1. INTRODUCTION

The fierce controversy in international migration is barely surprising. At its heart is the poignant debate regarding the universality and territorial application of basic human rights. In this state-centric system, the possession of legal citizenship has been the core basis for awarding a person with full state recognition and the protection of such rights as life, liberty, security, movement, expression, and a standard of living enough to guarantee his or her well-being. Where these rights do not or only partly get fulfilled in their countries of origin, some people venture abroad in the hope of improving their economic, political, and social circumstances. Lacking citizenship in their host countries, migrants in general tend to end up grappling with even greater uncertainty regarding the status of their rights. The tough challenge in translating the principles of non-discrimination and equality into reality for migrants is demonstrated not least by the failure so far to broaden the ratification of and accession to the International Migration Convention. As of April 2009, only forty-three states were parties to this convention (International Steering Committee 2009). The majority of these
state parties, none of which are from the Greater Mekong Subregion (GMS), are net sending countries.

The struggle for migrant rights becomes a cause for greater concern if one appreciates how, for many migrants, emigration is fraught with danger and represents a long uphill battle against the constraints of poverty and freedoms. The journey has become more onerous with the marriage of migration, national security, and crisis management policies. Especially vulnerable are those conveniently classified as irregular migrants, though in reality some of these are refugees, stateless, or have been trafficked. Throughout the migration cycle, these migrants are at risk of abuse, enslavement, social exclusion, imprisonment, and deportation. Reaping net economic gains from overseas employment forces them to take informal, riskier routes to destination countries and reject registration opportunities to avoid tax payments and contributions to funds that are earmarked to fund their repatriation. Wishing to remit as much of their earnings as possible to their dependants back home, they need to be stringent with their own food and non-food consumption.

Even with all the sacrifices, a beneficial relationship between international migration and development at the macro and micro levels is not a given. The question, “Is migration good or bad?” seems straightforward enough until one realizes how difficult it is to weigh the pros and cons of migrant movements against each other. With reference to labour migration, it may be that the net economic return is positive, but a comprehensive cost-and-benefit analysis of people’s movements would also factor non-economic considerations into the equation. Lest it becomes a serious threat to national unity and security, the political and social repercussions of labour migration have to be taken into account. Besides, cases such as that of the influx of Myanmarese workers into Thailand illustrate how the economic and non-economic drivers of human mobility are at times so enmeshed with one another that it would simply be a mistake to undervalue the latter.

This chapter and the individual GMS country studies on Cambodia, the Lao People’s Democratic Republic (Lao PDR), Vietnam, and Thailand, focus on labour migration. Sixth in the Development Analysis Network (DAN) series, this group of country studies had the specific research aim of filling an important gap in the rather limited literature on GMS migration. This gap refers to the lack of empirical and comparative information on the financial costs and benefits of intra-GMS labour migration at the micro level. The country chapters also dwell on other country-relevant trends and
issues, but the focus is on the economic underpinnings of labour migration. To achieve their collective aim, the country studies utilized both primary and secondary data. Primary data were mainly garnered from the field surveys, focus group discussions (FGDs), and key informant interviews (KIs) conducted separately and jointly by the DAN member research institutions. Data generated from these surveys form the chief bases for insights on the micro level economic returns from migration for GMS migrants and their households. Comparative descriptions of the survey samples are provided in Annex A. At the outset, it should be noted that some survey findings are conditioned by the samples’ characteristics.

Without question, the GMS is an area worth investigating in labour migration studies, exemplifying as it does the core-periphery model of international mobility. Much like how Jupiter’s gravitational pull sucks in space objects, the centre (Thailand) attracts the majority of migrant movements from the peripheries (Myanmar, Cambodia, and Lao PDR, or the GMS-3; the GMS-3 plus Vietnam is called the GMS-4; the GMS-4 plus Thailand is called the GMS-5). The decision to make GMS labour migration the theme of the DAN 6 series therefore promised enriching contributions to migration research. The policy relevance of the series at the same time pertains to how its findings could help orient labour and migration policies into being more balanced and pro-poor by promoting a pluralistic understanding of the dynamics and issues behind migrant labour markets, and providing empirical proof of the financial costs and benefits, thus the poverty impact, of labour migration on migrant households.

This chapter focuses on GMS labour emigration to Thailand, given that it is the predominant form of migrant movement within the GMS. The GMS group also includes Myanmar, and the Yunnan and Guangxi provinces of China. Much of the irregular worker movements to Thailand are accounted for by the Myanmarese, in light of which this chapter not only pools the findings of the individual country studies, but it also touches on the labour mobility from Myanmar to Thailand where possible. Following the tone of the individual case studies, its discussions focus overwhelmingly on economic drivers; however, this is done without prejudice against the non-economic drivers of labour migration whose significance, especially in such cases as Myanmarese worker movements, is recognized at the outset. Equally important, this chapter situates intra-GMS labour migration in broader migration developments and also fills some gaps and provides some updates that are missing in the country-level research.1 At the time the
country studies were being completed, the global crisis, for instance, was still unravelling and Thailand’s newest alien employment act was yet to be operationalized. The alleged final round of irregular worker registration in Thailand had also just taken place. The impact of these events on labour movements to Thailand was not really captured in the country studies. An appraisal of such impact, while perhaps incomplete, is one update that this chapter seeks to provide. Section 1 offers an overview of the contemporary migration discourse, definitional issues, and analytical framework, while Section 2 looks at some migration statistics. Section 3 discusses the drivers of intra-GMS labour migration, while Sections 4 and 5 look at the economic benefits and costs of migration at the macro and micro levels. Section 6 discusses migration management. Section 7 concludes.

2. INTERNATIONAL MIGRATION: DISCOURSE, DEFINITIONS AND ANALYTICAL FRAMEWORK

2.1 Three Enriching Influences on Contemporary Migration Discourse

The discourse on international migration has come a long way. It has reached greater maturity and objectivity with the expansion of its consideration and inclusion of more stakeholders in the dialogue. From trade unionists and populist politicians to diaspora members and human rights ambassadors, protests have been made in an appeal to impede or ease international labour migration flows. Often, migration has been treated as if it is a zero-sum game. The contemporary discourse on migration has sought to subdue both intolerant tendencies and utopian ambitions, alter pessimistic outlooks, raise newer concerns, and bolster the impetus for improved unilateral, bilateral, and multilateral migration management.

Three developments helped enrich the contemporary discourse on international migration. First is contemporary globalization, which is made distinct from earlier spates of globalization by its increased density of networks, increased institutional velocity, and increased transnational participation (Keohane & Nye 2000). While it has admittedly made more headway in the goods and financial markets, contemporary globalization has nonetheless introduced major transformations to the world of work. It has increased labour mobility via deepening regional integration, increasing infrastructure networks, accelerating information dissemination,
and significantly pushing transport costs down. These in turn intensified the pressures on labour markets with respect to wages, job security, and upgrading of skills for movement between jobs (IOM 2008). In the case of the GMS countries, the deepening of their interconnectedness through ASEAN economic cooperation and the GMS Programme supported by ADB and other donors has facilitated greater flows of people to and from each of the Mekong countries. Contemporary globalization additionally challenged such traditional ideas as the trade-off between remittances and brain drain. By easing the formation of transnational communities, it also made emigration and migrant return less of a discrete event and increasingly more a part of a wider process of international exchange (IOM 2005). This decade’s most devastating events — the 9/11 terrorist attack, the Asian financial crisis of 1997–98, which had its epicentre in Thailand, and the global financial and economic crisis of 2007–09 — were all largely rooted in contemporary globalization. Their impacts on labour migration prove that globalization has undeniably impinged on the world of work in potent, novel, and multiple ways.

Two other developments that have enhanced the contemporary discourse on international labour migration are the improvement in migration statistics and the advancement of legal and institutional frameworks relating to migration. What is interesting is that the key international organizations dealing with the knowledge base on international migration — the International Organization for Migration (IOM), the International Labour Organization (ILO), the United Nations (UN) particularly the UN Department of Economic and Social Affairs (UN DESA) and the UN Population Division (UNPD), and The World Bank — appear to have adopted differentiated data gathering responsibilities, resulting in a fragmented as opposed to a centralized database on migration related variables. However, individual initiatives to upgrade in-house data have been made. For instance, the IOM, both in support, and as a by-product, of its efforts to broaden its understanding of migration, has improved its data collection over the years (IOM 2005). The rise of multistakeholder institutions such as the Global Forum on Migration and Development (GFMD), the Global Migration Group (GMG), the International Dialogue on Migration, the Regional Consultative Processes (RCPs), and the Global Commission on International Migration (GCIM), has also facilitated greater information sharing. Conventions covering trafficking and child labour have also been widely ratified. Obviously, the progress in building the
knowledge base and the legal and institutional frameworks on migration has significantly assisted research and policymaking. Progress is moving more slowly than the desired pace, however. The International Migration Convention, as mentioned earlier, has so far only attracted a limited number of state parties. In addition, the first multilateral legal framework on migration, the General Agreement on Trade in Services Mode 4 (GATS-4) is supposed to aid the monitoring of international migration, thus information gathering, but limited official commitment has hindered implementation of GATS-4’s intents. With regard to migration within the GMS, a key hurdle to addressing migration issues has been the lack of reliable data. Except for the available official statistics on migration to Thailand, data are otherwise scarce (Soda 2009). The prevalence of irregular migration also naturally constrains the tracking of migration numbers. These data related problems have hindered progress in GMS migration research. Regional mechanisms dealing with migration have also been hampered by limited implementation and non-ratification. Issues so far touched upon will be looked at again in the following discussions. What this chapter wants to make clear at this point is that these three factors — contemporary globalization, enrichment of the knowledge base, and progress in international lawmaking and institutional building — have infused greater maturity into the discourse on migration.

2.2 Definitions

International migration refers to the movement of persons from one state to another, with the intention of settling temporarily or permanently in a state other than the state of which the persons are nationals. Emigration refers to the exit of the migrant from the source country while immigration refers to the entry of the migrant into the destination country. These definitions are straightforward enough. Problems instead beset the definition of migration typologies: regular, irregular, legal, illegal, voluntary, and forced (trafficking), economic, and non-economic migration.

By its very nature, the formal definition of irregular migration is at best an imprecise exercise. The term has been defined as referring to migrants whose status does not conform, for one reason or another, to the norms of the country in which they reside (IOM 2008). Apart from saying that irregular migration is essentially country-specific, this definition also aptly signifies that even within countries, “spaces of illegality”, as opposed to precise
dichotomies, can better capture the statuses of various irregular migrants. These spaces are defined by the various levels of migrant compliance with employment terms, namely full compliance, non-compliance, and semi-compliance (IOM 2008). Semi-compliance can generally be said to refer to the situation where either one of the immigration and employment status of the migrant is illegal. At the same time, it pertains to the situation of migrants whose immigration status in the host country is legal, but who are otherwise in partial or complete violation of the employment procedures or conditions of his or her immigration status or work contract (IOM 2008). Semi-compliance can be made to refer as well to the likes of the registered irregular migrants in Thailand. There are basically three types of migrant workers in Thailand: regular workers who are legal in terms of both work registration and immigration; registered irregular workers who are legal in relation to work registration, but illegal in relation to entry into the country; and unregistered, irregular workers who are illegal either in terms of immigration or work registration. The government’s regularization policy has targeted both types of irregular workers as elaborated on later. Thailand’s Alien Employment Act B.E. 2551 (2008) defines the regularity or legality of alien employment in the country on the condition of the possession of a work permit with little exception. Migrant status are also fluid, meaning that a migrant can be regular one minute, and irregular the next (ILO 2004; Sciortino & Punpuing 2009).

The term “irregular migration” is said to be preferable to illegal migration for three reasons. First, most irregular migrants are not criminals. Second, whatever their status are, migrants have fundamental human rights that may be overlooked when they are classed as criminals. Third, linking irregular migration to illegality may provide justification for the neglect of their human rights, and inappropriate rejection of applications for asylum by asylum seekers caught up temporarily in an irregular status (Koser 2005; Carens 2008). Recognizing the implications of treating irregularity as synonymous with illegality, the UN endorsed the terms irregular migration and undocumented migration.

Another migration typology is based on the degree of voluntarism in people’s movements. The concepts voluntary and forced migration fall under this category. It has been widely acknowledged that distinguishing voluntary from trafficked migrants is difficult. Even with full knowledge of the dangers ahead and under coercive environments, aspiring migrants have been known to proceed voluntarily with migration plans. In this
relation, the migration status is also fluid, meaning that migration can be voluntary one minute and coerced the next. One other issue closely linked to this relates to the sometimes inseparable economic and non-economic natures of migration. For this very reason, migration in Africa, the region with the biggest concentration of internally displaced persons (UNHCR 2009; IDMC 2008), due mainly to armed conflicts, is very complex. It is hard to decipher to what extent voluntary migration in the region really is voluntary and purely economically driven. Another best example of this phenomenon can be found in the Mekong region. It would be too simplistic, if not outright wrong, to trace the root of Myanmarese emigration to economic factors alone. The motive of Myanmarese migrants could be equally about wanting to improve their economic welfare as fleeing a repressive environment. In other words, their migration could have been just as strongly driven by broader quality-of-life considerations.

The above definitional complexities must be borne in mind when considering migration trends as well as migration policies. This chapter began with the issue of migrant rights which depend on migrant status and country context. The points made above on “spaces of illegality”, “fluidity of migrant status”, and how “irregularity is not tantamount to illegality” assume critical importance in delineating the status of migrants. The country specificity of migrant rights also needs to be appraised as it contradicts the understanding of migrant rights being universal.

2.3 Analytical Framework

The research thrust of the country-specific studies finds basis in the tenets of various dominant migration theories and considers migration from both the macro (country-level/structural) and micro (household level/agency-based) perspectives. Hence, it rightly eschews the theoretical bipolarities that long arrested progress in migration research and instead adopts a pluralistic explanatory framework in aiming to capture the heterogeneous elements of migration. The studies’ interest in estimating the financial costs and benefits of labour migration is premised on the neoclassical economic theory that international labour migration occurs as a result of rational calculations showing net positive financial returns from working abroad. However, the choice of the household as the main unit of analysis on many occasions departs from the neoclassical economists’ single-minded focus on the individual. It instead resonates the key proposition of the
new economics of labour migration — that households and other units of production are the more appropriate locus of analysis in migration studies. Even in the absence of differentials in wages and/or employment rates, migration can occur because of household risk diversification strategies. To explain international migration further, the individual case studies also tapped the elements of the push-pull model and theories of cumulative causation. The push-pull model advances the idea that there are push and pull factors in receiving and sending countries that instigate migration. Theories of cumulative causation, on the other hand, seek to explain the perpetuation of migration by referring to the role of factors such as migrant networks and supporting institutions.

A broader understanding of intra-GMS migration, however, compels consideration of structural migration theories. This chapter presents a simple core-periphery model of intra-GMS labour migration that utilizes elements of new economics geography, segmented labour market theory, the push-pull model, and world systems theory. The concepts, “core and periphery”, were actually made prominent by the world systems theory, which, in relation to the migration theme, posits that it is the “disruptions and dislocations” in capitalist activities that cause migration (Hirschman et al. 1999). While evidence for this argument may be abundant during economic crises, it is taken as insufficient explanation for the growth of international migration during normal periods. In fact, outward migration, in some instances, continues even in the midst of economic shocks. While adopting the terms, “core and periphery”, therefore, the model presented here also draws from the precepts of the other structural theories.

Figure 1.1 shows that the majority of migrant movements from the peripheral countries, Myanmar, Lao PDR, and Cambodia, are towards the core, Thailand. Coinciding with its full shift to a service- and industry-driven economy, Thailand evolved from a net emigrant into a net immigrant country starting in the early 1990s. Migrant movements from Vietnam, which is a semi-periphery country and shares no border with Thailand, are mainly in the direction of other destination countries.9 While the economic factors driving migration are discussed in detail in the succeeding sections, a snapshot of the characteristics of the core and non-core countries is provided below to explain the pull of the core state.

The concepts, core, periphery, and semi-periphery, have not really been formally defined. In any case, these concepts can only be understood in
Figure 1.1
GMS-5 Core-periphery Migration

Note: Arrows in bold refer to the direction of the majority of international migrant movements. Arrows not in bold refer to the direction of the rest of migrant movements. Arrows pointing towards the outside of the circle refer to migrant movements to non-GMS countries.

Source: Authors.
relative terms. Core countries are generally understood as having higher development relative to non-core countries. Peripheries are the least developed; semi-peripheries are those in between. The GMS case suggests further delineations to these concepts. Clearly, Thailand is the most developed relative to its GMS neighbours. Details about the development divide between Thailand and the other GMS countries are explored later; obviously, the divide is considerable. Thailand’s gross domestic product (GDP) is about twice as big as that of Vietnam and about forty times that of Lao PDR (WB WDI online). A look at the key sources of GMS countries’ growth reveals a clearer distinction between the core and non-core states.

Thailand’s contemporary development is predominantly driven by industry and services, with agriculture only accounting for about 9 per cent of output. The output share percentage of agriculture in Cambodia, Lao PDR and Myanmar is not less than 30 per cent; at least 50 per cent of the workforces in these countries are employed in the sector. Vietnamese agriculture in the meantime accounts for roughly 20 per cent of the national output and more than half of the total national workforce. The saturation of the agriculture sector with cheap labour is partly due to labour market rigidities. It is not only the core country’s higher level of development per se that makes it attractive to migrants. The segmented labour market theory advances that the capital intensity of industrial production and therefore greater work stability in core countries during normal periods attracts workers from the labour-intensive agricultural sectors where employment is irregular. Rural farming households in the peripheries wish to lessen the risks to their income and diversify income sources by sending someone to work in non-agricultural sectors. Population dynamics in the core and non-core states likewise serve as push and pull factors. Again, details of these are examined in the next section. In brief, Thailand’s population is older than its neighbours. Job creation in the peripheral countries cannot keep up with their high population growth. Agriculture is already saturated and unappealing compared with other sectors, given the lower wages and the seasonal availability of work in the sector. This evolves into a push factor for outward migration. Meanwhile, the ageing population in the core country creates the need for an additional active workforce.

The above core-periphery model offers a simple bird’s-eye view of intra-GMS labour migration. The world systems theory may have been criticized for its characterization of the relationship between core and
non-core countries as exploitation, but its emphasis on connectedness and dependencies is right on track.

3. INTERNATIONAL MIGRATION IN NUMBERS

The number of international migrants was put at 195 million in 2005, a quarter more than in 1990. Assuming that shocks have little impact on long-run migration trends, the international migrant stock is estimated to have increased to about 214 million in 2010 (Figure 1.2). The majority of the international migrant population is comprised of migrant workers and their families. In 2000, there were some 86 million labour migrants worldwide (ILO 2006b). In 2005, the roughly 94 million migrant workers plus their families comprised about 90 per cent of the total international migrants (ILM 2007). It is highly likely that all these figures are underestimates, however, given the huge, but indefinable number of irregular migrants. A rough count indicated that some 20 to 30 million individuals worldwide are unauthorized migrants (IOM undated). As a proportion of the total world population, the international migrant stock is very small, at about only 3 per cent. It follows that the percentage of economically active

![Figure 1.2](image-url)

**FIGURE 1.2**

International Migrant Stock, by World’s Regions, Millions

Source: UN DESA, International Migrant Stock: The 2008 Revision.
migrants in the global workforce is also miniscule, likewise at about 3 per cent. Contrary to popular assumption, there are more north-to-north than south-to-north migrant movements. Considerable south-to-south labour migration also occurs, even in the absence of significant wage differentials. International labour mobility is constituted mainly of low-skilled labour taking on low-skilled employment in receiving countries. However, developed nations have been increasingly luring talented professionals, assisted by various policy enticements, such as the revision of points systems and relaxation of return policies for foreign students. The majority of migrant workers in developed destinations are concentrated in the industrial and service sectors.\footnote{12}

Asia has the largest international migrant population after Europe. It has also become the biggest supplier of immigrants to the rest of the world, with many countries in the region experiencing net emigration. China and India in particular account for the world’s largest diasporas. Among the subregions in Asia, Western and Southeast Asia have the lion’s share of the international migrant stock. The GMS-5 has accounted for a rising number of the migrants. However, compared with the ASEAN-5 (Brunei, Indonesia, Malaysia, the Philippines, and Singapore), such a share has remained modest. Between 1990 and 2010, the number of international migrants in the GMS-5 increased approximately by more than 170 per cent to 1.67 million, or from 3 to 12 per cent of the total international migrant stock in Southeast Asia. Thailand is the prime immigration country in the GMS-5, retaining about two-thirds of the international migrants based in the subregion (Figure 1.3).

Of the 86 million migrant workers recorded in 2000, about 30 per cent were based in Asia. Similar to developed countries such as Australia and Switzerland, East Asian countries such as Singapore and Malaysia, and Chinese territories, Macau and Hong Kong, have high migrant labour dependency. Following the government’s conscious policy of enticing foreign talent, about one in three workers in Singapore were international migrants in 2007 (Price Waterhouse-Coopers 2008; Yeoh 2007). Thailand’s share of foreign workers in the local labour force was roughly 6 per cent in the same year (Sciortino & Punpuing 2009).

As broached earlier, international labour mobility within the GMS predominantly involves movements to Thailand from the GMS-3 countries, Myanmar, Cambodia, and Lao PDR. Other movements, mostly undocumented, include those between Cambodia and Vietnam, Vietnam
Box 1.1
Coming from Isolation: Brief Background of Cambodian, Lao, and Vietnamese Emigration

The end of the Cold War marked a turning point in the migration histories of Cambodia, Lao PDR, and Vietnam. All these three countries were part of the socialist bloc battling with the United States and its allies for ideological supremacy. This affiliation inevitably dictated the direction and motive of migration outflows from these GMS countries during the Cold War. The shared borders and history with Thailand, however, means that Cambodian and Lao emigration to Thailand has long been established. Families, relatives, and friends have regularly travelled across the borders for personal or work purposes. With this background, formal economic migration is really a relatively new concept. Much of the change in the characteristics and understanding of migration came with the seismic shift in the global order and the end of political and economic isolationism in favour of more open borders and economies.

In the case of Cambodia, both internal and external wars during the Cold War period resulted in the forced emigration of many Cambodians to the border with Thailand. Under Vietnamese occupation, there was also modest student and skilled migration to socialist ally nations to serve the bloc’s collective goal of industrial progress. With the end of Vietnamese rule and the collapse of the socialist bloc, large-scale resettlement, repatriation, and relocation of refugees and displaced persons along the border were conducted in a bid to put the country back on the road to political stability, economic restructuring, and national cohesion. This essentially marked the beginning of formal and voluntary economic migration from the country. The end of the Cold War was likewise a watershed in the migration history of Vietnam. Following the unification of the north and south under socialist rule in 1975, migrant outflows from the country were dominated by movements of skilled Vietnamese to fellow socialist states officially that were arranged among their governments. Again, the collective objective was to advance the industrialization of the socialist group. Even when doi moi or economic reform was introduced in 1986, the dissolution of the socialist bloc essentially terminated such movements. It was only in the late 1990s that official Vietnamese labour export was again actively revived. The traditional affinities and shared language between the Lao and Thai people have long facilitated their movements across the borders to each other’s countries. Colonialism, unfortunately, strained these historical ties and marked the start of the political separateness of, and economic differentials between, the two countries. The Thai economy took off while that of Lao PDR languished. With the introduction of the “New Economic Mechanism” and “the open door policy” in 1986, economic emigration from Lao PDR also started to escalate.

Source: Authors; GMS country chapters.
and Lao PDR, Vietnam and China’s Guangxi province, and Lao PDR and China’s Yunnan province (Soda 2009).

The Asian financial crisis, the 9/11 attack, and the recent global meltdown are watersheds in Thailand’s contemporary immigration history, affecting migration policies and, as a consequence, migration numbers. Migration trends in the country have also been influenced by the political environment, in particular, the relationship between the political leadership and the business sector, and the registration rounds conducted by the government. There have been two types of registration rounds: open registration rounds during which both registered and unregistered irregular migrants can be issued fresh work permits, and re-registration rounds during which only those previously registered and issued work permits can obtain fresh work permits. As a result of the Asian financial crisis, sharp declines in the number of registered GMS-3 workers in Thailand were recorded. The government clamped down on the issuance of work permits to foreigners in an attempt to compel businesses to hire Thai nationals and contain local unemployment. The government’s tougher approach, however, failed to dissuade irregular migrants. While the number of registered GMS migrants in Thailand decreased by about 70 per cent
between 1997 and 1998, the number of unregistered GMS migrants doubled over the same period. With the reform of the migration policy under the new leadership of Thaksin Shinawatra in 2001, the open registration round for irregular workers was expanded to cover all provinces in Thailand and this caused the number of registered migrants to balloon by almost fivefold, or from 15 to 67 per cent of total migrant workers between 2000 and 2001 (Rukumnuaykit 2009; Martin 2007). As national security concerns gained primacy with the occurrence of the 9/11 attacks, it was thought best to encourage irregular migrants to come forward, thus enabling policymakers and law enforcement officials to study and track illegal movements better within the country. The number of registered migrants fell again after 2001 as only re-registration rounds were held. Between 2002 and 2003, the Thai government executed Memorandums of Understanding (MOU) on labour cooperation with each of the GMS-3 governments. However, the number of workers sent under the relevant MOUs was well below the quota, owing to the poor implementation of the agreements. Then in 2004, as a sign of the closer ties between Thailand’s business sector and the political leadership, another huge open registration campaign was held in the country, resulting yet again in a huge increase in the proportion of registered foreign workers from 29 to 85 per cent of the total migrant workers between 2003 and 2004 (Rukumnuaykit 2009; Martin 2007). Various “carrots and sticks” were offered to entice irregular migrants to register, and employers to follow the employer registration requirement.

Between 2004 and 2009, only re-registrations, racked by operational difficulties, were held, causing the number of registered migrants to dwindle once more. Annex B provides a summary of the migrant registration rounds in Thailand since 2004 and their results.

In 2005, some 143,110 foreign workers with work permit, and therefore legal in terms of employment, were in Thailand. The number of “illegal” foreign workers in 2005 was placed at a huge 1.77 million. More updated data indicate that about 2.4 million alien workers, both “legal and illegal” were in Thailand in 2007. The true scale of labour emigration to the country could be even more vast, however, given the possibly larger scale of untracked irregular migration. Of the 2.4 million foreign workers in Thailand in 2007, about 80 per cent or 1.9 million were of GMS origin. An overwhelming majority of these GMS labour migrants were unregistered. Only about 636,346 workers were registered, of which 535,732 were migrants who had participated in the regular registration rounds, 10,540
had registered under special registration schemes, 14,151 had been hired under the bilateral MOUs, and 75,293 had their national identities verified and been granted work permits (Figure 1.4). The gap between the import quota and the actual number of foreign workers sent under the bilateral MOUs reflects the snags in implementing the agreements, as do the delays in the certification of migrants. Workers from Myanmar represent 90 per cent of the registered GMS migrants in Thailand, none of whom had been sent under the MOU between the two countries.

With reference to the latest and, according to the government, the last open registration round launched in July 2009, about half a million GMS-3 migrants failed to sign up to the nationality verification process, a pre-condition for the issuance of fresh work permits. These migrants face the threat of arrest and deportation (Saengpassa 2010). The sectoral distribution of the GMS-3 migrant population in Thailand somehow follows the typical labour force distribution in developing nations. Many of the GMS-3 migrant workers end up in the same lines of occupation where they would likely be employed in their respective countries — the so-called 3D (dirty, dangerous, difficult) jobs. As of December 2007, about 19 per

FIGURE 1.4
Registered GMS-3 Migrant Workers in Thailand by Country of Origin, 2007

Source: Sciortino and Punpuing (2009).
cent of the GMS-3 migrant workers in Thailand were based in agriculture, 15 per cent in construction, 13 per cent in fish processing, and 11 per cent in domestic service (Figure 1.5).

Outward labour migration from the GMS to non-GMS countries is dominated by movements towards other Asian nations as well, particularly the newly industrialized economies (NIEs), Malaysia, Taiwan, and South Korea. Cambodian migrant workers officially sent to Malaysia and South Korea constituted about two thirds of the total sent to all destination countries between 2002 and 2007. Over the same period, Vietnam had half of its officially sent migrant workers in the two countries; more than 30 per cent were in Taiwan. Thailand, as hinted earlier, is not a leading destination country for Vietnamese migrant workers. Meanwhile, Malaysia and South Korea are not key destination countries for Thai labour migrants. Taiwan instead accounts for the lion’s share of formal Thai worker emigration, at roughly 43 per cent between 2002 and 2007 (Figure 1.6).

The vulnerability of international labour migrants in general is most manifest during economic shocks. The worst of the employment impact

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**FIGURE 1.5**

Sectoral Distribution of GMS-3 Migrant Workers in Thailand, 2007

![Sectoral Distribution Chart]

*Source: Sciortino and Punpuing (2009).*
FIGURE 1.6
Formal GMS Migrant Workers in Key Non-GMS Countries, 2002–07

Note: Percentages refer to the number of formal migrant workers as percent of the total sent to all destination countries; in the case of Cambodia, the total refers to the sum of formal workers sent to South Korea, Taiwan and Thailand.

Source: Thailand, Cambodia and Lao PDR country chapters; Sciortino and Punpuing (2009); IOM (2006).
of crises threatens to fall more heavily on foreign workers, given that job crunches typically lead to populist cries for prioritization of nationals in the labour market. Migrants’ actual exposure to shocks, as demonstrated in the recent global financial and economic crisis, can be differentiated, however. This differentiated impact is based on several factors, primary among which is the employment category, thus the skill type, of the foreign worker in question. At the country level, the migration impact of the crisis depends on such factors as the extent of reliance on migrant labour and remittances. Severe crises are expected not only to affect migration numbers as they occur. By modifying the economic prospects of many destination and receiving countries, and hence some fundamental drivers of labour mobility and migration policies, crises are expected to have implications for both the quantity and quality of migrant labour employment beyond the duration of the crises.

The blow of the recent global downturn was seen primarily in labour migration flows, not stocks. Mass return migration did not occur. As mentioned earlier, the number of international migrants worldwide is estimated to have grown by 9 per cent to 214 million between 2005 and 2010. Migration flows, however, waned in many cases as widespread job crises cut demand for immigrant labour and induced preferential policies in favour of nationals. Migration flows, particularly to the Organization for Economic Cooperation and Development (OECD) countries were seen to experience their first major decline since the 1980s (OECD 2009). There were also indications that unemployment struck migrant workers harder than nationals. In countries such as Spain and the United States for instance, the unemployment rate among immigrants almost doubled from the time the crisis began (OECD 2009). Foreign workers in procyclical sectors such as manufacturing, construction, and tourism, were the hardest hit, these sectors having been most severely affected by the recession. By contrast, those in agriculture, fishing, domestic service, and other 3D jobs were felt to have weathered the crisis better, with the general dislike of such jobs by the nationals helping migrants keep their employment. Sectors that require specialized training as in health, information technology, and extractive industries (Papademetriou & Terrazas 2009) appear to have warded off the effects of the crisis as well. Quite the opposite, their growth, hence their demand for highly skilled foreign workers, is expected to have continued. Consistent with this, services sectors in countries such as the United States and Ireland witnessed increases in employment (Awad 2009).
In the case of Asia, key receiving countries, having succumbed hard to the impact of the crisis, enacted policies meant to impede migration flows. Together with fellow key destination states, Malaysia, and South Korea, Thailand froze the issuance of new work permits to foreign workers. It also postponed its planned alien worker registration while the government threatened to deport hundreds of thousands of unregistered migrants. As in the case of other countries, its migrant workers based in the manufacturing sector, which saw sizeable job losses due to the downturn, appeared to have been the most vulnerable (Abella & Ducanes 2009; Awad 2009). It was also feared that migrant earnings and working conditions deteriorated during the crisis as foreign workers were compelled to accept worse employment terms just so they could keep their jobs. Despite all these, there appears to have been no significant change in migration trends in Asia overall. Emigration did not subside from major source countries (Abella & Ducanes 2009). No mass return migrations took place. The high cost of emigration, the uncertainty of being able to return to destination countries, and the similarly bleak economic prospects in source states, were key factors that deterred migrant return while dreams about improved welfare kept emigration alive. Between 2005 and 2010, the international migrant stock in Thailand is estimated to have grown by 18 per cent to 1.16 million (Figure 1.3). One of the lessons from past crises, the most recent one included, seems to be that attempts to reduce migrant stocks attain only limited success. Crackdowns and tougher policies and attitudes only tend to push migrants underground.

4. THE INTRA-GMS MIGRANT LABOUR MARKET: FORCES DRIVING SUPPLY AND DEMAND

4.1 Supply Drivers

What explains the so-called “great migration” from developing countries (IOM 2005) of workers willing to handle 3D jobs? Why does the export of highly skilled nationals continue unabated despite the universal recognition of the importance of skilled human capital in national development? Why do GMS-3 migrants risk moving to Thailand where they are described as generally “working in difficult and exploitative conditions” (Sciortino & Punpuing 2009) or in an “an atmosphere circumscribed by fear, violence, abuse, corruption (and) intimidation” (Human Rights Watch 2010)? There
are both agency-based and structural explanations for the increasing supply of labour migrants. The succeeding discussions may focus on the economic determinants of international labour mobility in view of the contents of the GMS country chapters, but again, in no way is the occasional inseparability of economic and non-economic drivers of migration underrated, as argued at the outset.

The predominance of labour migration flows towards the north and more developed areas in certain regions such as Thailand in the GMS suggests the centrality of economic differentials as determinants of labour migrant supply. At least three economic differentials between the sending and destination countries are of relevance in this regard: the employment opportunity differential (the difference in availabilities of employment opportunities or, put simply, the existence of labour surplus); the wage differential (the difference in wages); and the decent work deficit (the difference in work conditions, employment benefits, and labour rights compliance). Generally speaking, all are a function of the development divide between the source and receiving countries.¹⁹

### 4.1.1 The Development Divide

The development divide, as mentioned in the section on conceptual framework, underpins the major difference between the core and non-core states. The world output share of advanced economies as a group may have been declining steadily, distinctly so in the past decade; however, their output continued to grow at about 2.5 per cent²⁰ before it contracted in 2009 due to the crisis and, with their population growths reined in, they have still managed to raise their output per capita further. On the downside, this sustained the extensive income gap between different economic groupings. By 2008, the high income group’s GDP was thirty times bigger than that of the low income group; its per capita GDP was about twenty-eight times higher. Among GMS countries, the development divide between Thailand on the one hand, and Cambodia and Lao PDR on the other (average),²¹ is extremely wide at the ratio of about 28:1 in terms of GDP and 4:1 in terms of GDP per capita (WB WDI online).²² Thailand’s poverty headcount against the international poverty line of US$1.25 a day was a mere 2 per cent; compare this to Vietnam’s 20 per cent, Cambodia’s 40 per cent, and Lao PDR’s 44 per cent.²³ In the human development index (HDI) 2007 listing, Thailand ranked 87 out of 182 countries, while Vietnam
ranked 116, Lao PDR, 133, Cambodia, 137, and Myanmar, 138 (UNDP 2009; see Figure 1.7 for HDI 2007 scores).

In general, higher economic development has equipped more developed areas with larger pools of resources to ensure labour market opportunities, higher wages, and decent work for their people, while empowering the capabilities of such people to advance the necessary enabling environment themselves. At the micro level, aspirations of either the individual or the household to progress closer to, or be in, the same state fuel labour migration. This understanding emphasizes migrant decisions based on “relative deprivation”, as opposed to “absolute deprivation”. Relative deprivation, as the more potent explanation for migration propensities, is a major tenet of the new economics of labour migration.

4.1.2 The Employment Opportunity Differential

There is a preponderance of involuntary unemployment, both structural and macroeconomic, and working poverty in developing countries that concerned governments and affected individuals wish to overcome. In

![FIGURE 1.7
Human Development Index 2007 Scores of Selected Countries](image)

In general, the pace and nature of economic growth have not matched labour force growth and characteristics. Labour market rigidities and imbalances have resulted in a huge bulk of individuals with low productivity saturating the agriculture sector and informal economy. Either actual labour market needs are not met by the skills offered in the labour market, or there are insufficient opportunities to utilize the skills present in the labour force. Given continuously burgeoning population and group of new market entrants, the tight labour market becomes more and more competitive with even highly skilled individuals finding themselves unemployed, or employed in unrelated jobs with salaries incommensurate with their qualifications. Knowing that structural inflexibilities and wage stickiness in the labour market take a long time to adjust\textsuperscript{25} and, at times, underestimating the cyclical nature of unemployment in their countries, developing country governments seem quick to exploit avenues, including labour export, that will help ameliorate the burden of involuntary employment and working poverty in their territories.

In the case of the GMS, the world saw among its member countries some of the fastest economic growth in the past decade. These economic take-offs apparently benefited local labour forces by reducing unemployment, though structural problems and low economic bases have left many in the GMS-4 doing seasonal work in the agriculture sector, without steady jobs, underemployed, and suffering from chronic poverty. As can be gleaned from Table 1.1, Thailand stands out from its GMS neighbours in that its structural transformation paved the way for a significant employment shift to non-agricultural sectors. About 40 per cent of its workforce can be found in services, while 20 per cent is based in industrial sectors. Irregular employment in agriculture, for low or no wages, and the consequent poverty, are known to be important drivers of internal and international migration.

Based on the above, there is, in general, a grave and protracted problem of employment opportunity differential between more and less developed areas. Unsurprisingly, working poverty in the latter group is remarkably high given that the same conditions engendering unemployment inhibit the capacity of the working poor to rise above the poverty line through job earnings. In 2007, the top two regions with the highest, and alarming, concentration of working poor (against the US$2 per day poverty line) were Sub-Saharan African and South Asia, at more than 80 per cent of total employment (ILO 2009). Unfortunately, corresponding information for GMS countries is not readily accessible.
**TABLE 1.1**

**Employment Trends in the GMS Countries**

<table>
<thead>
<tr>
<th>Countries</th>
<th>Change in unemployment rate</th>
<th>Unemployment rate</th>
<th>Employment-to-population ratio</th>
<th>Annual labour force growth rate</th>
<th>Annual GDP growth rate</th>
<th>Agriculture’s share in total employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>–0.2</td>
<td>1.7</td>
<td>1.5</td>
<td>51.9</td>
<td>54.4</td>
<td>1.3</td>
</tr>
<tr>
<td>Cambodia</td>
<td>–0.1</td>
<td>2.5</td>
<td>2.3*</td>
<td>47.1</td>
<td>56.8</td>
<td>3.1</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>–2.2</td>
<td>3.6</td>
<td>1.4</td>
<td>69.0</td>
<td>47.4</td>
<td>2.7</td>
</tr>
<tr>
<td>Myanmar</td>
<td>–0.2</td>
<td>4.2</td>
<td>4.0</td>
<td>39.3</td>
<td>–</td>
<td>1.9</td>
</tr>
<tr>
<td>Vietnam</td>
<td>0.6</td>
<td>1.9**</td>
<td>2.5</td>
<td>45.8</td>
<td>52.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

*Notes: *Based on the results of the Cambodia Socioeconomic Survey 2004; **1996 figure.

4.1.3 Wage Differentials

An indicator of labour market convergence is wage convergence. This is an upshot of the Stolper-Samuelson factor price equalization theorem that posits that free trade eliminates price differentials which in turn even up factor prices (Samuelson 1948). In the neoclassical economic perspective, it has been presumed that labour mobility leads to wage convergence and that in a state where real wages have converged, the key motivation for migration disappears. It was the pioneer of the neoclassical migration theory, the Harris-Todaro model, which enshrined the understanding of wage differentials as the necessary and dominant explanation to worker movements. These neoclassical presumptions have been rebuffed on both theoretical and empirical fronts. A number of studies found wage and employment opportunity differentials to be statistically significant predictors of migration only about half of the time; in some cases, they were even found to engender the reverse of the expected impact. The elasticity of migration to wage and employment opportunity differentials, therefore, proved to be not as high as proposed by the Harris-Todaro model. Despite the effect of data limitations, one can possibly see broader quality-of-life considerations possibly have equal, if not greater, standing as explanatory variables (Quillin & Mansoor 2006).

While there certainly is excellent merit in arguments questioning how superior wage differentials trigger labour migration, it can hardly be disputed that higher wages are a key attraction for rational workers and a major inducer of worker movements. Data on actual wages are scarce and disaggregated. One approximation is that wages in advanced countries commonly exceed those in developing countries by a factor of four to twelve (Freeman 2006). Among the GMS countries, Thailand is way ahead of its regional neighbours in terms of wage levels. The mean wage per worker in the country is noted to be in the US$3,000–US$3,500 range while the average wage in the others is somewhere under US$1,500 per worker (WB & IFC 2009). In the discussion on the economic benefits of migration, country survey results on migrant earnings in Thailand will be analysed in relation to this issue.

Higher wages in general have been found to be positively associated with higher labour productivity and economic development as represented by GDP per capita. A large part of the differences in wages across countries has been found to be attributable to differences in economic development
and labour productivity (ILO 2008a; Rodrik 1999). As already discussed, advanced economies have been able to inject constant increments in their per capita income. As regards labour productivity (defined as GDP per person employed), an evident improvement was realized in the past decade or so. As for the GMS countries, the wide gap in wage levels between Thailand and the GMS-4 clearly mirror the labour productivity and per capita differentials between the two. Thailand’s GDP per capita significantly surpasses that of the GMS-4 as discussed earlier. Meanwhile, labour productivity in Thailand is about 3.5 times that of its neighbours.  

The disparities discussed above give credence to the findings that, despite the growing tide of migration, there have been no convincing indications that discernable wage convergence or factor price equalization in labour markets have been taking place. Given that international labour markets, the GMS included, are far from liberalized, that migrant stocks remain small relative to total country populations, and that large disparities in economic development and labour productivity persist, no convincing conclusions about the realization of wage convergence can be put forward as yet. As elaborated later in the chapter, it has likewise been debated whether migrant inflows depress wages in destination countries, thus trimming the gap step by step. Whether the migration tap will close when wage differentials disappear is another contentious assumption. Early on, it was raised that the explanatory power of wage differentials has been empirically undermined. Migrant decisions must at least equally value other — broader quality-of-life — considerations.

4.1.4 Decent Work Deficit

The problem of decent work deficit has been paid much attention by the ILO as the institution advanced its Decent Work Agenda. The decent work deficit is constituted by four specific gaps, namely the employment gap (that is, the employment opportunity differential), the rights gap, the social protection gap, and the social dialogue gap. The rights gap refers to the shortcomings in implementing labour rights. It has been noted that close to two out of every five countries have serious problems with regard to freedom of association. The social protection gap, on the other hand, refers to inadequacies in the provision of social security benefits. The social dialogue gap pertains to the under representation or exclusion of certain worker groups (for example, workers in the underground
economy, domestic workers) in the dialogue (ILO 2001). As in the other
types of inequities, the decent work deficit works as an incentive for labour
migration and overcoming it also represents a non-economic motivation to
working overseas. The trade-off between simply providing employment to
their citizens and enforcing decent work rights, which may be too costly
for businesses, is one important dilemma faced by developing country
governments. Labour export must have been one of the means chosen to
work around this trade-off.

An indicator of decent work deficit is vulnerable employment, which
refers to the share of contributing family workers and own-account
workers in total employment. This category of workers is less likely to have
formal work arrangements, social protection, and safety nets to cushion
the impact of economic downturns (ILO 2007). Vulnerable employment
rates are very high, reaching 77 per cent in South Asia, 61 per cent in
Southeast Asia and the Pacific, and 51 per cent in East Asia in 2005 (ILO
2009). Vulnerable employment in Thailand may be high compared with
advanced economies, but it is much lower than that in the GMS-4. It is
estimated that, in 2004, vulnerable employment stood at 87 per cent in
Cambodia and 74 per cent in Vietnam, while it was 53 per cent in Thailand
(WB WDI CD-ROM 2008).

4.2 Demand Drivers

What necessitates labour migrant demand? What propels the demand for
foreign labour despite the presence of employment shortages in destination
countries themselves? What are the rational motivations for hiring foreign
workers when doing so could potentially lead to depression of wages,
additional competition for social welfare, and displacement leading to social
unrest? As in the case of labour supply, micro-level (employer-based) and
structural influences are stimulating labour migrant demand. Economic
determinants are key factors driving demand for foreign labour; still,
economic constraints at the structural level are rooted in non-economic,
particularly, demographic, pressures.

The demand for migrant labour is mainly driven by labour supply
deficiencies and other labour market gaps in destination countries. It spans
the entire skills ladder, though the demand for high-skilled workers has
received kinder reception as evidenced by the conscious policies of host
country governments to lure them into their territories. The market for
low-skilled migrants is more strictly regulated, but the need for them in destination countries is similarly pressing. Born out of the apprehensions over the harsher impact of the recent global crisis on low-skilled migrants, pleas have been made to recognize the equal worth of such migrants and their valuable contribution to crisis recovery.

4.2.1 Labour Supply Deficiencies

The world population is projected to swell from about 6.5 billion in 2005, to 9.1 billion by 2050. The bulk of this increase will originate from less developed countries. Between 2005 and 2050, the total population of the more developed regions is forecast to grow by a mere 4.8 per cent, while that of the less developed regions is projected to bloat by 48.7 per cent. Without net migration, the population, particularly members of working age, in the more developed regions would have declined (IOM 2008). This underscores the paramount importance of international migration to the developed world. The phenomenon of international migration serving as a counterweight to declining and ageing populations has been called replacement or compensatory migration.

In the case of the GMS countries, Thailand’s population was growing at less than 1.5 per cent per year back in the mid-1980s when the populations of its neighbours in the subregion were still growing at the range of 2 to 4 per cent per year. The fertility rate in Thailand was already at three births per woman in the mid-1980s while the corresponding rates in its neighbouring countries were in the range of four to six births per woman. Thailand’s population growth is predicted to turn negative by 2040, while its neighbours’ populations are expected to grow continuously, though at single-digit rates. As illustrated in Figure 1.8, what this effectively suggests is that Thailand’s population is ageing and its dependency ratio is expected to leap from 43 per cent in 2005, to 60 per cent in 2050. While Vietnam is projected to follow the same trend, the dependency ratios of Cambodia and Lao PDR are expected to decrease by a significant extent, and that of Myanmar to increase slightly. With the least developed GMS-3 economies unlikely to be able to absorb fully the pressure from their burgeoning labour forces, emigration to nearby Thailand could become an even bigger outlet for such pressure.

The sparse supply of high-skilled workers in destination countries has prompted their governments to lure talented professionals vigorously into joining their workforce. Different criteria have been adopted to define
FIGURE 1.8
Demographic Trends in GMS Countries

high-skilled workers, but education has been consensually treated as the fundamental indicator. In general, highly skilled workers are considered to be those who have completed tertiary education. Given that intra-GMS migration is overwhelmingly low-skilled, the DAN 6 case studies dwell little on skilled migration and its concomitant issues, such as the brain drain. Even emigration from Thailand and Vietnam is mostly low-skilled. Vietnamese immigrants in the NIEs and Gulf states mostly work in construction, garments, electronic assembly, plantations, hotels and restaurants and domestic service (Vietnam country chapter). Many of the Thai migrant workers, on the other hand, are usually classified as labourers, technical workers, and craft and trade workers. Very few occupy professional positions and hold jobs in the services sector. Only 6 per cent of the total overseas Thai workers in 2007 had a bachelor’s degree (Thailand country chapter; Chalamwong & Prugsamatz 2009). Nonetheless, because of its implications for national development and because Thailand must at least be mulling over the problem of potential greater brain drain in the future, a textbox on brain migration is included in this chapter (see Box 1.3).

### 4.2.2 Other Labour Market Gaps

Compared with high-skilled immigration, the inflow of low-skilled migrants in receiving countries is far more strongly restrained and regulated. The huge scarcity of high-skilled workers has created consequential labour shortages and thus built up competition for their talents. By contrast, domestic supplies of low-skilled workers are greater in size and the risks associated with their employment are substantial enough for receiving countries to consider carefully the benefits of absorbing them and limit their temporary worker programmes. Concerns centre on the lack of value-added from these immigrants beyond the specific arrangement for which they were hired, as well as on their integration into host societies, given local sensitivities towards bringing in additional labour competition where local unemployment exists. The overstaying of migrants in breach of their contracts has justified these concerns, not to mention the smuggling and trafficking of low-skilled migrants into destination countries.

Sectoral shortages in low-skilled labour supply do arise, however. Agriculture, for instance, experiences seasonal upsurges in labour demand that can normally be satisfied only in part by the local workers of destination
countries; hence, hiring migrants becomes necessary. Pro-cyclical sectors, such as construction also have their own timely surges in demand that benefit from the migration of foreign labourers who are often cheaper than their native counterparts. Increasing aversion to 3D jobs has also paved the way for the employment of foreign migrants, regular or irregular, in these jobs. It is interestingly pointed out that despite the return of some one million Thai migrants to their home country due to the recent global meltdown, Thai employers still cannot find enough workers to do 3D jobs (Cambodia country chapter). Such aversion to 3D jobs among nationals normally results after they have gained further education, improved their skills, and thus raised their wage expectations. Interestingly, many migrants in low-skilled occupations have also come to replace nationals who have themselves migrated.

Another intriguing fact is that significant low-skilled migration is intraregional. The seasonal labour shortages in agriculture, for instance, are commonly filled by intraregional or cross-border migrants. This is indeed the case for Thailand, specifically for its provinces sharing borders with the other GMS countries. Reasons for this include greater ease of intraregional movements owing to the lower costs of travel, and the social, cultural, and political affinities linking neighbouring states.

5. THE ECONOMIC BENEFITS AND COSTS OF INTRA-GMS LABOUR MIGRATION: MACRO AND MICRO LEVELS

The economic benefits and costs of international labour migration have been well contended. Theoretical contentions historically fell under two headings, depending on their view of whether migration enhances or constrains development. The so-called “migration optimists” or “internationalists”, basically consisting of neoclassical theorists and developmentalists, advanced the argument that migration has had beneficial impact on development. This has been purportedly realized, thanks to factor price equalization and the counterflows of capital and knowledge ensuing from migration. For the optimists, in no way does this suggest that migration does not result in any losses for sending countries specifically; only that such country-specific losses are: one, offset by the global gains; two, smaller compared with the benefits; and three, can be addressed by policy
changes. Opposing this view were the so-called “migration pessimists” or “nationalists” who drew from the insights of historical structuralism. Simply put, these theorists argued that emigration has exacerbated the underdevelopment of sending countries and trapped them in that situation. Economic take-off necessitates a critical mass of highly skilled and highly educated people in view of their direct economic contributions and the positive externalities gained from their presence. Significant emigration, from the viewpoint of the pessimists, therefore snatches such vital assets away from less developed countries. Notably, the debate barely touches on the net impact of low-skilled migration.

Contemporary discourse on migration has essentially shunned this simplistic bipolarity whose idealistic appeal helped fuel populist calls and political rhetoric either blindly championing or rebuffing international migration, and long prevented the popularization of a pluralistic theory on people’s outward movements. Globalization has been spreading the effects of migration, both positive and negative, to sending and receiving countries. It has made the distribution of gains and risks less linear and exclusive. Enhanced data and understanding of the dynamics of migration have made it more possible to exploit the good in what could otherwise be purely detrimental events. In addition, the heightened awareness of the issues involved, the mutual recognition of the benefits of migration to all parties, and the institutional mechanisms that have brought sending and receiving countries together for the sake of dialogue and joint action, have defused, to some extent, the divisiveness which before indiscriminately pegged losers against winners in some kind of zero-sum game. While the risks and losses emerging from migration cannot possibly be phased out, migration can and should be made a positive-sum endeavour. This is argued based on appreciation of the fact that labour migration has become an integral and inevitable consequence of contemporary globalization. In particular, as disparities in standards of living between countries remain stark, attempts to strangle migration will likely do more harm than good.

The economic benefits and costs of migration accrue throughout the migration cycle, which includes planning, recruitment and preparation, transit, arrival and reception, return and reintegration, or return migration (Thailand country chapter). The costs and benefits of migration also accrue at both the micro and macro levels. However, while the gains at the micro level are more or less clear-cut and tangible, whether or not sending
countries in particular lose more than they benefit from international migration remains dubious. Net global gains may be positive, but the distribution of these is a heated point of contention. Moreover, non-economic sensitivities and security concerns can overshadow economic advantages as evidenced by the tightening of migration restraints, despite the many economists advancing the argument that the economic gains from voluntary labour migration are significant.

5.1 Macro-Level Benefits

5.1.1 Benefits to Sending Countries

What are the benefits that accrue to sending countries and justify the determination of labour export as a strategy for employment creation and human capital development? Even if the immediate effects of emigration are virtuous, are the long-term repercussions also just? As broached above, migration has tangible, direct and indirect benefits at the micro level that improve the welfare of migrants and their families. The case is less clear at the macro level. If deliberated well, the labour export policies of sending country governments must have sprung out of difficult choices concerning short-term and long-term relief, and microeconomic and macroeconomic well-being.

Briefly, the economic benefits of migration to sending countries relate to the so-called three Rs — recruitment, remittances, and returns (IOM 2005). Other key benefits emanate from the existence of diasporas. These benefits, together with return migration, are tackled briefly in Box 1.3. Although separate discussions are devoted to the benefits on the one hand and the costs on the other, it is important to note that in the real world, it is difficult to determine which are purely costs, and which are purely benefits at the macro level. Even in the case of remittances, for instance, there are labour supply effects (for example, they make beneficiaries “lazy”), which may make remittances harmful rather than beneficial to the recipient economies in the long run, as discussed later. This caveat must be borne in mind when assessing the macroeconomic advantages and disadvantages of labour mobility.

5.1.1.1 Recruitment

One of the drivers of migration touched on earlier refers to employment opportunity differentials. Involuntary employment caused by macroeconomic
and structural problems is widespread in sending developing countries. This problem is compounded by demographic pressures that continually generate a huge number of new entrants to an already tight labour market. In Cambodia, about 250,000 individuals enter the job market each year. Its leading industry — garments — only employs about 350,000 during peak production (Cambodia country chapter). Labour export offers a means by which governments can reduce joblessness and underemployment in their countries. It also improves the employment profile of sending countries by reducing labour competition at home and freeing up actual or prospective jobs that can then be offered to others in the labour force — and those who are not employed. The vacation of jobs by those who emigrate to find work opens up job opportunities for previous non-members of the labour force, women in particular, effectively increasing labour force participation rates. Through all the foregoing, emigration provides relief, even if only temporary, to already fraught developing economies, typically in the midst of transformation. In the process, it also appeases domestic frustrations over hardships in employment seeking and therefore helps to avert the possibility of social breakdown.

In addition to the above, the employment effects of labour emigration can, at least theoretically, push up wages in the countries of origin in accordance with the notion of factor price equalization. However, previous discussions have already relayed the lack of evidence supporting this principle. Not only the enormity of the labour surplus in developing countries, but also the small number of labour emigrants as a percentage of domestic labour forces impedes wage improvements. Again, the latter is underpinned by the still illiberal nature of international labour markets which, overall, act as a wedge to wage convergence. Earlier, it was mentioned that the mean wage per worker in Thailand is at least twice as high as those in other GMS countries. It is possible that if not for international migration, there could have been an even wider gap in the earnings. Because many known systematic studies have focused on the impact of migration on wages in destination countries, it is hard to provide a body of convincing evidence to the wage impact of migration in sending countries. There are few studies on the subject, but they have looked at individual countries and their findings hardly converge on a single conclusion.34 Again, because the emigrant population accounts for only a small share of the total workforce, wage movements in many sending countries are likely to be predominantly influenced by other factors, including the domestic cost of living.
5.1.1.2 Remittances

As external resource flows, remittances are very attractive. Not only are they less volatile and more resilient to shocks compared with other private capital, they themselves also provide insulation from such shocks. Remittances are generally countercyclical, that is, they tend to rise during economic downturns, natural disasters, and other types of catastrophes as migrants augment their transmissions so that their families can smooth their consumption and satisfy emergency needs better. At the micro level, there are several types of motivations underpinning remittance behaviour and these are discussed in detail later. Even if self-interest cannot be erased completely (thus, its reductive effect on remittances), altruism in general likely surpasses all other intentions in times of crises. Another attraction of remittances is that they are unrequited transfers, meaning they do not result in any other contractual obligation.

The size of remittance inflows to developing countries is huge, the recorded amount increasing from a mere US$18 billion in 1980, to an estimated US$336 billion in 2008. The rise was particularly steep from 2000, with the yearly increase averaging a significant 18 per cent (Figure 1.9). With the migrant stock not nearly increasing at the same rate, this escalation in remitted migrant income can be attributed to a myriad of factors, including reduction in remittance costs, improved data capture and measurement of flows, increased monitoring following the 9/11 terrorist attack, depreciation of the U.S. dollar, and growth in migrant income (Ratha & Mohapatra 2007). The most recent global crisis, however, caused a contraction in remittance inflows to developing nations of around 6 per cent in 2009 compared with 2008. Still, the total remittance volume was above pre-crisis levels (Figure 1.9). It is unlikely that official remittance figures reflect the actual amount of remittances, given the sizeable volume of migrant income transmitted via unofficial channels, mostly used by irregular migrants. Some remittance flows are also not captured owing to limited infrastructure coverage, data gathering limitations, lack of regulation over money transfer companies, accounting rules, and recording errors. It is extremely difficult to ascertain the size of unrecorded remittances, but there is consensus that it is large and official numbers are gross underestimates of the true totals. Several estimates closely coincide and place the amount of unrecorded remittances within the band of 40 to 50 per cent of total official remittances. Mirroring the soar in global remittances over the past three decades, recorded remittance inflows to
the GMS-3 countries swelled from almost nil in the 1980s to about US$476 million in 2008. This GMS-3 total, however, is modest compared with the remittances flowing to Thailand and Vietnam (Figure 1.10). Due to the prevalence of remittances going through informal channels, the true volume of these inflows is also likely to be much bigger. Survey results from both the Cambodia and Thailand country studies show that more than 70 per cent of the Cambodian migrant workers in Thailand dispatch their remittance through middlemen. The banking system or money transfer agents such as Western Union are hardly used. The rest of the migrants just take their savings with them when they go home or request people from their social networks to take the money to their families on their behalf. These modes of remittance are similarly popular among Lao workers in Thailand. However, one finding that stands out from the Lao PDR survey is that many Lao migrants also make use of the Thai banks to remit money (Figure 1.11).

Remittances from the registered GMS-3 migrants in Thailand were estimated at roughly US$177 million per year minimum. Including transfers from unregistered migrants, this annual amount, however, balloons to an estimated US$315 million. Remittances from Thailand largely account for the total remittance inflows to Myanmar and Lao PDR.38 In the case

**FIGURE 1.9**
Remittance Inflows to Developing Countries, US$ million

*Source: Ratha et al. (2010).*
FIGURE 1.10
Remittance Inflows to GMS Countries, US$ million

Source: Ratha et al. (2010).

FIGURE 1.11
Remittance Channels Used by Lao and Cambodian Migrant Workers in Thailand, percentage of remitting migrants

Notes: “In person” means that the migrant brings the remittance home personally on visiting or returning to his place of origin; “through networks” means that the migrant asks his or her friends, relatives, fellow migrants, and other contacts in his social networks to send the money on his or her behalf; “private money transfer agents” overwhelmingly refer to individual agents or middlemen asked by the migrant by phone or in person to remit money on his or her behalf (except in the Lao PDR case where about 40% sends money through the Thai bank).

Source: Thailand, Lao and Cambodia country chapters.
of Cambodia, Thailand is similarly a major source of official remittance inflows though other countries have recently assumed this role as well. In 2008, official remittance inflows to the country reached US$325 million in total (Figure 1.10) with source countries including Malaysia, South Korea, and Japan. Cambodian migrant workers in Thailand and Malaysia earn less than their counterparts in South Korea and Japan (Asia Economic Institute 2009) and this likely adjusted the proportions in remittances of GMS-3 worker groups, especially in recent years.

Official remittances are bigger than official development assistance (ODA) in many developing countries. Including unofficial transmissions, they also exceed other private capital flows, such as private equity and foreign direct investment (FDI). In 2007, remittances were far more sizeable than ODA, and FDI inflows in the case of all the top remittance-receiving countries: India, China, Mexico, the Philippines, and Poland (with the exception of FDI in China and Poland). Given data uncertainties, it is difficult to provide the same conclusion about the dominance of remittances among capital inflows in GMS-3 countries. These countries also happen to be heavily aid- and FDI-dependent and most of their outward migration is for low-paid jobs in Thailand. Taking only official volumes into account, remittance transfers to these countries lag behind ODA and FDI inflows. Among the GMS states, only in Vietnam, whose migrant movements are mostly towards NIEs, do remittances clearly surpass ODA and FDI inflows in volume (Figure 1.12). The picture may be different, however, if unofficial remittances are taken into account.

In light of the above, what perhaps needs to be emphasized is not that remittances are important, because they evidently are, but how are they important and in what manner can they be mobilized as a force for development. The links between remittances and their developmental effects at the macro level are not straightforward, unlike the case at the micro level where the welfare of migrants and their families is directly and tangibly enhanced by remittances. The broader-level benefits of remittances are tainted by the costs directly associated with them. Keeping this in mind, one sees that the macroeconomic benefits of remittances are mainly realized through their impact on national poverty and macroeconomic growth.

**5.1.1.2.1 Remittances and Poverty**

Results of cross-country studies reveal a strong positive relationship between remittances and poverty. One such study using data for seventy-four countries found that a 10 per cent increase in per capita official international remittances results in a 3.5 per cent decrease in the
proportion of people living in poverty. Some results on the household-level impact of remittances from the GMS country studies support this finding. The effect of remittances on inequality, however, has been found to be ambiguous. Assessments have varied in their final findings, ranging from the shrinking of inequality, to lack of effect on disparities, to even worsening income gaps. Despite the divergent conclusions of formal studies and notwithstanding the statistical difficulties of capturing changes in inequality, there is reasonable ground to believe that while remittances may help alleviate poverty, the same might not be the case for inequality, both national and international. In areas where inequities are already high to begin with, remittances can engender further polarization (Wescott & Brinkerhoff 2006). Recalling the Migration Hump Theory, which focuses on the paradox of how poorest countries have lower emigration rates than upper-lower and lower-middle income countries, relatively better-off households in relatively better-off countries are really the ones that are capable of sending (more) people abroad for employment as they are less tied by financial constraints. It is hard to infer from the GMS country survey data how the economic standing of their sample households was linked to their capacity to send migrants because of the

![Figure 1.12: Capital Inflows to GMS Countries, 2007, US$ million](source: WBWDI 2009 Online, Ratha et al. (2010)).
problem of endogeneity, that is, these data already reflect the impact of migration. In the case of the Cambodia study, for instance, which presents a breakdown of the sources of migrant and non-migrant income, simply ignoring remittances will not suffice as the existence and/or size of the other income sources may likely have been influenced by the implications of migration as well. Interestingly, the Lao PDR chapter describes its case study areas as having better infrastructure and lower poverty incidence by national standards. As in the previous instance, these could be the effects rather than the determinants of migration. The Vietnam chapter, however, explicitly identifies the weak participation of the poor in emigration as a problem. This low participation rate has been traced back to the financial difficulties faced by poor households, and also to their weaker access to government support, low language proficiency, low education level, and health problems.

5.1.1.2.2 Remittances and Macroeconomic Growth
The relationship between remittances and economic growth is conditioned by how remittances are utilized. What moulds the relationship in particular is the extent to which remittances are used for consumption or for investment. Arguably, there is little benefit to growth if most remittances are spent on consumption and investments that are not really growth enhancers. In contrast, investments channelled to human capital improvement and entrepreneurial activities must have significant positive impact specifically on long-term growth. At the very heart of the new economic theory of labour migration is the belief that migration, that of skilled workers in particular, is beneficial primarily because it stimulates human capital formation.

Unfortunately, relevant studies diverge on their conclusions in relation to whether consumption or investment dominates remittance use. Three conflicting findings have emerged in this regard. First have been the findings that the majority of remitted monies are spent on consumption. Smaller remittance portions are allocated to savings or investments, but many of these do not necessarily boost economic activity. Among these are household investments in existing housing, land, and jewellery. These are unlike investment in business, education, and agriculture for instance. Worse, it has been found that remittances actually reduce investments by promoting greater consumption or housing expenditure (Page & Plaza 2006) and fuelling greater dependency on external transfers. The second
group of findings poses that a significant proportion of remittances do end up as productive investments, both in human and physical capital. The third group of findings asserts the fungibility of remittances, which means that remittances are spent like any other source of household income and thus have the same contribution to development (Adams 2008). In fact, many households typically pool their income and decide their budget without generally discriminating on its source. In this view, the “whole household approach” is advocated when assessing the effects of remittances (de Haas 2008).

The Lao PDR and Cambodia study found that an overwhelming proportion of migrant households used 56 per cent of the remittances for house construction and 25 per cent for daily expenses, primarily food. Only about 12 per cent were used for productive investments, particularly investment in business and the purchase of transport equipment, as well as inputs and machinery that enhance agricultural production (Figure 1.13). The Cambodian migrant households were not very different. They used about 69 per cent of the remittances they received in the past five years for consumptive purposes. Twenty per cent was used for daily expenditure, also primarily food, 18 per cent for house building and repair, and 13 per cent for debt repayment. Agriculture was also a key beneficiary of the productive use of remittances, with about 12 per cent of the remitted monies being spent on fertiliser, land cultivation, and agricultural machinery. Only 2 per cent of the transfers were used for education and 9 per cent for health care (Figure 1.14). Incidentally, the Vietnam chapter also points out how only 6 per cent of its survey respondents thought that their work overseas has had a positive effect on their children’s education. An interesting point to highlight is the significant amount of remittances devoted to house construction and repairs. This practice is common among migrant households. It suggests the high value attached to a house, as a status symbol or otherwise.

The discussion so far is based on the insinuation that remittance-financed consumption has little beneficial impact on macroeconomic growth. This has been questioned, however, under the notion that remittances used for consumption have a multiplier effect on income: one dollar of remittance spent on consumption will generate more than one dollar in aggregate demand. This multiplier effect has been found to be significant. Remittance-financed consumption of goods and services
FIGURE 1.13
Remittance Use by Lao Migrant Households in the Past Five Years

Source: Lao country chapter.

FIGURE 1.14
Remittance Use by Cambodian Migrant Households in the Past Five Years

Source: Cambodia country chapter.
has been described as an important stimulus to domestic industries and economies of Asian sending countries (Stahl & Arnold 1986). The beneficial link between remittances and macroeconomic growth is also mediated by the countercyclicality or the resilience of remittances to shocks. As broached earlier, remittances tend to increase in times of crisis, be they natural disasters or economic or political in nature. In this capacity, not only do remittances serve the goal of smoothing household consumption, they also help stabilize economies struck by crisis or otherwise experiencing fluctuations in other resource flows via compensating for foreign exchange losses. Furthermore, remittances can help macroeconomic growth through other means such as improving a country’s credit rating, and helping raise additional financing with better terms in capital markets.

Despite these credible intermediaries to the remittance-macroeconomic growth nexus, statistical findings on the subject have led to mixed conclusions. On the one hand, some findings have detected a positive correlation between the two variables. By overcoming capital market imperfections and permitting migrants to accumulate assets, remittances are noted to have a virtuous impact on growth. The other body of evidence debunks this beneficial link and suggests instead the lack of positive correlation between remittances and output growth. Rather strong conclusions from another study intimate that remittances could even have a detrimental effect on growth owing to the moral hazard problem (Chami et al. 2003, 2005). Another source of the problem, discussed later, is the potential Dutch Disease effect of remittances.

5.1.2 Benefits to Receiving Countries

A sign of the greater maturity of the contemporary discourse on people’s movements is how international migration has increasingly been understood as more a need to be managed, rather than a problem to get rid of. Because of the politics and the xenophobia involved, the macroeconomic contributions of foreign workers have often been lost on the citizens of the host countries. It has taken a lot of synchronized effort to defend the macroeconomic case for international migration. For the developed world, migrant labour has become such a vital asset that their economic absence could only result in potentially disastrous outcomes. The gains for destination countries include output and per capita increase, relief on demographic and labour market pressures, and fiscal contributions. Because
some of these were already examined in the section on demand drivers, only a brief discussion follows. With low-skilled guest workers being generally cheaper than their local counterparts, labour immigration admittedly also helps the competitiveness of employing firms and the host countries in general. This was already pointed out earlier in relation to Thailand. There are also positive externalities resulting from the employment of migrant labour. For instance, demand for migrant workers also creates the need for local workers to manage them. The size of the gains to receiving countries depends on the characteristics of the immigrant population, including their work status, skill type, productivity, and complementarity with native workers.

5.1.2.1 Output and Per Capita Increase
The textbook demand and supply model of economics suggests that immigration shifts the receiving country’s labour supply curve to the right. Assuming that demand does not change (and deferring the discussion of the wage effects till later), immigration effectively increases the national output and, deducting their earnings from the total, the net output or the so-called “immigration surplus” accrues exclusively to the natives (Borjas 1995). Based on this method, the United States additional income gain from immigration was estimated at US$8 billion in 1997 (IOM 2005). Also based on this method, migrant contributions to the Thai economy were estimated at US$53 million in 2005, raising the country’s total GDP to US$157 million. Another calculation suggests that immigrants in Thailand contributed about 1.25 per cent of the country’s GDP in 2005 (Martin 2007). As cautioned earlier, economic benefit from immigration depends in part on the productivity of the migrant population.

5.1.2.2 Relief on Demographic and Labour Market Pressures
The discussion on labour demand drivers demonstrates how international migration has become a necessity, and not just a phenomenon to cope with, for many receiving states. For high-income countries to counter the rapid reduction in their working-age population, they would have to maintain the average net emigration levels of the 1990s, even if their fertility rates were to increase (IOM 2008). By the same token, the ageing population of Thailand has required the importation of working-age migrants who can at least sustain previous output levels, and whose fiscal contributions can help finance Thailand’s social security system. As explained in more
detail later, GMS migrants in Thailand are more likely to be net tax payers than net welfare recipients. Foreign workers in the Thai economy are also essential for replacing Thais who emigrate for employment overseas, and to satisfy labour shortages in seasonal and procyclical sectors. As more and more native workers are able to build successfully on their credentials, 3D jobs are being increasingly shunned and left for migrants to do.

5.2 Micro-Level Benefits

5.2.1 Overcoming the Economic Differentials

It is the individual migrants together with their dependants who stand to benefit clearly from migration. Overseas employment allows the migrant to earn a wage that is higher than the opportunity cost of him or her abandoning actual or prospective employment in the source country. This opportunity cost may be even ambiguous at certain periods, given that unemployment and underemployment may be chronic in the migrant’s native country, suggesting that the migrant may be unemployed or underemployed for a long time and therefore has no concrete and steady income stream with which he or she could compare the gains from outward migration. For agricultural workers back home however, whether paid or unpaid, their departure may come at the cost of loss in household agricultural productivity. Labour migration also allows the migrant to escape the (bigger) decent work deficit at home which subjects him or her to (worse) substandard working conditions, with inadequate rights and social protection. In this regard, however, it is important to isolate the case of irregular migrants as they often face even shoddier working environments and, by virtue of their status, have more uncertain legal entitlements.

By and large, foreign workers earn less than their native counterparts in their host countries. Thus, they are considered cheap labour that can enhance the competitiveness of receiving countries and their direct employers. Their earnings, however, are generally higher than those received by comparable workers in their countries of origin. One estimate uncovered a nearly 200 per cent increase in the real income of new migrant workers relative to what they would have earned in their native countries (The World Bank 2006, Global Economic Prospects). GMS migrants in Thailand generally receive wages that are lower than those paid to comparable Thai workers,
with a wider gap for irregular migrants. Still, these wages are considered higher than what they would get if they were to work in their states of origin. Results from the Lao survey show that the average salary of Lao migrant workers in Thailand is well below the average standard minimum wage in their host country. Including the pay for working overtime (about two hours extra per day, six days a week) and Sundays, migrant workers in the Lao sample receive US$131 per month or US$5.03 per day on average. Assuming only twenty-six normal working days (eight hours of work per day), the average minimum wage in Thailand is already US$136 per month or US$5.24 per day.\textsuperscript{51} The disparity is considerable and more than explains the attractiveness of migrant labour to Thai employers. The Thailand survey appears to confirm this disparity. Its Lao respondents had current \textsuperscript{52} monthly salaries of US$65 to US$84. Factoring in overtime pay, on average they earn even less than those in the Lao survey sample (Figure 1.15). In whichever case, a similar range of earnings for comparable work in Lao PDR is harder to come by. The opportunity cost of Lao labour

\textbf{FIGURE 1.15}

\textit{Average Monthly Earnings of Sample Irregular Cambodian and Lao Migrant Workers in Thailand, US$}

*The darker shaded portion refers to the current basic salary, the lighter shaded portion refers to overtime pay; Thailand survey figures refer to the average of the earnings of irregular workers with and without document.

\textit{Note:} The Thailand, Lao and Cambodia survey sample, however, have significant difference in characteristics. See Annex.
emigration is a mere US$12 or so per month on average, according to the country chapter. Also, most of the sample migrants in the Lao survey and all the sample migrants in the Thai survey are irregular. Following the MOU, Lao workers sent under bilateral arrangement must be entitled to the legal wage rates in the areas where they are working. The Thailand survey results for Cambodian workers seem to affirm this. The current salary of Cambodian labourers sent under the MOU is US$167, about US$35 more than the current salaries of the irregular Cambodian workers (Figure 1.15). Earnings of US$130 or so are hard to come for many people in Cambodia. Findings from the Cambodia survey indicate that should they have not chosen to go abroad for work, its sample Cambodian migrants would have earned US$1.5–2 per day on average in their villages, rather than US$3–6 for those in Thailand, and US$4–9 for those in Malaysia. It is vital to understand, however, that the differences in earnings captured by the surveys could be partly due to sample characteristics and may not be representative of the situation of the entire migrant population. The work areas of migrants, for one, have a bearing on the level of their earnings. The Thailand chapter explicitly recognizes, for instance, that the sample Lao migrants were based in north-east Thailand where the wage rate is lower compared with central Thailand, where the sample Cambodian migrants were working.

5.2.2 Contribution of Remittances to Household Poverty Reduction

While the positive effect of remittances on the macroeconomy may still partly depend on several factors (for example, use of the remittances), remittances have a direct and guaranteed positive effect at the household level as they supply or augment household income. In this capacity, remittances, which can be in cash or kind, can be a useful tool for household poverty reduction.

5.2.2.1 Remittance Behaviour

Enormous growth in international remittances has been witnessed in the past three decades. Recorded remittances to the GMS-3 jumped from zero in 1980 to almost US$480 million in 2008. The actual volume could be much bigger, however, in view of the remittances that are sent via informal means and are therefore hard to capture. Earlier, it was pointed out how many
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Cambodian and Lao migrant workers in Thailand make use of middlemen and social contacts to transmit monies to their families back home.

Migrants are not homogenous in terms of remittance behaviour. Not all migrants remit money and the frequency and amount of remittance differ among those who do. One finding that stands out from the Thai survey results is that Lao workers are, by and large, more generous remitters than the Cambodians. About 89 per cent of the sample Lao migrant workers had remitted money since coming to Thailand. All but 10 per cent of the remitters sent money on a regular basis, usually every month. Despite earning more than their Lao counterparts, the share of remitters in the sample Cambodian migrant population was smaller, at 70 per cent. Also unlike the Lao workers, many of the Cambodian migrants had no regular remittance schedule (Table 1.2). The majority of the Cambodian non-remitters cited insufficient earnings as the reason for their failure to send anything. Many of the Lao non-remitters likewise cited this ground, but a significant 22 per cent of them instead referred to the problem of lack of access to money transfer agents (no Cambodian worker cited this reason). This implies is that there would be more Lao remitters if remittance channels became more accessible. The Cambodian survey, on the other hand, found that in the year up to the time of the survey, 84 per cent of its sample Cambodian migrants in Thailand sent remittances to their dependants one way or another.

Assuming that the Lao workers in its sample remit all their savings, the Lao study estimated the average remittance of each worker at US$62 per month or US$682 per year.54 Meanwhile, the Cambodia survey found that its sample Cambodian workers in Thailand remitted an average of

<p>| TABLE 1.2 |</p>
<table>
<thead>
<tr>
<th>Remittance Behaviour of Lao and Cambodian Migrant Workers in Thailand*</th>
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<tbody>
<tr>
<td>Lao workers</td>
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<tr>
<td>Share of remitters in total sample workers</td>
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<tr>
<td>Share of monthly remitters in total remitters</td>
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<tr>
<td>Average remittance amount of 50% of the remitters</td>
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*Since coming to Thailand; the estimated average length of stay in Thailand is 3.8 years for Cambodian workers, and 4.1 years for Lao workers.

Source: Thailand chapter.
US$116 in their last trip, US$191 in the past one year, and US$1,118 in the past five years. Those working as domestic helpers remitted the largest amounts on average. As they do not normally pay for accommodation and food, it can reasonably be assumed that they are able to save more than the migrants in other occupations. Given their different evaluation periods, the results of the Thailand survey on remittance amounts are not comparable with those of the Lao and Cambodian surveys. However, they also confirm that Lao workers are generally more generous remitters than Cambodians. Since coming to Thailand, about half of the sample Lao migrants have sent home between US$469 and US$938, while the same share of sample Cambodian migrants have only sent between US$234 and US$469 (Table 1.2). A mere 1 per cent in both worker groups have sent more than US$1,500 since working in Thailand.

Motivations for remitting are not the same among migrants, nor are they static. Box 1.2 details several types of motivations from both the individual and household standpoints. It also touches on other determinants of remittance, including macroeconomic variables and remittance costs. The GMS country surveys were unable to capture this dimension of remittance behaviour fully, though they were able to provide empirical support on some aspects.

5.2.2.2 Reductive Effect on Household Poverty
Remittances reduce household poverty directly by supplying or augmenting family income and, indirectly, through its second-round effects (which depend on use), its multiplier effects, and its macroeconomic impact. A growing set of evidence shows that remittances do lessen household poverty. Both older studies that were commonly based on small household surveys and newer studies that utilize national censuses and larger surveys have converged on the conclusion that household poverty goes down with remittances. It was discovered, for instance, that remittances trimmed down the poverty headcount ratio by 11 per cent in Uganda and 6 per cent in Bangladesh (Ratha & Mohapatra 2007; WB 2006). In rural Mexico, findings from a rural household survey posit that international remittances reduce both the poverty headcount by 0.77 and poverty gap indices by 0.53, though significant variations exist among different areas (Taylor et al. 2005). From the collected evidence, it can be gleaned that not only do remittances reduce the number of poor people, but they also decrease the depth of poverty, that is, how far the remaining poor are from the poverty line.
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Box 1.2
Motivations for and Determinants of Remittance

A migrant’s decision to remit is spurred by either or both microeconomic and macroeconomic considerations. At the micro level, a huge amount of remittances are sent home out of a personal desire or sense of responsibility to bolster the welfare or comfort of family members. This has been termed in the literature on the subject as the altruistic motive. Another personal motive for sending remittances is self-interest (also called the “investment” motive), which characterizes those remittances that are sent to enhance the migrant’s own wealth (Addison 2004; Solimano 2003; Amuedo-Dorantes undated; Chami et al. 2005). With this motive, migrants handle remittances similarly to any financial returns that can be used to enhance their financial portfolios. After considering the gains to saving or investing in the destination country, the migrant may in the end choose to invest a portion of their income in assets in their native countries should that prove more profitable. In this scenario, the migrant’s family can be entrusted to oversee the migrant’s investments.

As explained earlier, remittances have been found to rise during crises, suggesting countercyclicality and the centrality of the altruistic motive. Responding to economic downturns, natural disasters, national emergencies, and other types of catastrophe, migrants have been known to increase their remittances to enable their families to smooth their consumption and satisfy emergency needs (so-called “consumption smoothing” better). Empirical evidence on the countercyclicality of remittances has been uncovered. It was found, for instance, that remittances as share of personal consumption rose after natural disasters in Bangladesh, the Dominican Republic, Haiti, and Honduras and as financial crises struck Indonesia, Thailand, and the Philippines in 1997 (Figure 1.16).

Another set of micro-level determinants of remittance behaviour considers the interests of both the household and the migrating member. This has partially come out of the perceived and tested insufficiency of individual altruism as motivation (Lucas & Stark 1985; Brown 1997; Bouhga-Hagbe 2006). This group of explanations reflects the assumption of new empirical approaches that migration is more of a household decision than just the exclusive choice of the migrant. As many aspiring migrants cannot finance the full investment entailed by emigration and as their departure effectively causes them to renege on their family obligations (those that can be performed only with their physical presence at home, such as taking care of their parents, or doing household chores), their family members then normally need to help finance the associated costs and take over their responsibilities. The Cambodian survey findings provide evidence to this effect. They show that only about 6 per cent of the Cambodian respondents relied on their own savings in financing the costs of their migration to Thailand. For 44 per cent of the respondents, tapping their household savings was the only way they could have afforded such migration (Figure continued on next page
BOX 1.2 — *cont’d*

1.17). This financial assistance from the family essentially binds it and the migrant into an "implicit contract", based on the principle of reciprocity or *quid pro quo*: the household will help the individual migrate, subject to future receipt of remittances as a form of repayment (Addison 2004). Another finding from the Cambodian survey is that nearly half of the sample Cambodian migrants borrowed money to finance their migration, explaining to some extent the significant portion of remittances allocated to debt repayments as shown earlier. The resort to loans, rather than household savings, does not, however, necessarily free the migrant’s family from financial responsibility during the whole migration process. The burden of repaying the loans may fall partially or heavily on the families, especially the loans of irregular migrants, in the event of no or insufficient remittances.

**FIGURE 1.16**
Remittances as Percentage of Personal Consumption Before and After Crisis

**FIGURE 1.17**
Sources of Financing for Migration, for Cambodian Migrant Workers

Another explanation of the same strand involves the existence of an implicit contract with the goal of spreading risks among family members or insuring against economic shocks from both sides (the principle of co-insurance) (Lucas & Stark 1985). Migration essentially permits risk sharing or hedging. In other words, it allows the migrant to come to the aid of the family in times of crisis by sending remittance and, likewise, for the family to help the migrant when the migrant is in need, financially or otherwise. When assessing the motives behind the remittance behaviour of migrants, it is, however, important to note that motives are most likely not static. They may change depending on the overall circumstances faced by the migrant and or the household. In addition, any or all of the above mentioned motives may be embedded in one another and therefore at work at the same time.

Macroeconomic influences on the migrant’s decision to remit include exchange rates, interest rates, and even the political situation at home, and government regulations. Although exchange rate shocks are known to have triggered the countercyclical characteristic of remittances, foreign exchange movements really have opposing dual effects and this makes the determination of their net impact difficult. A depreciation
of the native country’s currency has the simultaneous effect of making both the recipient household and the migrant relatively “richer” (Bouhga-Hagbe 2006). With the household able to afford more goods and services with the same level of migrant income sent, the migrant may retain or even reduce the amount of his or her remittance. However, it is also possible that higher income (in terms of the native country’s currency) may drive the foreign worker to augment his or her remittance transfers instead. Interest differentials have also been found to have significant effect on remittances (Mouhoud et al. 2008). Tying this up with the microeconomic motives discussed above, the difference in domestic and foreign interest rates must weigh significantly in the migrant’s portfolio management decisions, specifically whether to save or invest in the destination or source country. Meanwhile, political stability impinges on the decision to remit as such factors affect the safety and or liquidity of investments made. Government regulations, of course, have a bearing on this, apart from helping determine the upfront costs and ease of sending remittances (Adams 2008; Mouhoud et al. 2008).

Obviously, remittance costs are key determinants of remittance behaviour. In the case of formal money transfer outfits, the costs differ according to factors which affect the remittance fee (e.g. remittance amount, the source location and destination, or the remittance corridor, speed of transmission) and the operators’ foreign exchange spreads. The price of remitting is regressive, that is, it is more expensive for small transfers which are usually what the poorer migrants can afford. With few remittances and competitors in the money transfer business, so-called low-volume corridors are characterized by higher transfer prices. By and large, south-south remittances are also noted to be priced more expensively than north-south transfers due to impediments such as capital and foreign exchange controls (Kalan & Akyut 2005; WB 2006; Ratha 2007). In 2004, the average price was reportedly around 12 per cent of the principal (WB 2006). A decline in remittance costs was admittedly seen over the years due to improvements in payment systems, which in turn have been spurred by technological innovation, intensified competition, increased remittance volumes, improved regulatory environment, and the introduction of new remittance products. However, the cost of remittance, at least that via established money transfer operators, remains more expensive than via the informal routes. This, together with the limited accessibility of money transfer outfits, lack of trust of impersonal agents, and low financial literacy, drives the high demand for informal remittance channels. Given the threat posed by the global crisis on remittance volumes, reducing remittance fees has become a pressing task. A five-percentage point reduction in remittance costs relative to the remittance volume can purportedly result in more than US$15 billion annual increase in remittance inflows to developing countries.

As suggested above, poverty reduction by means of remittances is realized through both the direct income and indirect effects of such transfers. While there is debate on the macroeconomic contribution of remittances, given the question about their usage, the micro level impact
of such transfers can be more assuredly described as positive. They can obviously relieve households from a certain degree of poverty by enabling greater consumption and investment and effectively freeing them from credit constraints. Earlier, it was discussed how remitted funds were used by the sample Lao and Cambodian migrant households for the purchase of consumption goods as well as investment. Two critical intermediaries in the positive relationship of remittances with poverty reduction are investments in education and health care. These are two well known factors that increase the poor’s chances of exiting poverty by, at the minimum, allowing them to find and retain remunerative employment which in turn triggers a virtuous cycle of further human capital formation and improvement. Their prominence as development inducers has increased with today’s knowledge-based economies. Once again, that remittances enable more people to attain education, thereby increasing a nation’s human capital, is the core premise for the controversial argument of the new economics of labour migration that brain drain is ultimately beneficial. Available evidence supports the existence of a positive association between remittances and education. A case study on Mexico, for instance, found that children in migrant households, especially females, complete significantly more years of schooling. A positive correlation between remittances and health of migrant families has also been uncovered. It was noted that in Guatemala, Nicaragua, and Sri Lanka, children in remittance recipient households have higher birth weights and better health indicators than other households. Given this positive linkage between remittances on the one hand, and education, health, and poverty outcomes on the other, it therefore does not bode well that remitted monies to the sample migrant households in the Lao and Cambodia surveys were predominantly consumed. The Cambodia survey in particular found that of the remittances received in the past five years by Cambodian migrant households, only 2 per cent were allocated to education, and 9 per cent to health care.

A more probing investigation by the Cambodia survey revealed that remittances did not have a conclusive impact on the economic status of its sample receiving households. Overall, migrant households were no better off than non-migrant households. The latter group was in fact found to have had higher annual income than the remittance receiving households on average (US$2,280 versus US$2,110). The reason for this is that many of the non-migrant households got higher income from agriculture and some entrepreneurial activities. They were also recipients
of more internal remittances. In other words, income from other sources more than compensated for their non-receipt of international remittances.

In terms of expenditure, non-migrant households were again found to have spent more than the households with migrants on average (US$616 versus US$492) (Figure 1.18). There was no difference in spending on food between the two groups. Weekly food consumption averaged US$11.3 in the case of non-migrant households, and US$11.5 in the case of households with migrants. With regard to expenses on house construction and repairs however, migrant households clearly outdo non-migrant households, again reflecting the value that migrants and their dependants place on their house as a status symbol. In the year up to the time of the survey, migrant households had spent roughly US$492 on house repairs and household items, four times more than the spending on the same items by non-migrant households. The average value of their houses increased by 80 per cent between 2002 and 2007, while that of the non-migrant households’ houses rose by 40 per cent over the same period. As far as self-perception goes, more than half of the migrant households believe that their welfare moderately improved, owing mainly to the job opportunities across the border and how this increased labour force participation within the family and therefore income generation. A significant 28 per cent,

**FIGURE 1.18**

Average Annual Income and Expenditure of Cambodian Migrant and Non-migrant Households in Thailand, US$

Note: Expenditures are for the year prior to the survey.
Source: Cambodia country chapter.
however, perceived no change in their status and some 12 per cent actually reported a moderate worsening in their poverty situation.

The findings of the Thai and Lao surveys were more straightforward. About 97 per cent of the sample Cambodian migrant households reported that their economic status was improved by having a member working in Thailand. Only 78 per cent of the sample Lao workers felt the same; 22 per cent reported not seeing any difference in their economic welfare after migration. However, the Lao study uncovered a difference of US$200 in the income and US$260 in the expenditure of migrant and non-migrant households in favour of the former. On this basis, it concludes that households with migrant workers have better economic status than those without.

5.3 Macro-level Costs

5.3.1 Costs to Sending Countries

The potential benefits of international labour migration to sending countries may be huge in magnitude, but so may be the potential costs. Brain drain is probably the issue that has attracted the most attention in this regard and been the subject of the most heated debate (see Box 1.3). There are two other important, but less talked about, costs relating to labour mobility, in particular to remittance flows. These are the dependency syndrome and Dutch Disease. Once again, while remittances have direct and tangible benefits at the micro level, their impact on the sending country’s economy is ambiguous. Aside from the reasons already discussed for this, the negative feedback effects of remittance transfers also help clarify the ambiguity.

5.3.1.1 Labour Supply Effects of Remittances

Remittances can reduce labour force participation rates and increase underemployment through potentially instilling the dependency syndrome and altering labour supply decisions at the household level. There are three possible alterations that dependence on international remittances can engender. The first refers to withdrawal from the labour force because of the choice to substitute labour for more leisure. Because of poorer employment prospects for women, this impact of remittances may be more apparent among female beneficiaries, such as the wives of male migrants. This gender bias aside, the tendency to “get lazy” with the perceived sense of security provided by predictable remittance flows may be observed in all household
There has been more emigration among the high-skilled than among other skill groups. In 2000, high-skilled emigrants comprised 5.7 per cent of the global tertiary-educated labour force. In the same year, medium-skilled emigrants comprised 1.8 per cent of the global secondary-educated labour force, while low-skilled emigrants represented 1.1 per cent of the global primary-educated labour force. In all regions of the world, the emigration rates of the high-skilled have been considerably higher than those with inferior skills (except in North America). This situation was as true in 2000 as it was in 1990 (Docquier & Marfouk 2004; Burns & Mohapatra 2008).

The explanations for outmigration of high-skilled workers from less developed countries are not different from the reasons for labour migration from such countries in general. On the supply side, the differentials in employment opportunity, wage, and decent work discussed above are what generally detract talent from less advanced nations. The distinction, however, with lower-skilled labour is that there is pressing and strategic demand for high-skilled workers domestically. Indeed, there is real demand for health workers in developing countries which carry the much heavier burden of lower life expectancy, higher mortality, and higher exposure to infectious diseases. The same is true for scientists and engineers as many developing countries markedly lag behind advanced nations in scientific and technological development. Unfortunately, developing countries have insufficient capacity to absorb scientists and engineers, given their inferior level of development. If it is not the lack of employment opportunity, then lower wages and indecent work conditions (for example, poor research facilities, lack of funding), dishearten, demoralize, or dissuade many talents from pursuing employment in their countries of birth. On the demand side, none other than the increased skill-focus of the immigration policies of developed countries demonstrates the fierce demand for foreign professionals. The labour supply deficiencies and declining dependency ratios in developed countries partly fuel this demand. More and more health workers for example will be needed to attend to the needs of the burgeoning old-age population. The other way to look at it is that, with the huge fiscal costs attendant to an ageing population, “importing”
taxpayers is among the options available to help cover pension and health care benefits (Kapur & McHale 2005). Averting stagnation of growth in this globalised era compels advanced nations to bank on knowledge, whether available domestically or beyond their borders.

Obviously, globalization has vastly increased the need, ease, and pace of high-skilled migration by several means. It has catapulted knowledge-based industries into the position of key growth drivers. Based on this need, it has softened barriers to movement of professionals by allowing supply-demand gaps to be addressed by regional arrangements. Additionally, technological inroads to human resource recruitment (e.g. online) have made it much easier to tap professionals from around the globe. The effect of the revolution in information and communications technology has come as far as engendering the so-called “virtual brain drain” (Teferra 2004). There is, of course, a host of other means by which globalization has affected high-skilled labour migration as it has affected migration in general, including, through significantly reducing travel costs and intensifying brain circulation. However, the impact of globalization on skilled labour mobility has perhaps been channelled most through its injurious effects, that is, effects that have widened the economic differentials between more and less developed countries.

From around the time the debate on the flight of human capital surfaced in the 1960s until the late 1990s, the dominant sentiment was that high-skilled labour migration was nothing but detrimental to sending countries. Newer literature advancing “beneficial brain drain”, “brain gain”, “brain circulation” or the “new economics of brain drain” have, however, surfaced since then, challenging the conventional wisdom. More nuanced approaches have also taken a more cautious approach to high-skilled emigration in consideration of the varying rates of human capital flight and pre-migration human capital levels. Though far from muting the conventional wisdom that sending countries are losers in regard to this issue, the contemporary discourse on migration has come to entertain the likelihood of sending countries ending up as net winners or losers, depending on the configuration of the various benefits and losses ensuing from the outmigration of their talents.

Weighing the appeal of high-skilled labour migration for sending countries based on the cost-benefit approach involves pitting the welfare (that is, the income, growth, and productivity loss from the decrease in human capital stock), fiscal (for example, taxes, educational subsidies), and indirect losses (for example, intragenerational spillovers, knowledge transfer, investment) against the direct (for example, remittances; employment creation) and indirect or contingent (for example, increased educational investment, skills, knowledge and technological transfer, transnational networks, business capital) benefits associated with sending high-skilled personnel abroad. This approach carries the problem of setting actual, straightforward, and upfront output and fiscal costs against mostly probable, contingent, and longer-term benefits.
Remittances from high-skilled migrants are, of course, direct benefits as mentioned; however, it has been found that high-skilled migrants tend to remit less (Niimi & Ozden 2008). On the matter of diasporas, the positive externalities from mobilizing them can be huge. They are largely untapped reservoirs of sophisticated knowledge and catalysts of knowledge exchange. They have facilitated technological transfers and diffusion, and buttressed trade and investment linkages between sending and destination countries by helping to overcome information asymmetries (Page & Plaza 2006), promoting market-based institutions in their home countries (Burns & Mohapatra 2008), exploiting their positions and transnational relationships to influence policymaking and facilitate negotiations, and becoming sources of capital themselves. Also, though there appears to be a mound of convincing proof to the gains coming from diasporas, it must be understood that the effectiveness of diasporas is not a given. There are as many (if not more) failures as successes in the engagement of expatriate communities. There is also no guarantee that return migration can reverse previous human capital losses. The following conditions will have to be met for return migration to generate human capital gains in the source countries: returnees must have enhanced or acquired more skills while abroad; the skills enhanced or acquired abroad must be of relevance to the needs of the concerned source country; and returnees must actually put to use those skills during their stay. There has been evidence that these conditions are fully met in only few cases.

Incidentally, one of the stark findings from the GMS country studies is that the skills or knowledge gained by many of their sample migrant returnees from Thailand has been wasted because of the lack of compatible job opportunities.

The Vietnam study, for instance, found that many returning migrants just end up working in the agriculture sector again. Complications also affect the concept of losses from brain migration. Output losses for, instance, can be merely imputed costs, given the insufficient employment opportunities for high-skilled labour, such as scientists and engineers, in developing countries as already mentioned. Given all these, it is thus hardly surprising that the empirical evidence on net brain drain or gain is inconclusive. This, however, should not be used to eclipse the fact and significance of gross brain drain, that is, scarce and badly needed skilled human capital is being siphoned from developing countries at consequential rates.

members. The second possible alteration constitutes movement away from formal to informal labour. Again, this type of labour supply decision may be anchored on the too-good substitution, viz. the decision to consume more leisure in place of work. Some sort of voluntary underemployment ensues as part-time work is perceived to be more acceptable, with remittances feeding directly anyway into the household budget. The problem of moral
hazard is also traceable in this labour supply behaviour. In general, informal labour is less secure than formal employment. The expectation of stable remittance flows can push beneficiaries towards this riskier sector, believing as they may that remittances effectively insure them from the adverse consequences of their decision. The third alteration consists of movement away from wage employment to self-employment. Remittances thaw capital constraints and, as such, can encourage household beneficiaries to venture into entrepreneurial activities. Again, moral hazard may characterize this behaviour as remittances may be considered as insurance to inefficiency, risky decisions, or complete failure.

Empirical studies provide evidence to the occurrence of these three types of labour supply alterations associated with receipt of remittances. Studies involving Filipino and Nicaraguan migrant households, for instance, found a reduction in the labour supply of non-migrant members, particularly women, and an increase in the self-employment of men (Rodriquez & Tiongson 2001; Funkhouser 2006). The GMS country chapters do not touch on these particular labour effects of remittances. Findings on the use of remittances show a small percentage of such transfers being converted to business investment, and this could have altered household labour supply decisions. A complication to pinpointing the negative impact of remittances on the labour market is the difficulty of separating the positive impact from the negative impact in empirical results. As earlier discussed, one of the “three Rs” or key benefits of migration relates to recruitment. By resulting in employment vacancies, migration opens up employment opportunities for previously non-members of the labour force, especially women. From a household perspective, the absence of the migrant member may necessitate the non-migrant member to take his or her place in the workforce. This could counterbalance any adverse knock-on effect of remittances on labour supply.

5.3.1.2 Dutch Disease Effect
Originally coined in the 1970s to refer to the effect of a huge natural gas discovery in the Netherlands, the term “Dutch Disease” is now generally used to refer to the loss of competitiveness of a country’s tradeable sector resulting from a real exchange rate appreciation caused by a natural resource boom or massive capital inflows. The exponential increase in remittances has inevitably sparked concerns about such transfers triggering the Dutch Disease effect. Their capacity to do so is channelled through their “spending
effect” and “resource allocation effect” (Athukorala & Rajapatirana 2003; Acosta et al. 2007). The claim is that remittance inflows result in higher household disposable income which, assuming income elasticity, leads to increase in spending and expansion of aggregate demand. Given the limited domestic supply of non-tradables and exogenously driven prices of tradables, the excess demand exerts upward pressure on the prices of non-tradables, hence on the relative prices of non-tradables to tradables (the real exchange rate), making the tradable sector less competitive (the “spending effect”). Increase in the prices of non-tradables attracts further production to the sector, inducing transfer of resources from the tradable sector and in time potentially causing deindustrialization (the “resource movement effect”) (Lartey et al. 2008; Bourdet & Falck 2006; Acosta et al. 2007). Another transmission mechanism by which remittances can yield the Dutch Disease effect pertains to the “labour supply effect” just discussed above. A decrease in labour supply engendered by dependence on remittances can push up wages in the tradable sector. This effectively increases production costs and reduces the competitiveness of said sector (Acosta et al. 2007).

The limited empirical evidence on the Dutch Disease effect of remittances is mixed. On the one hand are those studies which found remittances to be associated with real exchange appreciation and loss of export competitiveness. The Dutch Disease impact may be significant for some countries that are receiving huge amount of remittances relative to the size of their economies, are facing constraints in the expansion of their tradable sector, and where remittance inflows are largely spent on non-tradables (Gupta et al. 2007; Ratha & Mohapatra 2007). On the other hand, a study found that remittances do not seem to have negative impact on the competitiveness of recipient countries. This is mainly because remittances are self-correcting, that is, they are deterred by overvalued exchange rates (Rajan & Subramanian 2005; Gupta et al. 2007). The use of remittances likewise encroaches on the link between remittance flows and the Dutch Disease effect. An assumption supporting a positive link is that remittances are spent on scarce non-tradables. There are many cases, however, when received monies are spent on non-scarce services such as hiring low-skilled construction labour. Another assumption is that remittances are chiefly used for consumption as opposed to investment and savings, ultimately expanding the demand for both tradables and non-tradables. Previous discussions indicate that this is the case for Cambodia and Lao PDR. The
Thailand chapter points out that remittances do not seem to be causing real exchange appreciation adversely impacting on the country’s trade competitiveness.

5.3.2 Costs to Destination Countries

At least three labour market concerns arising from immigration are central from the standpoint of destination countries. First, do immigrants take jobs away from natives? Second, does immigration push down wages? And third, do immigrants increase the costs of social welfare? It is important to examine the validity of these concerns given the nuances in the impact of migration across sectors and skill levels. Available analyses have in fact posed that there are aspects of these concerns that are not substantiated by economic realities. It is perfectly within reason to harbour these suspicions — that is they are valid as research questions — but conclusions and responses will have to be tempered by empirical evidence.

5.3.2.1 Job Displacement

As mentioned, a popular concern among native workers in destination countries is that immigrants are directly competing with them for jobs. Standard labour market model suggests that in the scenario where wages are sticky and do not immediately adjust to supply and demand changes, a boost in labour supply caused by the influx of immigrants would reduce employment opportunities for native workers. Studies, however, show that realities do not necessarily correspond with the movements predicted by textbook economic models which assume homogenous labour. A factor of importance is the substitutability of native workers for foreign workers belonging to a specific category. Other equally important factors to consider are the changes in labour demand caused by increased investments and aggregate output, as well as the difference between short-term and long-term effects. Needing consideration as well is the previously discussed driver and benefit of international migration for destination countries, namely the satisfaction of labour market gaps.

The labour mix of native and immigrant workers suggests heterogeneity not only across skills and educational attainment, but also across work experience, labour productivity and other so-called unobservable skills (for example, characteristics tied with being born in different countries). The emphasis on worker characteristics other than skills is important as
even for a given skill category, native workers and immigrants cannot be readily labelled as perfect substitutes. Surveys of the skills and occupational composition of immigrants versus the natives in fact reveal that, in many instances, migrants complement rather than compete with the natives.\(^6^9\) Foreign workers in Thailand were noted to be substitutes for low-educated Thai workers, but complements for the higher-educated nationals (Martin 2007; Sciortino & Punpuing 2009). However, it must not be overlooked that low-skilled migrants in Thailand also have long recognized differences with native workers that bar them from being perfect substitutes for the latter. One of such attributes is their lack of proficiency in the Thai language. In the discussion on replacement migration, it was also mentioned how low-skilled migrants typically take up jobs in the 3D sector and other low-skilled occupations increasingly snubbed by native workers as their qualifications improve. Seasonal and procyclical sectors such as agriculture and construction also benefit from migrants satisfying their seasonal labour shortages. At the other extreme is the high-skilled migrant group which is an extremely valuable asset for destination countries given that they help fill their unmet demand for talent. In all the aforementioned cases, modest competition between migrants and local workers is apparent.

Furthermore, the process is not static in that labour supply shocks induced by immigration also eventually invite adjustments in labour demand,\(^7^0\) leading to additional job opportunities. As complements in the production process, high-skilled immigration may create jobs for less-skilled workers, natives and migrants alike, and vice versa.\(^7^1\) Also, as discussed elsewhere, migration stimulates consumption and investment, either entrepreneurial or in human capital. By doing so, it expands aggregate demand, thus helping create additional demand for labour.

### 5.3.2.2 Wage Depression

The position that immigration flows must be curbed because foreign labour dampens wages and reduces the incomes of native workers appears to be rather simplistic and perfunctory if set against the rich distinctions that characterize the impact of immigration on various sectors, skill sets, and other categories. Many studies seeking to gauge the impact of immigration on the wages of native workers have aptly assumed that, again, the substitutability of migrant and native-born labour must not be universal and is instead dependent on the observable and unobservable features of the workers. The likelier case is that new immigrants are
competing with and affecting more the wages of old immigrants as opposed to the nationals. The substitutability of low-skilled workers is also likely greater than of other worker types. There is thus no consensus as to how immigration impinges on the wages of native labour. Findings fall under three categories — those that found wage depression to be associated with immigration; those that found no significant relationship, positive or negative, between the two variables; and those that found immigration to be associated with even positive increases in wages of native workers. Studying the relationship between wages and migrant intensity is complicated, again, by the problem of endogeneity. It can be safely assumed that migrants are attracted to areas featured by higher wages. The wage impact of immigration also gets defused as native workers may be driven to avoid and/or leave areas with high migrant intensity. One study found a change in the relationship between migrant intensity and wages in Thailand from positive to statistically insignificant on factoring in the endogeneity problem. In relation to Myanmarese migrants in Thailand, it was found that a 10 per cent increase in the Myanmarese migrant share leads to a 0.185 per cent decrease in wages of Thai workers. The problem of endogeneity renders the preciseness of this figure uncertain, however. The minimum wage law must work as a ceiling on wages and therefore must ideally prevent the depression of Thai wages below this ceiling; however, it is noted that minimum wages are hardly implemented in the country (Bryant & Rukumnuaykit 2007; Martin 2007).

5.3.2.3 Higher Social Welfare Costs
Another concern for receiving countries that has been used as justification for immigration control is the contention that more developed countries have become “welfare magnets” for emigrants from less developed nations. As already mentioned, migration is essential for richer nations as it helps relieve the pressure from increasing dependency ratios. Accepting high-skilled migrants in particular is tantamount to “importing” taxpayers that can help finance the fiscal costs of attending to a rapidly ageing population. However, with most immigrants of the low-skilled type, immigration may ultimately impose a net welfare burden, rather than a net tax gain, on the receiving government. This particular issue has hardly been explored in the case of Thailand; however, given the characteristics of its migrant population, it can be presumed that Thai migrants are marginal net taxpayers. While most foreign workers in Thailand are of prime working age and fall well
within the taxpaying bracket, the irregular status of the majority enables them to escape tax liabilities. Given their level of earnings, most of them are eligible anyway for the income tax exemption. Regardless, migrants still pay taxes such as value-added tax on purchased goods and services (Martin 2007). Even when the social security law in Thailand does not discriminate against foreigners, the clandestine status of the majority of migrant workers in the country makes it unlikely that they will seek and be considered eligible for social protection. Ignorance of their entitlements and problems such as the language barrier and restrictions on their freedom of expression and association make it much more difficult for migrants to push for their rights to social security benefits. These same problems inhibit many registered migrants from availing themselves of the health services to which they are entitled by virtue of the health insurance payments they made during the registration process (Martin 2007). Thailand’s educational policies may have become more liberal, but they still limit access to free education for migrants with an identification card (Sciortino & Punpuing 2009). Together with the language barrier, the fear of being discriminated against and worse, of being exposed, and therefore arrested and deported, also discourages migrant schooling.

5.4 The Micro-Level Costs

Labour migration is an expensive venture that nonetheless attracts many willing participants because of the expectation that future revenue streams would more than compensate for their actual or prospective income flows in their respective countries. Labour migration is largely a household decision, one of the reasons being that its initial financial costs normally need to be spread among family members. In many cases, this assistance from the family is then repaid in the form of remittances under an implicit household contract as earlier discussed. Access to credit markets and assistance from diaspora members (usually in terms of alleviating information asymmetries and reducing the psychological costs of migrating) also significantly ease the initial financial burden of securing overseas employment. Where any or all of these three factors — household financial capacity, credit access, and diaspora assistance — are absent, the initial investment in labour migration works as a serious enough constraint to bar migration, regardless of the enormity of expected returns. Because the legal channel of migrating is often more expensive in terms of direct monetary costs and more restrictive for
low-skilled applicants, the appeal of underground migration pulls many people despite its higher non-monetary costs.

Throughout the cycle of migration, labour migrants incur fixed costs (which can be direct upfront costs or costs payable *ex-post facto*), variable costs, and opportunity costs. Fixed costs principally include brokerage fees, passport, visa, and permit costs, and travel expenses. Fees charged by recruitment agencies can be excessive and in breach of government regulations. The lack of transparency and problem of asymmetric information put applicants at a serious disadvantage. They, however, often have no choice, but to comply with agency recruitment procedures. The burden of payment and duration of liability are case-dependent. In certain cases, the fees are advanced by the agency or the employer for payment by the migrant during the course of his or her employment through salary deductions. This is normally the arrangement concerning GMS-3 migrants in Thailand. In this regard, significant desertion rate has become one of the serious problems facing recruitment agencies. Migrants have been known to renege on their employment contracts to avoid paying the brokerage fees fully. Since fees payable to formal recruitment agencies are considered very high relative to the capacity of many applicants and compared with the fees of intermediaries brokering illegal migration, underground recruitment has flourished despite the high risk of being cheated by middlemen. Passport costs have also tended to be high. It has been noted, for instance, that passports cost more than 10 per cent of per capita domestic product in some countries (De Brauw 2007). With regard to travel expenses, the party responsible for the costs also varies. The longer the distance of the country of destination from the source country, the higher this cost is and the bigger the poverty constraint on labour movement. By implication, cross-border and regional migration, especially where free trade areas exist, is more affordable from a financial perspective. Meanwhile, variable costs chiefly refer to expenditure during migration, including on food, accommodation, transportation and communication, and medical care. At this stage, diaspora members become valuable as providers of information on how variable costs can be trimmed to the minimum possible, and as a source of emotional assistance that can reduce the psychological costs of living overseas, which in turn may have financial implications (for example, medical attention). Several costs can also be incurred upon return migration, the majority of which are debt repayments. A cost calculation using the human capital approach gives equal importance to the opportunity costs.
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of migration. Such costs chiefly pertain to the migrant’s forgone earnings or the lost productivity in household production. Many migrants from developing countries used to be unpaid workers in household agricultural production. Thus, as mentioned earlier, the loss of productivity upon their departure constitutes a significant opportunity cost (WB 2006).

The GMS country survey findings on the costs of labour migration to Thailand reveal some expenses that are most major for both Cambodian and Lao migrant workers. As can be seen in Table 1.4, brokerage fees are the main fixed costs for regular and irregular migrants alike. While this is the case, however, such fees are incomparably higher for regular migrants than they are for the irregular ones (with document) (average of US$555 versus US$24). This is obviously because irregular migrants use the services of illegal brokers and can enter Thailand simply through a border pass which should cost less than US$1 at a time. Total spending on border passes for Cambodian irregular workers (with document) reached US$26 according to the survey results. This suggests that guest workers crossed the border several times, needing several stamps in the process, and/or that some informal fees have been paid. Meanwhile the brokerage fees

| TABLE 1.4 |
| Average Fixed Costs Incurred by Sample Lao and Cambodian Migrant Workers in Thailand, US$ |

<table>
<thead>
<tr>
<th></th>
<th>Lao workers</th>
<th></th>
<th>Cambodian workers</th>
<th></th>
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<tbody>
<tr>
<td></td>
<td>Legal</td>
<td>Irregular with document</td>
<td>Irregular without document</td>
<td>Legal</td>
</tr>
<tr>
<td>Brokerage fee</td>
<td>484</td>
<td>15</td>
<td>96</td>
<td>625</td>
</tr>
<tr>
<td>Passport</td>
<td>42</td>
<td>14</td>
<td>—</td>
<td>110</td>
</tr>
<tr>
<td>Border pass</td>
<td>—</td>
<td>1</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Physical check-up</td>
<td>37</td>
<td>4</td>
<td>—</td>
<td>10</td>
</tr>
<tr>
<td>Transportation</td>
<td>47</td>
<td>9</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Others</td>
<td>16</td>
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<tr>
<td>Total</td>
<td>626</td>
<td>56</td>
<td>106</td>
<td>747</td>
</tr>
</tbody>
</table>

Note: Data on costs of Lao legal migration is from the Lao country chapter; the rest are from the Thailand country chapter; regular migrants refer to the workers sent under MOUs; irregular migrants with document refer to those who entered Thailand with relevant travel documents; those without document are those who entered Thailand without any travel documentation.

Sources: Thailand and Lao PDR country chapters.
paid by regular migrants typically include visa, work permit, application, and initial travel costs. Due to the inability of many applicants to afford to pay for them, the fees are normally advanced by the Thai employers and deducted later from the guest workers’ earnings. Totalling US$625, the recruitment fees were equivalent to about 3.7 months of the regular Cambodian workers’ earnings on average. Recruitment agencies in Cambodia are said to charge 20 per cent of a migrant’s monthly earnings on average in a one-year period. Meanwhile, a decree in Lao PDR permits recruitment companies to charge a maximum of 15 per cent of a migrant’s monthly wage over the duration of their employment (Vasuprasat 2005; Cambodia and Laos country chapters). Three other interesting revelations from the collected data are that passports cost more than they should, that irregular migrants spend almost nothing on physical examination, and that transportation costs differ widely between regular and irregular workers. A passport in Cambodia should only cost about US$40. For this price however, the applicant would have to wait between two to three months to get a passport. In practice more than US$100 is paid for faster processing of the passport application; this amount includes some informal fee. Results of the Thai survey show that Cambodian migrant workers in Thailand spent US$100 on average to get their passport, suggesting that they resorted to the more speedy process. Initial travel to Thailand cost the Cambodian irregular workers about US$79 on average. Their trip, as described in the country chapter, involved crossing the border and walking through remote fields for hours at night before being stashed in a truck like logs for transport to their worksites. Such clandestine movements to Thailand plausibly entail extra payments to facilitate the risky journey. In the case of the Lao workers however, the opposite was found to be true; that is, illegal travel costs much less than legal transport. Two other important costs found in the Lao study were income tax payments and social security contributions, which represented about 8 and 6 per cent, respectively, of the total migration costs incurred by regular Lao workers over a two-year period. These costs are not incurred by the irregular migrants.

Among the variable costs and across worker categories, food is the most dominant expenditure on average, followed by personal effects (that is, clothing, footwear, and personal care) (Figure 1.19). One intriguing revelation from the survey data is that Cambodian irregular workers spend much less on food than regular workers (not more than 30 per cent compared with 50 per cent of total variable costs). In the meantime, they
Migrants of the Mekong: Wins and Losses

spend significantly more on remittance fees (about 13 per cent compared with 4 per cent of total spending). As earlier discussed, the irregular migrants chiefly make use of informal remittance channels, which, by and large, cost less than the formal means. Their much higher spending on remittance fees may therefore be taken to mean only that they remit more frequently than their regular counterparts. The irregular workers were also found to have spent on medical care while the regular workers have not. Also of interest from the survey results is how the migrant workers devote, on average, 13 per cent of their total spending on communication, and 10 per cent on leisure (Figure 1.19). The Lao survey results confirm the dominance of food and personal effects in the spending of both regular and irregular migrant workers. It also explores how irregular workers have higher expenditure on medical care, communication, and leisure (Figure 1.20). In totality, the survey results provide strong empirical proof on how legal migration is far more expensive than illegal migration, effectively fuelling the flow of irregular migrants. In the case of the Cambodian workers, the total financial costs of moving to and working in Thailand

Note: Calculation of total costs is based on average man-years of 3.8 for Cambodian workers and 4.1 for Lao workers.
Source: Thailand country chapter.

FIGURE 1.19
Average Variable Costs Incurred by Lao and Cambodian Migrant Workers in Thailand, Percentage of Total

Note: Calculation of total costs is based on average man-years of 3.8 for Cambodian workers and 4.1 for Lao workers.
Source: Thailand country chapter.
legally were 1.5 times more than the total costs of doing the same by illegal means; for the Lao workers, they were about 1.7 times more. Unless the costs of regular migration are trimmed down, underground movements cannot be expected to wane. It is important to point out, however, that the survey findings are also influenced by their samples’ characteristics. The Thailand survey, for instance, explicitly raises the issue of how the disparities in costs incurred by its sample migrant workers must have been conditioned in part by the occupations of such workers. For example, unlike its sample irregular migrant group with document, its sample irregular migrant workers without document were working as housemaids and/or restaurant staff who were mostly provided with free accommodation and food, and did not have to spend on commuting to work. This clearly reduces their variable costs.

With the financial benefits and costs thressed out, Box 1.4 elaborates on the cost-and-benefit analysis and shows the net economic returns to Cambodian and Lao labour emigration to Thailand based on the survey results.

Source: Lao PDR country chapter.
The neoclassical economic theory of migration posits that international migration results out of a rational calculation of the economic gains and losses involved. Positive net economic returns stimulate outmigration while negative net economic returns would discourage it. At the individual level, a comprehensive cost and benefit analysis would involve pitting the present values of the financial costs and benefits incurred by the migrant throughout the migration cycle against one another (Equation 1). Previous sections discussed the direct benefits in the form of earnings (salary plus overtime and other extra pay) and direct costs in the form of fixed and variable costs. The departure of the migrant also has an opportunity cost in the form of lost earnings and/or household output contribution. There are a number of positive and negative spillovers as well, one being the welfare improvements financed by remittances. Due to the difference in their work status and, with this, the terms and conditions of their employment, the average net returns for regular and irregular workers are expected to vary.

Net Return (NPV) = \[ \sum_{t=1}^{n} \frac{B_{it}}{(1 + r)^t} - \sum_{t=1}^{n} \frac{C_{f it}}{(1 + r)^t} - \sum_{t=1}^{n} \frac{C_{vit}}{(1 + r)^t} \] (1)

Results of the individual GMS surveys only make it readily possible to get the net direct returns from regular and irregular migration up to the time of the survey itself. Assuming a negligible discount rate for simplicity’s sake, and using the survey data, the country studies calculate the net returns by simply deducting the total costs, comprising the fixed and variable costs, from the total earnings (Equation 2). Aiming to estimate the total net gain throughout the entire migration period, the Thailand study addresses the limited time coverage of the survey by assuming that the migrants’ salary and variable costs for their first trip were valid for the entire probation period (equivalent to four months), while their salary and variable costs at the time of the survey were valid for the rest of the employment period. Migrants are assumed to receive overtime pay only after the probationary period. Using cohort tracing, Cambodian workers were estimated to have an average employment period in Thailand of 3.8 years. The average duration for Lao workers was estimated at 4.1 years.

Net Return = \[ \sum_{t=1}^{n} B_{it} - \sum_{t=1}^{n} C_{f it} - \sum_{t=1}^{n} C_{vit} \] (2)

With the above assumptions, the Thai study found that across all worker categories, net returns were positive. The regular Cambodian workers collected the greatest net benefit amounting to US$2,704, which is US$400 more than the average net gain incurred by their irregular counterparts. One notable finding is that irregular workers...
with document received more net benefit relative to those without documentation. The difference is particularly of note in the case of the Lao workers, having reached about US$500. The net returns across all worker categories can be considered significant. They averaged about US$2,311 over the migration period, which is equivalent to US$50 per month or US$600 per year. This just about covers the opportunity cost or forgone earnings of the Lao and Cambodian workers. However, it is important to remember that these lost earnings were usually inadequate to cover the workers’ expenses back home while their net return from working in Thailand represents their savings.

The Cambodian and Lao surveys, which looked into the benefits and costs incurred by their nationals working in Thailand for two years, similarly found a net gain. Comparing their results, the regular Cambodian workers once again received the biggest net benefit. The net returns incurred by the irregular workers, however, turned out to be much lower than the net gains uncovered by the Thai survey for the same worker group. The findings of the Cambodia and Lao surveys also partly contrast with each other. The Cambodia survey confirmed the bigger benefit accruing from regular migration vis-a-vis irregular migration, but the Lao survey found just the opposite.

**TABLE 1.5**

<table>
<thead>
<tr>
<th></th>
<th>Lao workers</th>
<th>Cambodian workers</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Irregular with</td>
<td>Irregular without</td>
<td>Irregular with</td>
</tr>
<tr>
<td></td>
<td>document</td>
<td>document</td>
<td>document</td>
</tr>
<tr>
<td>Total benefits</td>
<td>6,194</td>
<td>4,023</td>
<td>10,091</td>
</tr>
<tr>
<td>Salary</td>
<td>4,047</td>
<td>3,109</td>
<td>8,008</td>
</tr>
<tr>
<td>Overtime pay</td>
<td>2,147</td>
<td>914</td>
<td>2,083</td>
</tr>
<tr>
<td>Total costs</td>
<td>4,011</td>
<td>2,102</td>
<td>7,387</td>
</tr>
<tr>
<td>Fixed costs</td>
<td>56</td>
<td>106</td>
<td>747</td>
</tr>
<tr>
<td>Variable costs</td>
<td>3,955</td>
<td>1,996</td>
<td>6,640</td>
</tr>
<tr>
<td>Net returns</td>
<td>2,183</td>
<td>1,921</td>
<td>2,704</td>
</tr>
</tbody>
</table>

*For the entire employment period based on the average man-years calculated.

*Source*: Thailand country chapter.
6. MIGRATION MANAGEMENT

A litany of reasons can be put forward as to why the movements of people are difficult to manage. Leading such reasons is the fact that human rights issues tend to accompany movements of people, legal or illegal. Also, some discriminatory treatment will almost always arise out of awareness of the socio-economic attributes of migrants that cannot be controlled even by the finest points system that seeks to weed out the unwanted and choose only the crème de la crème.

The challenges facing, and, therefore, the end objectives of, migration management by source countries on the one hand, and destination countries on the other, differ in important respects; at the same time, there are common elements within them that instituting bilateral, regional, and global mechanisms to manage migration flows makes absolute sense. Migration management is extremely important as there is probably no policy barrier of whatever level of sophistication or sanction that can fully block migration. From a human rights perspective, the social costs of migration, even when irregular, cannot simply be ignored and made to bear exclusively on the migrants. This section describes the national and international migration policies involving the GMS countries, situates them in broader migrant management trends, and discusses the problems besetting them, together with the effects of the change in the security landscape and the economic crisis.
6.1 Destination Country Migration Management

Along with the current wave of globalization came both unique opportunities and massive difficulties for destination countries. The enhanced interconnectedness of the world’s peoples and economies has certainly made it easier for them to tap foreign labour to fill the gaps in their labour market needs. At the same time however, the increased flow of irregular migrants has heightened concerns over labour market distortions and job displacement of native workers, increased social welfare costs, and stress on social cohesion among others. The most recent global recession has also made receiving countries rethink the role that migrant workers play in economic recovery and sustainability. Topping these economic considerations, security concerns pertaining to migration have suddenly assumed foremost importance with the terrorist attack against the United States in 2001. The terrorists responsible for the attack entered the United States with valid visas; some of them overstaying their visa validity dates (IOM 2005). Unsurprisingly, migration management has, since the 9/11 attacks, been made adjunct to the global war on terror.

Today’s migration management by host countries utilizes a mix of permanent and temporary migration programmes. A useful analogy depicts migration openings as “the front door” for high-skilled migrants, “the side door” for temporary workers, and “the back door” for unauthorized and illegal immigrants. Underpinning these various programmes is the straightforward goal of welcoming skilled workers and permitting them to settle, while rotating lower-skilled migrants in and out of the host country (IOM 2008).

Some shift in host country perception of low-skilled migration — from mostly undesirable to mostly a necessity — has taken place. The recognition of the need for low-skilled migration stems from an understanding of the drivers of labour migrant demand, of how not all low-skilled activities can be exported overseas, and, especially with the occurrence of 9/11, of how it would be wiser to open up legal channels for low-skilled migration rather than push such movements underground in which case the security risks would be grim. All in all, temporary migration injects labour markets with much needed greater flexibility and fluidity as globalization now and then creates demand for new skills and, by its very nature, exacts global mobility of workers. At least ideally, temporary migration also soothes political and social objections to immigration, including concerns about
indefinite stay in the host country and the migrants’ often problematic integration into the host society.

The shift towards a more accepting view of low-skilled migration is far from complete and universal, however. Thailand, for instance, clearly has mixed views on how to approach the challenge posed by the millions of low-skilled migrants in its territory. This is reflected in the contradictions in its economic and migration policies. Thailand’s 10th National Economic and Social Development Plan maps the road towards economic rehabilitation and higher economic competitiveness, but has not given rightful attention to the country’s burgeoning problem of labour shortage in low-skilled sectors. At the ministerial level, the lack of a cohesive approach to migration management is evident. This policy inconsistency is attributable to differences in objectives and agenda (Huguet 2008; Chalamwong & Prugsamatz 2009). To go back to the subject of national security, Thailand’s government has not lost sight of what 9/11 came to reveal about the unprecedented level of exposure to foreign attack, given the marriage between globalization and terrorism. On the positive side, national security concerns provided the much needed impetus for reforming the country’s migration policies. Partly because of the impact of 9/11 and the change in the premiership in Thailand, 2001 was a watershed in the country’s migration management. It ushered in the so-called “half-open door” policy (Thailand country chapter) and finally led to the reform of the registration system and the creation of the key host agency dealing with irregular migrants, the National Committee on Illegal Worker Registration (NCIWR). However, putting national security considerations at the heart of migration policy design has had frightening ramifications. It challenged even more the aim of framing a cohesive migration policy that is deferential to the migrants’ human rights. The 2008 Alien Workers Employment Act, which, together with the Immigration Act and the Labour Protection Act, constitutes the current legal backbone of Thailand’s migration policy, explicitly cited national security as among the three considerations in the admission of foreign workers into the country, the other two being the career opportunities for Thais, and the demand for foreign labour according to developmental needs. In the interests of national security, the act actually allows law enforcement officials to enter establishments with suspected illegal migrants and arrest those migrants without any warrant. This has been strongly denounced by human rights activists who see it as contradictory to the international conventions that Thailand has ratified.
Given their time of completion, the GMS country studies were not able to really critique this latest foreign worker act of Thailand.

Generally, the temporary migration or “side door” programmes of today are micro in approach, that is, they seek to appease specific labour market needs. Under Thailand’s guest worker admission process, several types of work permit can be issued precisely for such a purpose. On top of the regular work permit that can be granted as per Section 7 of the alien employment act, there are the permits issuable to foreigners hired under the law on investment promotion and Section 12 of the act; to aliens residing and wishing to work near the borders under Section 14 of the same act; and to GMS-3 workers hired under the relevant MOUs. The incorporation of Section 14 into the alien employment law has been strongly commended as it endows the government’s migration policy with the flexibility that is desperately needed to address seasonal or cyclical labour shortages. Meanwhile, the adoption of the MOUs, to be discussed in detail in the section on bilateral management, is intended to open up the legal channel for labour emigration to Thailand and reduce the flow of irregular migrant workers. It has been the case, however, that only a proportion of the requested work permits eventually get approved. Part of the post-9/11 reform of Thailand’s migrant admission process was the compulsory registration of all employers wishing to hire foreign workers. Only employers that meet specific requirements, such as that of capital, can obtain registration. Then, true to the explicit consideration given to Thai career opportunities under the alien employment act, the Ministry of Labour first gives Thai nationals the opportunity to apply for job vacancies identified by employers. In the case of unmet demand, the ministry then sets the quota for hireable migrant workers. One strong criticism is how there is little clarity about the deciding factors governing the quota determination. Information on the sectoral and occupational manpower needs at the subnational level, which should be an important consideration in setting the quota, is scarce (Rukumnuaykit 2009). The formal application process for work permit is very tough. Because of the complexity of the process and other problems such as little understanding of the procedure and lack of knowledge of the language, many aspiring migrants apply through their employers or recruitment agencies.

Managing the “backdoor” is obviously the biggest challenge facing Thailand, given its overwhelming number of irregular migrants. As discussed earlier, there are various spaces of migrant illegality and this
challenges migration policies to be innovative, dynamic, and flexible. A central objective of Thailand’s post-9/11 migration policy is the regularization of irregular workers through the conduct of open registration and re-registration rounds. Under Thailand’s Immigration Law, people entering Thailand without a visa are illegal and subject to deportation and/or any other penalties. That said, Section 17 of the same law allows the interior minister to exercise discretion in implementing the said condition (Muntarbhorn 2005; Thailand chapter). It has formed the legal basis for the open registration and re-registrations conducted so far and the cabinet decisions that explicitly approved them. As explained in Section 3, open registration rounds targeted both registered and unregistered migrant workers while re-registration rounds only involved the renewal of the work permits of those already registered. Special registrations have also been held in Thailand’s southern provinces in view of some acute labour shortages there. Note that these registration programmes are not akin to amnesty programmes. Registered alien workers who are able to secure work permits only attain a quasi-legal status. They may have legalized their employment, but not their immigration status; hence, they are still liable for deportation.

Registrations prior to 2001 were limited in sectoral and provincial coverage. The reform of Thailand’s migration policy in 2001 came with the expansion of migrant registration campaigns and the administration of various “carrots and sticks” to entice and force migrants to sign up. Largely ignorant of the procedures and the local language, many irregular migrants rely on their employers to apply for work permits on their behalf. Employers also normally advance the costs of registration and work permit application which are later deducted from the salaries of their foreign workers. This dependence effectively makes the migrants vulnerable to abuse and cheating by their employers. The high incidence of employers holding foreign passports and registration and travel documents hostage is well known. The total costs involved tend to be equal to or, in fact, even significantly more than the monthly earnings of irregular workers, based at least on the GMS country survey results. Not counting the unsuccessful 2005 round, there have been seven open registrations to date. The first nation- and industry-wide open registration was held in August 2001. A total of THB4,250 or about US$133 needed to be paid per worker to cover the registration fee, the deportation deposit, the card, and the cost of health examination (Sciortino & Punpuing 2009). Money needed to be
paid out again for the renewal of the six-month work permit. The next open registration round was held in August 2004. The 2004 registration was a pilot test for several new government policies, including the compulsory registration of employers wishing to hire migrant labour and the issuance of the 13-digit identification card to migrant workers.

The total cost of registration and work permit application went down to THB3,800 or roughly US$119 due mainly to the reduction of the registration fee from THB900 to THB100 (from US$28 to US$3) (Sciortino & Punpuing 2009), a “carrot” intended to engage more irregular workers into the registration process. Between 2005 and the open registration in 2009, only re-registrations were held, causing the number of registered migrants in Thailand to shrink as explained in Section 2. A clear signal of a more uncompromising migration containment policy, the 2009 registration was officially announced to be the final round (The Nation 2010). It was limited in sectoral coverage and, more importantly, came with the implementation of the new cabinet resolution conditioning the legalization of the workers’ immigrant status and issuance of fresh work permits on verification of nationality. 28 February 2010 was the expiry date for all the work permits issued in the 2009 round, and the deadline for nationality verification. Failure to have completed the verification process by this date exposed workers to the threat of immediate deportation.

Not all employers or migrants seek work permits, nor do all requested permits eventually get approved. The employer demand for migrant workers stood at approximately 1.6 million in 2004 and 1.9 million and 1.3 million in the next two years, but the government quota and total migrant registrations were well below these figures. On average, the total number of work permits issued represented only about half of the total number of permits requested by employers (see Annex B). One reason for this was that the government barely satisfied the huge employer request for migrants in “other sectors”. In 2006, requested migrants for these sectors numbered 552,080, or 41 per cent of the total employer demand; however, the quota was set at only 87 per cent of the total request and, worse, granted work permits reached a meagre 9 per cent. For each stage of the application process, the number of involved migrants also goes down. With reference to the 2004 registration, for instance, only about 70 per cent of the migrant workers who were able to obtain an ID card, got their work permits. The number of migrants involved shrank significantly during the health examination process (Sciortino & Punpuing
The chief reasons for underperformance are well explained in the GMS country chapters and include poor dissemination of information about the process, high registration costs, inaccessibility of registration venues, short registration periods, slowness of the process, red tape, and the inability to meet eligibility requirements, such as that of being tied to a certain employer. This latter requirement has been criticized sharply as it proves that Thailand’s migration policy continues to be somehow out of touch with reality. Many migrant workers often switch employers, jobs, and place of work; thus, they are by design largely excluded from the process. Eventually, the government allowed the use of the same permit even with a change in employer, but only under exceptional circumstances. A change in employer entails a change in work permit, which means having to spend more cash, something that many migrants cannot afford. With regard to re-registration, unregistered workers are automatically excluded. Some employers also find it in their interest not to register their guest workers to avoid tax obligations and maintain a free rein on how they pay and treat migrant workers. The cost of registration in terms of money and effort (for example, employers have to report routinely the employment status of their migrant workers) may also be considered lower than the cost of simply bribing labour inspectors and law enforcers if caught. By the same token, some migrants find it in their interest to remain undocumented to avoid being tied to one employer. Those likely to fail the health examinations, even for illnesses that can be cured with medical assistance, cannot be expected to participate in the rounds either. Infection with HIV/AIDS is not a ground for deportation, but even awareness of this is unlikely to encourage the infected migrant to come forward because it can still be a basis for employment dismissal. There is also the frustration that registration does not entitle them to all the rights conferred on Thai workers. While registered workers gain access to the same medical benefits afforded to nationals, they remain deprived of other social security benefits and workers’ compensation, not to mention civil and political rights, such as freedom of association, assembly, expression, and movement. The requirement of nationality verification has additionally made the process more difficult and riskier. About 1.4 million migrants were able to register by 28 February 2010, meaning that at least 300,000 failed to show up during the registration period (Hseng Khio Fah 2010). Out of the 1.4 million, 70 per cent were undergoing the verification process, but only a meagre 7 per cent had been able to get their nationalities verified.
and work permit secured as of 9 March 2010 (Figure 1.21). Myanmarese migrants constitute most of the no-shows during registration and of those who are hesitant to undergo verification. This is hardly surprising given that many of the Myanmarese migrants in Thailand are from ethnic minorities (for example, Kayin/Karen, Kayinni/Kayah, Shan, Mon, Rakhine) who have been under constant threat of harassment and persecution because they have a history of insurgency against the ruling junta and/or are refused citizenship by the Myanmarese military government. Nationality verification, which involves submitting biographical information for official confirmation and securing a certificate of identity or temporary passport, is easier for Cambodian and Lao workers because they can do it in their countries’ consular offices in Thailand, and/or with the assistance of the officials sent to Thailand by their governments. For Myanmarese migrants, the process is onerous (it is said to comprise thirteen steps) and risky given, first and foremost, the junta’s insistence that the verification can only happen on Myanmarese soil. The complexity of the procedure is no better illustrated than by the proliferation of unregulated brokers, charging unreasonably high fees. The total cost of nationality verification for Myanmarese migrant workers can be as much as THB10,000 (Hall 2009; Hall 2010) or more than US$300. Incomplete information about the

**FIGURE 1.21**

Migrant Workers in Thailand on Nationality Verification (NV)

![Graph showing registered migrants, NV process migrants, and those who completed NV and obtained work permit.]

*Source: Mekong Migration Network, Migrant Assistance Programme Foundation.*
verification procedure has made it more difficult for all the GMS-3 migrants to see the process through. The outpouring of criticism and denunciation that followed the “be verified or be deported” policy imposed by the Thai government was entirely expected. The Thai Government retracted its ultimatum to some degree, allowing migrants who began the nationality verification process to work in Thailand, subject to renewal of their work permits and payment of the corresponding fees (Migration News 2010). This is hardly a consolation, however, for those who did not sign up for verification. Other conditions that came with the effectiveness of the 2008 foreign employment act made regularization more difficult, costly, and unappealing for many migrants and employers alike. Following Section 23 of the new law, for instance, registered irregular migrants can only renew their work permits consecutively twice, for two years each. This means that migrants cannot work legally in Thailand for more than four years in a row, a restriction many would not want to submit to. Two other features of the new act that attracted a torrent of criticism are the foreign worker levy, and the repatriation fund. Mimicking the practice in Singapore and Malaysia, Section 11 of the act requires all Thais wishing to hire aliens to pay a fee. Put simply, the central purpose of the levy is to curb the import of foreign workers, particularly irregular ones. For those employing low-skilled foreign labour, the levy ranges from THB200 to THB600 per worker, depending on the province and sector of employment (IOM 2009b; Migration News 2010). There is nothing that explicitly bars employers from deducting this fee from the migrants’ wages, or directing the use of the collected money to developing the skills of migrant and/or Thai workers. Meanwhile, Section 15 of the foreign employment act requires some amount to be automatically deducted from the migrants’ wages and deposited in a “savings” fund that can be tapped to cover the costs of the migrants’ return to their countries of origin upon the expiry of their work permits. This specification is yet to be implemented, pending decision on its details.

The regularization scheme represents the amicable face of the Thai policy on irregular migration. On the other side of the coin is the government’s tough stance on border control, arrest, detention, deportation, and prosecution. Between 2005 and 2006, the number of irregular alien workers arrested by the Thai immigration police swelled by 42 per cent. Those deported increased by 25 per cent, while those prosecuted for hiring, hosting, or smuggling foreign workers increased by 15 per cent.79
Past worries about deportation, however, are nothing like the dread about the threat of mass deportation following the announcement that the 2009 registration was the final round.

**6.2 Sending Country Migration Management**

Migration management is no easy assignment for sending countries as the factors they have to weigh during policymaking run counter to one another at times. Not all countries of origin have explicit labour export policies, but, in whichever case, an outflow of workers has become more of an inevitable occurrence, thanks to the increased porosity of borders and the intermingling of economic and non-economic drivers of people’s movements. Given their near inevitability and development and social impact, such outflow will have to be regulated one way or another. There are two obvious dilemmas that sending countries, especially those with explicit labour export programmes, confront first-hand. The first refers to the gargantuan challenge of how to maximize the benefits, given the well-known costs of labour emigration. The second dilemma refers to how to allow and promote overseas employment of nationals while ensuring that the rights of such nationals are protected at all stages of the migration cycle. A migration management strategy that can effectively address these dilemmas must first and foremost have sound legal and institutional foundations.

While informal worker movements to Thailand from Cambodia and Lao PDR are long established given the countries’ shared borders and history, formal labour emigration is a relatively modern phenomenon as briefly explained earlier. Hence, the labour export policies of Cambodia and Lao PDR are really just in the infancy phase. With the adoption of the MOUs on labour cooperation between them and Thailand, such policies gained some direction and substance; even with this, however, there has hardly been a Cambodian or Lao migration management strategy to speak of.

In the case of Cambodia, there is barely a mention of labour emigration in the National Strategic Development Plan 2006–2010, its key development blueprint. Under Section 4 of the plan, it is simply mentioned that migration issues constitute one of the considerations in socio-economic policymaking and that the provision of assistance to aspiring Cambodian migrant workers is one of the measures for employment creation. Two subdecrees and a circular are all that chiefly make up the national legal and regulatory
framework on migration (Chan 2009). As it is currently worded, the MOU with Thailand can hardly be called a binding document. There are no formal enforcement and dispute resolution mechanisms provided under it. Under Subdecree 57, recruitment agencies wishing to operate in the country are required to make a US$100,000 deposit with the Ministry of Labour and Vocational Training (MoLVT). This requirement effectively limits entry into the business. If we assume in good faith that the deposit is indeed intended to fund worker repatriation, the amount seems too much given that most of the Cambodian workers are just in neighbouring Thailand. The deposit accrues no interest to the agency and, apparently in practice, does not get returned. In 2009 there were eighteen recruitment agencies in Cambodia, all privately owned (Chan 2009). Unlike the case of huge net sending countries such as the Philippines and Bangladesh, Cambodia does not have a separate government overseas employment agency. Migration management has been basically just added to the many responsibilities of already existing ministries, primarily the Ministry of Foreign Affairs, MoLVT, Ministry of Interior, and the Council of Ministers. The institutional framework further comprises two interministerial bodies, namely the Inter-Ministerial Taskforce for Migration and the Inter-Ministerial Working Group for the implementation of the MOU with Thailand (Chan 2009; Cambodia country chapter).

In the case of Lao PDR, the preparation process for the adoption of its MOU with Thailand was what essentially spurred the formulation of a national labour export policy and its integration into broader development plans. The government adopted a decree on labour export in May 2002 and an implementing instruction two months later. These documents assigned the Ministry of Labour and Social Welfare (MLSW) the authority to issue licences to recruitment agencies. Unlike the Cambodian regulations, they only require agencies to pay insurance fees of US$150 per worker bound for Thailand, equivalent to the price of a return ticket per worker bound for other countries. These fees are deposited with the Bank of Lao PDR. To cover the agencies’ operational costs, a maximum of 15 per cent is allowed to be deducted from the monthly wages of workers. In 2009, about nine recruitment agencies existed in Lao PDR, three of which were state owned. As in Cambodia, there is no separate government overseas placement bureau in Lao PDR. Unlike Cambodia, however, the overarching development blueprint of Lao PDR, called the National Socio-economic Development Plan 2006–2010, explicitly promotes a national labour export
policy. It openly expresses support for labour emigration, encouraging the upgrading of workers’ skills to enable greater participation in overseas labour markets that pay higher wages. In December 2002, a decree prohibiting Lao migrants from working in illegal, toxic, and “disgraceful” jobs was issued (Labour Migration undated). This can be interpreted to mean that the many Lao migrants taking up 3-D jobs in Thailand are in breach of their government’s policy. Having mostly the same provisions as that of Cambodia, Lao PDR’s MOU with Thailand is not a legally binding document.

Like Vietnam, Myanmar has a migration policy that has been described as heavily interventionist (Wongboonsin 2003). Unlike Vietnam, however, Myanmar has a migration policy that actively discourages emigration, particularly that of women. The State Peace and Development Council adopted Law 367/120–(b) (1) that actually makes it illegal for Myanmarese people to migrate to Thailand. A prison sentence of up to seven years potentially awaits those brave enough to emigrate. Myanmar’s Immigration Act of 1947 also makes it illegal for those who left to return to the country without a valid passport or certificate (Caouette & Pack 2002). This largely explains the fear of many Myanmarese migrants in Thailand to undergo the nationality verification process which requires them to return first to their country and secure the certificates from there. Myanmar’s MOU on labour cooperation with Thailand was signed in June 2003. Like the other MOUs, it is hardly a legally binding document. Unlike the others, however, and as discussed later, it has been far more difficult to implement.

Migrant protection must be present before and after departure. Pre-departure protection entails decreasing or eliminating the susceptibility of applicants to abuse by private recruiters. The financial angle of recruitment has gained particular attention because application fees have often tended to be so high as to be prohibitive. To address this problem, sending countries have resorted to fee regulation and even the imposition of a legal ceiling on fees, as in the case of Lao PDR. To be able to regulate the overall operations of private recruitment agencies, registration and licensing have also been mandated. The threat of criminal action against errant recruiters also provides a degree of insulation from abuse. The problem, however, is that violation of regulations persists, with recruiters exploiting the relative ignorance of would-be migrants. Fees imposed by legal brokers also remain uncompetitive with the costs of tapping illegal intermediaries, as seen in the Cambodian and Lao cases. Protection of
migrants post-departure is also vital given the significant incidence of contractual violations and abuse by employers. Engagement in bilateral arrangements has been one instrument by which sending countries seek to secure the cooperation of employing countries in protecting their migrant workers. As seen in the case of GMS-3 migration to Thailand, the number of workers sent via bilateral arrangements, however, tends to constitute a small percentage of the total migrant flows. International covenants provide blanket and inclusive protection to migrant workers; however, as elaborated later, the adherence of national labour standards to international laws is weak. Equally important, knowledge of what they are up against is a source of migrants’ power and guards against recruiter and employer abuse. Thus, improving dissemination of reliable information on such matters as prospective labour markets and migrant rights, and easing migrant integration into the host society, is a core mission that has been embarked on by sending countries. Support services, such as pre-departure training, as well as the posting of labour attachés in destination countries, have been put in place to this end. There has been no systematic training of GMS-3 migrants before leaving for Thailand, explaining in part the confusion about, and accusations of, contract violations and fraudulance from all parties post-departure. Also, against the background of inadequate legal framework, or problematic implementation of relevant laws and regulations, the effectiveness of services in terms of ultimately reducing recruiter or employer abuse has been limited.

6.3 International Migration Management

Single handedly managing migration would be extremely difficult without a certain degree of bilateral, regional, and global cooperation. To the sending countries, protection of the rights of their migrant workers necessitates collaboration with destination countries, compliance with an international legal framework, and assistance from regional and international institutions. Without these ingredients, migrant worker protection would be a hard-pressed task, given its very nature and how globalization has increased the complexity of protecting overseas workers, particularly irregular migrants, and deepened the linkage between international migration and issues such as human rights, economic crisis management, and terrorism. Bilateral arrangements between source and host states have been a useful measure to regulate two-way worker movements, ensure minimum protection for
migrant labour, and widen the pathway to regular migration. The number of such agreements remains limited, however, due mainly to reluctance on the part of destination countries. Such reluctance has been rationalized on the basis of the existence of national immigration policies and the desire to avoid accusations of discrimination (IOM 2008). Furthermore, differences have been traceable in the scope and degree of enforceability of bilateral arrangements — on the one hand are the treaties whose provisions are binding among the parties, and on the other, non-binding agreements such as MOUs.

Encouraged by the 1999 Bangkok Declaration on Irregular Migration, the execution of bilateral MOUs on labour cooperation has been a key strategy utilized by the Thai government to regulate the entry and exit of GMS-3 workers to and from its territory. As discussed earlier, MOUs between Thailand and each of the GMS-3 countries were signed in 2002 and 2003. These MOUs share the following key provisions: (1) permission for a quota-bound entry and time-bound stay of legal GMS-3 workers in Thailand; (2) key steps in the alien worker importation process; (3) the automatic deduction of 15 per cent of a migrant worker’s monthly salary for deposit in a savings fund that can be used to finance worker repatriation or deportation; (4) the entitlement of migrant workers to the same wage ceilings and other benefits granted to Thai workers, based on the principle of non-discrimination and equality; (5) protection of alien workers according to the domestic law of the receiving country; and (6) cooperation on the prevention of illegal employment. The alien importation process under the MOU essentially begins with the receiving country setting the official labour import quota for each sending country, taking into account employer demand. This quota is then made known to the governments of the sending countries, particularly their ministries of foreign affairs and labour. The information is then passed on to the recruitment agencies. Based on this information from the government and/or direct request from employers in Thailand, recruitment agencies in sending countries advertise the job vacancies and/or mobilize brokers to scout for potential applicants. Recruiters then assist applicants in submitting the required documents and undergoing the required health examination. Successful applicants are then assisted in signing employment contracts and obtaining the necessary travel documents, such as a passport from national ministries, and a visa from the Thai embassy in the sending countries. Migrants then travel to Thailand to report to their employers and secure their work permits. As
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broached elsewhere, employers typically advance the costs of application and deduct them from the migrants’ salaries later. Admitted workers are allowed a two-year initial stay and a two-year extension. In the course of their employment, they have to pay taxes to the Thai government and contribute 15 per cent of their salaries to the savings fund. On finishing their term of employment, which cannot exceed four years, they have to return to their home countries where they can claim back their savings fund contributions plus interest. Should they wish to work again in Thailand, they would have to wait for a period of three years to elapse.

The implementation of the MOUs has not been without serious delays, which is not surprising given these documents are not legally binding. Senior Official Meetings are held regularly to see through the execution of the MOUs, but these by no means constitute a formal enforcement mechanism that upholds the rights of migrants under the MOUs. Thai survey results found that the salaries of Cambodian and Lao foreign workers sent under the bilateral MOUs meet the minimum wage, but in average terms only. For those whose wages actually fall below the minimum wage, the absence of a formal enforcement and dispute resolution mechanism under the MOUs precludes the sending country governments from pressuring the host government into implementing its domestic labour law which generally does not discriminate between Thai and guest workers. As is also widely pointed out, the regularization scheme interferes with the implementation of the MOUs. Knowing that they can eventually get regularized, migrants can simply choose the cheaper and faster informal route to Thailand. As explained in more detail in Section 5, the GMS country survey results corroborate the lower initial financial cost of informal vis-à-vis formal labour emigration to Thailand. Moreover, the mandatory tax payments and savings fund contributions that legal workers have to make are burdensome financial responsibilities throughout the course of employment that can leave the migrants with little savings. Legally problematic, the savings fund is yet to be actualized. Whether migrants will be able to recover fully their savings fund in their home countries is already doubtful. The legal recruitment process also takes longer and is complicated even for the recruitment agencies themselves. Securing documents in provinces and then travelling several times to the capital to process applications are no doubt time consuming, not to mention costly. As cited elsewhere, passport issuance alone can take two to three months in Cambodia. Quicker processing demands a much higher price, often
including some informal payment. In Lao PDR, the labour export process is said to take ninety days on average (Lao country chapter); however, given the long list of tasks that needs to be done from the village to the district and provincial levels in both sending and receiving countries, the entire process could take as much as six months to complete (Vasuprasat 2008). Conditions such as very costly deposit requirements also discourage entry into the recruitment industry, limit competition in the business, and partly underpin the proliferation of illegal labour export agencies and brokers.

The high rate of desertion among migrants in Thailand is one other critical problem faced by recruitment companies, given that they are ultimately responsible for either advancing application costs, or shouldering the cost of replacing runaways. One Cambodian recruitment agency was said to be dealing with a 40 per cent desertion rate (Cambodia country chapter). The implementation of Myanmar’s MOU with Thailand has been exceptionally difficult. Progress was nil until recently when nationality verification was finally agreed to be undertaken in Myanmar (Rukumnuaykit 2009). At least as of January 2008, no Myanmarese worker had been sent under the MOU. All in all, the number of workers sent under the GMS-3 MOUs with Thailand fell short of the labour import quota — a mere 19 per cent of the total to be specific (Mekong Migrant Network 2010). A number of these migrants, enough to be cause for concern, did not even finish their contracts for reasons yet to be fully investigated (Martin 2007). It is also uncertain how Thailand’s 2008 alien employment law which is yet to be fully operationalized will impinge on the MOUs signed with the GMS-3 countries. Even if no explicit mention of cooperation on migrant regularization can be found in the MOUs, much of the bilateral action and discussions during the Senior Official Meetings have focused on this task (Vasuprasat 2008). A key role of the sending countries in the regularization scheme is their issuance of the certificate of identity or the temporary passport which serves as proof of successful nationality verification. For reasons already thoroughly discussed, the success rate of this initiative has been low.

Regional migration management has similarly involved binding and non-binding initiatives. The European Union is a prominent example where migration management has arguably been the most successful when integrated explicitly in legal frameworks governing economic integration plans. However, the European Union’s achievement in freeing labour movements within the region has not only taken decades to attain
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and consumed substantial financial and institutional resources, but it has also been the feat of countries with relatively less economic opportunity differentials and which share the same economic and political philosophies of capitalism and democracy; hence, the European Union’s experience is difficult to replicate. Cooperative effort by the GMS-5 countries in managing regional migration via either the ASEAN or GMS grouping is far from comparable. The ASEAN Framework Agreement on Services to which the GMS-4 countries are signatories only incorporates a narrow window for international labour movement, mainly of the highly-skilled who hold nationally recognized qualifications. The GMS countries have also signed the ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers, the ASEAN Declaration on Transnational Crime, including trafficking, and the ASEAN Declaration against Trafficking in Persons Particularly Women and Children. These declarations, however, are not legally binding nor is there any known binding arrangement at the GMS level. Born out of the Coordinated Mekong Ministerial Initiative against Trafficking, the MOU on Cooperation against Trafficking in Persons in the GMS was signed. Where conditions for forging binding regional arrangements are missing, informal mechanisms have helped. Regional consultative processes (RCP), for instance, have assisted in bridging the understanding of migration-related issues among participating states. One known RCP is the Colombo Process in which Asian countries including GMS states, Thailand, and Vietnam, participate.

Major international instruments dealing directly and indirectly with labour migration and working standards have long been in place. The problem is that some of these instruments have not been ratified or acceded to, or even if they were, are not reflected in the national laws, or fully complied with and enforced. None of the GMS countries, as mentioned at the outset, is party to the major international migration covenants, particularly ILO Conventions No. 97 and No. 143, and the International Convention on the Protection of the Rights of all Migrant Workers and Members of their Families (the International Migration Convention for short). As implied in its title, the International Migration Convention upholds the rights of migrant workers, regular or irregular, on the basis of the principle of non-discrimination, though with some caveats. It extends to the migrant workers’ families the guarantee of rights and freedoms, including the right to liberty and security, freedom of movement, expression, religion, and association, and equality with nationals before
the court and in relation to remuneration and work conditions, social security, and emergency medical care. Rights such as equal access to education are still reserved for regular migrants under the convention. Although they are not parties to the said major agreements, the GMS-4 countries are parties to key international human rights treaties. All these treaties uphold the principles of equality and non-discrimination, which simply means that the entitlement to human rights is not based on one’s nationality, immigration or work status, and other criteria. Except for the political right to vote and run for office, all rights and freedoms are equally applicable to citizens and non-citizens.

As mentioned at the start, the first multilateral framework touching on global labour migration, the GATS-4, has also been adopted as an integral part of the WTO agreement on trade in services. Only the barest minimum, however, has been committed under this agreement, with the member states generally just keen on attracting high-skilled workers and apprehensive of low-skilled temporary migration gaining permanency (IOM 2005). GATS commitments are also enduring, which can be interpreted as running counter to the need for flexibility in migration policies. The international regime on global labour movements is more prominently featured by non-binding multilateral initiatives. Among these are the ILO Resolution Concerning a Fair Deal for Migrant Workers in the Global Economy, and the International Agenda for Migration Management. International institutions as the GFMD, GCIM, the IOM, and the ILO have also worked together and separately to deepen global cooperation in migration management and address problems affecting labour mobility. However, these efforts have been thwarted by preference for unilateralism in dealing with labour flows.

It has been pointed out that, as a matter of principle, some Thai laws converge with, while others diverge from, international labour and migration standards. Thailand’s criminal and civil codes, labour protection act, and social security law are largely equally applicable to migrant workers, regardless of their nationality, immigration and work status. Meanwhile, no more than part three of the Thai constitution, entitled Rights and Freedoms of Thai Nationals, privileges only the citizens when it comes to such entitlements as freedom of expression and rights against forced labour. The divergence of some national laws from international legal standards in principle results from non-ratification or accession and non-
reflection of some legal commitments in national legislation. The heightened consideration of national security concerns has also exacerbated the gap. As implied above, Thailand is yet to become a party to ILO Conventions Nos. 97 and 143 and the International Migration Convention. These conventions bestow freedoms such as association, collective bargaining, and equality in employment to migrant workers. The country’s labour relations act limits the access of foreign workers to such rights, particularly the right to form a trade union. Parts of the prevailing alien employment act and accompanying regulations also deviate from the country’s international legal commitments. Under the claim that it is chiefly in the interest of national security, law enforcement officials are given the authority to enter premises where irregular migrants are suspected to be working and/or living, and arrest such migrants even without court warrants. Informants responsible for the location of the migrants are rewarded. There are also existing provincial decrees that, in the name of national security, have set strict parameters on the action of foreigners working in their territories. In what are considered clear breaches of fundamental human rights, these decrees curb migrants’ freedom of movement and assembly by restricting their access to and use of transport vehicles and telecommunications, imposing curfews, and driving employers to maintain a tight rein on their foreign workers, lest they want to be liable for any potential damage caused by them (Muntarbhorn 2005; Human Rights Watch 2010; Rukumnuaykit 2009).

In practice, Thailand’s compliance with, and enforcement of, migrant rights have been problematic. Even when the rights of the migrants, regardless of their status, are clearly protected under national laws, corruption, ignorance of the law, employer non-compliance, and pure xenophobia have led to widespread transgressions of such rights. Assertion of the right to minimum wage and working conditions can simply result in the employer firing the worker. It is obvious that the situation of irregular foreign workers is more precarious. It is not only that their application for union membership or social security will most likely be turned down even though this is not (clearly) prohibited by law, but also, given the severe legal provisos and regulations approved in the name of national security, they are at serious risk of working and living in degrading conditions, being hunted, chased down and maltreated, and being deported to where they came from.
7. CONCLUSIONS

The near inevitability of labour migration in the currently more integrated and permeable world of workforces, all countries, net sending and receiving alike, to concede to the intransient nature of the phenomenon and to take a more proactive stance in defining the economic and human faces of its impact. The discourse on migration has gained enough maturity to oppose the dominance of the one-dimensional thinking that labour migration is nearly all about wage differentials. The flight of Myanmarese migrants illustrates that labour migration is at times as much about escaping deprivation of rights and freedoms as it is about economic deprivation. The simple core-periphery model of migration presented in this chapter emphasizes the economic development dividend that underlies the pull of the core state in accordance with its focus on the economic dimension of labour migration. The GMS-3 country survey findings provide strong evidence to this model. Simply put, getting a job or getting a job that pays better is cited as the key driver of worker mobility. Although most of them end up in the same occupations that they are most likely to have had in their home countries (contrary to the tenet of the segmented labour market theory), the financial opportunity cost of not exploiting cross-border job opportunities comes at great expense in terms of both individual and household welfare. Another divide, however, characterizes the GMS, this being the democratic divide that mainly drives many Myanmarese workers to run the risk of leaving their families and returning at the cost of their lives. That their and their Cambodian and Lao counterparts’ expectations of a better quality of life, economic and non-economic, are often crushed, given the demeaning treatment they are subjected to once in Thailand, is a sobering reflection. The perception that intra-GMS labour migration is chiefly economic wrongly leads to the thinking that the issues of importance are mainly economic and that the solutions to the problems are exclusively of the same nature.

“Is migration good or bad?” was the question stated so simply at the beginning of this chapter, but the answer, as the discussions have shown, is far from straightforward. What is at least clear is that the relationship between labour migration and development is not a given. Economic plans would be flawed to assume that labour export and import are necessarily and automatically or, put in another way, by themselves, beneficial. The reassuring bit is that an enormous good can come out of this unstoppable
dynamic. Labour migration can be significantly beneficial if the intervening factors are handled well. On the part of the sending country, factors mediating the link of worker mobility to economic growth and poverty reduction are the poverty constraints on migration, remittance use, diaspora links, and return migration. On the part of the receiving country, two key intervening variables are satisfaction of labour market gaps and fiscal contributions. The initial recommendations briefly touch on these mediating factors. Before moving on to that, however, it must be noted that though this chapter separated macro and micro level benefits and costs of migration for a more organized discussion, these two levels must not be considered separately from each other when mulling over how labour migration can be exploited to help bring about sustainable and equitable development. The GMS country studies all converge on the finding that labour emigration to Thailand is profitable to migrant workers and their households. How these net gains can be translated to net gains at the macro level depends in part on how the intervening factors are managed at the micro level, which, in turn, depends on the enabling conditions provided at the macro level.

The truth of the matter is that the poorest groups can barely afford and therefore rarely take advantage of migration opportunities, especially those by formal means which all the country studies conclusively found to be so expensive as to be prohibitive. Formal recruitment better ensures rights protection, but it is an unaffordable luxury for many aspiring migrants. Brokerage fees are simply exorbitant; even though the agency and or the employer initially shoulder the cost, the expenses are deducted from the migrant workers’ salaries later. Passports are expensive, owing partly to the informal payments that have to be made if passport issuance needs to be expedited. The formal recruitment process is simply too time consuming for many migrants who have already waited long enough for their economic and non-economic needs to be satisfied. Interventions aimed at enhancing the affordability of regular migration, making it less a privilege and more a right, must be pursued if migration is to become a viable livelihood strategy for the poor and therefore a stronger force for poverty reduction and equitable development.

That remittance helped raise the well-being of migrant households is one of the findings common to all the country studies; however, this welfare enhancement did not apply to all the migrant household respondents and was at times reported as being inadequate to enable migrant families to
break free from poverty. The thorough discussions on remittance use and associated drawbacks earlier in the chapter help illuminate the reasons for this being the case. One determinant of the nature and extent of the impact of remittances on household poverty is whether they are mostly consumed or invested. Based on the country survey findings, most remittances are indeed consumed. A modest share ends up in agricultural and business investment and little goes towards investment in education and health care. This obviously has important implications, for the macroeconomic impact of remittances. Once again, the new economics of labour migration anchors its supportive stance on international migration in its perceived positive effect on human capital formation. Empirical findings such as only minimal proportions of remittances being translated into educational investments dilute the credibility of the theory. To exploit the good in worker mobility, this intervening problem must be addressed. Much like how they aggressively pursue other private transfers, governments must cultivate the same drive and creativity in trying to maximize the potential of remittances. After the first step of encouraging more remittance inflows by enhancing the accessibility, innovativeness, and affordability of formal remittance channels, the strategy that follows must enable financial incentives for more productive use of remittances.

Diasporas, as described earlier, are huge resource pools waiting to be tapped. They can strengthen trade, business, and knowledge links between sending and receiving countries and therefore infuse greater momentum to regional integration efforts. This can only be, however, if they are accounted for, established a relationship with, and mobilized. In the case of the GMS, even just putting descriptive statistics on worker movements is barely possible because of the prevalence of irregular migration. The establishment of formal links and cooperation with regular migrant workers is more feasible and promising, but the number of such migrants specifically from the GMS-3 countries is small and made even smaller by the many incidents of worker desertion. Meanwhile, the status of irregular migrants precludes them from initiating trade, business, and knowledge links. The importance of the regularization policy catering to existing irregular migrants becomes highly evident in this regard. Diasporas thriving underground cannot be of use; once out in the open, their mere size gives a hint of their strong potential as a driver of trade, business, and knowledge creation. Their mobilization has to be prepared for.

In tandem with the above, returnees deserve special attention. Another common finding from the country studies is that many migrant returnees
have not seen any career advancement despite their accumulation of additional and more advanced skills. Put bluntly, this is an undeniable waste, reflective of the incorrect understanding that the story of migration ends when remittances have been made, the migrant’s employment contract expires, and he or she returns to his or her home country. In any case, the lack of job opportunities where the migrant can put his or her new or improved skills to good use is a valid explanation for this problem. Community development, to which remittance use can be purposively directed, or as part and parcel of the cross-border development efforts in the subregion, is a short and long-term remedy to this predicament.

Ensuring that immigrant workers fill the gulfs in labour markets rather than unfairly augment competition in sectors whose labour needs can be met by nationals is a key way of maximizing the net gain and minimizing the social backlash from alien employment on the part of destination countries. As pointed out earlier, international migration has turned into more than a process that host countries need to contend with begrudgingly. It has become a necessity that dependent countries need to accept openly and willingly as an integral component of their development road maps. Thus, the situation where foreign worker acceptance is a policy exception and containment the policy norm, is not really helping net immigrant economies such as Thailand whose low-skilled sectors depend heavily on migrant labour. A careful and periodic mapping of the present and future labour needs at both national and subnational levels will enable the government to gauge the extent of flexibility it needs in managing guest workers. This open and flexible migration policy runs counter to the many ultimatums and threats of blanket deportations that have been issued, backed by a rather cavalier attitude towards the migrants’ contributions to the Thai economy, which, as described earlier, are significant. The regularization policy must be continued to the benefit of at least existing irregular migrants in the country. This is necessary if fiscal contributions by the migrants are to be taken advantage of. The finding that migrants in Thailand have so far not imposed a net fiscal burden on the Thai economy has partly been due to luck. Many irregular migrants are simply too afraid to tap the social security system, or openly exploit public goods. Still, it is possible that they already are a net fiscal burden; it is just that the difficulty of tracking their movements makes this hard to verify. Based on the official labour needs assessment, another open registration round (that is not undermined by background threats) must be conducted for the benefit of existing irregular migrants in the country.
The opening for low-skilled migrants must not simply be tantamount to a “half-open door”; rather, it must resemble a “revolving door” that rotates migrant workers according to need.

The stakes in migration management have become higher, given the marriage of migration, national security, and crisis management policies. The implications of this marriage can be more positive or negative, depending on the frame of mind that determines their operationalization. It could have widened the opportunity to address the human rights concerns springing from the treatment of many migrants like criminals and slaves, or it could have presented the perfect window of opportunity for hawks and economic nationalists in the government to enforce actions that otherwise would have been clear breaches of basic human rights, if not for that simple but powerful announcement that they are done in the name of national security. It seems like the latter opportunity has been more seized upon in Thailand. Internalized from a human rights perspective, the primary objective of regularization, for instance, should not simply be to increase the economic benefits from the presence of migrants, or to ensure national security primarily; rather, it should be equally, if not more about, ensuring that the migrant workers are better protected and given respect in the complete sense of the word. Armed with the realization that international migration has become a necessity for highly migrant dependent countries, sending countries should know that they could be more assertive in getting the needs of their migrant workers met, and that they no longer simply need to comply meekly with the wishes of destination countries. Progress in bilateral cooperation in name only does not accomplish much. Agreements that are enforceable, not least aspects touching on the labour rights of migrant workers, must be negotiated more forcefully into fruition. Becoming state parties to the International Migration Convention and the other major ILO conventions would strengthen the legal case for migrant protection, but only to a limited extent. Ratifications and accessions to these treaties hold nothing but empty promise if they are not consequently backed by improvements in national legislation. Sending countries should muster more courage in advancing their interests, especially given the findings that labour migration can lead to greater economic polarization. Rather than working to close the development divide between the core and periphery, labour migration could instead trap the sending countries in underdevelopment and reinforce and worsen inequality. This validates the worst fears of the pioneers of the core-periphery model.
A whole gamut of specific recommendations is provided in the country chapters and in Chapter 6. In sum, these recommendations serve the purpose of addressing the intervening problems that undermine the relationship between labour migration on the one hand, and growth and poverty reduction on the other. The migrants of the Mekong can be either a force for greater national and regional progress and solidarity, or they can be a force spurring greater divisiveness and economic polarization. The outcome depends on the management of the wins, losses, and lessons from migration.
Annex A: GMS Country Survey Samples: Comparative Descriptions

<table>
<thead>
<tr>
<th>Country</th>
<th>Sample Areas</th>
<th>Total Sample Households</th>
<th>Household Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cambodia</td>
<td>Sramor Meas, Battambang Krasaing, Battambang Kork Thnug, Banteay Meanchey Romduol, Banteay Meanchey Sieam Peay, Kampong Thom Knoy, Prey Veng</td>
<td>526</td>
<td>Major destination country: Thailand, with most going deep inside the country, followed by those along the border; minor destination country: Malaysia Number of migrant households and workers: 310 households with 538 migrant workers Gender profile: 65% of the migrant workers are males Major sectors of employment: agriculture, construction, fishing</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Xayaburi Savannakhet Champasak</td>
<td></td>
<td>Major destination country: Thailand, mostly cross-border Number of migrant workers: 151 migrant workers Gender profile: 65% of the migrant workers are female Age profile: 61% are between 24 and 44 Education profile: low education overall, with only 8% having upper secondary schooling Major sectors of employment: construction, domestic service, agriculture</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Lao Bao town, Quang Tri Chau Doc town, An Giang An Phu district, An Giang</td>
<td>313</td>
<td>Major destination country: Lao PDR and Cambodia, with most movements cross-border and ending up near and far border Number of migrant households: 207 migrant households with 208 migrant workers Gender profile: 61% of the migrants are male Age profile: average age for both male and female migrants is 40 Education profile: low education overall, with 35% of the migrants having some degree of high school education Major sectors of employment: trade activities, agriculture, hired work</td>
</tr>
</tbody>
</table>
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-Dong Hung district, Thai Binh

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- Major destination countries: Taiwan and Malaysia; minor destination countries: Taiwan, Hong Kong, and South Korea
- Number of migrant households: 148 migrant households with 148 migrant workers
- Gender profile: 77% of the migrants are female
- Age profile: most migrants are between 30–40 years old
- Education profile: better education than the migrants to Thailand, with 80% of the migrants having graduated from lower secondary school
- Major sectors of employment: domestic service; factory work

<table>
<thead>
<tr>
<th>Location</th>
<th>Number of Migrant Workers</th>
<th>Gender Profile</th>
<th>Age Profile</th>
<th>Education Profile</th>
<th>Major Sectors of Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand Cholburi</td>
<td>151</td>
<td>62% male</td>
<td>64% below 30</td>
<td>79% have no education</td>
<td>agriculture, fishing</td>
</tr>
<tr>
<td>Rayong</td>
<td></td>
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<td>Samutsakorn</td>
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<tr>
<td>Ubonratchathani</td>
<td>61</td>
<td>39% male</td>
<td>97% below 30</td>
<td>85% have no education</td>
<td>food shops/restaurants, agriculture</td>
</tr>
<tr>
<td>Nakornpanom</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Udonthani</td>
<td>40</td>
<td>65% male</td>
<td>68% between 30 and 45</td>
<td>low education overall, with 91% having received vocational training</td>
<td>non-household personal services</td>
</tr>
</tbody>
</table>

- Major destination country: Thailand from Cambodia
- Number of migrant workers: 151 migrant workers
- Gender profile: 62% of the migrant workers are male
- Age profile: 64% are below 30
- Education profile: 79% have no education
- Major sectors of employment: agriculture, fishing

- Major destination country: Thailand from Lao PDR
- Number of migrant workers: 61 migrant workers
- Gender profile: 39% of the migrant workers are male
- Age profile: 97% are below 30
- Education profile: 85% have no education
- Major sectors of employment: food shops/restaurants, agriculture

- Major destination country: Taiwan from Thailand
- Number of migrant workers: 40 migrant workers
- Gender profile: 65% of the migrant workers are male
- Age profile: 68% were between 30 and 45
- Education profile: low education overall, with 91% having received vocational training
- Major sectors of employment: non-household personal services
## Annex B: Summary of Migrant Registration Rounds in Thailand since 2004

<table>
<thead>
<tr>
<th>Year Round</th>
<th>Number of Migrants Who Registered</th>
<th>Number of Migrants Who Received/Renewed Work Permits</th>
<th>Cost Conditions on Work Permit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004 6th Registration Round</td>
<td>1598752</td>
<td>1512587</td>
<td>THB3800</td>
</tr>
<tr>
<td>(in %)</td>
<td>Burmese: 71.1</td>
<td>Cambodian: 14.3</td>
<td>Laotian: 14.0</td>
</tr>
<tr>
<td></td>
<td>(in %)</td>
<td>Burmese: 74.6</td>
<td>Cambodian: 13.0</td>
</tr>
<tr>
<td>2005 Re-registration to the 6th Registration Round</td>
<td>1881520</td>
<td>1773349</td>
<td>THB3800</td>
</tr>
<tr>
<td>(in %)</td>
<td>Burmese: 76.5</td>
<td>Cambodian: 10.7</td>
<td>Laotian: 12.8</td>
</tr>
<tr>
<td>for those already Limited for one year</td>
<td>Can change employer, but only under exceptional circumstances</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2006 Re-registration to the 6th Registration Round</td>
<td>1333703</td>
<td>1226106</td>
<td>THB3800</td>
</tr>
<tr>
<td>(in %)</td>
<td>Burmese: 85.1</td>
<td>Cambodian: 72</td>
<td>Laotian: 77</td>
</tr>
<tr>
<td>for 1-year permit</td>
<td>Limited for one year</td>
<td>Limited for one year</td>
<td>Limited for one year</td>
</tr>
<tr>
<td>Year</td>
<td>Registration Type</td>
<td>Registrants</td>
<td>Burmese (%)</td>
</tr>
<tr>
<td>--------</td>
<td>--------------------------------------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>2007</td>
<td>Re-registration to the 6th Registration Round (estimate)</td>
<td>1028365</td>
<td>91.3</td>
</tr>
<tr>
<td></td>
<td>Special Registration for Southern Provinces</td>
<td>11817</td>
<td>11817</td>
</tr>
<tr>
<td>2008</td>
<td>Re-registration to the 6th Registration Round</td>
<td>501570</td>
<td>95.0</td>
</tr>
<tr>
<td></td>
<td>Special Registration for Southern Provinces</td>
<td>1054261</td>
<td>792175</td>
</tr>
</tbody>
</table>

Note: (1) An open registration was actually held in 2005, but this was declared unsuccessful.
(2) Blank means that information cannot be obtained for the item in question.

Notes

1. For this reason and given the varying assumptions embedded in some of the data and calculations presented in the country chapters, this chapter occasionally uses comparative data from external sources rather than the country studies.

2. Institutional velocity refers to how rapidly a system and the units within it change due to intensity of contact (Keohane & Nye 2000).


4. Adapted from the IOM definition cited at <http://www.iom.int/jahia/Jahia/about-migration/migration-management-foundations/terminology/migration-typologies/cache/offonce;jsessionid=E1C77119F263428485155E13D9D1BB A5.worker02>. Adapted from the definition of a migrant worker under the International Migration Convention.

5. For example, based on Thailand’s 2008 Alien Employment Act, cross-border employment is allowed on possession of a temporary permit. Migrant work, under the law on promotion of investment and other laws is also allowed while the permit is being processed.


7. In all of The World Bank’s six governance indicators for instance, Myanmar was never at more than the fifth percentile in 2008 (Kaufmann, Kray & Mastruzzi 2009).

8. See de Haas (2008) for exploration of this issue.

9. The Vietnam country chapter explains that little effort has been done in establishing formal channels of migration between Vietnam and other GMS countries, except with Lao PDR. The migrants in Thailand, about 100,000 in 2005, mostly used the informal means. Undocumented migrants include Vietnamese students who overstay their visas to do paid work after graduation. Formal Vietnamese workers in Lao PDR numbered 440 in 2007. The number of informal workers is said to be large.

10. GDP figures are in real PPP terms (constant US$2,000).

11. The uncertain status of irregular migrants also results in recording errors. Where data on irregular migrants are available, access to such data is also difficult.

12. The estimated 2000 sectoral distribution of international migrant workers in industrialized nations was as follows: 10 per cent in agriculture, 40 per cent in industry, and 50 per cent in services. Women migrant workers dominated already highly feminized sectors (IOM 2008).

13. There was actually another open registration held in 2005, but it was unsuccessful because of the introduction of the costly bail fund. Only about 14,000 migrants registered (Sciortino & Punpuing 2009).

14. Based on the Thailand chapter.

15. This figure refers to those who registered in the February and June 2007
re-registrations. The additional 10,540 registered under the special registration schemes in the three southernmost provinces of Thailand (Mekong Migration Network 2008).

16. The labour force distribution in developing countries is typically characterized by a huge bulk of the workers employed in agriculture, followed by services, and then industry. IOM (2008) put the percentage distribution in general at 40-20-40 (40 per cent in agriculture, 20 per cent in industry, and 40 per cent in services).

17. The Cambodian Government’s one-China policy has prevented the sending of Cambodian migrant workers to Taiwan through official channels (IOM 2006).


19. For this reason, decent work deficit is also treated as an economic differential.


21. No comparative data for Myanmar though the country is likewise classified as low-income by WB.

22. GDP and GDP per capita figures are in real, PPP terms (constant US$2,000).

23. Based on the latest data for the period 2000–07 (UNDP 2009).

24. According to Kapsos (2004), the term “working poor” refers to individuals who both fall below an accepted poverty line and participate in the labour market. The concept thus takes into account not only poverty data, but also the countries’ specific labour market characteristics, such as the size of the working age population, the labour force participation rate, and the unemployment rate.

25. Structural unemployment has been depicted as long-term chronic unemployment that has the potential to become permanent due, for instance, to technological unemployment (i.e. increases in labour productivity means that the same level of output can be achieved with fewer number of workers). Measuring the extent to which unemployment is structural, cyclical, or transitional, is unfortunately an imprecise exercise as the different types of unemployment have aspects embedded in one another. See Jones & Riddell (1998) and Riddell (1999) for instance.

26. Immigrants, however, tend to earn less than nationals. OECD (2008) noted that immigrants, particularly those in OECD countries (except Australia), earn less than the native workers. Page & Plaza (2006) further noted that case study evidence shows that most immigrants from developing countries suffer an earnings penalty, higher inactivity levels and unemployment rates than nationals. The section on migration benefits touches on this topic in relation to the GMS case.
27. Data were sourced from WB WDI CD-ROM 2008.
31. Data are sourced from WB WDI CD-ROM 2008.
34. For instance, no discernible rise in wages has been detected in Bangladesh, India, Indonesia, or Sri Lanka, but upward pressure on wages has been identified in certain sectors in the Philippines and Pakistan. The lack of discernible rise in wages in the first four states has been attributed to the small share of emigrants relative to the labour market, the previous unemployed status of the migrants, or the easy replacement of those who left without a significant decline in worker quality (Lucas 2004).
35. Except as specified, remittances here refer to international remittances.
36. For instance, the reporting of small transactions is not required in many remittance source countries (Page & Plaza 2006), remittances transmitted through post offices are often not reflected in official statistics, money transfer companies are neither regulated nor supervised by the central bank or any other financial authority in many countries (de Luna Martinez 2005), and remittances are often misclassified as export revenue, tourism receipts, non-resident deposits, or even FDI (The World Bank 2006).
38. The Lao country study estimates the size of remittance inflows to the country at about US$170 million.
41. See McKenzie & Rapoport (2004) for a case study on sending communities in Mexico concluding that remittances reduce inequality; See Barham & Boucher (1998) and The World Bank (2006) for accounts of how high remittances appear to have increased inequality in a Nigerian community; and see The World Bank (2006) for accounts of how remittances in the case of Ghana and Sri Lanka appear to have had no significant effect on economic inequity.
42. See Chapter 6 for more on the Migration Hump Theory.
43. See Adams (2008) for instance.
44. Woodruff & Zenteno (2001) found for instance that remittances account for nearly 20 per cent of the capital invested in micro-enterprises throughout urban Mexico.
45. This figure excluded education and health care, which in the Cambodia country chapter, was treated as consumption items.

46. See also Ratha (2003) and UN-INSTRAW (2007). The latter cautions that the benefits of multiplier effects are uneven; they can benefit only social sectors that already have an advantageous position. For instance, the multiplier effect may benefit women less as they generally have a less advantageous market position than men.

47. Ratha & Mohapatra (2007) note for example that remittances work effectively as an informal “stabilization fund” in Latin America, long reliant on foreign financing and vulnerable to commodity price shocks.

48. For instance, the securitisation of remittance flows has helped banks in developing countries (e.g. Brazil, Egypt, Mexico, and Turkey) raise funds since 2000 at a lower cost and with longer maturity (Ratha 2007; WB 2006).


50. See, for instance, Spatafora (2005) who also found no significant relationship between remittances and such variables as education levels and investment ratios.

51. Based on the standard minimum wage of THB141 to THB184 in Thailand, as mentioned in the Lao PDR chapter.

52. The Thai survey distinguishes between two types of salaries, namely the initial salary, which is the salary received during the probation period, and the current salary, which is the salary received after the probation period.

53. See Sciortino & Punpuing (2009) for more on the wage differentials between Thai workers and GMS migrants. In the case of domestic service for instance, the study mentions that the approximate monthly earnings of Thai workers fall between THB5,900 and THB7,000, while those of registered migrant workers fall between THB1,000 and THB4,000, and those of unregistered workers, between THB700 and THB1,000 per month.

54. Assuming an eleven-month stay in Thailand and a one-month stay in Lao PDR.

55. Mention of the past one year or past five years should be taken to mean the year or five years up to the time of the survey.

56. A crude though inconclusive test of whether the altruism or self-interest prevails as a motive involves examining the correlation between remittances and family income. A positive correlation connotes the dominance of altruism as the motive (when the household’s relative deprivation increases, the migrant sends more money to counter such a fall) whereas a negative correlation suggests the superiority of self-interest (when the household becomes worse off, remittances also fall); see Lucas & Stark (1985), Brown (1997), Adams (2005).

57. For instance, the U.S.-Mexico corridor is noted to have seen a decline in
remittance costs of 60 per cent (to US$11 from US$26 in 1999) due to increased competition. In the case of the Philippines, an innovative mobile phone-based remittance system, which features comparatively lower costs, has been initiated; see Taylor (2004), Ratha (2007), The World Bank (2006).


60. Ratha & Mohapatra (2007). For other accounts of supportive evidence, see Page & Plaza (2006) and Hildebrandt & McKenzie (2005). Note, however, that the social costs of migration, such as the absence of parental supervision, can overshadow the virtuous impact of remittances on education and health outcomes. For instance, the Mexican case study also found that children in migrant households are less likely to be breastfed, fully vaccinated, or visit a doctor in the first year of their life (Hildebrandt & McKenzie 2005).

61. All immediate analyses and figures exclude findings on Sramor Meas province where sample migrants were in Malaysia.

62. In 2008, life expectancy at birth for low-income countries was 57 compared with 80 for high-income countries; neonatal mortality was 37 per 1000 live births, compared with 4 per 1000 live births; and reported cases of cholera and tuberculosis were 143,948 and 635,689 respectively compared with 28 and 40,477 (WHO 2010).

63. Recognition of professional credentials and academic equivalence in such free trade areas as the European Economic Area has accelerated skilled labour mobility. Certain regional agreements also carry explicit clauses on labour trade; those on high-skilled labour are much more open than those pertaining to the lower-skilled (IOM 2008).

64. Factors affecting the utility of a diaspora are its size, maturity, and motivation behind the establishment of diaspora networks. Globalscot, ChileGLobal, and Mexico Talent Abroad Network are examples of successful formal diasporas (Kuznetsov 2006).

65. In the case of Bangladeshi and Sri Lankan returnees from the Gulf States, there has been little evidence of an upgrade in their skills. A study concerning Pakistani returning migrants reports that 81 per cent of the returnees, and 84 per cent of employers felt that the skills acquired by the migrants while abroad were largely irrelevant (IOM 2005). Furthermore, the determinants of return migration suggest that not all returning migrant elites will put their skills to use once back home. Indeed, some migrants return to their countries of birth to retire.

66. For sample studies, see Docquier & Marfouk (2005), Beine et al. (2001), Angel-Urdinola et al. (2008), Chand & Clemens (2008).

68. These questions were raised in IOM (2005, pp. 167–71).
69. See, for example, Peri (2006) and Ottaviano & Peri (2005, 2006).
70. The importance of considering the effect on labour demand is stressed, for instance, in Levine (2006).
71. Defending its recruitment of immigrants, Cypress Semiconductor Corp., for instance, stated that one R&D job creates nine additional jobs; this means that failure to hire its eighty immigrant researchers translates to a loss of 720 jobs, about 500 of which are occupied by native workers (Rodgers 2009).
73. Foreign workers in Thailand are exempt from paying tax on the first THB100,000 of taxable income (Martin 2007).
74. Because of information asymmetries and limited immigration opportunities, private recruitment agencies are said to be reaping huge profits. This has time and again raised the issue of regulating these institutions (The World Bank 2006).
75. Because of its different evaluation period, findings on variable costs from the Lao PDR survey cannot be integrated.
76. This equation is adopted from the Thailand country chapter.
77. There was actually another open registration held in 2005, but it was unsuccessful because of the introduction of the costly bail fund. Only about 14,000 migrants registered (Sciortino & Punpuing 2009).
78. Based on data presented in Martin (2007).
79. Based on data from Vasuprasat (2008) and Sciortino & Punpuing (2009): between 2004 and 2007, the number of deportees increased by 75 per cent.
80. According to Vasuprasat (2008), the 15-per cent compulsory savings to be deducted from the migrants’ wages is in breach of ILO Convention No. 95 entitled, “Protection of Wages”. Thailand, however, has not yet ratified this Convention (ILOLEX).
81. Article V of AFAS provides a window for mutual recognition of professional qualifications by professional regulatory authorities.
82. For more on RCPs, see IOM (2008).
83. See Chapter 6 for further discussion on this.

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