.5. Philippines

The Philippines is the most important labour-sending country in the Asean. Due to political reasons, the economy had stagnated and lagged behind other dynamic Asean economies in the eighties and early nineties. The labour surplus was large and domestic unemployment rates, particularly among educated persons, were high. Labour emigration was therefore an important safety valve for domestic unemployment and earning valuable foreign exchange. Currently, for recent years the Philippine Overseas Employment Administration estimates that there are 4.2 million workers abroad, of whom 1.8 million (43 per cent) are believed to be in irregular status. The Philippines also boasts of a thriving labour recruitment industry.

Philippines is also diversified in terms of destinations, gender and skills of migrant workers. Although the Middle East share is going down, it is still 50 per cent of recorded flows. It has a majority share in seafarer migration. Land-based migration now accounts for half a million workers annually. Battistella (1999) notes two recent trends: a decrease in workers going abroad for the first time and the constant increase of workers renewing their contracts. The recruitment industry is also well organized.

Female migration is also very important with women migrating as domestic helpers, entertainers and nurses. The Philippine Overseas Employment Administration currently provides breakdowns by sex and occupation only for newly hired migrants.

For the Philippines, a major dilemma is posed between protecting migrant workers abroad and promoting overseas employment (Battistella, 1999). This dilemma came to the fore when a Filipino domestic helper in Singapore, Flora Contamplacion, was convicted of murder and hanged despite appeals for clemency by the Philippines. The Republic Act 8042: The Migrant Workers and Overseas Filipinos Act of 1995 created in response to the above case unequivocally states that "the State does not promote overseas employment as a means to sustain economic growth and achieve national development". Furthermore, it stated that the State would deploy overseas Filipino workers only in countries where the rights of Filipino migrant workers were protected. Although the 1995 Act downplayed the dependence on overseas migration as a national policy, the tremendous pressures to migrate and the related economic gains would contribute to making it a "paper law" only (Achacoso, 1999). Another contradiction in policy is the Government 's wish to fully deregulate the labour emigration industry by 1999 (Asian Migrant Centre, 1998).

IV. Irregular migration

As mentioned at the outset, a major problem of migration trends in Asia, especially within Asean, is the presence of a large number of migrant workers with irregular status. While this is synonymous with what has been indifferently termed as illegal migration, undocumented migration, or clandestine migration, irregular migration captures the nature of irregularities connected with different stages of the migration process (recruitment, transit, entry, stay and work).[11]

In view of the very nature of irregular migration, it is difficult to estimate the numbers involved. As the International Organization for Migration (IOM) pointed out in 1999, such estimation is rendered even more complex for Asean countries than for East Asia given the larger numbers involved. Normally, researchers rely on press reports and data relating to overstayers, apprehensions and regularization exercises. There are varying estimates and table 4 provides estimates based on IOM (1999).

The Bangkok Declaration correctly pointed out that regular migration and irregular migration should not be considered in isolation from

Table 4. Estimates of irregular migrants in selected Asian countries

Sending countries	Receiving countries				
	Japan	Republic of Korea	Taiwan (China)	Malaysia	Thailand
Bangladesh	5 864	6 939		246 400	
Cambodia					81 000
China	38 957	53 429			
Indonesia		1 013	2 700	475 200	
Republic of Korea	52 854				
Malaysia	10 926		400		
Myanmar	5 957			25 600	810 000
Pakistan	4 766	3 350		12 000	
Philippines	42 627	6 302	5 150	9 600[a]	
Taiwan (China)	9 403				
Thailand	38 191	2 528	6 000	8 000	
Viet Nam		3 181			
Others	72 242	18 285	5 750	2 300	109 000
Total	281 157	95 627	20 000	800 000	1 000 000

[a] Add approximately 150,000 Filipinos still irregular in Sabah.

Source: IOM, 1999. *Overview of the current situation of irregular or undocumented migration in the East and South-east Asian region: The need for a policy response framework*. Estimates based on national overstayers and apprehensions data and regularization exercises as reported by different authors cited in IOM (1999).

each other. The causes of irregular migration are many. Rigid immigration laws and the continued tendency on the part of labour-shortage countries to refuse admission to unskilled workers are a major cause. This results in using overstaying tourists, trainees and students to fill labour market needs given that private industry is desperate for sources of unskilled labour. Refugees may also opt for work with irregular status when they attempt to eke out a living through work in the host country. Trafficking also gives rise to various forms of irregular migration. Activities of recruiters, immigration officers, traffickers and job placement agents can also lead to irregular situations (IOM, 1999). Women particularly become vulnerable to being assimilated as irregular workers through absorption into the sex and entertainment industries.

The problems faced by irregular migrant workers are well known and need no repetition here. They are highly vulnerable to abuse and exploitation; nor do they enjoy any of the benefits accorded to legal workers. They receive low pay amid poor working conditions. Women with irregular status are especially at high risk of sexual exploitation. Irregular workers cannot have recourse to any support mechanisms given the fear of detection and possible deportation.

Fortunately, there is increasing awareness of their problems. There is greater readiness on the part of sending and receiving countries to discuss the issues through bilateral and multilateral consultations such as the Asia-Pacific Consultations on Refugees, Displaced Persons and Migrants and the “Manila Process”.[12]

V. Female migration and trafficking

Among Asean countries, the Philippines has been a pioneer in female migration of labour in different forms: domestic helpers, entertainers and nurses. The last two are regarded as professional categories. Indonesia has also become a major source of domestic helpers, particularly for the Middle East.

Some have referred to a feminization of Asian migration flows. It is, however, unclear whether the migration flows from Asian countries have increasingly been dominated by females or whether it is the particular gender roles that have been reflected in such flows (Wickramasekara, 1995). Table 5 summarizes some available information on documented labour flows from major Asean countries sending female labour, which does not provide strong evidence of such a pattern. In the case of Thailand, the female share has actually declined. However, given the large undocumented flows affecting both males and females in the region, one should exercise extreme caution in arriving at firm conclusions.

Hong Kong (China) and Singapore represent the major destinations of domestic helpers

Table 5. Share of female migrants in reported labour outflows (per cent of total migrant workers)

	1988	1993	1998
Indonesia	78	66	78
Philippines	47	55	61*
Thailand	13	19	16

Note: refers to only reported migration. * New hires only.

Sources: 1988 and 1993 data from Wickramasekara, 1995; 1998, Indonesia, from Hugo, 1999; Philippines, POEA; Thailand, MOLSW.

in Asia. A sizeable number migrate to the Middle East, especially Saudi Arabia. The problems faced by domestic helpers, especially in the Middle East, are well known. Being confined to private homes as the workplace, they have to work long hours for low pay and are quite often subjected to abuse and sexual harassment. Sexual harassment is a common complaint by domestic helpers, especially in the Middle East. They enjoy hardly any protection and the national laws invariably favour the employers. These abuses are proverbial in the Middle East while they are not uncommon even in Singapore and Hong Kong (China), which have better labour administration systems. Entertainers and women who are trafficked into the sex industry become virtual slaves in debt bondage.

The other disturbing aspect not conveyed by data is the increased trafficking of women and children across borders, often for commercial sex and other exploitative and abusive purposes. Among Asean countries, Thailand has become a major hub in this process of trafficking. Quite often, women and girls who were recruited for jobs that they believed to be legitimate have often discovered later that they were being trafficked for the purpose of prostitution. Girls are lured from Myanmar, Cambodia, Lao PDR and south China for the sex market in Thailand or to be re-exported to Malaysia, Hong Kong (China), Taiwan (China), and Japan. One earlier study estimated that 20,000 to 30,000 women and girls from Myanmar who had expected to work in restaurants and factories were prisoners of debt in brothels in Thailand (Asia Watch, 1993). According to a recent study, 80,000 women and children were trafficked along the Thai-Myanmar border to work in the sex industry between 1990-97 (Archavanitkul, 1998). Unfortunately, laws in receiving countries such as Thailand normally end up punishing the victims who are branded as “illegal immigrants”.

VI. The impact of the Asian economic crisis on Asean migration

Among Asean countries, Indonesia, Malaysia and Thailand were hit particularly hard by the recent economic crisis. Sharp falls in GDP growth, business failures, capital outflows and rising local unemployment and worker lay-offs naturally affected the migrant worker populations. An ILO report on the financial crisis (ILO, 1998) distinguished between two major effects:

(a) Reduced overall demand for labour as a result of the economic downturn, which meant reduced demand for migrant workers as well. Apart from direct job losses, this would have led to reductions in wages and other benefits even for skilled migrant workers;

(b) Intensification of pressures to migrate in labour-sending countries because of severe economic hardship. This was particularly evident in Indonesia, which saw a dramatic deterioration in economic conditions (Hugo, 1999).

Therefore, the crisis had important implications for the dynamics of labour migration affecting Asean countries.[13] At one end, Malaysia and Thailand, hosts to a large migrant worker population, mostly on an irregular basis, changed their lenient attitude. In Thailand, immigrant worker replacement was one of the seven planks of the Unemployment Relief Scheme. Malaysia also toughened its stand in the drive for saving jobs for locals. Malaysia and Thailand both announced plans for deportation of irregular workers and non-renewal of work permits for regular workers. The Republic of Korea offered an amnesty to illegal workers to leave voluntarily and many took advantage of this. The legal trainee scheme has also been downsized.

While there have been significant return flows in many countries, predicted mass deportations did not take place, however (SCM, 1998). The ILO estimates show a return of about one million workers overall (see table 6). Malaysia sent back about 200,000 Indonesian workers employed in services and construction in 1998 while Thailand reported repatriation of about 200,000 Myanmar workers by the end of 1998. A study on the Philippines showed that its migrant workers would be largely unaffected by the present crisis given that the Philippines has been able to diversify countries of overseas employment (Böhning, 1998).

Table 6. Impact of the financial crisis on stock of migrant workers (in thousands)

Receiving country	Number of migrant workers			
	Pre-crisis 1997		Mid-1998	
Hong Kong (China)	300	(9.4)	300	(9.2)
Japan	700	(1.0)	680	(0.9)
Rep. of Korea	267	(1.2)	150	(0.7)
Malaysia	1700	(19.8)	1300	(14.7)
Singapore	450	(23.9)	400	(20.6)
Thailand	1260	(3.7)	800	(2.3)
Total	4677		3630	

Source: ILO estimates as cited in ILO/ROAP, 1998. Figures in brackets indicate percentage of the labour force.

The persistent mismatch between available jobs and those demanded by local workers partly explains the lower-than-expected repatriations (SCM, 1998). Local workers have not been keen to go into these available jobs involving arduous and risky work with low pay, usually one-third to one- half of wages paid to Thai workers. Both Thailand (rice-milling and fishing industries) and Malaysia (plantation sector) have therefore eased some of the restrictions initially imposed. It is also noteworthy that domestic helpers were not affected to that extent although they have suffered wage cuts as in Hong Kong (China).

At the same time, there was considerable pressure for re-emigration on the part of countries like Indonesia to escape from the poverty trap and unemployment in the heat of the crisis. Hugo (1999) reported that the largest official migration took place in the course of 1998 under these conditions. Singapore and Malaysia even had to intensify border control to prevent illegal migration.

It does seem strange, however, that there was not much open discussion within Asean forums on these problems of common interest. The Asean Ministerial meeting of 24 July 1998 simply acknowledged that the crisis was exacerbating migration pressures. There was, however, some degree of cooperation and consultation between Malaysia and Indonesia on the issue. Myanmar, however, continued to deny the existence of a large Myanmar migrant population in Thailand and did not make any attempt to engage in bilateral talks with Thailand on the issue.

The statement issued by the Conference on Social and Political Dimensions of the Asian Economic Crisis at the Second Asia-Europe Meeting (ASEM) in March 1998 is highly relevant in this context. It urged ASEM governments to stoptheforced repatriation of migrant workers immediately. It also added: "... migrant workers should not be used as a scapegoat for economic problems or manipulated by governments and business to fragment labour and bring down wages".

VII. Protection issues

Most issues pertaining to protection are not unique to Asean but apply to all migrant workers in the Asian region. An earlier ILO study described migrant workers as "the least protected" (ILO, 1996). From the viewpoint of a labour-sending country, the protection of migrant workers has two aspects: protection of would-be migrants in the country of origin; and protection of workers while they are abroad. National laws in the country of origin can do little to help their workers abroad. In a labour-receiving country, the issue mainly revolves around the protection accorded to foreign workers, whatever their status.

The exploitation of migrant workers starts with the local recruitment industry: agents charge exorbitant fees which have a negative impact on potential earnings and involve various forms of fraud in sending workers abroad. While the private recruitment industry in Asean had done much to expand job opportunities abroad more than the public sector, there are still many agents who are unlicensed and try to exploit potential migrants. On the one hand, the fees charged are very high. In the case of Thailand, the agents charge between 140,000 to 160,000 baht (US$3,500–4,000) to send workers to Taiwan (China) or as trainees to Japan – which are regarded as premium destinations.

Another unsatisfactory feature is that workers face different terms and conditions abroad from those offered prior to migration. Apart from contract substitution, unscrupulous agents send persons for non-existent jobs. A telling example is the recent case of 226 Thai workers stranded in the Republic of Korea.[14]

Once they migrate, migrant workers in Asia face a number of problems ranging from low wages, discrimination, unsatisfactory working conditions, and the absence of any form of social protection including social security benefits, to sexual harassment and gross violations of basic human rights. Laws in the sending country can offer no help in this context. The most vulnerable are female domestic helpers and entertainers. Most labour laws do not apply to domestic work and, in any case, it is difficult to enforce regulations when the workplace is the home. Migrant workers have to surrender their passports to the employer, which makes it very difficult for them to seek redress later on. The problems facing women workers are discussed in section V.

The other complication arises from the fact that a large part of such migration is undertaken in irregular conditions as noted above; the Indonesian workers in Malaysia and Myanmar workers in Thailand referred to are good examples. Irregular migrant workers are highly vulnerable because they cannot or may not even wish to avail themselves of services in place due to fear of detection and deportation. They are usually paid the lowest wages and employed in the most arduous and hazardous occupations. There is no protection whatsoever against workplace injury or occupational diseases.

Countries such as Singapore and Hong Kong (China) maintain that migrant workers are well protected by national laws. Yet national laws are not enforced adequately for the protection of migrant workers in some countries. The *Bangkok Post* (10 November 1999) editorial stated: "… whether an employee is a Thai or a foreigner, he must be protected by the same Thai labour laws – which means a minimum wage and all other employment benefits".

There are a number of regional and international instruments designed to protect migrant workers and members of their families. The ILO has pioneered the development of international instruments for the protection of the rights of migrant workers when employed in countries other than their own.

The major Conventions are: Migration for Employment Convention (Revised), 1949 (No. 97) and Migrant Workers (Supplementary Provisions) Convention, 1975 (No. 143). The latter represents the first attempt to deal with the issue of irregular migration at the international level. More recently, in 1989, the United Nations General Assembly adopted the International Convention on the Protection of the Rights of All Migrant Workers and Members of their Families. In addition, the ILO has adopted several Conventions pertaining to social security rights of migrant workers. These instruments represent vast potential for improving national migration policies and protecting migrant workers (Böhning, 1999).

Unfortunately, neither major labour-sending nor labour-receiving countries in Asia have ratified these instruments except the Sabah State of Malaysia which has ratified the ILO Convention on Migration for Employment (Revised), 1949 (No. 97). The UN Convention, which has been ratified by the Philippines, is not yet in force since it has not yet received the minimum 20 ratifications.

VIII. Policy implications and options

From the foregoing analysis, it is clear that the main challenges facing Asean are twofold: orderly management of migration flows and protection of migrant workers.

• *Management of migration flows*

The first point to note is that migration in the future is likely to increase rather than decrease and it should not be thought of as a transient or temporary phenomenon. Therefore, labour-receiving countries should attempt to formulate a suitable migration policy based on long-term considerations of labour market needs rather than on ad hoc decisions. The long-term issue before the two Asean members, Malaysia and Thailand, is whether migrant labour is consistent with economic recovery, sustained growth and economic competitiveness. In both countries, there are certain sectors that may experience chronic shortages of labour given the nature and conditions of work. At the same time, certain expanding sectors may need highly skilled foreign labour. Levies may be placed on enterprises to discourage the perpetuation of low productive non-competitive industries based on cheap unskilled foreign workers. Other Asean countries may benefit from lessons learned from migration management policy in Singapore. At the same time, migrant-sending countries should attempt to reduce undue dependence on overseas employment through efforts to reduce emigration pressures at home.

• *Bilateral and regional consultations*

Given the international nature of migration processes, it is imperative to pursue bilateral and regional consultations. Abella (1995) has clearly shown that orderly migration policies are possible only when there is cooperation between sending and receiving countries. The Asean forum must be used more directly to discuss labour mobility issues, although member States have been reluctant to do so up to now. The Bangkok Symposium on Irregular/Undocumented Migration, which called for a regional mechanism, is an encouraging step in this context, although it could not agree on specific details. The Asia-Pacific Consultations and the Manila Process – both sponsored by the International Organization for Migration – are important initiatives, which have to be sustained and broadened. The countries in the region can draw upon international good practices in Western Europe with guest worker schemes to identify suitable policies and practices.

• *Protection of migrants*

Countries should ensure the basic human rights of all migrant workers, whatever their legal status. ILO Conventions and UN Conventions provide ample guidelines for formulating migration policy consistent with workers' rights and human dignity. Therefore, priority consideration should be given to supporting and ratifying ILO and UN Conventions or enacting legislation consistent with the spirit of these instruments. The recent ILO review of Conventions on migration has made a number of important observations in this regard (ILO, 1999b). The submission by the ILO to the Bangkok Symposium (ILO, 1999a) has highlighted the potential of ILO Conventions in combating various abuses related to irregular migration. Archavanitkul and Guest (1999) have also outlined a series of steps at the regional level to combat irregular migration problems. More effective regulation of the recruitment industry is needed to reduce the costs of migration and other abuses. Governments should also simplify procedures and regulations to facilitate migration.

• *Greater role by social partners in migration issues*

National and international NGOs already play an important role in providing protection and redress to migrant workers, especially women workers, in receiving countries but the role of the social partners has been limited. Trade unions as well as employers' organizations should take an active role in migration policies in their countries. The 1996 study of the ILO Bureau for Workers' Activities has provided concrete guidelines to trade union organizations in this respect. Employers also need to share social responsibility for the plight of migrant workers and provide them equal treatment in respect of pay and working conditions. Employers' organizations can also exert pressure on the recruitment industry to prevent abuses. Networking among employers' and workers' organizations in sending and receiving countries should be attempted. At the same time, migrant workers' associations should be encouraged.

• *Control trafficking of women and children*

Asean countries should take a firm stand on the trafficking of women and children. It is a major humanitarian issue and the organized syndicates and traffickers should be harshly dealt with as accepted by the Bangkok Declaration. To quote: "The participating countries and region should be encouraged to pass legislation to criminalize smuggling of and trafficking in human beings, especially women and children, in all its forms and purposes, including as sources of cheap labour, and to cooperate as necessary in the prosecution and penalization of all offenders, especially international organized criminal groups."

• *Information campaigns and orientation*

Public information campaigns on the risks and dangers of irregular migration and the phenomenon of migrant trafficking and related abuses should be launched as a preventive measure. Asean countries can coordinate information networking to generate better information on all aspects of migration, both documented and irregular.

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Notes

[1] Second Informal Summit in Kuala Lumpur of Asean Leaders, 15 Dec. 1997. Cited in Charlermpalanupap, 1999.

[2] The first growth triangle to be established is the Singapore-Johor-Riau Growth Triangle, known as SIJORI, which involves Singapore, Malaysia and Indonesia. The second major one is the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), covering selected adjacent areas in the three countries involved. The third growth area (EAGA), initiated in 1991, covers contiguous areas in Brunei Darussalam, Indonesia, Malaysia and the Philippines.

[3] I have discussed these issues in more detail in relation to Asia. See Wickramasekara, 1996.

[4] See Wickramasekara, 1996, for details.

[5] Garnier (1997) has discussed features of skilled labour migration in Asia.

[6] Another important factor was a diplomatic dispute with Saudi Arabia which stopped issues of visas for Thai workers up to now.

[7] Thailand's concern about irregular migration is evidenced by its initiative in convening the International Symposium on Migration entitled "Towards Regional Cooperation on Irregular/Undocumented Migration", 21-23 Apr. 1999 in Bangkok.

[8] According to the editorial of the *Bangkok Post*, 10 Nov.: "The forced repatriation has been a terrible failure".

[9] This section draws upon Pillai, 1999 in the absence of official figures.

[10] As reported in *Straits Times*, 5 Nov. 1997. Cited in Atipas, 1999.

[11] Böhning has proposed a terminological framework which distinguishes among different categories of migrants and brings out the nature of irregular migration clearly (ILO, 1997); see also IOM, 1999.

[12] See International Organization for Migration, Migrations initiatives: Bangkok Declaration and IOM Programmes in South-East Asia, July 1999 (http://www.iom.ch).

[13] Some have voiced concerns about the treatment meted out to migrant workers, particularly in detention centres, and possibly involving human rights violations, Human Rights Watch, 1998.

[14] 226 workers stranded in South Korea for two months were supposedly recruited as crew for ships in England. While four firms sent workers, one of them was unlicensed. Each paid 180,000–200,000 baht as brokerage fees. *Bangkok Post*, 17 Nov. 1998.

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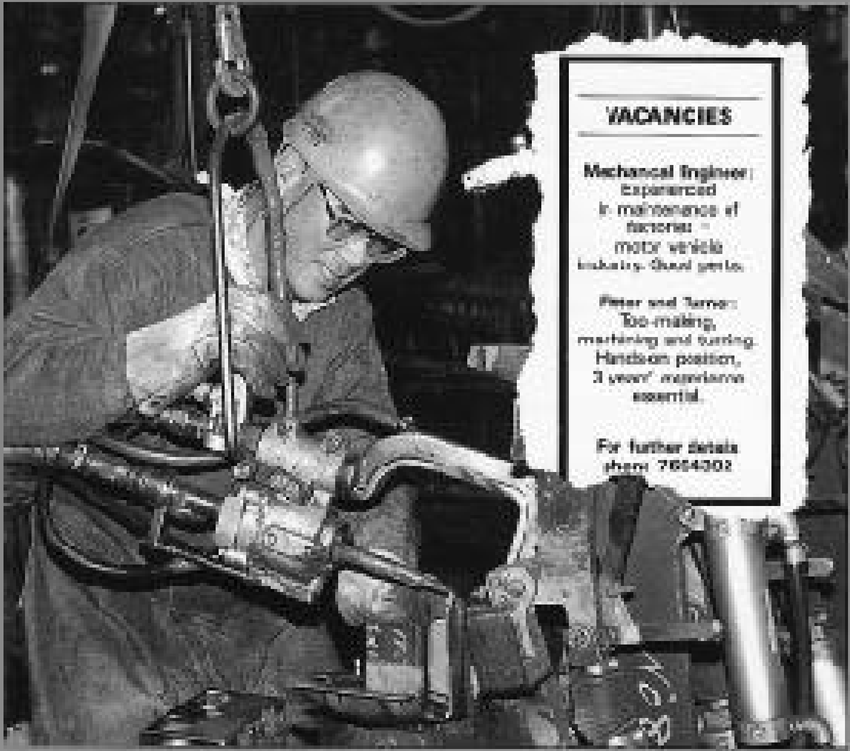

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