

ASIA AND THE PACIFIC:

Advancing Decent Work Amidst Deepening Inequalities

RENE E. OFRENEO

Asia & the Pacific: Advancing Decent Work Amidst Deepening Inequalities

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Cover photographs, clockwise from top right: SEWA by Tina Møller Kristensen; workers in plastic manufacturing company, marble worker, construction workers and stevedore by Nana Buxani

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Abbreviations

ACFTU	All-China Federation of Trade Unions
ADB	Asian Development Bank
AFL-CIO	American Federation of Labor and Congress of Industrial Organizations
AFPCS	Australian Fair Pay and Conditions Standards
AIRC	Australian Industrial Relations Commission
AMRC	Asia Monitor Resource Centre
APFED	Asia-Pacific Forum for Environment and Development
APMRN	Asia Pacific Migration Research Network
ASEAN	Association of Southeast Asian Nations
AWA	Australian Workplace Agreement
BLES	Bureau of Labor and Employment Statistics (Philippines)
BPO	Business process outsourcing
CAS	Country Assistance Strategies
CDM	Clean Development Mechanism
CDOs	Collateralised debt obligations
CLMV	Cambodia, Laos, Myanmar, Vietnam
CLS	Core Labour Standards
CSOs	Civil society organisations
CSR	Corporate social responsibility
DWA	Decent Work Agenda
ECA	Employment Contracts Act (New Zealand)
EPZ	Export processing zones
FDI	Foreign direct investment
FKTU	Federation of Korean Trade Unions
GDP	Gross domestic product
GFC	Global financial crisis
GFEC	Global financial and economic crisis
GHG	Greenhouse gases
GNP	Gross national product
GOCCs	Government-owned or -controlled corporations
GUFs	Global union federations
HRM	Human resource management
ICFTU	International Confederation of Free Trade Unions
ICT	Information and communication technology
IFIs	International financial institutions
IILS	International Institute for Labour Studies

ILO	International Labour Organization
ILO-ROAP	International Labour Organization–Regional Office for Asia and the Pacific
IR	Industrial relations
ISA	Internal Security Act (Malaysia)
ITEAs	Individual Transitional Employment Agreements
ITP	Industrial Training Program (Japan)
ITUC	International Trade Union Confederation
ITUC-AP	International Trade Union Confederation–Asia Pacific
JETRO	Japan External Trade Organization
JILPT	Japan Institute for Labour Policy and Training
JSD	Japan Federation of Service and Distributive Workers Union
KCTU	Korean Confederation of Trade Unions
LO/FTF	Danish Trade Union Council for International Development Cooperation
LOC	Labour-only contracting
LPA	Labour Protection Act (Thailand)
LRA	Labour Relations Act (Thailand)
MDGs	Millennium Development Goals
MEF	Malaysian Employers Federation
MOLSS	Ministry of Labour and Social Security (China)
MTUC	Malaysian Trades Union Congress
NEP	New Economic Policy (Malaysia)
NGOs	Non-government organisations
NICs	Newly-industrialised countries
NTUC	National Trades Union Congress (Singapore)
PEA	Private employment agency
PRC	People’s Republic of China
R&D	Research and development
R2B	Race to the bottom
RENGO	Japanese Trade Union Confederation
SAP	Structural adjustment programme
SDT	Special and differential treatment
SEWA	Self-Employed Women’s Association (India)
SOA	Security Offenses Act (Malaysia)
SOEs	State-owned enterprises
TIP	Technical Internship Program (Japan)
TNCs	Transnational corporations
UI-ZENSEN	The Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers’ Union

UN	United Nations
UN-DESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
USAID	United States Agency for International Development
VGCL	Vietnamese General Confederation of Labour
VRS	Voluntary retirement service
WB	World Bank
WCL	World Confederation of Labour
WRA	Workplace Relations Act (Australia)
WTO	World Trade Organization

FOREWORD

This study of Prof. Rene E. Ofreneo, *Advancing Decent Work Amidst Deepening Inequalities*, is a timely reminder that the biggest challenge facing the Asian and Pacific region and the world is how to institute a truly inclusive and sustainable development paradigm. The present architecture of globalisation is largely based on neo-liberal economics, which is at the roots of deepening inequality and persistent poverty across the region and the globe, i.e., the exclusion of the vast humanity of workers from the fruits of the so-called economic surge of Asia and the Pacific. Inequality and poverty can be statistically identified in terms of Gini coefficients and other social indicators. However, more importantly, inequality has a human face.

First, it is worn by the informal workers, who constitute two-thirds of the labour force. With unprotected jobs and meagre incomes, these workers try to hack it daily under extremely difficult and truly precarious work and living conditions. They can easily be found throughout Asia and the Pacific for they are everywhere. Second, the face of inequality is also worn by workers in precarious employment. The economic and labour market liberalisation rules adopted by most governments have paved the way for an unpredictable Race to the Bottom among the big global, regional and local firms, between countries and within countries. Industries criss-cross Asia and the Pacific building a chain of factories and service companies based on an endless search for cheap and malleable labour. Consequently, this Race to the Bottom under neo-liberal globalisation has rendered most jobs precarious.

The dire and vulnerable situation of a large and growing segment of the labour force – the migrant workers, is another aspect of globalisation. They move from one place to another within their countries and cross national boundaries in search of the proverbial greener pastures and yet more often than not, they end up with jobs with undefined and abusive work rules.

The diverse Asian and Pacific region has grown to the centre of the global economy. Despite twists and turns, we believe that this trend will continue. However, the key question we are confronting is how we can adequately benefit from the current economic growth. That is why the ITUC-Asia Pacific has been tirelessly calling on governments and policy makers to heed the demand of trade unions for an alternative balanced development paradigm. We are challenging governments to put people at the centre of globalisation, to put a human face in the globalisation processes and to ensure

that social justice shall prevail in every corner of Asia-Pacific and of the world. We are warning that economic and social disintegration due to widening inequity and inequality, and persistent poverty, renders growth unsustainable and futureless.

We will intensify our fights for this vision of an inclusive, balanced and sustainable development for all. In its Founding Conference in Bangalore, India in September 2007, the ITUC-Asia Pacific renewed the call for a new governance of the global economy – inclusion of distributive and re-distributive mechanisms in the economic development agenda.

Asia-Pacific and the world cannot afford to have this unequal and unjust system of globalisation continue. We need to develop a new global economy based on international labour standards, especially ILO core labour standards, to incorporate distributive justice therein. We will continue our engagement with governments, their regional groupings, employers' organisations and international financial institutions. This "Advancing Decent Work", a comprehensive issue paper, is prepared by Professor Ofreneo with the support of the LO/FTF (Denmark). He clearly illustrates various aspects of globalisation deficits with his professional expertise. We strongly hope that this study of Prof. Ofreneo becomes another invaluable tool in our fight for a just, inclusive and sustainable Asia and the Pacific.

Noriyuki Suzuki
General Secretary
ITUC-AP

AUTHOR'S NOTES

There is enough for everybody's need, but not enough for anybody's greed.

Mahatma Gandhi

The tremendous economic growth registered by Asia and the Pacific at the turn of the millennium has been hailed as proof that the present paradigm of globalisation works. It does – but not for everybody. In fact, majority of the working population in the region are excluded. They have not benefited from the surge in the GNP/GDP growth in the various Asian and Pacific countries in terms of stable and sustainable jobs and incomes. This is clearly reflected in the annual ADB and UNESCAP statistics on the growing social and economic inequality and the huge percentages on mass poverty and unemployment/underemployment across the region.

However, this study tries to go beyond these inanimate statistics and percentages by giving a human face as to who are included and who are excluded under globalisation. The truth is that there is a vast sea of humanity in Asia and the Pacific who are excluded and who have to face the daily challenge of survival in a globalising job market that is characterised primarily by informality at work, limited job tenure and general precariousness of working conditions in both the formal and informal sectors.

This study supports the argument of the trade union movement that the exclusion of this humanity is due to the nature of the unequal globalisation processes taking place under the dominant neo-liberal model of global and regional integration. This model is characterised primarily by a one-sided Race to the Bottom which sacrifices the interests of the workers and which has benefited mainly the transnational corporations, big domestic corporations and a narrow circle of CEOs, managers and professionals. The unequal and unjust outcomes of this Race to the Bottom are compounded further by the glaring lack of social protection for the poor, including protection from the ravages of climate change and environmental degradation in a region known for its fragile ecosystem.

Hence, this study poses a challenge to the policy makers in the trade union movement – “rebalance” growth and development by overhauling the unequal character of the present architecture of globalisation.

The author is deeply indebted to the LO/FTF for its generous support for the writing and publication of this study. Special thanks also go to the ITUC-AP headed by General Secretary Noriyuki Suzuki, the various Asia and Pacific regional organisations of the global union federations, especially the Public Sector International and Union Network International, and research colleagues at ILO (Manila, Bangkok and Geneva). Finally, this study could not have been completed without the unswerving support by Dean Rosalinda P. Ofreneo. To all of them, eternal gratitude. All errors in this study belong to the author.

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The views expressed in this paper are those of the author and not necessarily those of the ITUC Asia Pacific

INTRODUCTION: AN INQUIRY ON WHY ASIA IS NOT “FLAT”

The rampant economic growth in Asia and its ramifications such as fast development of markets for luxury goods, cars, pollution and traffic problems are what mostly catch the attention of the world’s headlines, leaving the fact that 520 million people are starving today in Asia, not to mention the millions of people living on the brink of existence, with very little income, poor social services and little hope to be able to improve their lot in the near future. It all boils down to inadequate distribution of wealth, weak democracies and poor governance. In this scenario the trade unions have an important role to play as vehicles for social development and to provide a platform to engage governments and employers in constructive social dialogue. This, however, requires the capacity and the legal framework to form unions.

*Decent Work and the Labour Laws – 2009-2011,
ITUC-AP/LO-FTF Council, 2009*

Asia has been proclaimed by the world mass media as the poster region for globalisation. Over 700 million people was estimated by the Asian Development Bank (ADB, 2012) to have been lifted out of poverty between 1990 and 2010, with the per capita GDP (in 2005 PPP terms) more than trebling in the same period, from US\$1,633 to US\$5,133. The mass media are also full of stories on how China, now the world’s second largest economy, and India, together with South Korea, Indonesia and other emerging economies of the region, have been fuelling global growth amidst the global gloom over the untamed global financial and economic crisis (GFEC).

The ADB has also joined the chorus by business commentators from the West that the 21st century is “Asia’s century”. According to the ADB (2011a), Asia is “on the cusp of a historic transformation” (p. 5), meaning on the verge of becoming the world’s leading economic power. It explained: “By nearly doubling its share of global gross domestic product (GDP) to 52 per cent by

2050, Asia would regain the dominant economic position it held some 300 years ago, before the industrial revolution” (p. 3).

Welcome to Asia’s golden age?

The response from the Asian labour front is a perplexing and eerie silence. There are no signs of worker jubilation anywhere over this prognosis on the Asian century. Many in the trade union movement in Asia are hardly moved by all the noise on Asia’s economic boom. Some are, of course, intrigued by the rising media noises over “Asia’s century” and the prospects of how Asia shall eventually eclipse the venerable “old world” of Europe and the 20th-century “new world” of North America.

The puzzle is not difficult to solve: there is a great disconnect between the rosy economic projections about Asia’s growth and the reality on the ground about the poor quality of lives of the working populations teeming across the region. As pointed out by the Asia-Pacific Organisation of the International Trade Union Confederation (ITUC-AP) in its 2007 Founding Conference¹,

... globalisation has failed to deliver the promised decent living standards and has not benefited working people as a whole in the Asian and Pacific region. Economic injustice arising from globalization is distinctly visible in the region. The gap between the haves and have-nots is ever widening. The race to the bottom still continues. Economic and social deficits in globalization often lead to deficit in democracy and further tension and hostilities as we see in many parts of the region. (p. 1)

In short, many workers in Asia cannot identify with globalisation and its growth upsides in the region. Contrary to the gospel of some proponents of globalisation, the world is not “flat”, meaning levelled or equalised for all by the ICT and other technological and economic advances associated with globalisation (Friedman, 2005). Many of the Asian workers who produce parts of these 21st-century technology gadgets such as the iPhone, iPad, computers

¹ The ITUC-AP Founding Conference was held in Bangalore, India, 5-6 September 2007. The ITUC-AP united the Asia and Pacific affiliates of the International Confederation of Free Trade Unions (ICFTU) and the World Confederation of Labour (WCL), which merged and formed the International Trade Union Confederation (ITUC).

and their operating chips cannot even afford to own any of them. They are excluded from the market by their low wages and benefits. More so are those without any jobs or any links with the Asian/global value chains. The labour market, economy and society are all highly unequal.

Toward a reform agenda:

Looking at inequality through the labour lenses

It is abundantly clear that there is so much inequality across the Asia-Pacific region. All the international development agencies such as the World Bank (WB) and the ADB are all writing and warning about this inequality.

However, what this study tries to answer is the question: who are the excluded in the labour market under globalisation? Most of the existing studies on poverty and inclusion-exclusion are heavily focused on faceless statistics such as the Gini coefficients, percentages of those below poverty threshold and so on. There is little indication of the jobs held by the excluded poor.

In determining the excluded, this study tries to analyse the depth and nature of inequality in the Asian labour market based on the perspective of the workers' movement. This entails not only a compilation of data on the uneven and unequal growth and labour market patterns in the region but also an analysis of the root causes of such unequal patterns, in particular on the hiring and compensation of workers, the displacement and exclusion of certain categories of workers in the labour market and the phenomenon of “flexibilisation” or “informalisation” in the formal labour market. In short, the study seeks to provide answers on who in the labour market benefits and who loses in the globalisation processes, a question that is often given scant attention by the international development agencies. Relatedly, this study inquires on the role of the intermediary industry in the labour market, specifically the rise and growth of the “dispatching” and/or recruitment/ placement industry, which influences the “flexibilisation” of hiring and work processes that have been the object of protest by the workers' movement across the region.

Relatedly, the study re-examines the evolving labour law regimes in the region and the policy debates on how countries should respond to the challenge of labour and social protection under globalisation. Different Asian countries have introduced a slew of labour law changes (all labelled as “reforms” by governments) in the last two or three decades. The study tries to examine the gap between law and practice, between the intention of the law and what

really obtains on the ground. In this regard, the yearly publication of the ITUC, the *Annual Survey of Violations of Trade Union Rights*, is a very important resource material.

Thirdly, the study inquires on how the realities of inequality in the labour market affect the realisation of the “Decent Work Agenda” (DWA) of the International Labour Organization (ILO), which has declared 2015 as the end year of the Asian Decent Work Decade 2006-2015 (ILO ROAP, 2007b). As defined by the ILO, *decent work* is productive work obtained in “conditions of freedom, equity, security and human dignity”. In order to meet these conditions, ILO member countries are asked to guarantee universal respect for fundamental principles and rights at work; create greater employment and income opportunities for women and men; extend social protection to all workers; and promote social dialogue. These DWA targets happen to complement the UN’s Millennium Development Goals (MDGs), which also seek in 2015 the eradication of extreme poverty (halving from 1995) and global multi-stakeholder partnerships for development. The analysis on the impediments to the fulfilment of the DWA/MDG is focused not only on the gaps in labour protection (e.g., missing laws, weak laws and enforcement problems) but also on the coherence (or the lack of it) in economic and labour policies.

Fourthly and finally, the study tries to outline labour and socio-economic reform measures needed to address identified social and labour deficits based on the foregoing research activities. The reform agenda naturally takes off from those being espoused by the ITUC-AP and its affiliates in the region.

In the conduct of the above research activities, the author sought the views and opinions of the ITUC-AP and its affiliates. A review of the documents produced by ITUC in Brussels, ITUC-AP and trade union groups in select Asian countries was also made. Basic labour and economic data were sourced from the ADB, WB, UNESCAP, and ILO Geneva and ILO Bangkok.

Caveats

All the mistakes in this study are the responsibility of the author.

There are also obvious limitations. This study cannot possibly cover all aspects of the labour market and its functioning in each Asian country nor all details of the labour laws and the manner of their implementation in each Asian country. In the first place, this study is not meant to be an exhaustive listing and analysis of the labour laws, norms, regulations, institutions, machinery and processes affecting the supply and demand of labour in each

of the Asian countries. The focus of the study is on establishing the general patterns of the impact of globalisation on the labour market, the hiring and deployment of workers, the role of the labour intermediary industry and the relationship between and among the social partners, on the one hand, and the development of needed labour reform measures based on all of these findings from the perspective of trade unions, on the other.

Coverage of Asia and the Pacific

Another limitation: this study cannot cover in detail the various sub-regional groupings of Asia and the Pacific. The main focus is on East Asia, Southeast Asia and South Asia, although there are references here and there to Australia, New Zealand and other countries of the Asia and the Pacific.

Asia and the Pacific spans a fairly wide area. According to the Asia-Pacific Forum for Environment and Development (APFED, 2005), the Asia-Pacific region, under the UN system, covers the area from Mongolia in the north to Australia and New Zealand in the south, and from Central Asia and the Islamic Republic of Iran in the west to Kiribati in the east. The region has the following five sub-regions and countries: 1) Central Asia – Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan; 2) North East Asia – China (including Hong Kong, Macau and Taiwan), Japan, Democratic People’s Republic of Korea, Republic of Korea, Russian Federation and Mongolia; 3) South Asia – Afghanistan, Bangladesh, Bhutan, India, Islamic Republic of Iran, Maldives, Nepal, Pakistan, Sri Lanka and Turkey; 4) South East Asia – Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Viet Nam; 5) Pacific – Australia, Cook Islands, Fiji, French Polynesia, Guam, Kiribati, Marshall Islands, Federated States of Micronesia, Nauru, New Caledonia, New Zealand, Niue, Northern Mariana Islands, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.

Many publications on the Asia-Pacific exclude Russia from the region and are generally silent on the Central Asian countries (Afghanistan, Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan), most of which were members of the former Union of Soviet Republics. However, the ITUC-Asia Pacific also covers countries in the Middle East. It has affiliates in Bahrain, Israel, Jordan, Kuwait, Palestine, Turkey and Yemen.

CHAPTER

1

INEQUALITY IN SURGING ASIA

Growth in surging Asia

Much has been written about East Asia's success as the world's growth motor under globalisation. In its 2006 *Asia-Pacific Human Development Report: Trade on Human Terms*, the Asia-Pacific unit of the United Nations Development Programme (UNDP) reported that the region grew annually by more than seven per cent in the period 1990-2003. As a result, around 250 million people living on less than a dollar a day were lifted out of poverty through new and better jobs in between 1990 and 2001. A more recent estimate by the Asian Development Bank (ADB), *Outlook 2012: Confronting Rising Inequality in Asia*, more than doubled the number of those lifted out of poverty³ – 716 million for the period 1990-2008. This represents a dramatic decline of poverty in the region percentage-wise, from 53.9 per cent to 21.5 per cent for the same period.

But whatever estimation method is used, it is undeniable that the region has grown rapidly. Asia's share in the global GDP increased from 25.1 per cent in 2000 to 29.2 in 2009, largely at the expense of faltering Europe (see Table 1). It is also obvious that majority of the poor lifted out of poverty are in China, the world's acknowledged workshop. Absorbing most of the foreign direct investments (FDI) destined for the Asia-Pacific region, China registered an amazing and consistent annual GNP growth rate of nearly 10 per cent from the 1980s to the present. Its share of the global GDP more than quadrupled in two decades alone, from 1.7 per cent in 1990 to 7.2 per cent in 2009 (see Table 2). In 2010, China overtook Japan⁴ to become the world's second biggest economy. With a population of over 1.3 billion, China is hailed as a global model of globalisation, that is, on what global integration can deliver to a developing economy embracing free trade.

³ The ADB estimate includes Central Asia.

⁴ Japan has been on a slump since the 1990s. However, it remains the third biggest economy in the world.

Table 1. *Distribution of Global GDP, 1990 and 2009*
(in constant 2005 prices, US\$)

	1990	% Share	2009	% Share
World	30,186	100.0	49,356	100.0
North America	8,724	28.9	14,074	28.5
Europe	11,112	36.8	15,054	30.5
Latin America and Carib.	1,790	5.9	3,141	6.4
Africa	613	2.0	1,185	2.4
Asia and the Pacific*	7,566	25.1	14,432	29.2
East and Northeast Asia	4,811		9,189	
Southeast Asia	431		1,077	
South and Southwest Asia	834		2,163	
North and Central Asia	950		1,015	
Pacific	540		988	

Source of basic data: *Statistical Yearbook for Asia and the Pacific 2011*, UNESCAP.

*East and Northeast Asia: China, DPR Korea, Japan, Mongolia, ROK

Southeast Asia: Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam

South and South-West Asia: Afghanistan, Bangladesh, Bhutan, India, Iran, Maldives, Nepal, Pakistan, Sri Lanka

Pacific: Australia, New Zealand, Papua New Guinea and other Pacific

Table 2. *Share in Global GDP, 1990 and 2009*
(in constant 2005 prices, US\$)

	1990	% Share	2009	% Share
Japan	3,794	12.6	4,451	9.0
China	536	1.7	3,544	7.2
India	352	1.1	1,141	2.3
Australia	455	1.5	851	1.7

Source of basic data: *Statistical Yearbook for Asia and the Pacific 2011*, UNESCAP.

However, Asia has also some of the most dynamic economies in the world: “shining” India, which is the world’s second biggest in population (1.2 billion), mineral-rich Australia and the other Asian export dynamos (South Korea, Taiwan-ROC⁵, Singapore and Malaysia). Together with surging Indonesia, Philippines, Thailand and Vietnam, these countries easily dwarf the GDP of the United States, still the world’s biggest economy, and that of Europe. Table 3 shows how the GDP growth rate of Asia’s dynamic regions and countries surpassed the rest of the world at the turn of the millennium. Only Africa, which is taking off from a much lower growth base, has outpaced Asia. In terms of global GDP for 2011, four Asian countries – Japan, South

Table 3. *Global GDP growth, 1990-2009*
(in per cent)

	1990-2000	2000-2005	2009
World	2.8	2.9	-2.0
North America	3.4	2.4	-2.6
Europe	1.9	1.9	-4.2
Latin America and Carib.	3.2	2.6	-2.1
Africa	2.2	5.2	1.6
Asia and the Pacific	2.8	4.3	0.5
<i>East and Northeast Asia</i>	3.1	3.8	0.5
China	10.4	9.8	9.1
Japan	1.2	1.3	-5.2
ROK	6.5	4.5	0.2
<i>Southeast Asia</i>	5.1	5.0	1.0
<i>South and Southwest Asia</i>	4.6	5.9	3.5
India	5.5	7.0	7.7
<i>North and Central Asia</i>	-3.9	6.5	-6.5
<i>Pacific</i>	3.5	3.4	2.0
Australia	3.6	3.4	2.4

Source of basic data: *Statistical Yearbook for Asia and the Pacific 2011*, UNESCAP.

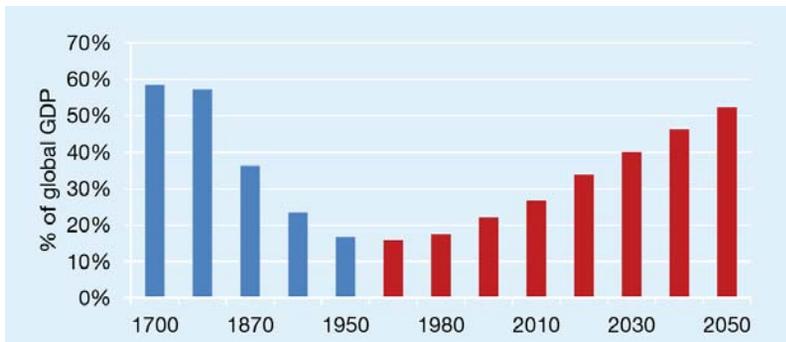
⁵ Referred hereafter as Taiwan.

Korea, Taiwan and Hong Kong SAR⁶ – were in the top ten among the developed countries, while China and India (with Indonesia sixth) led the top ten emerging economies of the world (Salient Capital Advisors, LLC, 2012).

21st century: Asian century?

As a result of the foregoing, the ADB (2011a) enthusiastically predicts that Asia, which accounts for 60 per cent of the world’s population, will reassume its economic dominance in the world in three decades, a position it held three centuries ago. As illustrated by Figure 1, the economic pendulum has swung in favour of Asia’s rise beginning in the 1980s, the decade touted to be the first decade of full-throttle globalisation in Asia, which was marked by the rise of global value-chain factories engaged in the production of garments and electronic devices. Further, the ADB claims that Asia’s per capita GDP will rise from around US\$4,000 today to US\$40,800 by 2050, or equal to the European standard.

Figure 1. *Asia’s share of global GDP, 1700-2050*



Source: Graph reproduced from *Asia 2050* (ADB, 2011a, p. 3).

Earlier, the WB hailed the “Economic Renaissance” (Gill & Kharas, 2007) of East Asia, which consists of Northeast Asia (China, Japan, Korea, Taiwan and Mongolia) and Southeast Asia (Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste and Vietnam). Like the European Renaissance of the 15th century, the East Asian Renaissance was described by the WB as characterised by the following: rising

⁶ Hong Kong, a former British colony, is treated as a Special Administrative Region (SAR) of China, along with Macau, a former Portuguese colony. Economic reportage on China and the two regions can be confusing because the performance of the two SARs is sometimes lumped with China overall and at other times, separated.

wealth accumulation and incomes, accelerated absorption of knowledge and technology, and growing economic integration. The whole region is seen as fast becoming a “middle-income” region.

The rising wealth of Asia is probably best seen in the dramatic transformation in the lending relationship between the United States and Asia. After World War II, the United States was the biggest source of “development assistance” for the developing world, assistance which was coursed through bilateral agencies such as the US Agency for International Development (USAID) and multilateral institutions such as the WB. However, in May 2011, the United States, through its issuance of US Treasury bills, had total foreign exchange borrowings amounting to US\$9.3 trillion. Out of this US\$9.3 trillion, US\$6.2 trillion or 67 per cent was held by developing and emerging economies (Ahearn, 2011). A quarter or 25.6 per cent was held by China alone, which had a total of US\$1.16 trillion in US treasury holdings, apart from those listed under “Hong Kong” totalling US\$122 million, or 2.7 per cent of the US\$6.2 trillion. Singapore, a small city state, had a share of the US treasury securities about half of Hong Kong’s – US\$57 million. But what is surprising are the purchases made by Thailand (US\$60 million) and the Philippines (US\$24 million). Malaysia had US\$13 million in its name, while India had US\$41 million.

In *Asia 2050: Realizing the Asian Century*, the ADB (2011a) traced Asia’s rise to high savings rate and wealth accumulation through increased productivity and trade surpluses. It concludes: Asia is a major beneficiary of globalisation, with the leading Asian economies actively pursuing growth through intensified participation in the global market as exemplified by China.

Today, Asia has become the global workshop, producing anything from cheap stuffed toys to high-tech nanotech devices. It has also become the global back office and customer/contact centre for big multinationals and companies marketing varied products such as insurance and professional journals and those servicing the needs of their American, European and Australian clients like investment placements and home interior redesigning. India, Philippines and Malaysia are leading players in the ICT-enabled business process outsourcing (BPO) activities. On the other hand, Singapore and Hong Kong have become rivals of Geneva, London and New York in global finance, while South Korea and Taiwan are competing head to head with their western counterparts in making technological innovations in cyber-based communications industries.

Is the 21st century indeed Asia’s century?

Joblessness in Asia

To the majority of the Asian working population who are in the business of seeking the wherewithal to survive the rigours of daily existence, the question on Asia's century seems strange and hollow. As pointed out in various studies and reports made by the UN and other international development agencies, the benefits of growth in surging Asia have not trickled down to the majority. Worse, a great number have not even been involved as participants (as workers or managers) in the booming labour-intensive export industries such as garments, electronics, auto parts and so on ad nauseam. Growth has been both unequal and exclusivist. Thus, to this majority it is difficult to connect their own lives with the celebratory view of the dawning of an Asian century.

Since the 1990s, the UNDP (see, for example, UNDP's *Human Development Report 1999*) has been pointing out that the outcomes of deeper integration and globalisation have been unequal and uneven for most countries, especially for China. The UNDP Report for Asia-Pacific (2006) said that growth has been jobless for some Asian countries, as reflected in East Asia's job record: 337 million jobs created in the 1980s and only 176 million jobs in the 1990s. The ILO Report for Asia-Pacific in 2011 also highlights the remarkable divergence between high GDP growth and low employment growth (see Table 4). Note that China has the highest GDP growth and yet it also has the lowest employment growth, with the exception of slumping Japan. The jobless growth phenomenon seems to be less in the case of Mongolia and Pakistan, which are not major globalisers and liberalisers.

Why the jobless growth phenomenon?

One explanation in the late 1990s was the 1997-98 Asian financial contagion, which emanated from Southeast Asia and which severely affected Thailand, Indonesia, Malaysia, Philippines and South Korea. Millions in these five countries lost jobs in this Asian crisis episode (Muchhala, 2007). However, the rest of the region survived the crisis with minimal job losses and the region itself quickly recovered at the turn of the millennium. So there must be other reasons.

One important explanation is the greater use of labour-displacing manufacturing technology as exemplified by the wider employment of ICT in production and distribution. In *Making Decent Work an Asian Goal* (2005), the ILO noted that employment creation in Asia has lagged behind its vaunted trade openness and growth. Employment elasticity for the period 1991-2004

Table 4. *Average annual growth in GDP and employment, Asia and the Pacific, 2001-2008 (in per cent)*

<i>Country</i>	<i>GDP growth</i>	<i>Employment growth</i>
China	10.5	0.9
India	7.0	2.4
Indonesia	5.4	1.7
Japan	1.4	-0.1
Korea, Republic of	4.4	1.4
Malaysia	5.7	1.8
Mongolia	8.2	3.2
Pakistan	5.3	3.7
Philippines	5.3	2.8
Sri Lanka	6.0	1.7
Thailand	5.2	1.7
Viet Nam	7.6	2.0

Source: *Building a Sustainable Future* (ILO, 2011).

was lowest for dynamic East Asia (0.09) and yet relatively high for supposedly sluggish South Asia (0.33).

The ILO's observations on low employment elasticities are supported by the study of Jesus Felipe and Rana Hasan (2005), who undertook a labour market survey for the ADB. They estimated a sharp decline in employment elasticities for Asia's fast-growing economies – China (from 0.33 in the 1980s to 0.129 in the 1990s), India (from 0.384 to 0.312), Malaysia (from 0.683 to 0.406), Thailand (from 0.315 to 0.193) and Taiwan (from 0.242 to 0.193). However, Singapore doubled its employment elasticity (from 0.375 to 0.711), while the Philippines registered substantial increase (from 0.535 to 0.711). South Korea's elasticity hardly changed (from 0.223 to 0.225).

One implication of the above statistics is that growth in the fast-growing economies like China and India is indeed accounted for by the increased use of labour-displacing technology, which explains why Felipe and Hasan also found a substantial increase in informal sector employment in these two countries. On the other hand, the case of Singapore, which attained a developed country status in the 1990s, could be explained by the fact that Singapore has been using its massive savings, estimated to be over US\$150 billion, to continue modernising its already modern economy, including training on industry

upgrading, like it did in the late 1990s and in 2008-09 to avoid the recessionary impact of the 1997-98 Asian financial crisis and the recent GFEC. In 2009, Singapore's stimulus spending was estimated to be over five per cent of its GDP (Kawai, 2009).

For the Philippines, industrial and agricultural growth has been anaemic. However, its service sector has been growing rapidly, fuelled largely by migrant remittances. And like many South Asian countries, the informal economy of the Philippines constitutes over two-thirds of the labour market (Ofreneo, 2012).

Factory Asia does not hire everybody

But there are other explanations. As the 2005 ILO Report on Asia observed, globalisation benefits and costs are "unevenly distributed" (p. 6) in Asia and the Pacific and, as a result, there is a huge "decent work deficit" in the region.

This uneven distribution of benefits is partly due to the uneven development of the economy across the region, with the export-oriented industrial sector growing fast while other sectors are stagnating or left behind. In particular, Asia has become the global leader in the production of industrial goods, particularly the labour-intensive products such as garments, textiles, toys, leather goods, furniture and wood products. It has also become the leading producer of electronic chips, the micro engines underneath a large variety of telecommunication and electronic products, and auto parts and components bound for assembly in various global auto hubs. Most of these products are produced by large duty-free factories set up by the TNCs and big domestic corporations in export processing zones (EPZs). Asia's increased and dominant position in the global production and marketing of these goods is the reason all these factories are collectively called "Factory Asia" (Baldwin, 2007).

The problem is that not all workers in Asia have jobs in these EPZs, most of which have limited or even zero linkages with the domestic market of the individual countries. These factories often trade with other duty-free sister companies located in the different Asian countries under the global "value chains" organised by the TNCs (Baldwin, 2007).

The point is that employment cannot grow solely at the back of Factory Asia. Moreover, not all countries are able to generate Factory Asia jobs. China, East Asian, Southeast Asian and some South Asian countries are more deeply

involved in global value-chain production compared to their counterparts in Central and Pacific Asian countries.

On the whole, however, most countries in Asia, including China, have large agricultural and services sectors (see Table 5), where informal employment arrangements predominate. Agriculture is still the main employer for Southeast Asia and South Asia.

Table 5. *Employment by sector, Asia, 2000 and 2010*

	<i>Agriculture</i>		<i>Industry</i>		<i>Services</i>	
	2000	2010	2000	2010	2000	2010
<i>In millions</i>						
East Asia	354.5	286.9	174.0	235.2	215.5	299.1
South-East Asia and the Pacific	120.3	123.9	39.7	53.1	82.1	114.2
South Asia	304.4	314.8	79.8	126.9	127.7	171.3
<i>In per cent</i> (share in total employment)						
East Asia	47.7	34.9	23.4	28.6	29.0	36.4
South-East Asia and the Pacific	49.7	42.5	16.4	18.2	33.9	39.2
South Asia	59.5	51.4	15.6	20.7	24.9	27.9

Source: Extracted from *Global Employment Trends* (ILO, 2012).•

In East Asia, industry now accounts for nearly a third of employment, at 28.6 per cent, and services, as the leading job-creating sector, for 36.4 per cent. In all the three sub-regions, both service and industry sector employment has gone up in the last three decades. However, it does not follow that there are more and better jobs for everybody. In the first place, most factory jobs are casual or non-regular (see succeeding chapter on “Precarious Asia”). In addition, industrial jobs can also be found in construction, mining, gas and in numerous small unregulated backyard shops, where jobs are generally unprotected and unregulated.

*Low unemployment rate,
High level of vulnerable employment*

And while statistics on unemployment indicate relatively low rates of unemployment across the region, at less than five per cent (see Table 6), the general quality of employment is relatively low, especially in South Asia which has the lowest unemployment rate. This observation is validated by the data on “vulnerable” employment (Table 7) and the “working poor” (Table 8). As defined by the ILO *Employment Indicators* (ILO, 2009), the vulnerables have two major categories of workers: the “own-account” or self-employed workers who operate farms or micro family businesses under generally informal business environments, and the “contributing family members” (counted in some countries as “unpaid family workers”) who cannot find better quality jobs outside home or family. The total of these two categories of workers is considered by the ILO as the size of the informal sector of an economy. In Table 7, the share of vulnerable employment in the total is 50 per cent for East Asia and 78 per cent for South Asia, with Southeast Asia registering 62 per cent. However, this ILO concept of vulnerable employment (total of own-account and contributing family member workers) tends to understate the overall level or magnitude of informal sector employment, for the reality is that employment arrangements in the wage sector are not necessarily all formal and protected (see succeeding chapter).

Table 6. *Unemployment, Asia, 2010*
(in per cent)

	<i>Overall unemployment</i> (per cent of labour force)	<i>Youth</i> (share of total unemployment)
East Asia	4.1	8.8
Southeast Asia and the Pacific	4.8	13.6
South Asia	3.9	10.2

Source: Extracted from *Global Employment Trends* (ILO, 2012).

Table 7. *Vulnerable employment**, Asia, 2010

	<i>In millions</i>	<i>In per cent</i>
East Asia	407.4	49.6
Southeast Asia & Pacific	181.4	62.3
South Asia	480.5	78.4

Source: Extracted from *Global Employment Trends* (ILO, 2012).

*Total of own-account and contributing family members.

Table 8. *Working poor*, Asia, 2010

	<i>In households subsisting at US\$1.25/day/person</i>		<i>In households subsisting at US\$2.00/day/person</i>	
	<i>In millions</i>	<i>Per cent of world's total</i>	<i>In millions</i>	<i>Per cent of world's total</i>
East Asia	66.9	14.6	157.1	17.1
Southeast Asia & Pacific	33.12	7.2	96.1	10.5
South Asia	25.8	49.2	421.6	46.0
WORLD	459.1		916.6	

Source: Extracted from *Global Employment Trends* (ILO, 2012).

Nonetheless, it can easily be seen that many workers in surging Asia are not living decently or comfortably. The three sub-regions of Asia account for more than 70 per cent of the world's "working poor", defined as the employed in households living below poverty level. The poverty level is usually measured as subsistence at either US\$1.25 a day or US\$2.00 a day per person. Among the sub-regions of Asia, South Asia has Asia's and the world's largest concentration of working poor.

Deepening inequality amidst rapid growth

Joblessness or near-joblessness, as outlined above, is a major contributor to social and economic inequality in Asia and the Pacific. Rapid growth without any social and labour rules or regulations can also deepen inequality,

a reality obtaining across the region even before the term “globalisation” became part of the economic vocabulary in the 1990s. Due to historical, economic, political and even geographic reasons, there was already a great deal of unevenness in the overall development of Asia and the Pacific (see Annex A on uneven development in ASEAN compared to select Asian countries).

Given the serious social and economic implications of the scissor movement of growth and inequality, the ADB chose the theme “Confronting Rising Inequality in Asia” for its 2012 *Asian Development Outlook* publication. The ADB mentioned that the percentage of the population living at US\$1.25 a day had been reduced by more than one half between 1990 and 2010. Then it raised the red flag: the “performance in growth and poverty reduction has, however, been accompanied by rising inequality in many countries” (p. 38). Specifically, it found out that 11 out of 28 Asian countries with comparable data experienced a deepening in inequality, as measured by the standard Gini coefficient.⁷ Table 9 shows that the 11 countries with rising inequality belong to the three sub-regions being covered by this study – East Asia, Southeast Asia and South Asia. Moreover, the giant globalisers, China and India, have both registered rapid growth and deeper inequality. China is aptly described by Hansjörg Herr (2011) as a country transformed from one “with a relatively equal income distribution to a country with a very unequal one” (p. 16), with China’s Gini coefficient of 30.0 in the mid-1980s swinging upward to 41.5 by 2007.

The inequality data are likely to be uglier had countries used uniformly the US\$2.00/day poverty threshold, or something higher or more realistic. After all, what can the lower poverty indicator, US\$1.25 a day, buy these days in many Asian cities, rich and poor?

At any rate, other international agencies are also alarmed. The ILO (2011) also noted that the Asian region, apart from having the largest concentration of the world’s working poor, is also vulnerable to global shocks. For example, 87 million of the region’s workforce was estimated by the ILO to be out of work in 2007, before the onset of the GFEC. In 2010, the number of the unemployed had risen to 92 million.

⁷ The Gini coefficient, usually plotted in a graph as a “Lorenz curve” that tries to measure the distribution of income in a population, ranges from zero to one, with zero as full equality and one as total inequality (can also be expressed as a percentage, from 0 to 100). A country with a low coefficient, therefore, is a more equitable society.

Table 9. *Trends in inequality:
Gini coefficients in select Asian countries, 1990s and 2000s
(in per cent, 0 to 100)*

	1990s	2000s
East Asia		
China	32.4	43.4
South Korea	24.5	28.9
Mongolia	33.2	36.5
Taiwan	31.2	34.2
South Asia		
Bangladesh	27.6	32.1
India	32.5	37.0
Nepal	35.2	32.8
Pakistan	33.2	30.0
Sri Lanka	32.5	40.3
Southeast Asia		
Cambodia	38.3	37.9
Indonesia	29.2	38.9
Lao PDR	30.4	36.7
Malaysia	47.7	46.2
Philippines	43.8	43.0
Thailand	45.3	40.0
Viet Nam	35.7	35.6

Source: Extracted from *Asian Development Outlook 2012* (p. 47), ADB. For the developed Asia-Pacific countries, the ADB's *2011 Key Indicators for Asia and the Pacific* provides the following: Australia - 35.2 (1994); Japan - 24.9 (1993); New Zealand - 36.2 (1997).

Rising inequality can be seen in the consumption or expenditure patterns among income classes, particularly between the top 20 per cent and the bottom 20 per cent. A WB East Asia report (2011) noted that in the Philippines the top 20 per cent outspend the bottom 20 per cent by about nine times, in Cambodia by about eight times, and in Thailand by seven times.

The excluded, of course, have numerous other problems. Aside from the lack of good quality jobs and livelihoods, they lack access to basic services

such as education for their children, balanced food for the family, safe and comfortable housing and other amenities of modern life. Then the vicious cycle sets in – poverty begets poverty, as those born to poor families grow up with limited access to education and opportunities in life.

Declining wage income share

A significant contribution of the ILO to the inequality discourse is its analysis of declining share of wages in GDP or in the national income. The ILO wrote: “Wage growth is lagging behind labour productivity growth, and the share of wages in national GDP is declining throughout the region” (ILO, 2011, p. 49). The decline is most dramatic in China, with the All-China Federation of Trade Unions (ACFTU) officially estimating the decline of the wage income share vis-à-vis the GDP to be 20 per cent since the liberalisation or globalisation of the economy, as cited by the same ILO report (2011, p. 49). To a certain extent, such disproportionate sharing of income has contributed to the increase in the number of labour disputes in China. Labour disputes rose from 100,000 in 1998 to 250,000 in 2004, and then more than doubled to 690,000 in 2008 (p. 50). The response of the Chinese government to the labour unrest and other grassroots-based protest actions, mainly at the community and town/city level, is a pledge to build a more “harmonious society” with social protection for all.

The skewed distribution of jobs and incomes is most vividly reflected in the production and marketing of goods done by Factory Asia. While Asia is a beneficiary in terms of jobs, its share of wages is woefully low. This is best illustrated by the case of the famous iPod, which is designed and marketed by the Americans and assembled by Taiwanese-owned factories in China (see Table 10). Sold in 2006 at the American market at US\$299, the iPod gave American companies US\$163, US\$132 to parts suppliers from other Asian countries, and only US\$4 to Chinese workers doing assembly. However, the positive side for China: about 30 percent of the iPod jobs are created within China.

Table 10. *iPod earnings and jobs in US, China and other countries, 2006*

<i>Jobs</i>	<i>Number of employees</i>	<i>Total earnings (in US\$ million)</i>
US engineers & professionals	6,101	525.2
US non-professionals	7,789	219.2
US production	30	1.4
China engineers & professionals	555	5.6
China non-professionals	0	0
China production	11,715	18.0
Other foreign engineers & professionals	3,265	126.0*
Other foreign non-professionals	4,892	96.5
Other foreign production	7,445	72.3*

Source: Extracted from Figure 9 of *Rising Economic Powers and the Global Economy: Trends and Issues for Congress* (p. 18), by R. Ahearn, 2011, US Congressional Research Services.

* Japan and South Korea

The 2012 ADB Report on “Rising Inequality in Asia” affirms the general observation that wage share in Asia is declining vis-à-vis capital share (pp. 65-67). Thus, according to the ADB, wage growth is also lagging behind labour productivity growth. Per ADB estimates, all the Asian economies saw a decline in wage share from the mid-1990s to the mid-2000s. For the research arm of the ILO, the International Institute for Labour Studies (2011), the decline of wage share in Asia for the same period was about 20 per cent.

Double burden for women workers

Asian women workers also bear a heavier burden of securing jobs while maintaining or looking after the needs of families. The positive side is that Asian women have higher levels of labour force participation and lower levels of unemployment compared to women workers in other regions. The downside is that, per an ILO-ADB joint study (*Women and Labour Markets in Asia*, 2011), this is due to two reasons: one, the high demand by Factory Asia for malleable, low-wage, non-unionised and productive women workers, and, two, the great

pressure for women to support poor families by getting jobs no matter how menial and marginal they are. The latter explains why women workers also predominate in the informal economy of Asia (see discussion in Chapter 2).

In the formal sector, many women workers are hired for their tractability and willingness to accept lower pay, avoid unionism and adjust to lower standards of working conditions. Thus, the ILO-ADB study noted that there is a wage gap between male and female workers and a career movement gap as more men tend to progress faster up the ladder in the business hierarchy.

When the GFEC washed ashore Asia in 2008-2009, the most directly affected were women workers, simply because they predominate in the global value-chain factories or Factory Asia. In Thailand alone, around 125,700 women were laid off in four export industries (ILO-ADB, 2011). The reality is that women workers serve as a “buffer” force in the labour market, easily laid off during crises and readily hired at low levels when the economy rebounds. On the other hand, crises force non-factory women workers, especially those in agriculture and services, to swell the informal economy because of the requirements of family survival.

Why the deepening inequality in a surging Asia?

The World Bank, in its *Renaissance* paper on Asia (Gill & Kharas, 2007), has a relatively simplistic explanation for the phenomenon of growing inequality in a surging Asia: “The rise of inequality in the region can be explained in terms of the growth processes driven by economies of scale” (p. 30). Thus, to the WB, urban-rural disparity is due to less trade opportunities in the rural areas. It also mentioned that within the urban areas, the inequality is driven by the higher wage premiums given for skills and talents. As to inequality among countries, the WB ascribes it to the success of some countries in integrating faster in the global economy compared to the slow globalisers.

However, to the trade union movement, there are also other and deeper explanations. The ITUC Brussels and ITUC-AP have repeatedly denounced the narrow character of the dominant growth model being uniformly promoted across the region and the globe – the neo-liberal “Washington Consensus” program of economic deregulation, privatisation, trade and investment liberalisation, and general opening up of the economy to speed up global integration. Such a program tends to favour the few with a “global reach”, mainly the TNCs and some big home-grown capitalist enterprises, as they are the ones able to move capital and goods across borders and master the global market.

Race to the Bottom

Transnational corporations and big national corporations also drive what the trade unions denounce as the **Race to the Bottom**, with global capital moving in and out of countries in search of the cheapest, malleable and productive labour⁸. As discussed earlier, the declining wage share in the regional and national GDP can only mean that profits are increasingly being centralised in the hands of a few.

Also, the problem with Factory Asia is that it ignores the role in job and wealth creation of other sectors of society such as the domestic industry, domestic agriculture, local artisans and producers, farmers and fisherfolk and the so-called producers of “non-tradeables” such as the self-contained indigenous peoples, who are not participating in the globalisation processes. These actors in the economy are marginalised under the growth model which emphasises, in a dogmatic manner, global trade participation and wholesale economic liberalisation as the only routes to growth and development. Even domestic agriculture and food sufficiency in support of local consumption are sacrificed in the name of global trade opening.

The huge expansion of the informal economy, which accounts for over half of the employed in Asia, is considered by the neo-liberals as a failure of the economy to deepen global integration instead of what the trade unions are saying – the absence of an inclusive and equitable development paradigm freed from the narrow restrictions of neo-liberal economic modelling.

⁸ For a detailed trade union critique of and response to globalisation, see *A Trade Union Guide to Globalisation* (ICFTU, 2002).

Annex A

UNEVEN ASEAN COMPARED TO
CHINA, SOUTH KOREA, JAPAN AND INDIA

The uneven outcomes in the economic performance of the different Asian countries under globalisation are most vividly seen in the case of the “integrating” member countries of the Association of Southeast Asian Nations (ASEAN). These countries are targeting 2015 as the year of full economic integration or realisation of the goal of “ASEAN Economic Community” characterised by the free flow of goods, capital, services and skilled labour.

Tables 11 and 12 show the bewildering gaps in the development among the ASEAN member countries as well as in comparison with ASEAN’s Asian dialogue partners: China, India, Japan and South Korea. From these tables, one can readily see that the CLMV countries (Cambodia, Laos, Myanmar and Vietnam) are greatly dependent on agriculture for employment, with more than 50 per cent of their labour force deployed in this sector. The industrial dynamo, China, has 42 per cent of its workforce still in agriculture, while Indonesia, Thailand and the Philippines continue to rely on agriculture as a major job generator. In contrast and consistent with their industrialised status, Malaysia, Japan and South Korea have fewer agricultural workers percentage-wise. Singapore is a non-agricultural city state. However, it should be noted that majority of the workers in all these four non-agricultural countries are in the service sector, which is the universal pattern among the developed countries.

On the other hand, the large percentage of employment in the service sector of China, India, Indonesia, the Philippines and other countries is not necessarily due to the industrial transformation of these countries; it is partly the result of the inability of many workers to find jobs in the formal sector. This condition forces them to join the growing informal economy, which is often lumped with the service sector since most of the informal economic activities are micro enterprises run by poor self-employed “entrepreneurs” such as ambulant peddlers, home-based workers and the like.

India, hailed as the runner-up in Asia’s growth competition, is an entirely different story. Its agricultural workforce makes up more than 50 per cent of the total. Its famous ICT workforce (programmers, call centre agents, IT technicians, etc.), estimated to be around three million (Central Statistics Office [India], 2010), appears puny indeed compared to the labour force of over 400

Table 11. *Labour force, sectoral employment and wage workers in the ASEAN, China, Japan, South Korea and India, 2008*

Country	Labour Force (2008, in '000s)	Sectoral shares in employment As per cent of total employment*			Wage and salaried workers As percent of total employed*
		Agriculture	Industry	Services	
<i>ASEAN</i>					
Brunei	191	1.4	21.4	77.2	...
Cambodia	7,680	59.1	13.4	27.5	20.0
Indonesia	115,443	41.2	18.8	40.0	38.5
Lao PDR	2,964	82.2	9.3	8.6	14.4
Malaysia	11,867	14.8	28.5	54.1	74.2
Myanmar	28,361	62.7	12.2	25.1	...
Philippines	37,862	36.1	15.1	48.8	51.1
Singapore	2,411	...	22.6	76.2	84.7
Thailand	36,937	41.7	20.7	37.4	43.6
Vietnam	46,602	54.7	18.3	27.0	25.7
<i>Non-ASEAN</i>					
China	799,004	42.6	25.2	32.2	...
South Korea	24,381	7.4	17.7	75.0	68.2
Japan	65,434	4.2	27.4	67.2	86.1
India	473,358	54.0	20.0	26.0	...

Source: *Labour and Social Trends in ASEAN 2008 (ILO)*.

* Most recent data available for each country

million, where more than 92 per cent are officially acknowledged to be in the informal sector.

The truth is that the ASEAN and other Asian countries are at varying stages of industrialisation – a few have barely started (Bangladesh, Cambodia, Laos, Mongolia, Myanmar, Nepal and Sri Lanka), while others are late industrialisers or are industrialising in a narrow sense, such as reliance on the flow of foreign capital in controlled “industrial enclaves” called EPZs or in segments of industries attached to the global production and marketing chains of TNCs such as car parts assembly and garments sewing.

In the ASEAN, only the ASEAN 5 (Indonesia, Malaysia, Philippines, Singapore and Thailand) and to a certain extent Vietnam have a substantial

wage labour force, ranging from 25.7 per cent in the case of Vietnam to as high as 84.7 per cent in the case of Singapore. Malaysia, the second most industrially-developed Southeast Asian country, has a wage labour force of 74.2 per cent. Not surprisingly, the least developed countries (Cambodia, Lao PDR and Myanmar) are greatly dependent on agriculture for employment. Brunei, with its rich oil resources, is unique – its labour force is mainly in services fuelled by its oil exports.

Table 12. *GDP per capita and output per worker of ASEAN, China, Japan, South Korea and India, 2006*

<i>Country</i>	<i>GDP per capita (in constant 2000 US\$)</i>	<i>Output per worker (in constant 1990 international \$)</i>
<i>ASEAN</i>		
Brunei	18,304	...
Cambodia	445	5,350
Indonesia	983	9,941
Lao PDR	439	...
Malaysia	4,535	24,154
Myanmar	...	4,944
Philippines	1,154	7,685
Singapore	27,125	47,037
Thailand	2,601	14,999
Vietnam	576	5,453
<i>Non-ASEAN</i>		
China	1,598	10,939
So. Korea	39,824	44,882
Japan	13,865	38,158
India	634	6,614

Source: *Labour and Social Trends in ASEAN 2008*, ILO.

Outside of the ASEAN, the picture is mixed. China has been industrialising rapidly. Its isolationist neighbour, the closed-door North Korea, is reported to be wallowing in hunger, while its other neighbour, the liberalising Mongolia, has not yet developed a niche in the global market. On the other hand, developed Japan and South Korea have been consolidating their industrialised status by continuing to invest on research and development and high-technology industries, while farming out in the developing countries their labour-intensive industries.

The unevenness in development across East Asia is most vividly seen in the GDP of the ten ASEAN “integrating” countries and the four non-ASEAN countries of China, Japan, South Korea and India. A 2007 publication of the Regional Office for Asia and the Pacific of the International Labour Organization in Bangkok summed up the great differences among the ASEAN ten as follows (ILO ROAP, 2007a):

Between 2000 and 2006, GDP in the ASEAN region grew at an average rate of 5.7 per cent . . . But significant gaps remain. In 2005, per capita GDP in Singapore was 2.6 times greater than it was in Malaysia and 3.5 times more than in Thailand. And the latter two are the third and fourth most developed ASEAN economies, respectively. The gap between Singapore and the poorer members of the ASEAN community is even more striking. In 2005, Singapore’s per capita GDP was more than 11 times higher than that in Cambodia, the Lao People’s Democratic Republic, and Myanmar. Closing this gap will take a long time. Assuming that recent trends continue, reducing the per capita GDP gap between Singapore and Cambodia by 25 per cent, for example, would take 15 years. A reduction by 50 per cent would take about 34 years. (p. 11)

And note: the per capita GDP of India, around US\$634 in 2006, appears closer to the per capita of the four CLMV countries of the ASEAN, while the per capita of China is just a little higher than that of the Philippines.

In terms of output or productivity per worker, Singapore and South Korea are the runaway winners, followed by Japan, Malaysia and Thailand, with big gaps in between.

PRECARIOUS ASIA: A SEA OF INFORMALS AND MIGRANTS

Inequality in the labour market and in society is accompanied by the general insecurity of those who are less equal. This is particularly true for those holding jobs without any job guarantee, without any protection, without any dignity and which are not freely chosen. In short, jobs that are the opposite of what the ILO calls decent work, defined as work obtained in conditions of freedom, equality, security and dignity. In surging Asia, the overwhelming majority of the workers do not have decent jobs. The trade union movement has coined a term for the insecure workers holding unstable jobs – “**precariats**”, for their jobs and lives are indeed precarious.

Guy Standing, a retired ILO political economist described the precariats in his book *The Precariat: The New Dangerous Class* (2011) as the

... multitude of insecure people, living bits-and-pieces lives, in and out of short-term jobs, without a narrative of occupational development, including millions of frustrated educated youth who do not like what they see before them, millions of women abused in oppressive labour, growing numbers of criminalised tagged for life, millions being categorized as ‘disabled’ and migrants in their hundreds of millions around the world.

In Asia today, the “precariats” constitute the overwhelming majority in the labour market of most countries. Low on wages/incomes and uncertain/insecure in their jobs, the precariats are unable to relate to the bullish outlook projected by business commentators on Asia’s rising GDP and surging exports. As the unions put it, there is a big “disconnect” between the reality in the stock market and the reality of their own impoverished lives.

The precariats can be divided into three general categories: the informals, the migrants and the casuals. All suffer from the instability or precariousness of their jobs in terms of stability of tenure and income and adequacy of protection against abuses and bad working conditions.

THE INFORMALS

The informal sector, dubbed in 2002 by the ILO as the “informal economy”, is the main catch basin for workers who cannot find jobs in the narrow formal or organised sector. It is a very large catch basin. As Ela Bhatt of the Self-Employed Women’s Association (SEWA) of India put it, “We are poor but so many” (Bhatt, 2006).

Box 1. *Sliding from one employment status to another*

A young worker is likely to experience many changes in his/her employment status during his/her working life. For example, a **casual worker**, e.g., a clerk or messenger in a big shopping mall, may be laid off tomorrow or anytime after his/her short-term employment contract (usually six months to one year). This mall is part of the **formal/organised sector** of the economy since it is duly registered as a business entity. **Unemployed** and unable to find a new formal sector job after this job stint, he/she tries to be productive by offering or contributing his/her labour services in whatever economic activity (e.g., farming, micro enterprise) his/her family is engaged in – for free or for minimal subsistence allowance. In labour statistics, he/she then becomes an “**unpaid family worker**” or “**contributing family worker**”. He/she also becomes a participant in the **informal economy**, consisting of economic activities that are unregistered, un-taxed and often unregulated. Restless, he/she persists in looking for a new job elsewhere, that is, trying his/her luck outside his/her town or even overseas. He/she then becomes a **migrant worker**. If his/her new job (for example, as a factory worker or sales agent) is part of the organised sector of the economy, he/she is able to rejoin the formal labour market. However, if the new job entails work in micro unregistered economic activities (for example, gold-panning or outsourced work done by faceless contracting outfits), then he/she remains in the informal economy. In the case of an overseas migrant worker, he/she may be recruited formally and registered by the concerned government authority in both the country of origin and country of destination, and yet may end up doing work in the home of a middle-class family as a gardener, driver, caregiver or home maker under very informal work rules.

Counting Asia's informals

The ILO estimates informal employment in the Asia-Pacific region to be around 65 per cent of non-agricultural employment.

However, statistics on the informals vary and the statistical methods of counting them also vary across the Asia-Pacific (AMRC, 2008). In Bangladesh, formal employment applies only to establishments with 10 or more employees, meaning jobs in enterprises with less than 10 employees are by implication considered informal. Similarly, in Pakistan, the measurement for formal employment is in terms of the number of employees – 20 or more for non-industrial and 10 or more for industrial establishments. In India, informal employment is simply any employment outside the “organised sector” consisting of the public sector, recognised educational institutions and enterprises registered under the Indian Factories, Co-operative Societies and Provident Fund Acts. In Indonesia, the informals are the own-account workers, self-employed assisted by family members, farmer employees and unpaid family workers. In the case of the Philippines, informal employment includes the self-employed, unpaid family workers and those employed in enterprises with less than 10 people. Thailand, on the other hand, has introduced a more nuanced definition: “informal sector” includes enterprises operating with a low level of organisation on a small scale, with low and uncertain wages and with no social welfare and security. Malaysia’s informal definition is focused on the individual workers – the unprotected workers who are not covered by the social security system or the Employees Provident Fund and the self-employed, including unpaid family workers. China defines the informal sector as the totality of small-scale economic units that are not legally established or registered, consisting mainly of micro enterprises, family enterprises and independent service persons.

Vietnam, Laos and Mongolia have followed China in making a shift to a market-oriented management of the economy. Like most countries in the region, they have no precise statistics on formal-informal employment.

Swelling “floating populations” and rapid urbanisation

One problem in counting the informals is the tendency of a large number of workers to move from one place to the other, from rural to urban, urban to urban, and urban to rural areas – all in the search of any available jobs. This is particularly true for the unemployed urban poor and the landless rural

poor. The latter refers to those without any land rights or have no land to till and have no regular or stable jobs in the countryside.

The movement of the urban and rural poor is huge in the semi-agrarian developing countries of Asia. This huge movement is well-chronicled in China where the shift to marketisation has triggered two major labour market developments: one, the displacement of a large number of workers called *xiagang* (translation: “stepping down from position”) due to the privatisation and restructuring of the state-owned enterprises (SOEs), and two, the massive urban migration for work by Chinese rural workers. Pringle and Leong (2006) reported that the waves of SOE restructuring resulted in the lay-off of around 40 million *xiagang* workers at the turn of the millennium, while the rural-to-urban migration added over a hundred million young workers in the cities. Most of these *xiagang* and migrant workers became part of China’s growing informal economy and are augmented annually by the entry of new migrants and new labour entrants estimated to be around five million young Chinese workers.

A similar development is taking place in other Asian countries with a large public sector such as the South Asian countries. The twin policies of privatisation and economic deregulation under free-trade market orientation mean downsizing of SOEs or government-owned or -controlled corporations (GOCCs).

On the other hand, the inability of traditional industries to grow amidst, or at least survive, global competition in a liberalised home market also means a swelling of the number of informals. Bhatt, in her book *We Are Poor but So Many* (2006), narrated poignantly how India’s traditional textile industry collapsed under the pressures of globalisation and why she had to re-channel her grassroots organising efforts in favour of the informal women workers, many of whom either lost their textile jobs or had assumed the role of family breadwinners given the inability of their displaced husbands to find work.

As to rapid urbanisation, this is a reality Asia-wide. And since there are no readily available formal jobs for the migrants, young labour entrants, unemployed/underemployed and displaced workers, this rapid urbanisation is accompanied by the rapid expansion too of the informal economy and the equally rapid growth of the colonies of “slums” or informal settlements in the urban areas⁹. A projection by the UN-Habitat shows that one-third of the urban population of the Asia-Pacific is living in slums (see Table 13).

⁹ Informal settlements and informalisation are common in both the urban and rural areas.

Table 13. *Slum population in Asia and the Pacific (2010 projections)*

<i>Region</i>	<i>Urban population (in 000s)</i>	<i>Urban population living in slums (%)</i>
Eastern Asia	671,795	28.2
Southern Asia	545,766	35.0
South Eastern Asia	286,579	31.0
Western Asia	145,164	24.6
Oceania/Pacific	2,306	24.1
Asia-Pacific (total)	1,651,610	30.6 (overall)

Source: *State of Asian Cities Report 2010/11* (UN-Habitat/UNESCAP, 2010).

Some national and regional estimates

India has the highest rate of informal employment in Asia – a whopping 93 per cent of the total employed workforce (AMRC, 2008). Other countries with high informal employment are: Cambodia, 85 per cent of the workforce; Indonesia, 63.8 per cent; Pakistan, 82.7 per cent; Philippines, 76.34 per cent; Thailand, 67.8 per cent; and Vietnam, 77 per cent. Statistics on informal employment in Bangladesh, Myanmar, Nepal and Sri Lanka are unclear; however, all these countries are known to have high percentages of informal employment.

These were figures before the GFEC. After the GFEC broke out worldwide in 2008-2009, the ILO reported that more than 20 million workers in China lost their city jobs and had to return to the countryside (Emmons, 2009), presumably as informal workers. Most of these workers probably did not have any formal employment status in the cities. As such, from being urban informal workers, they simply became rural informal workers.

Asia-wide, the ILO estimate of total “vulnerable employment” in 2007 was 1.1 billion (Emmons, 2009), or 62.2 per cent of all workers in the region. The ILO estimated that the GFEC added some 52 million to this figure by 2009. Again, it should be pointed out that these figures do not fully account for the bigger concept of informal employment as the ILO definition of “vulnerable employment” is a mere summation of the contributing family members and own-account or self-employed workers. And yet, there are many wage workers

in the numerous informal micro enterprises, employing between 1 and 10 workers, all over the region.

Galaxy of the informals

Who then are the informals?

Workers in the vast informal economy include self-employed farmers, seasonal agricultural workers, home-based producers, ambulant peddlers, unregistered migrants, backyard mechanics, informal construction workers and others doing all kind of jobs unregulated by any protective labour laws. In their 2002 International Labour Conference, the ILO tripartite members approved the Resolution adopting the more all-encompassing term “informal economy”, instead of the term “informal sector”, in order to capture “all economic activities that are in law or practice not covered or insufficiently covered by formal arrangement”.

Clearly, the large informal economy covers a galaxy of “unregistered” and generally “unregulated” economic activities taking place in agriculture, industry and in the rapidly-growing service sector. Being unregistered and unregulated, work in the informal economy is not covered by the formal labour law system. Thus, the minimum wage law, collective bargaining law, health and safety standards laws and so on are unheard of in the informal economy.

Women in the informal economy

There are success stories about economic empowerment and entrepreneurship among the informals. However, these are overwhelmed by the numerous sad stories about abuses, hardships and difficulties of worker survival in the harsh and unprotected world of the informals (Bhatt, 2006). The ILO-ADB (2011) report on vulnerable work among Asian women narrated the most common abuses, hardships and difficulties, which include the following:

- pay and position gaps between male and female workers in both the agricultural and non-agricultural sectors and in both the formal and informal labour markets are common, most especially in South Asia;
- informal women workers are often “concentrated in the most vulnerable and poorest forms of informal employment – where they have low, irregular or no cash returns, are subject to a high level of job insecurity and do not have safety nets to cover them during periods of low economic demand or when they cannot work or do not have work”;

- women workers constitute the majority in the category called “contributing family members”;
- domestic service, a huge catch basin for informal workers, generates a lot of abuses (sexual, physical and so on) and legal problems (e.g., absence of employment contracts, labour standards violations and so on), and the work of a typical domestic worker is often undervalued and poorly regulated;
- home-based work, also dominated by women workers, is similarly less visible and not covered by any social protection;
- manufacturing has an informal extension composed of small and unregistered units where work is casual, underpaid and unprotected and arranged by unscrupulous contractors and middlemen;
- informal workers in the manufacturing as well as services are the first to be laid off during crisis periods or economic slowdown;
- informal street vendors and hawkers lack legal status, earn marginally and are highly vulnerable to various forms of harassment from the authority, including arrests; and
- many informal sector families have limited incomes and resources to cover their needs, including education for children and medical care for each family member.

Globalisation and the informal economy

The informal economy is the largest job generator for the developing countries of Asia, especially those with big populations such as China, India and Indonesia. There is the perception that like what happened in Japan and in Singapore, the informal economy will eventually shrink and fade away.

Given the labour market realities under globalisation, this is obviously wishful thinking. The galaxy of slum colonies in Asia, as documented by the study of UN-Habitat/UNESCAP (2010) on Asian cities, clearly shows the opposite. Meagre incomes from informal work, limited job opportunities in the countryside and the absence of land and housing rights are a surefire formula for the spread of these slum colonies¹⁰. As Bhatt (2006) explained in her book, informal work is a coping mechanism for those who have no hopes of landing secure jobs in the formal economy. And they happen to be so many

¹⁰The UN-Habitat/UNESCAP report (2010) indicates a gradual decline in slumisation rate; however, the slum population was growing in absolute terms. The data on the declining rate were based mainly on the pre-GFEC period, 2000-2007.

and yet so poor. In crisis periods, like in the 1997-98 Asian financial crisis and in the present GFEC, their numbers tend to be swelled by those displaced from the formal sector.

Globalisation processes can also fuel more informal work. For example, in the labour-intensive export garments production, part of the work is outsourced to home-based piece-rate workers who are paid a fraction of the regular factory workers' rate. And yet, these workers are often "invisible" to the labour statisticians (Chen, Sebstad, & O'Connell, 1999).

In the search for cheaper labour and with their increasing ability to decompose work processes into simplified phases, TNCs and big domestic companies usually downsize big factory operations into a constellation of smaller firms, some with outsourcing arrangements with micro and home-based production units. Again, this is best illustrated by the globalised garments production involving a multi-level system of international/national subcontracting with big Western retailers like WalMart on the demand side and multitudes of factory and home-based workers in developing countries of Asia like Bangladesh and Cambodia on the production side (Unni, Bali, & Vyas, 1999; Balakrishnan, 2002).

With the all-out emphasis on production for exports and filling national domestic requirements through the all-out liberalisation of trade and markets, imbalances naturally occur. Hence, exports may rise but production for the local market may stagnate. In particular, informal self-employed workers producing for the home market may be clobbered by imports of cheap goods circulating in the world market. They may also lose out due to limited technology, limited government support and limited access to certain resources and raw materials that are monopolised by the TNCs and the big corporations (Carr & Chen, 2004).

Naturally, if an economy is unable to integrate fully in a globalised market and produce more winners than losers, then it goes without saying that this economy will be producing more informal jobs because somehow people have to cope with the requirements of daily existence even if there are no formal or secure jobs around.

THE MIGRANTS

A major phenomenon under globalisation is the increased flow not only of goods and services but also of people looking or being hired for work across national boundaries. The Population Division of the UN Department of Economics and Social Affairs (UN-DESA) estimated the total “stock” of migrant workers worldwide to be 214 million in 2010, up by 58 million from the 156 million estimate for 1990. Within the Asia-Pacific region, the UN-DESA (2012) estimates that the region hosted a total stock of 61 million migrants in 2010, or an increase of 10 million from the 1990 estimate of 51 million.

The determination of the exact number of migrants is a hazardous job given the large number of undocumented workers and the porous character of some national borders, e.g., Thailand-Myanmar, China-Indochina and India-Bangladesh-Pakistan borders. Table 14 shows that there are large numbers of cross-border migrants in the Bangladesh-India, China-Hong Kong, Indonesia-Malaysia and Malaysia-Singapore migration corridors. Majority of these migrants cross the borders without any legal papers or documents and end up not only as unregistered but also as highly vulnerable workers in the countries of destination. For examples, stories abound on how migrants from Myanmar’s Rohingya tribes are abused in Thailand and Bangladesh, and how Indonesian plantation workers in Malaysia are readily thrown out of the farms during crisis periods.

Migration and economic development

Overall, however, migration in the region is increasingly playing a major role in the economies of both the countries of origin and the countries of destination. As shown in Table 14, some countries generate huge foreign exchange earnings through the remittances of their migrant workers. The four leading remittance beneficiary countries are India (US\$55 billion), China (US\$51 billion), Philippines (US\$21 billion) and Bangladesh (US\$11 billion). And while some countries of origin do not get remittance amounts as large as these because their populations are much smaller, the contribution of remittances to their economies is substantial. This is especially true for Nepal, which has a population of 26 million and yet has close to eight million migrant workers or close to one-third of the population. Not surprisingly, the Nepalese migrants in 2010 contributed to 23 per cent of the national GDP (see Table 14). The other countries that are highly dependent on migrant remittances for their GDP growth are the Philippines (12 per cent), Bangladesh (12 per cent) and Sri Lanka (8 per cent).

In the case of the Philippines, migrant remittances mainly explain why the country, with an eroding industrial and agricultural base, is able to post positive GDP growth year by year (Ofreneo, 2010). Philippine growth, dubbed by economists as “consumption-led”, is made possible by the spending by the families of migrant workers, who constitute 10 per cent of the population. Migrant family spending on services such as education and consumption goods also explains why the Philippine economy has become, like other countries highly dependent on migrant remittances, a services-led economy without going through an industrial and agricultural transformation. This service sector happens to include much of the vast informal sector or economy, which is the catch basin for the informal workers who cannot find jobs in the narrow formal sector and who cannot qualify for work overseas because of their limited education and skills.

Table 14. *Quick facts on migration, Asia-Pacific*

<i>Migration corridors (cross-border)</i>	
Bangladesh-India	3.3 million
China-Hong Kong SAR	2.2 million
Indonesia-Malaysia	1.4 million
Malaysia-Singapore	1.1 million
<i>Top Remittance-Receiving Countries, 2010</i>	
	(in billion US\$)
India	55.0
China	51.0
Philippines	21.3
Bangladesh	11.1
Pakistan	9.4
Vietnam	7.2
Indonesia	7.1
<i>Remittances as percentage of GDP</i>	
Nepal	23 per cent
Bangladesh	12 per cent
Philippines	12 per cent

Source: *Migration and Remittances Factbook 2011*, World Bank.

In India, large-scale internal migration, including migration from neighbouring South Asian countries such as Bangladesh and Nepal, has accompanied the rapid urbanisation taking place in the subcontinent. Gefont (Rimal, Upadhyaya, & Khatiwada, 2005) reported that Nepal alone has around three million migrant workers in India, mainly doing work as “agri-labourers in different states of India” such as Punjab and Hariyana, aside from menial jobs such as gardeners and gate keepers.

Feminisation of migration, regional division of labour

Another phenomenon of Asian migration is the increased flow of women migrant workers in the last three decades. Many end up as domestics in the rich and middle-class homes of Asia. Some have positive experiences but many have sad stories of abuse and maltreatment (AMC, 2001). The greatest problem facing every migrant is the feeling of vulnerability working in foreign climes because of lack of supporting social, cultural and legal networks. This feeling of vulnerability is doubly heightened for those working as maids or caregivers in alien homes with alien culture, aggravated further by abusive employers who treat the migrant workers as commodities.

And yet, because of the services provided by migrants, the developed Asian countries are able to keep their economies going by enabling their productive citizens to be released from the drudgery of home keeping to be able to continue working in offices and establishments outside. This way, the regional division of labour is maintained, that is, the rich countries are able to stay on top of the Asian economic pyramid by continuing to focus on the creation of higher value-adding products and services.

In recent years, this division of labour is further reinforced by the new phenomenon – the global and regional recruitment and poaching of skills, talents and professional skills. For example, Singapore, facing a severe demographic deficit and skills shortages, has encouraged the hiring of needed talents, professionals and skills from other countries such as the Philippines and Indonesia, to the consternation of industries in the origin countries abandoned by the migrants. These industries have been reduced to mere training ground for these migrants. In some cases, these industries, unable to offset the loss of talents and skills, become uncompetitive and unsustainable. Hence, joblessness and hollow industrial growth are aggravated in the labour-sending countries.

Violation of migrants' rights

Migrants have become virtual commodities in a globalised labour market. A huge migration industry has developed around them, involving a myriad of players: labour recruiters and poachers based in the countries of origin, pre-departure travel organisers and trainers, labour brokers/agents from the destination countries and peddlers of varied on-site services for migrants. Some of the richest people in Asia are in the migration industry, yet most of them remain below the publicity radar because they studiously avoid media glare and intrusive inquiry into their operations by the authority.

Cases of scandalous recruitment and placement fees (equivalent to two or more months of migrants' wages), contract substitution, employer substitution, contract deviations, outright trafficking, non-existent job placements and varied human and migrant rights violations abound (Hugo, 2005; AMC, 2001). This is aggravated by the inability of governments of origin and destination countries to forge bilateral and multilateral agreements to enforce international conventions protecting migrant workers' rights. These conventions include the UN Convention on the Protection of the Rights of All Migrant Workers and Members of Their Families, ILO Conventions No. 97 (Migration for Employment) and No. 143 (Migration in Abusive Conditions and the Promotion of Equality of Opportunity and Treatment of Migrant Workers) and the basic UN instruments on human rights, particularly the Universal Declaration of Human Rights, the International Covenant on Economic, Social and Cultural Rights, the International Covenant on Civil and Political Rights, the International Convention on the Elimination of All Forms of Racial Discrimination, the Convention on the Elimination of All Forms of Discrimination against Women and the Convention on the Rights of the Child.

Ordinary migrant workers and the semi-skilled ones who do the "dirty, dangerous and difficult" (3D) jobs and household domestic work are vulnerable to all kinds of abuse, depending on the nature of their work and the character of their employers in host countries. A lot has been written about this. Table 15 summarises the common problems faced by migrants, particularly by the semi-skilled and low-paid workers, from pre-departure to re-integration in the home country.

The problems listed in Table 15 are compounded by the inability of concerned government agencies, in both the countries of origin and destination, to provide ample protection and orientation (awareness-raising) about migrant rights, cultural adjustment issues and related information. Once deployed

Table 15. *Migration irregularities and rights' violations committed by recruiters, brokers and employers*

<i>Phases</i>	<i>Irregularities/Violations</i>
Pre-departure	Illegal recruitment (no license, no job order, forged documents, etc.) Trafficking Excessive fees for placement and documentation Forced loans by recruitment agencies Wrong information Wrong orientation
Arrival	Sneaking/smuggling workers in (without passing immigration) No appropriate orientation
Residence in destination country	Double-standard and unfair compensation and employment policies Contract substitution Employer substitution Maltreatment and abuse Poor working conditions Non-payment of wages or unauthorised deductions and wage cuts Unjust termination and disciplinary sanctions Poor housing/dormitory facilities Discrimination in housing and other services Withholding of passport and other documents Continuing exaction of fees by recruiters and brokers Problems related to flags of convenience (in the case of sea-based migrants)
Return	No return ticket provided Some wages and benefits still unpaid

Sources: *Clearing a Hurried Path* (AMC, 2001); *Migration in the Asia-Pacific Region* (Hugo, 2005).

overseas, the biggest problem facing any migrant is the feeling of vulnerability due to family separation and cultural and social isolation. Hence, counselling support provided by the embassy of the country of origin is important, yet the embassy appears to be a distant entity to many migrants. Another major problem is how to air complaints or grievances and seek legal and other forms of redress when needed. If the migrant worker's status is uncertain, meaning he/she is "undocumented", then most of the foregoing problems are easily compounded, leading to all kinds of human rights abuses.

Slow-moving reforms by Asian governments

Due to the rising number of migrant complaints and the justice campaign by labour support groups, including Church-based migrant missions, governments in Asia have become more conscious about their moral and legal obligation to protect migrants' labour and human rights. Origin countries have stepped up the campaign against illegal recruitment and have developed rules in the processing of the papers of outgoing migrants. On the other hand, destination countries have instituted some reforms such as minimum wages for home workers in the case of Hong Kong and weekday rest in the case of Singapore.

However, so much remains to be done. Also, some reforms that have already been announced in public are not yet implemented. For example, the ASEAN in 2007 adopted an "ASEAN Declaration on the Protection and Promotion of the Rights of Migrant Workers". And yet, to date (2012), there is still no ASEAN agreement on how to enforce this Declaration ASEAN-wide, simply because the regional organisation has not developed a "consensus" on the enforcement mechanisms.

Trends in Asian migration: A quick summary

There is no shortage of studies on Asian migration and the problems and policy concerns – economic, legal, social and cultural – it has spawned, as outlined above. The following is a listing of some major trends and facts on Asian migration (Castles & Miller, 2009):

- All countries have become origin and destination countries involving all types of skills and professional expertise. However, some have become distinct destination countries (Brunei, Hong Kong, Japan, Singapore, South Korea and Taiwan), while others are origin countries (Bangladesh, Myanmar, Cambodia, China, India, Indonesia, Laos,

Nepal, Pakistan, Philippines, Sri Lanka and Vietnam). Some have become big origin and destination countries at the same time, e.g., Malaysia and Thailand.

- Migration policy by destination countries in Asia is tilted heavily towards short-term placement arrangements and discourages permanent settlement or immigration by migrants and families.
- The huge construction boom in the Middle East in the 1970s-1980s entailed the massive recruitment of construction workers, mostly males. After the construction boom, a distinctive trend in the feminisation of migration in the Middle East developed, due to the demand for domestic workers, nurses, sales staff and service personnel.
- The feminisation of migration has become even more pronounced with the migrant employment boom in East Asia and Asian NICs from the 1990s to the present.
- The early flows of migration were dominated by low-skilled workers. In the last two decades, the flows of skilled labour and professionals have increased region-wide.

PRECARIOUS ASIA: CASUALS EVERYWHERE

All the Asian countries share one common characteristic – their labour markets are all moving towards increased, not less, flexibility. This flexibility is reflected not only in the massive growth of the informal economy and the increasing reliance of employers on the services of cheaper labour migrants sourced from within the country or across the national borders. This can also be gleaned in the “flexibilisation” of work and job hiring in the narrow formal sector of the economy.

Labour flexibility in the context of neo-liberalism

But first, some definitional clarifications are in order. One of the early definitions of labour flexibility was given by the group of George Kanawaty (1989), which explained that labour flexibility is the ability to reduce or increase employment or wage levels with ease, increase mobility, make more elastic use of skills, and introduce non-conventional work arrangements. In short, labour flexibility is the ease acquired by an employer in the hiring or firing of workers or in increasing or lowering their wages depending on the performance of the business.

This type of labour flexibility¹¹ is part of the neo-liberal belief that like other markets, the labour market should be subject to the free interplay of supply and demand, in effect, treating labour as another commodity. Moreover, the neo-liberals put the full burden of job creation or employment on this interplay, not on the government obligated to intervene by boosting the demand

¹¹The other type of labour flexibility is focused on the transformation of the workers into productive, versatile and committed workers through the employers’ investments on skills and better IR and human resource management practices (Ashton & Sung, 2002). Economists dub this as “internal labour market flexibility”, which is secured by the employer through the capacity of the worker to do the various aspects of work and at a higher productive level.

side, that is, mobilising all available resources in order to achieve full employment. If there are too many unemployed, blame it on the “rigidities” in the supply side of the labour market such as the minimum wage law, legal restrictions on employer’s ability to lay off workers, unionism and other measures protecting the employed. Following this thinking, the World Bank launched in 2006 its benchmarking program called *Doing Business*, which declared, among others, that a country prospers faster if its labour market is also deregulated. In this *Doing Business* project, countries which have no restrictions on hiring and firing and other work rules such as hours of work are considered the most efficient and competitive.

The World Bank froze the patently anti-labour portion of *Doing Business* for the following years because of the criticisms raised by the ITUC. In the original 2006 version of *Doing Business*, countries with no labour code and no restrictions on the employer’s ability to dismiss workers and impose long hours of work (as much as 24 hours straight) such as Palau and Marshall Islands are considered the most efficient. This kind of economic argument flies against the reality in the world – the most advanced economies happen to have the most developed labour protection systems.

Unfortunately, the neo-liberal economic planners in many Asian countries, although not as brazen and outspoken as the authors of the 2006 *Doing Business* project on the issue of labour flexibility, tend to favour the supply siders. This policy bias is best exemplified by the rise of union-free EPZs in Asia, which are at the centre of the Factory Asia phenomenon.

A short detour on formal/informal dynamics: Revisiting “vulnerable employment”

As discussed earlier, the ILO equates informality with vulnerability, which is seen to be the primary characteristic of the “unprotected” own-account workers and self-employed/contributing family members. In the *Guide to the Millennium Development Goals: Employment Indicators*, the ILO (2009) explains that the concept of “vulnerable employment” is now one of the statistical indicators under the Millennium Development Goals (MDGs). It explains “vulnerable employment” as follows:

Vulnerable employment is a newly defined measure of persons who are employed under relatively precarious circumstances as indicated by the status in employment. Because contributing family workers and own account workers are

less likely to have formal work arrangements, access to benefits or social protection programmes and are more “at risk” to economic cycles, these are the statuses categorized as “vulnerable”. (p. 27)

The ILO statisticians are obviously motivated by the need to highlight the precariousness of certain categories of employment as an indicator of the missing “decent work”. However, given the precarity of work in the “flexibilising” or “casualising” formal labour market, the ILO should re-consider its definition of “vulnerable employment”. Work in the formal labour market is also subject to high levels of vulnerability and insecurity in terms of income, tenure, benefits and social protection. Also, there is really a need to include wage workers hired by the numerous informal micro enterprises.

Under globalisation, jobs in both the formal and informal sides of the labour market can be vulnerable. Enterprises producing for the global market are not hesitant in utilising cheap production platforms regardless of their formality or informality. This is best exemplified by the well-documented outsourcing of garments sewing to piece-rated home-based producers by the big garments exporters and manufacturers. Hence, jobs and enterprises in the formal and informal sectors can co-exist with and even complement one another. Moreover, formal enterprises can even consciously use the informal sector to advance their business. In his 1990 article, Gus Edgren noted this formal/informal continuum when he outlined the various employment adjustment measures being used by companies to be competitive such as:

1. reducing the core of permanent workers and increasing the proportion of temporary and casual workers;
2. increasing the use of women, apprentices and migrants;
3. subcontracting the production of components previously manufactured within the factory;
4. subcontracting services like transport, packaging, maintenance and security, which are carried out on factory premises;
5. increasing the number of shifts per day or use of overtime;
6. replacing pay systems based on working time and length of service by systems based on piece rates and bonuses;
7. introducing internal training systems which facilitate redeployment of workers within the factory or enterprise; and

8. reducing influences from external trade union organisations by either eliminating unions or establishing a controllable (company) union. (p. 2)

Deepening and widening flexibility

Now back to the Asian labour markets. The overall trend in the last three decades is towards increased labour flexibility almost everywhere. What Gus Edgren outlined in 1990 as emerging casualisation practices have not only continued but have also become widespread in use, with varying permutations in different countries. Noriyuki Suzuki, the General Secretary of ITUC-AP, in his online article (2012) on the “growing precarity” in the Asia-Pacific region, noted how precarious work is spreading throughout the region:

Throughout the Asia-Pacific region, workers are facing alarming levels of “precarious work” – a term used to describe work that is not-permanent, indirect, informal and/or otherwise insecure. Many workers in these jobs are often not fully covered by labour law and social security protections. Common employment associated with precarious work include: temporary labour contracts, hiring through employment agencies or labour brokers, outsourcingoutsourcingSee contracting-out, individual contracts as a self-employed “independent contractor”, abuse of apprenticeship and intern programs and the like.

The rise in precarious work is the result of employment practices meant to maximize short-term profitability and flexibility at the expense of the worker – who now bears most if not all of the risks of health, welfare and employment. While informal employment has always been a serious problem in much of the developing world, it is becoming a serious problem in highly-industrialised countries where well-paying, full-time jobs are being replaced by precarious jobs. Almost no sector is being spared. The use of precarious work strikes at the core of trade union rights, as workers under such employment relationships find it difficult if not impossible to organise with fellow workers to form or join a union at the same enterprise (in some cases they will not have the same employer where subcontracting is employed) or in the same sector.

Not surprisingly, many Asia-Pacific regional meetings of the ITUC-AP and the global union federations (GUFs) as well as by the different national unions and federations often end up with a common denunciation against the phenomenon of rising “labour flexibilisation” under economic globalisation. Labelled by labour organisers as “casualisation”, “informalisation” and “contractualisation”, this flexibilisation phenomenon deepens the “Race to the Bottom” among investors and employers, who hop from one place to the other, from one country to the other, in search of cheap, productive, unprotected and unorganised labour.

INFORMALISATION TRENDS ACROSS ASIA

All over the region, the labour markets are “informalising”. However, there are some discernible patterns in the growth of flexible workers among groups of countries in Asia. These can be mapped roughly as follows – rise in the number of “non-standard” or “irregular workers” in Japan and South Korea; “floating population” phenomenon in the transition economies of China and Vietnam; growing migrant population in Singapore, Taiwan, Malaysia and other newly-industrialised countries (NICs); and “flexies” and “informals” in Southeast Asia, South Asia and other Asia-Pacific countries.

“Non-standard”, “irregular” workers in Japan and South Korea

The “informalisation” process in the labour markets of Japan and South Korea has been dramatic.

Until the 1980s, *Japan* was famous for its “lifetime employment” system, where workers are assured security in their jobs till retirement age. In the mid-1990s, when the Japanese economic bubble burst, “non-standard” hiring of “irregular workers” became more common. In 2005, a special report of JETRO (Higashino, 2005) on the labour market came up with the following bullish report on a flexibilising labour market:

Various forms of employment have appeared in response to employer needs, and these have helped reduce unbalanced employment. Increased use of part-timers reflects not only cost-cutting measures, but also corporate needs for a more flexible labor supply. The same can be said about the increased hiring of contract employees with specialized skills.

According to the Ministry of Public Management, Home Affairs, Posts and Telecommunication's 2003 Employment Structure Survey, more than 70% of all companies hire part-timers, contract employees, temporary workers or other irregular employees. (p. 5)

The rise of the "non-standard" or "irregular" workers is one major explanation for the decline of union membership in Japan, from a post-war high of around 55 per cent of the workforce recorded in 1949 to 18.7 per cent in 2005. In the crisis decade of the 1990s, the ratio of non-standard vis-à-vis regular employees surged to 1:3 or 25 per cent of the employed; in 2003, the percentage of the non-regulars was up at 34.6 per cent or a ratio of 1:2, meaning one in every three Japanese employees is a non-standard or "irregular" worker (JILPT, 2006). In 2007, the percentage had risen ominously to 37.8 per cent (JILPT, 2011).

The most common non-standard employees are the "part-time workers", whose number doubled from 5.61 million in 1987 to 11.06 million in 2004. The part-timers include the so-called "freeters" (from the English word "free" and the German "arbeiter" for worker), who are loosely defined in the labour force statistics as young (between 15 and 34) and who do either temporary or part-time work, or who are out of work and not in school and are prepared to do "arbeit" (work) on a temporary or part-time basis. Based on this definition, the Japanese Institute for Labour Policy and Training or JILPT (2006) estimates that there are over two million "freeters" in Japan. The term "freeter" first cropped up in the late 1980s, at the tail-end of the long post-war Japanese economic boom when jobs were abundant and young workers had the luxury to be choosy in the selection of jobs. In the 1990s, when the economic bubble burst, the "freeters" multiplied in number but this time the young workers had to face a bleak labour market characterised by the decision of many Japanese companies to reduce the hiring of regular workers (Honda, 2006). Many of these "freeters" are also called "internet café refugees", young Japanese workers who could not find jobs during the decade-long Japanese financial crisis and who spent time hanging out in cheap internet cafes in between part-time or temporary jobs (Sakai & Hiroki, 2007). These Japanese "freeters" are now nearing middle age and belong to the lower economic stratum of Japanese society.

A big and growing number of non-standard employees are the "dispatched workers", defined by the 1986 Manpower Dispatching Business Act as "workers under contract to a dispatching agency, who are entrusted with specific duties by the companies to which they are assigned". Despite

this broad definition, the 1986 law limited the deployment of dispatched workers to only 26 duties requiring a high degree of specialisation, obviously to protect the system of regular and lifetime employment in Japan. However, in 1999, the law was revised to allow dispatched workers to perform all types of work except longshoring, construction, security, medical care-related service and manufacturing. In 2003, the law was again revised lifting the ban on dispatched workers in manufacturing and extending the dispatching or deployment period in an enterprise from one to three years. By 2002, there were more than 2.1 million dispatched workers in Japan (JIPLT, 2006).

Clearly, JETRO is correct: the Japanese labour market has become more flexible. This upsurge in labour flexibility has also been accompanied by the natural decline of lifetime employment and other Japanese industrial relations or internal labour market practices such as seniority-based pay or *nenko* and promotion from within. Like other global corporations, Japanese companies are increasingly adopting flexible labour measures and hiring and retaining personnel on the basis of individual performance, not sheer loyalty or commitment to the company. Other sources of labour flexibility in Japan are the migrant workers coming from the two Koreas, China, Brazil, Peru and Southeast Asian countries such as the Philippines. The “foreign population” in Japan is estimated to be around 2 million (JILPT, 2006).

In *South Korea*, the trade union campaign against “irregular employment” is very pronounced and is bannered by the two big trade union centres, the Federation of Korean Trade Unions (FKTU) and the Korean Confederation of Trade Unions (KCTU). This is not surprising because the labour market shift in favour of “non-standard” or “irregular” hiring is more dramatic in Korea compared to Japan. In 1997-98, one of the government’s policy responses to the Asian financial crisis was the relaxation of the labour laws dealing with employee dismissals for “managerial reasons” or corporate survival arguments. Companies readily took advantage of these laws by replacing the regular full-time employees with “irregular employees”. Thus, in a short period of less than three years, the “irregulars” had outnumbered the “regulars” as described in a 2000 report of the *Korea Herald*, to wit:

The number of irregular workers, which includes part-timers and short-term employees whose contracts run for a year or less, has rapidly grown since the currency crisis in 1997 sent the unemployment rate to a record high . . . As of June (2000), irregular workers made up 53 per cent of the nation’s 13.3 million paid workers. (cited in Hart-Landsberg and Burkett, 2001)

The percentage of “irregulars” has not gone down; instead, it has gone up. For 2005, Table 16 shows how “irregular” employment has taken solid hold of the South Korean labour market. The table also shows the great variety of “irregular” forms of employment that have developed in South Korea that are very similar to those obtaining in many developing countries. The only difference is that South Korea is much better in compiling labour force data that give a breakdown of employment categories. Table 16 also shows that the most unsatisfied about their jobs are the daily workers, the fixed-term contract workers (normally not more than two years), the fixed-termers without guarantees, the temporary agency workers and the on-call workers – for one obvious reason, there is less security in their jobs.

Additionally, South Korea, like Japan, has allowed the recruitment of cheap overseas migrant workers for deployment in the construction industry, garments factories and other labour-intensive companies. Also, both Japan and South Korea have a traineeship system which migrant NGOs criticise as a front for the hiring of cheap overseas workers, who, in the guise of traineeship, are assigned to do regular work of regular employees. Abella (2007, p. 5) termed this trainee system as “side door to immigration”.

“Floating population” and other flexible workers in China, Vietnam and transition economies

The transition economies of China, Vietnam, Cambodia, Laos and Mongolia have been experiencing radical changes in their labour markets as a result of the shift to marketisation and their global economic integration. The trend towards labour market flexibility is distinctly discernible despite weaknesses in labour force data collection.

China has been hailed as the big winner in globalisation. It registered an amazing GDP growth rate averaging 10.3 per cent annually from 1980 to 1990, which tapered a bit to a still amazing 9.6 per cent a year from 1990 to 2003 (Jungfeng & Mahmood, 2007).

However, the concrete impact of this growth process on the labour market is still subject to further scrutiny and analysis, for it is only in recent years that China has been aligning its employment data collection with the global statistical standards. Thus, Jungfeng and Mahmood (2007) pointed out that while China’s Ministry of Labour and Social Security (MOLSS) reported an urban unemployment rate of 4.2 per cent for 2004, this figure “does not adequately reflect the level of unemployment” given the looseness of the

Table 16. *Types of employment in South Korea, 2005*

<i>Employment categories</i>	<i>Total no. of workers ('000)</i>	<i>Percent</i>	<i>Percentage who answered they can't find satisfactory jobs</i>
TOTAL EMPLOYED	14,968		
<i>Standard work</i>	6,564	43.8	12.1
<i>Non-standard work</i>	8,404	56.2	
Temporary work	2,664	17.8	39.5
Daily workers	203	1.4	69.5
Contingent work	2,898	19.4	38.9
No fixed-term contract	802	5.4	54.5
Fixed term, guaranteed	1,346	9.0	22.7
Fixed-term, no guarantee	750	5.0	51.5
Part-time work	732	4.9	29.8
Dispatched work	113	0.75	30.1
Temporary agency work	394	2.6	47.2
Independent contractor	596	3.9	26.5
On-call work	718	4.8	65.6
Home-based work	86	0.6	25.6

Source: National Statistics Office of Korea (2005), cited in Lee and Eyraud (2007).

language used in the labour force survey questionnaire. In 2004, China's population was reported to be 1.29 billion and its working-age population, 921.6 million (70.4 per cent of the population). Out of this working-age population, 757.2 million were estimated to be working in 2004.

The truth is that unemployment remains a big problem in China. Jungfeng and Mahmood (2007) noted that while the annual GDP growth fluctuated between 7 and 9 per cent from 1997 to 2003, the annual employment growth ranged only from 1 to 1.5 per cent. This is consistent with the earlier observation of Felipe and Hasan (2005) that the employment elasticity in China was a miserable 1.29 per cent in the 1990s compared to 3.3 per cent in the 1980s. Felipe and Hasan (2005) wrote:

While in the 1980s it took a 3% growth rate of output to induce a 1% increase in employment, in the 1990s a growth rate of almost 8% was needed to achieve the same result. Estimates by the PRC's National Development and Reform Commission reveal the challenge that is involved: in 2006 the country will need to generate about 25 million urban jobs to accommodate new entrants into the labour market, workers laid off from state enterprises, and rural migrants. However, urban areas are expected to be able to generate only about 11 million jobs. (p. 2)

An analysis of the reasons for the sharp decline in employment elasticity in the world's manufacturing powerhouse is beyond the scope of this Report. However, the above citation from the PRC's National Development and Reform Commission neatly sums up three major labour market challenges facing China – creating jobs for a large number of annual labour entrants, absorbing the *xiagang* or SOE laid-off workers and employing a steady stream of migrants coming from the countryside. Pringle and Leong (2006) cited estimates indicating that there were around 40 million *xiagang* workers, 100 million “floating” migrant workers and around 5 million labour entrants a year in the mid-2000s.

These interrelated phenomena of low employment elasticity, large number of unemployed, massive influx of rural migrants and downsizing in the huge SOE sector are an attractive formula for inducing growth in “non-regular” employment. An ILO study (Ghose, 2003) analysing the sectoral structure of the Chinese economy and growth of employment concluded that formal sector employment is on the decline while informal sector employment is on the rise.

For 1990-2002, Ghose observed that regular wage employment registered zero growth rate, while irregular employment grew at an annual average of 18.5 per cent (irregular here referring to either casual wage worker in small-scale private registered enterprises such as construction, cleaning, maintenance of premises, retail trade, street vending, repair services and domestic services, or as self-employed in varied micro enterprises).

The biggest source of “irregular workers” is the large floating population of migrant workers, usually coming from the rural areas. They flock to growing cities or industrial areas in search of jobs, picking up odd and casual jobs at below standard wages or compensation. The poor farmers-turned-migrants are those earning very little from farm plots that are increasingly narrowing in size, given the growing population of China and the rapid urbanisation of the mainland. A labour market survey in two cities located in Jiangsu and Guangdong provinces shows that rural migrants constitute the biggest number of recruits for the expanding private sector composed of the foreign-affiliated and domestic (corporate and individual) enterprises (Lan & Bao-qin, 2007).

As to the *xiagang* workers, they are technically still entitled to certain SOE benefits but studies indicate most of them do not get any benefits, especially from the bankrupt SOEs. Without jobs, the *xiagang* workers can be lumped together with the unemployed and the underemployed floating workforce. Without the protection of strong trade unions, the *xiagang* workers are subject to exploitation. Majority of the workers’ riots and protest demonstrations that have rocked China in recent years are reportedly led by the *xiagang* workers.

Like Japan’s “lifetime employment”, China used to have an “iron rice bowl” policy, which provides life-time job security to workers of all types. This policy has evaporated with the marketisation of the economy and the labour market. In turn, the erosion of this iron rice bowl policy and the growing flexibility of the labour market have elicited policy debates in the IR and labour circles of China. One outcome of this debate was the submission in 2006 of a draft law seeking greater protection for the so-called “contract labour” and “agency workers”. Among the proposed provisions are the direct contract hiring of any “agency worker” who continues working in the enterprise after one year of continuous work as agency worker; if agency employment contract is discontinued, the enterprise shall not be allowed to fill up the vacated item by another agency worker. The proposed law also provides for penalties for enterprises arbitrarily shortening the contract period by dismissing the workers

and for hiring workers without any written contracts (Lan & Bao-qin, 2007). In 2007, the law was eventually passed.

In *Vietnam* and other transition economies in Asia, Cambodia and Mongolia, a pattern similar to that of China is happening in their respective economies and national labour markets as a result of marketisation and global integration. The only difference is that the pace of marketisation and global integration is much more gradual compared to China; hence, the changes resulting from the restructuring of the economy are also less severe on the labour market compared to China. For example, in Vietnam, the decline in SOE employment went down from 4 million in 1986 to 3.1 million in 1991. However, the job losses from the state sector were easily offset by the vibrant growth of the private sector, which registered a total of 9.78 million jobs in 1991 compared to 3.6 million in 1986 (Nicholson, 2002). Also, Vietnam has become a land of micro and small shops and businesses, which any visitor will not fail to see even in the north which did not experience the free-wheeling capitalism of the south in the 1950s-60s. As a result, Vietnam has a large informal economy and a relatively low unemployment rate.

As to the data on flexible labour in the formal market, there are no reliable statistical figures. However, Vietnam, which passed in 1994 a seemingly progressive Labour Code requiring every major enterprise to have a union, provides for relatively liberal terms for individual contracts. The Labour Code recognises that individual contracts can be indefinite as well as short term, from one year to three years or even less in the case of seasonal workers. The Code, however, prohibits short-term contracts for jobs that are of a “permanent character lasting more than one year” (Nicholson, 2002, p. 133).

Like China, Vietnam has a large floating population of migrants, which, in any labour market, is a veritable source of casual, temporary and short-term workers. One study estimated that about 4.5 million Vietnamese changed place of residence from 1994 to 1999. Majority or 69 per cent of those who changed place of residence are migrants looking for jobs or business opportunities (Vinh, 2007).

Another source of flexible labour is the downsizing of the SOE sector. There are no reliable published data on this. However, in April 2002, the government issued a decree setting up a fund worth VND6 trillion or US\$400 million as subsidy payment for redundant employees in the SOE sector. Two years after or in May 2004, a total of 789 enterprises were reported to have enrolled in the program and a total of 35,282 workers received assistance or

allowance from the fund (Vinh, 2007). Like China's iron rice bowl or Japan's lifetime employment, Vietnam's *bienche* (translation: "work for life") has become history.

One area of flexibility which the Vietnamese law makers must also address is the long hours of work rendered by a growing number of workers in the formal sector, especially in the garments and footwear industries, because these have serious long-term health and safety implications on the bodies of concerned workers. One survey indicated that workers in a district in Ho Chi Minh City logged 53 hours a week, with some reporting as much as 91 hours a week or participating in a 13-hour shift schedule with no rest days. The arguments of employers is that long overtime and work hours are needed to meet export deadlines, while workers accept the work arrangement because of the desire to earn extra income (Thu Ha, 2008).

A different type of flexibility: Foreign migrants in the NICs

Another source of labour market flexibility is the employment of foreign migrants. This is very pronounced in the case of the labour-short countries of Singapore, Malaysia, Taiwan, Hong Kong and even Thailand. For these Asian NICs, the partial or selective relaxation of strict migration rules and issuance of work permits to foreign workers is the easiest and simplest way of getting the semi-skilled workers willing to accept lower wages and do the 3D jobs which their own citizens shun.

The ILO Regional Office (2007a) estimates that Southeast Asia or the ASEAN countries had a total of 13.5 million migrant workers trotting the globe. Of this total, 5.3 million are circulating or are working within the ASEAN, meaning working in destination countries such as Singapore, Malaysia, Brunei and Thailand. Given the large number of unregistered migrants (e.g., migrants crossing from Burma to Thailand or from Indonesia to Malaysia) and a growing number of highly-mobile professionals and experts getting deployed within the region and beyond through online recruitment or through tourism-cum-hiring arrangement, the 13.5 million statistic might be too conservative. Nonetheless, it is abundantly clear that the cross-border mobility of labour is growing and is likely to intensify as ASEAN pushes more and more towards fuller economic liberalisation. The more developed countries in the region shall continue to search for workers whose skills and talents can fill their own labour force requirements.

The city states of *Singapore* and *Brunei* have the most acute need for foreign workers, the first because of its amazing economic transformation and the latter because of its rich oil resources. In Singapore, the hiring of foreign workers is now being done all across the skills and professional spectrum. And yet, one rarely hears complaints from the locals. This is not only because the labour shortage in Singapore is acute (Khatri, 2004). This is also because Singapore adheres closely to the tripartite consensus to maintain jobs of regular employees or to give them maximum transition assistance if their separation cannot be avoided. Singapore's National Trade Union Council (NTUC) even has a programme called "Advantage", a programme to re-design jobs and skills so that middle-aged workers nearing retirement age can remain economically active and productive. The NTUC has been negotiating with Singapore's employers on the adoption of the Advantage programme (Yeo, 2007).

On the other hand, in *Taiwan* and *Hong Kong*, the recruitment and deployment of overseas migrant workers have remained steady, even in the years when the domestic employment index would dip such as during the 1997-98 Asian crisis or the 2000-2001 ICT meltdown. As is well known, many manufacturing jobs in both Taiwan and Hong Kong have disappeared as a result of the relocation of labour-intensive industries to China and other Asian countries. It is estimated that about US\$60 billion were invested in the mainland by 80,000 Taiwanese enterprises between 1990 and 2000 (Panitchpakdi & Clifford, 2002). Taiwan has been able to retain its economic vibrancy through its R&D industries in the ICT sector and a galaxy of small but competitive enterprises. From a labour-exporting country itself, Taiwan became a major labour-importing country in the 1990s. By 2000, it had recorded 326,000 migrants, who represented almost five per cent of Taiwan's employed (Wang & Cooney, 2002). In Hong Kong, the "hollowing" out of the industrial sector did not result in mass unemployment because there had been a rapid expansion of the tertiary or service sector in the 1990s (Chiu & Levin, 2004).

However, one country that has the biggest number of migrants in East Asia is *Malaysia*, estimated to be anywhere between two to three million (documented and undocumented). It also has a long history of labour migration. Even under British rule, Indian labour had been recruited to work on the development of the large plantations, while the Chinese emigrants were allowed to take up residence in order to develop the country's internal commerce and services. In the 1970s, Malaysia pursued a program of export orientation by promoting foreign investments in electronics assembly plants in Penang and other industrial zones. This created a demand for foreign workers and added pressure on the plantation sector, which lost part of its

workforce to the new industrial sites, to look for new foreign hires. The demand for foreign labour was further enhanced by the labour requirements of the emerging oil-forest sector that has been a major source of financing for the development and other infrastructure requirements of Malaysia.

Overall, the agro-industrial-energy success of Malaysia under the New Economic Policy (NEP) of the 1980s and 1990s was partly supported by the country's labour regulation and labour market policy, a blend of a government-led corporatist tripartism involving the Malaysian Employers Federation (MEF) and the Malaysian Trades Union Congress (MTUC), restrictions on trade unionism in the EPZs and a flexible policy of allowing foreign labour to come in as needed (Ahmad, 2002; Kuruvilla, 1995). The last, the policy of allowing foreign labour to come in as needed, means a seesawing program of promotion and restriction – promotion when the economy is expanding and doing well and restriction or tight regulation when the opposite happens. Thus, the well-publicised deportation of “illegal” Indonesian and Filipino migrants in the immediate aftermath of the 1997-98 Asian financial crisis.

Finally, despite the general flexibility provided by a large foreign migrant population, business enterprises in the Asian NICs have been very flexible in managing their work process. This often entails the adoption of flexible work arrangements such as the subcontracting of work within the country or overseas and the increasing reliance on the services of labour-contracting or dispatching companies similar to what is happening in Japan and South Korea.

“Flexies” in Indonesia, Philippines and Thailand

The use of flexible labour is even more widespread in the formal labour market of the three big middle-income ASEAN countries of Indonesia, Philippines and Thailand. They, together with Vietnam and Myanmar, also happen to be the biggest sources of overseas migrant workers circulating in Southeast Asia and the Asian NICs.

Indonesia, Philippines and Thailand are also among the most threatened by the China competition challenge under globalisation. With cheaper labour (now done mainly in the interior provinces of China) and increasing productivity, China has been eating into the labour-intensive export niches of these countries such as garments and electronic product assemblies. Cheap China products are also flooding the domestic markets of these countries, displacing in the process their less competitive domestic industries.

The competitive pressures from China and “shining India” are often cited by the industry leaders of the three countries on the need to have “labour reform”, which often meant the adoption of laws and policies aimed at giving employers more leeway to hire, keep and terminate employees as needed. All these three ASEAN countries have a large informal sector, which absorbs about two-thirds of the workforce (Felipe & Hasan, 2006). And yet, the “informalisation” of the formal labour market is a common lament among labour organisers in all the three countries. Accordingly, the “informal workers” dramatically outnumber the “formals” or regular workers in the formal labour market.

Among the three ASEAN countries, the *Philippines* has a relatively well-developed body of protective labour laws, a number of which were imported into the country during the direct American colonial rule from the turn of the 20th century up to the 1930s. For example, the Labour Code provides for the regularisation of tenure for workers doing “regular and necessary work” after six months of probation and for a system of notice and redress for cases of illegal or questionable dismissal of employees. But these laws have not prevented companies from hiring more and more casual and temporary workers, who outnumber the regular workers in some industries. The casuals and temporaries are now known as the “5-5 workers” (a term coined by the author in 1999 in the course of an external auditing project of several garments factories [see Abrera-Mangahas et al., 1999]) since their services or contracts are terminated after five or less than six months of work to avoid the provision of the law which mandates the regularisation of probationary workers after six months. The truth is that the Labour Code of the Philippines is fairly flexible, for it recognises different categories of workers and how their services can be terminated (see Table 17).

The Philippines’ Bureau of Labor and Employment Statistics (BLES), in its sample surveys on non-regular hiring, has concluded that there is a rising trend of flexibilisation and that about one-third of the workforce are non-regulars. However, the BLES figures are grossly understated because the sample surveys do not include the firms’ use of the employees of third-party service or labour contractors, which are “manpower agencies” (similar to dispatching agencies in Japan and the NICs) placing workers on a temporary basis in different companies to do all kinds of functions. One issue that has arisen is the question of who is the real employer of these workers – the principal which contracted the services of the agency or the agency which merely places the workers in the principal’s business. Unions complain that agency workers often outnumber the direct hires in various establishments.

Table 17. *Category of employee and termination procedure in the Philippines*

<i>Employee category</i>	<i>Grounds for termination</i>
Regular	Just cause (severe disciplinary reasons, e.g., theft of property, insubordination) Authorized cause (redundancy, introduction of labour-saving device, retrenchment to reduce losses, closure)
Probationary	Just or authorized cause Failure to hurdle reasonable standards
Project (assignment to specific time-bound project, e.g., construction project)	Just or authorized cause Completion of project
Seasonal	Just or authorized cause End of season
Fixed term	Just or authorized cause End of period
Casual	No reason required (but should be regularized if length of service exceeds one year, continuous or broken)

Source: *Labor Code of the Philippines*.

In recent years, there has also been a proliferation of “manpower cooperatives”, which operate like the service or dispatching agencies in getting business to provide labour service to big factories and establishments and yet which claim at the same time that the workers being deployed by them are not workers in the traditional sense but “service cooperators”. As service cooperators, these workers are not supposed to be covered by labour laws based on the argument that, as cooperators, these workers are co-owners of the contracting agency.

In the case of *Indonesia*, the post-Soeharto efforts (1998-99) of the government to overhaul the corporatist *pancasila* IR and ratify and implement all the ILO Conventions dealing with core labour rights have failed to stabilise the IR system, which is now characterised by the emergence of a multiplicity of competing unions and stressful debates among the IR actors on wage fixing, dispute settlement and labour flexibility. One explanation for the failure of the post-Soeharto reforms to bring stability in the IR system is the poor performance of the economy. Indonesia’s unemployment went up, at one point, to as high as 50 per cent with the collapse of the economy in 1998-99 (Lindsey & Masduki, 2002). Such a painful downsizing of the economy has also given rise to a painful downsizing of regular employment in the formal labour market, with employers resorting to the hiring of more casual or temporary workers as well as agency or subcontracted workers (Juliawan, 2010). The country’s IR actors have also been debating the issue of labour flexibility with regard to the revision or amendment of their post-Soeharto labour laws. At the same time, Indonesia’s informal sector employment has gone up dramatically – from 62.8 per cent in 1997 to 70.8 per cent in 2003 (Felipe & Hasan, 2006).

As to *Thailand*, the crisis and massive lay-offs arising from the 1997-98 Asian financial contagion led to the further expansion of the country’s large informal economy. Close to a million workers in the formal economy were displaced within the second half of 2007 alone (Lauridsen, 1998, p. 156). The crisis, however, also deepened the formal-informal subcontracting system, with formal economy investors engaging informal economy subcontractors in the sewing of garments, weaving of special textiles, production of mulberry products, and the growing of certain crops or contract farming (Thanachaisethavut & Charoenlert, 2006). Also, there is “mobility of labours between both sectors”, which can be seasonal, for example, unskilled workers in small and medium enterprises go to agriculture during cultivation period (Pholphirul, 2004). This labour mobility or movement of unskilled or semi-skilled workers between the two sectors (formal and informal) is, of course, quite common in developing countries.

Labour force statistics also indicate a rising number of part-timers in Thailand, from 7.7 per cent of the workforce in 1990 to 10.3 per cent in 2004 (ILO ROAP, 2007c). Unfortunately, the statistics are unable to capture the other forms of labour flexibility in the formal labour market such as manpower dispatching and hiring of casual and temporary workers, which trade union organisers and labour activists claim are also widespread in a country with very weak unions. Like in the Philippines and Indonesia, short-term labour contracts, especially the *rap maokharegn* or the sub-contracted workers provided or placed temporarily by outside manpower agencies, are common and have been subject to debates among the IR actors in Thailand (see later discussion).

Informals and flexies in South Asia

The informals predominate in all the countries in South Asia – India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Afghanistan. This fact alone explains why it is relatively easy for employers in the organised sector of the economy to hire workers flexibly despite the Anglo-inspired labour laws, which discourage dismissals of employees without observance of time-consuming legal procedures.

In the first place, many of the wage workers are in family-run factories and establishments employing 10 or less workers. In the second place, it is difficult to do monitoring of labour situation in the populous countries of India, Pakistan and Bangladesh.

A study by Ramaswamy (2003) shows that real wages in the formal sector of South Asia went down in the 1990s, the decade that governments of the region embraced globalisation and joined the World Trade Organization (WTO). The decline, as explained by Ramaswamy, was facilitated by a major hiring adjustment made by employers – increased use of casual/contract workers, mainly females, who are paid less and who are often invisible to the labour inspectors. In India, Bangladesh and Sri Lanka, the share of female workers in total manufacturing shot up, with women workers even dominating manufacturing in Sri Lanka. Wage inequality between the skilled and unskilled has also gone deeper in the region.

In *India*, the debate on labour flexibility or the lack of it raged intensely among economists and labour researchers. The neo-liberals claimed employment has not gone up because of the usual argument that India's "labour rigidities" weaken investment and job creation. However, Sharma (2009), analysing studies on globalisation's impact on employment in India,

has concluded that despite these so-called rigidities, India's formal labour market has become more open and flexible. Below is a summary of his analysis:

- Despite “the hue and cry about inflexibility in the labour market and stringent labour laws, the Indian industry has been adjusting its workforce, more so after liberalisation” (p. 210). Examples: workers in the cotton textile and garment sectors were retrenched in a massive scale in the 1980s; over one million jobs lost in the organised manufacturing sector in the second half of the 1990s.
- Employers adopted various mechanisms to effect large-scale closures, e.g., non-payment of electricity bills to declare bankruptcy, and then shifted operations in favour of non-regular worker hiring, either through outsourcing to other firms or direct hiring of flexible workers.
- Wages of rank-and-file workers stagnated in the 1990s, while compensation and incentives for supervisors and managers went up.
- Several Indian States such as Uttar Pradesh, Rajasthan and Andhra Pradesh relaxed the conduct of labour inspection, for example, no more prior consent of an officer with the rank of a labour commissioner before inspection could be conducted.
- There has been a decline in union membership because of the steady erosion of regular workers, reclassification of workers in order to exempt them from union coverage, outsourcing of union-held jobs, and management assertion of its so-called prerogatives in running the business.
- At the same time, “the fear of losing jobs has impelled unions to accept relocation, downsizing, productivity linked wages, freezes in allowances and benefits, voluntary suspension of trade union rights for a specific period and commitment to modernisation” (p. 211).

Given the foregoing, Sharma concludes that “the logic of attributing the slow growth of employment to labour market inflexibility is not correct in all cases” (p. 212).

There are many protests in India against labour flexibility, usually enforced by human resource managers through a mandatory or no-choice “voluntary retirement service” (VRS) and the replacement of “retired” regular employees with lower-paid casual workers. The anger felt by workers over these flexibility measures exploded violently in July 2012 at the giant Maruti factory, which produces about 1,700 cars a day. A confrontation between a

union official and a company official over wage disparities between regulars and casuals and over growing casualisation of the workforce turned ugly. The factory got burned and a senior HRM official was found burned to death (Foy & Kotoky, 2012).

In *Bangladesh*, a baseline study by Hossain, Ahmed and Akter (2010), which was supported by LO/FTF, came up with the following similar findings:

- Nearly 80 per cent of the country's employed are still in the huge informal economy where labour standards are hardly observed.
- Most of the workers in the private manufacturing sector do not get the various non-wage benefits enjoyed by their counterparts in the public sector such as accommodation and transportation facilities, subsidised meals, maternity protection, medical allowances, bonuses, pension, provident fund and insurance benefit. There are also delayed wage payments, long working hours, work discrimination, unsafe working conditions and poor work environments.
- Short-term hiring is prevalent. In the garments industry, more than 40 per cent of the workers have less than a year of work experience.
- Informal work arrangement is also prevalent. In the construction industry, workers are divided into three categories – day labourer, contractual labourer and monthly-based labourer. Majority of the construction workers are hired through contractors or sub-contractors without the benefit of any employment contracts.
- Majority of the workers have no copies of appointment letters and identity cards, and are not covered by the social security system.
- Despite the protective labour laws of Bangladesh, about one-fourth of the respondents of Hossain et al.'s study affirmed that in the garments industry, employers can dismiss workers without any prior notice. Long hours of work, such as reaching 13 to 14 hours a day, are practised by some employers, who sometimes do not even pay for overtime work. Even the weekly rest day is not given by some employers.

There are other horrible labour violations documented in the Hossain study. Suffice it to say that labour flexibility of the low type is the norm, rather than the exception, in the formal labour market of Bangladesh.

A similar baseline study supported by LO/FTF and conducted in *Nepal* by Uprety and Singh (2010) have similar findings, indicating that labour flexibility measures adopted by employers are also globalised. Among the findings of Uprety and Singh are as follows:

- The regulars are a distinct minority in the formal labour market compared to the non-regulars consisting of contractual, trainees and temporaries. Moreover, the overwhelming majority not only do not have copies of their employment contracts, but also have not signed or seen these contracts!
- In the baseline survey conducted across different industries, about one-third admitted that they are paid less than the mandated minimum wage, and three-fourths (76.2 per cent) of the respondents are not informed on how their wages are computed. The law on employee bonus is also hardly observed.
- Bonded labour, known as *Kamaiya* (forced labour and forced prostitution due to debt) has been banned under the law; however, the system has evolved in other forms such as *Haliya* in western Nepal and the rehabilitation of the *kamaiyas* has been erratic.

There are also other forms of labour flexibility that are still in use in some parts of the region such as the day market or *mandi* for workers (Rimal et al., 2005). Those who need labour go to the *mandi*, negotiate with the labour brokers and workers, and hire the workers for a few days or fixed period of time.

Another source of flexible labour for employers is the huge army of circulating rural-to-urban and urban-to-urban migrants within India as well as cross-border migrants within the vast Indian subcontinent, from the Himalayas to southern India, including nearby Sri Lanka. Like the Thai-Myanmar border, the Bangladesh-India border has many uncounted cross-border migrant workers. At the same time, all the countries in South Asia, with the possible exception of Afghanistan, are large sources of migrants for the Middle East.

Annex B

MEDIATING IN “NON-STANDARD” EMPLOYMENT:
GROWTH OF THE “LABOUR-DISPATCHING” INDUSTRY

The labour market is usually analysed by labour economists in terms of the so-called supply side and demand side, both of which are seen as subject to market forces. What is rarely discussed, however, is the role of labour market intermediaries, the institutions which help facilitate contact between “buyers” and “sellers” of labour services based on information about the nature of work, work requirements, working conditions, compensation, benefits, skills, capacities and the like, all of which are eventually integrated into the labour contract (Ehrenberg & Smith, 1991). The intermediaries are crucial in the matching of jobs and skills, job seekers and job vacancies.

Like in North America and Europe, the traditional labour market intermediaries in East Asia are the high schools or colleges producing the new labour entrants and the public employment service offices administered by labour ministries. In China and Vietnam, two formerly centrally-run economies, the government-managed employment service offices are still the leading intermediaries. Vietnam has 177 “public employment introduction centres”, 64 centres under the provincial offices of the Department of Labor, Invalids and Social Affairs, and 117 centres under the “mass organizations and ministries and industries” (Vinh, 2007).

Job seekers, in their search process, also rely on their circles of friends, relatives and community contacts; and the employers, in their recruitment process, advertise vacancies through the media, schools, public employment service offices, company gates and the like. From time to time, schools, employment offices, local government units and associations of human resource managers organise job fairs. A 1998 survey of major Asian companies conducted by the Sakura Institute of Research (Takeuchi, 1999) shows that firms in the electronics, automobile, telecommunications, iron and steel, beverage, restaurant and other industries in Malaysia, Philippines, South Korea, Taiwan and Thailand have been offering jobs mainly through the schools, media advertising, job fairs and head-hunting companies.

Since the 1990s, these intermediaries have also been utilising ICT to match job seekers and employers or maintain e-files of workers with their educational background and skills. Singapore’s JobStreet.com and Malaysia’s JobsDB.com have become the leading online job matching companies in the Asia-Pacific region.

The problem, however, is that not much is written or known about certain intermediaries in the labour market, in particular the staffing (also variedly called “manpower”, “dispatching”, “temping” and “recruitment”) agencies involved in the recruitment, deployment, “sub-contracting” or placement of casual, part-time and temporary (as well as permanent) workers in the flexible labour markets of East Asia as outlined in the foregoing. The industry is understandably unpopular among trade unionists, who criticise the industry for lowering labour standards and weakening labour protection. Understandably, the industry also generally tries to maintain a low profile.

The transnational staffing agencies from North America and Europe such as Manpower, Vedior, Adecco and Kelly Services have also been active in setting up branches in the Asia-Pacific in recent years, a process facilitated by economic globalisation and the liberalisation of labour market regimes in the individual countries in the region. However, very little is known about the “globalisation” of this industry, although its global financial worth is substantial. Coe, Johns and Ward (2006) summed up this globalisation process as follows:

While in the early 1970s the industry was only really visible in the US, and the European markets of the UK, France and the Netherlands, the industry has now become increasingly ‘global’. Consolidation of the industry in its core markets of North America and Western Europe has been accompanied by substantial growth in the remainder of Western Europe, and most recently, in the emerging markets of Eastern Europe, Latin America and East Asia. The global temporary staffing industry was estimated to be worth some US \$250bn in 2005 (Staffing Industry Analysts, 2006). (p. 4)

It is interesting to note that in the global ranking of the top 20 staffing agencies (see Table 18), four come from Japan. And yet the four companies – Crystal, Staff Service, Tempstaff and Pasona – operate mainly in Japan and became big only in the 1990s, when the Japanese labour market started shaking off its tradition of “lifetime employment”. This only goes to show how lucrative the staffing business is in Japan. According to the documentation of Coe et al. (2007b), the Japanese staffing market (mainly labour-dispatching) is one of the fastest growing in the world and is now the third largest in the world, worth US\$23 billion in 2004. The pioneer staffing agency in Japan is Manpower of the United States, which set up in 1966 a Tokyo office to service the high-end temporary staff requirements of American and other foreign corporations

operating in Japan. After its 1986 legalisation and more so after its 1999 deregulation, the temping or labour-dispatching industry took off in a big way in Japan. Aside from Manpower, the other big foreign staffing player in Japan is the Swiss Adecco. However, the three leading temporary staff agencies are all Japanese – Staff Service, Tempstaff and Pasona, all of which were small entities in the early 1990s. In the decade of the 1990s, the number of new regular workers hired by Japanese companies went down dramatically, from 1,343,000 in 1990 to 643,000 in 1995 and to 272,000 in 2000 (Honda, 2006).

Table 18. *Top 20 staffing agencies in the world, 2005*

<i>Rank</i>	<i>Firm</i>	<i>Origin</i>	<i>Revenue (\$ M)</i>
1	Adecco	Switzerland	22,732.00
2	Manpower	US	16,080.40
3	Vedior	Netherlands	8,125.80
4	Randstad	Netherlands	7,873.80
5	Kelly Services	US	5,289.83
6	<i>Crystal</i>	<i>Japan</i>	<i>5,100.00</i>
7	Allegis Group	US	4,382.43
8	United Services Group	Netherlands	3,544.70
9	Robert Half	US	3,338.44
10	Hays	UK	2,981.82
11	<i>Staff Service</i>	<i>Japan</i>	<i>2,958.00</i>
12	Volt Information Services	US	2,177.62
13	Spherion	US	1,971.67
14	<i>Tempstaff</i>	<i>Japan</i>	<i>1,862.10</i>
15	MPS Group	US	1,684.70
16	<i>Pasona</i>	<i>Japan</i>	<i>1,680.48</i>
17	Express Personnel Services	US	1,550.00
18	Hudson Highland	US	1,428.27
19	Labor Ready	US	1,236.07
20	CDI Corp.	US	1,133.58

Source: Staffing Industry Analysts (2006), adapted as Table 1 by Coe, Johns and Ward (2006), "Mapping the globalization of the temporary staffing industry", p. 5.

Will China ape Japan's "temping" growth rate and will it open up its labour market to foreign staffing agencies? The answer is probably yes. In October 2007, China announced that it awarded the Milwaukee-based Manpower a license to provide temporary staffing in China under the new China law on "Labor Contract". According to Manpower, which entered China in 1994 and which operates in 12 cities in China, the license and the new law will boost Manpower's Chinese operations and the temping industry in general (Rovito, 2007). Manpower explained that the new legislation defines an employer's liability and the forms of labour use, which it claims gives Manpower an advantage because the law sets higher standards of hiring activities and human resource management for enterprises and temporary staffing companies.

Unlike Japan and other OECD countries, however, the short-term staffing industry in the different Asian countries, including Australia and New Zealand (see Coe et al. [2007a] on Australia's staffing industry), are characterised by stiff competition among numerous domestic staffing agencies, which offset their tiny margins with high-volume business turnovers. There are hundreds of faceless labour-dispatching agencies operating in Indonesia, Philippines, South Korea and Thailand. Labour dispatching or the placement of temporary workers in the payroll of outside staffing/recruitment/manpower agencies deepened in all these countries in the aftermath of the 1997-98 Asian financial crisis.

Why do companies rely on labour-dispatching or temping companies? Aside from the union-avoidance rationale and the usual business argument on the requirements of market fluctuations (which lower or increase the demand for labour), the other known and most obvious reason is labour-cost saving. Table 19 shows an itemisation of labour expenses incurred and avoided by an Indonesian employer if he/she avails of the services provided by a private employment agency which places and manages workers in the employer's premises. The savings are obviously tremendous.

Table 19. *Labour expenses by an Indonesian employer hiring workers via a private employment agency (PEA)*

<i>Type of expense</i>	<i>Notes</i>
<i>Obligations given to all hired workers</i>	
Basic wage	Based on regional minimum wage
Overtime	Government stipulated rates
Insurance	Government stipulated
Tax	Income tax
<i>Expenses avoided by using a PEA</i>	
Benefits	Annual leave, sick leave, maternity leave, religious festivity leave, annual bonus
Allowances	Transport, meal, health, lodging, performance bonus
Redundancy	Severance pay and service pay
Training	Basic training and skill upgrading
Administration	Recruitment and overhead costs, HRM
<i>Other expenses avoided in using PEA services</i>	
Unionism	Collective bargaining and other related costs
Strike	Lost work hours, missed targets

Source: Extracted from "Extracting Labor from Its Owner" (Juliawan, 2010).

CHAPTER

4

SUSTAINABILITY CHALLENGES FACING ASIA-PACIFIC

Unequal Asia-Pacific is unsustainable Asia-Pacific.

Inequality, as vividly illustrated in the precarity of the jobs and lives of hundreds of millions of Asian working women and men, puts limits to economic growth. Already, there are signs that the Asian economy has been slowing due to the unresolved GFEC, which in itself is an outcome of narrow neo-liberal policies (see discussion below), and the consequent weakening of Factory Asia. On the other hand, efforts of some governments in the region to decisively arrest the economic decline by turning inward and promoting greater consumption at home are hamstrung by the stark reality that the working population lacks effective purchasing power, precisely because of the Race to the Bottom.

As to the social aspect of sustainability, the inequality and exclusion that result from the present neo-liberal economic order naturally breed turmoil, unrest and disorder in any society. Peace and harmony become elusive. This old wisdom is vividly reaffirmed in 2010-2011 when the historic “Arab Spring”, sparked by the self-immolation by an informal vendor of Tunisia, swept the Middle East. Wikipedia, a free and collaboratively edited internet encyclopaedia, captured the labour dimension of this Arab Spring as follows:

The **Tunisian revolution** was an intensive campaign of civil resistance, including a series of street demonstrations taking place in Tunisia. The events began on 18 December 2010 and led to the ousting of longtime President Zine El Abidine Ben Ali in January 2011 eventually, leading to a thorough democratization of the country and to free and democratic elections which saw the victory of a coalition of the Islamist Ennahda Movement with the centre-left Congress for the Republic and the left-leaning Ettakatol as junior partners.

The demonstrations were precipitated by high unemployment, food inflation, corruption, a lack of freedom of speech and other political freedoms and poor living conditions. The protests constituted the most dramatic wave of social and political unrest in Tunisia in three decades and have resulted in scores of deaths and injuries, most of which were the result of action by police and security forces against demonstrators. The protests were sparked by the self-immolation of Mohamed Bouazizi on 17 December 2010 and led to the ousting of President Zine El Abidine Ben Ali 28 days later on 14 January 2011, when he officially resigned after fleeing to Saudi Arabia, ending 23 years in power. Labour unions were said to be an integral part of the protests. The protests inspired similar actions throughout the Arab world; the Egyptian revolution began after the events in Tunisia and also led to the ousting of Egypt's longtime president Hosni Mubarak and a full-scale civil war in Libya that led to the ousting and death of Muammar Gaddafi after 42 years of his rule; furthermore, uprisings in Bahrain, Syria and Yemen and major protests have also taken place in Algeria, Jordan, Morocco, Israel's borders, Iraq and Mauritania as well as elsewhere in the wider North Africa and Middle East. ("Tunisian Revolution", 2004; footnote numbers in the original omitted)

Who was Mohamed Bouazizi? A young informal street vendor driven to desperation by police harassment and the lack of alternative job opportunities in Tunisia. How many millions of Mohamed Bouazizi are there in Asia today?

As to the environment, the present growth model does not address the challenge of minimising, if not containing, the mounting problems and risks associated with climate change and environmental degradation. The growth model also deepens the environmental crisis in a region known for its fragile ecosystem and extreme vulnerability to climate changes.

UNSUSTAINABLE GROWTH MODEL

The global debates on the rules for a post-GFC global economy

In 2009, the world was at the vortex of the worst global financial crisis (GFC) to hit the global economy since the Great Depression of the 1930s. Exports, jobs and GDP in many developed and developing countries shrank ominously. With the IMF-WB group unable to cope with the GFC and the WTO stalled in its decade-long Doha Round talks, the Group of 20 (G-20), composed of the 20 biggest economies worldwide, virtually became the world's economic committee with a self-assigned mission of putting some order in a chaotic global economy. The G-20's mandate to address the GFC was questionable; however, this was hardly questioned by many public commentators because the reality was that the world was literally at the cliff of a financial and economic Armageddon.

And yet, something positive emerged out of the series of G-20 meetings: an almost universal recognition by policy makers – in Asia and in the world – that unregulated finance capitalism and unbridled economic globalisation of society are unsustainable. Some G-20 leaders like the former UK Prime Minister Gordon Brown even openly proclaimed that economic neo-liberalism or free-market fundamentalism, which is at the roots of the GFC, is dead. In 2008-2009, almost all the G-20 leaders became Keynesian and engaged in what is now popularly called “stimulus spending”, or deficit spending aimed at saving big banks and big industries in their respective countries. Also, a key item in the G-20 agenda meetings was the formulation of the new rules to tame global financial speculation and the toxic hedging industry it has spawned.

Meantime, across the Pacific, at the US heartland, an ashen former Federal Reserve Chairman Alan Greenspan sheepishly admitted to the US Congress that he was wrong in pushing for and presiding over financial deregulation, which gave birth to disastrous toxic products such as CDOs, derivatives, swaps and varied hedging instruments. The US Congress itself formally inquired into the GFC and debated what should be the new rules of financial and economic globalisation. Eventually, the US Congressional Commission on the Causes of the Financial and Economic Crisis released a voluminous report (2011) whose findings did not surprise anyone. One of the Commission's major conclusions reads as follows:

We conclude this financial crisis was avoidable. The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire. The captains of finance and the public stewards of our financial system ignored warnings and failed to question, understand, and manage evolving risks within a system essential to the well-being of the American public. Theirs was a big miss, not a stumble. While the business cycle cannot be repealed, a crisis of this magnitude need not have occurred. To paraphrase Shakespeare, the fault lies not in the stars, but in us. (p. xvii, emphasis in the original)

*Unresolved post-GFC rules,
recovery burden being shifted to workers*

And yet today, the world is still debating the rules for a post-GFC world. In America, the regulatory reform known as the “Dodd-Frank rules” has become a “disappearing act” (Braithwaite & Duyn, 2011). This is so because the financial team of Timothy Geithner and Lawrence Summers has been implementing the reforms in a gingerly fashion, meaning not forcing the big errant banks to abandon the old ways of speculating money. In fact, the trading of toxic hedging financial instruments has remained, subject only to some rules. In the G-20 as a whole, the financial regulatory reforms are focused mainly on how to increase the reserve requirement of banks to minimise risks, not to abolish these toxic financial products.

Worse, some of the rules being debated and proposed today totally ignore or trifle with the truths about the root causes of the crisis. The rules being advanced by “born-again” conservatives in many parts of the world seek not only to preserve the hegemonic and unhampered rule by the big TNCs but also, and terrifyingly, to shift the blame for the GFC on the so-called “entitlements” of the working peoples. These “entitlements” happen to be the basic right of the working people to have a fair share of the fruits of their collective labour through the exercise of their basic rights to form unions and negotiate collectively for better terms and conditions of work. These “entitlements” also include the basic right of workers to social security and decent life in old age. Thus, in America, one Republican state after the other is racing to dismantle the rights of public sector employees to conclude collective bargaining. In Europe, the European leaders are pushing for a so-called “austerity solution”, which meant downsizing of the social security system, especially in the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain).

In Asia, governments are trying to appease workers' anger by dangling labour reforms and proposed social protection measures. However, some governments have been enacting laws or adopting rules aimed at emaciating and further marginalising the trade union movement. For example, South Korea withdrew the right of full-time labour leaders to be in the payroll, obviously to isolate the leadership of the trade union movement from its members. In New Zealand, where labour law reforms reversing the deregulation policy of the 1990s are still not fully institutionalised, the government sought to please Warner Brothers by interpreting in a one-sided manner that actors and screen writers cannot form unions because they are independent contractors.

The missing G-20 debate: Neo-liberalism in support of Race to the Bottom

What is clearly missing in the G-20 debates is what the trade unions through the ITUC and ITUC-AP have been denouncing since the turn of the millennium – the global Race to the Bottom (R2B), which is at the roots of the global crisis and the inequality in Asia and in the world. To reiterate, the R2B means the efforts of the TNCs and big national firms to ignore global labour, social and environmental standards in their blind pursuit of global profit-making activities. Such a race to the bottom explains the terrible weakening of the labour movement almost everywhere as global capital flies in and out of deregulated national markets in search for the cheapest production platforms, which include union-free EPZs. This even pits host countries against each other in their frenzied drive to attract global capital by sacrificing global and national labour, social and environmental standards.

Speculation, overproduction, underconsumption

Eventually, the R2B evolved in the last two decades into excessive speculation-financialisation of anything tradeable, including the imagined future values of commodities and the bundles of so-called “collateralised debt obligations” or CDOs of faltering borrowers. This phenomenon is facilitated by the neo-liberal structural adjustment programme of market deregulation or the worship of unregulated “free markets” dubbed in the 1990s as the “Washington Consensus”. Super profits extracted by the few in their Factory Asia and global value chain operations are further invested, Ponzi-style, in leverage or hedging funds.

As the 1997-98 Asian financial crisis and the 2007+ GFEC show, the financial bubbles are bound to burst and hit, domino-like, everyone involved in these intricate and intertwining processes of financialisation, speculation and production based on R2B. At the same time, these processes have caused a huge imbalance in the global supply and global demand. The global “overproduction” of goods, especially those produced by the TNCs under their Factory Asia in China and other countries, finds the market narrowing because of the global “underconsumption” of the same goods because the workers and farmers producing these goods have declining wages and incomes under an unequal and unjust R2B (see also discussion in Chapter 2).

This overproduction-underconsumption pattern engendered by the R2B is easily validated by the widening gap in many countries between rising labour productivity and labour compensation. Global reports by the UNDP (1999; 2006), the World Commission on the Social Dimension of Globalization (2004) and the ILO’s global wage reports all show rising global productivity and GDP, accompanied by deepening inequality, declining share of wages in global productivity, rising joblessness in some countries, and weakening unions everywhere. The ILO global wage report (IILS, 2011) shows that between 1995 and 2007, global wages grew by 0.75 per cent annually versus a GDP per capita growth of 1 per cent annually. Moreover, in this period, the share of profits in the global GDP had been going up, the gap between the top wage earners and those in the bottom had been widening, and collective bargaining coverage had been going down.

Neo-liberal theoretical onslaughts against labour “rigidities”

The R2B took definite shape in the 1980s when US President Ronald Reagan and UK Prime Minister Margaret Thatcher pushed “privatisation” programme, a key element in the neo-liberal economic package, in a big way, ignoring all contrarian views and dismantling the old welfarist policy programme. At about the same time, the WB and the IMF imposed on heavily-indebted countries neo-liberalism through the so-called “structural adjustment programme” or SAP, which pushed for privatisation, economic deregulation and trade and investment liberalisation as the uniform solutions to underdevelopment. Both the Reaganite/Thatcherite privatisation programme and the World Bank’s SAP were inspired by the ideas of the so-called “Chicago school” of economics led by Milton Friedman, who believed in liberalised or “unfettered markets” as the panacea to almost every economic problem.

The labour economists in the WB and other think tanks seized the neo-liberal Friedmanesque thinking by declaring unionism, collective bargaining, social security and other protective labour institutions as “rigidities” in the labour market, or as unwelcomed interference in the free interplay of supply and demand in the labour market (Harrison & Revenga, 1998; WB, 1995). Thus, under the neo-liberal interpretation of how the labour market should behave, a strong interventionist labour movement is blamed as the cause of unemployment in a given society. Accordingly, job-creating capital does not come in when wages do not go down due to institutions of unionism and collective bargaining.

In industrial relations terms, this neo-liberal treatment of the labour market has been translated by CEOs and human resource managers into “strategic HRM” or personnel policies supportive of lean-and-mean business operations without regard to the welfare and social needs of the workers. This strategic HR Management is part of the radical change in the teaching of business management which swept the MBA schools in the 1980s and 1990s. This change ignores the social dimension of business and expounds single-mindedly on the supposed primary mission of managers, which is to increase the “shareholder value” of the business owners at all cost, including competition with their own suppliers, customers, regulators and, yes, employees. This effectively freed the MBA students or the new generation of would-be managers from any sense of moral responsibility in the conduct of business (Goshal, 2005).

From production to financialisation

The then US Federal Bank chief, Alan Greenspan, used the same neo-liberal thinking by helping repeal in 1999 the Glass-Steagall Act. This financial deregulation and the general hands-off policy of Greenspan in the “excessive financialisation” in Wall Street are at the roots of the so-called financial bubbles which burst into a costly and painful American financial meltdown and global economic recession. Sadly, the mass media have simplified the explanation for this financial meltdown into a case of “greed”, that is “excessive greed” by a few financial speculators bringing the financial house down. This, of course, is true only up to a point.

In the meantime, the TNCs able to accumulate super-profits from their global production and service chains also increasingly turned to financialisation and financial speculation in the neo-liberal decades of the 1980s up to the 2000s. General Electric and some big automobile makers such

as Ford expanded their corporate earnings by going financial, while hedge funds, private equity companies and investment banks used the global financial and market deregulation to create speculative bubbles in the stock, currency, credit, housing, commodity and futures markets. Even China, after accumulating around US\$3 trillion savings, invested a trillion of its dollar savings on the US financial market, the world's biggest, and bought into Blackstone, the world's leading private equity company.

Asia, of course, had a bitter experience with these bubbles in 1997-98. This is the reason Asian unions, civil society organisations and academics opposed to neo-liberal globalisation have been calling – since the Asian crisis – for the monitoring of these non-regulated speculative financial operations, especially those undertaken by the hedge funds and private equity companies (ARENA, 2001). They have also raised a number of times the dislocating impact on employment and society of these speculative activities, which often lead to job-displacing mergers-acquisitions-consolidations, union-subverting corporate reengineering exercises, and the erosion of job, union and income security of workers.

FRAYING SOCIAL AND LABOUR FABRICS

Raging labour unrest

There is so much anger and disorder under globalisation's heaven. There is no let-up in workers' protests – public rallies, petitions, processions, strikes, etc. – almost everywhere against the violations of workers' rights, including the rights to form unions freely and bargain collectively and pursue fair labour standards in the context of the decent work paradigm. These protests and rights violations are hardly given space by the mainstream media controlled by the big corporations. However, the ITUC has continuously documented most of these violations in its annual report on violations of trade union rights in different countries of the world.

In some countries, labour protests have led to some social and political upheavals, with mixed results. In the 1990s, the trade unions played a pivotal role in ushering in democratic change in South Korea and Taiwan. And as cited earlier, the act of self-immolation by an angry and desperate Mohamed Boauzizi, an informal street vendor, triggered the Tunisian Revolution and the Arab Spring movement.

In China, waves of labour protest and wildcat strikes eventually forced the government to recognise the “labour problem” by announcing in 2006 the policy of “building a harmonious society” as a major national policy thrust. Jenny Chan (2009) gave some startling figures indicating the massive character of the labour and social unrest sizzling in China, as follows:

Since the 1990s, the frequency and scale of popular unrest has increased rapidly throughout the country. The Ministry of Public Security reported 8,700 demonstrations and protests in 1993, increasing dramatically to 32,000 in 1994. That number surged to 58,000 in 2003, involving more than three million disgruntled workers, peasants, property owners, teachers and students. In 2004, the nationwide data of mass protests recorded 74,000, and 2005 saw an unprecedented high level of 87,000 protests; among them, violent confrontations or attacks on government property have grown at the fastest rate. In 2006, disputes accepted by labor arbitration committees reached 317,162, involving 679,312 workers nationwide. Still, there are many instances of labor conflict that are rejected from labor administrative or judicial systems. Far more aggrieved workers have taken to the streets to protest, as enterprise restructuring and privatization has increased. Unofficially, at least one strike involving more than 1,000 workers occurs every day in the manufacturing hub of the Pearl River Delta region, to say nothing of the many smaller spontaneous strikes. (p. 4)

Had Jenny Chan wrote her article on labour unrest in 2011 and not 2009, she would likely not miss the highly publicised stories about the series of worker suicides at Foxconn in 2010. A subsidiary of Hon Hai Precision of Taiwan, Foxconn is the world’s largest contract manufacturer of electronics and employs half a million workers in China. Foxconn’s employees were made to endure long hours of work under intensive work processes. The workers were virtually reduced into robot-like machines. Because of the uproar within China and in the outside global market over the Foxconn suicides, minimum wages were increased and a formal inquiry on the situation in the Foxconn facilities and working conditions were initiated by the government.

In India, however, debates are still swirling over the burning of the giant Maruti plant in July 2012, including the body of a senior HR manager (see Chapter 3). Employers consider this event as a criminal case and have asked

the government to find out who among the workers were responsible for the burning of the plant. However, to those sympathetic to the workers, the case is seen as the deadly culmination of the unrestrained efforts of employers to mandatorily proclaim voluntary retirement or VRS among the regular workers and put most of the workers under short-term or casual hiring terms.

In the Philippines, trade union anger over widespread casual hiring forced the government to call for new rounds of tripartite talks on the rules on outsourcing of work through the use of third-party service agencies. This led to the issuance of Department Order 18-A in 2011, which is the fourth revision of the rules implementing the laws on “independent job contracting” and “prohibited labour-only contracting” since 1974. However, the basic laws have remained unchanged and the employers and trade unions still hold on to their views on how contracting should be treated – with maximum flexibility is the stand of the employers and the opposite insofar as the unions are concerned.

Exclusion and social protection

The biggest problem for the precarious workers of Asia – informals, migrants and casuals – is their general insecurity about their precarious jobs, aggravated by the absence of viable and amply-budgeted social protection for these workers and their families. In most countries of Asia, social security is provided for the regular workers in the formal public and private sectors through the contributory system, with employers and employees contributing to a common fund under certain formulas.

Still, there are numerous complaints about the meagre benefits that the social security system members and families get in case of death, retirement, accident and other risks. For example, there are complaints that retirees cannot live on the limited pensions given them. Moreover, western-style unemployment insurance or assistance in case of job displacement is unheard of in most countries.

However, the problems of the regular workers cannot compare with those of the non-regulars. As the studies by the ITUC-AP affiliates in Bangladesh (Hossain et al., 2010) and Nepal (Uprety & Singh, 2010) indicate, labour laws are generally silent on the social security for temporary, contract, daily and consultancy-based workers. These are the casual workers, who constitute the majority in many enterprises. On top of these casuals are the informal workers, who are even more numerous and several times bigger in number compared to the formal workers. And finally, you have the migrant workers.

How does one provide a protective social mantle to the non-regular workers who are not even properly identified and registered in most cases? Should they be made to contribute when they earn barely enough to put body and soul together?

In many Asian countries today, there is a lot of policy discussion on how to make social security and social protection “universal”. There are also cash transfer programs for the poorest of the poor. These are programs being advocated by the World Bank and the ADB. The problem is how to make social protection universal in a clearly segmented labour market where so many are excluded from the growth and development processes. So far, the success story being cited is the universal health insurance developed by Thailand during the time of the controversial Prime Minister Thaksin Shinawatra. For others, the labour groups supporting the precarious such as SEWA, Homenet Asia and Homenet Southeast Asia are the ones which have up taken up the difficult job of not only advocating for more social protection intervention by governments but also helping informal workers get organised and mobilise resources for their own collective well-being and social protection.

Overall, the challenge in all the Asia-Pacific countries is how to develop a system of social security and social assistance that shall cover everyone, especially the most vulnerable. However, such a system cannot be divorced from the bigger challenge of ensuring that all workers eventually have equal access to good quality jobs, which, in the ultimate analysis, will enable them to contribute to a sound social security system and reduce their insecurities.

ASIA-PACIFIC’S PRECARIOUS ENVIRONMENT

Precarious Asia-Pacific has a precarious environment. The region is one of the most vulnerable to climate change risks and environmental disruptions. And when disasters strike, the most affected are those with precarious jobs and unstable housing. An ADB *Policy Briefs* (2011b) declares:

The Asia and the Pacific region is expected to be one of the global regions most severely affected by climate change, with the heaviest toll likely to be seen in the Pacific, South Asia, and Southeast Asia. The impact of severe weather is already being felt. In 2010, more than 30 million people in the region were displaced by environmental disasters, including floods and storms. While many of the displaced later returned to their homes when flood waters subsided, some became

migrants because they decided to seek more secure lives elsewhere or simply could not return to their communities. (p. 1)

The vulnerability of Asia and the Pacific to climate change risks and environmental degradation is compounded by its high population density. According to the 2005 Report of the Asia-Pacific Forum for Environment and Development (APFED), the region had 3.5 billion people at the turn of the millennium. This was equivalent to 58 per cent of the world's total population, with China (with 1.3 billion people) and India (1.2 billion) accounting for 40 per cent. And yet, the land area of the region is equal to only 30 per cent of the Earth's total.

This means there is a great deal of population congestion, especially in the rapidly-growing urban areas of the region. This congestion contributes to intense environmental degradation and aggravates further the extreme vulnerability of the region to climate change risks. In fact, the region has seen with alarming frequency and growing intensity climate change-related storms, floods and droughts occurring in virtually all countries of the region.

Factors contributing to large-scale degradation of the environment

There is no shortage of materials documenting the continuing degradation of the region's ecosystems and the poor state of the environment.

In the past, the major culprits blamed for environmental degradation were colonialism and population growth. In the case of the former, the colonial drive to extract minerals, grow export crops and cut timber provided the impulse for the first wave of large-scale exhaustion of the natural resource base of the region.

Today, however, other major factors come into play such as rapid population growth (especially in countries with big populations such as Pakistan and the Philippines) and rapid urbanisation, with half of the people now living in urban centres and mega cities. In addition, globalisation and profit-driven capitalist transformation have changed the economic and environmental landscape in different Asian countries, mostly towards the direction of resource exhaustion, air and water pollution, and general environmental degradation and shrinking of the natural ecosystems such as the disappearing bio-diversity in flora and fauna.

GHG emission and Factory Asia

Asia has also become a major contributor to GHG emission. The cutting (and even burning) of forests to give way to new plantations, resorts and golf courses, elite and middle-class residences and other “development projects” has been amply documented by Greenpeace activists and various CSO-led environmental groups. Western-style consumption habits have also been imbibed by the moneyed class, the best proof of which is the clogging of major urban thoroughfares in Asia by GHG-emitting vehicles of all shapes and sizes and the huge piling up of consumer product wastes and so-called “disposables” everywhere.

And, yes, there is also Factory Asia, which intensified Asia’s consumption of GHG-emitting energy several times. The region has become the world’s industrial workshop, not only in the production of labour-intensive goods such as garments and toys but also energy-intensive auto and other metal-based products.

Finally, one must add here that the inability of the globalised Asian economy to provide good quality jobs for all has deepened and widened mass poverty, which, in turn, has also contributed to the further degradation of the environment. To survive, the poor encroach on the forests or engage in unwanted overfishing in shallow water. Some go into destructive mineral extraction, very often without observing any health and safety standards such as the use of the poisonous mercury to extract gold. They build houses in watersheds, coastal areas, hillsides and other dangerous sites simply because they have nowhere else to go to build homes and raise families.

Consequences of environmental degradation

The consequences of environmental degradation and pollution due to the foregoing reasons are also well-known. Many Asian countries have been experiencing an environmental crisis. Droughts, storms, floods, landslides and other disasters due to climate changes and/or swings have become regular occurrences in the region; they are being aggravated by the poor state of a country’s environment, especially the absence of protective forest cover.

Some of the most heavily-polluted cities in the world (in terms of GHG emission) today are in the region. Clean air has become a luxury in these cities. According to the WB (2011), some of the most polluted cities in the world are in East Asia – Shanghai, Tianjin, Bangkok, Beijing, Singapore, Hong Kong, Tokyo and Jakarta. The Bank added that annually, there are over 100,000 premature deaths and millions affected by chronic bronchitis due to air

pollution and the floating particulates in the atmosphere. In India, scientists have also reported on the decline of crop yields due to air pollution.

One solution to air pollution is nurturing a healthy forest cover for the country. Unfortunately, Asia's forest cover keeps shrinking and is now less than 30 per cent of the total land area. Deforestation affects a country's water systems, agriculture, and, consequently, food security.

Water has also become a major problem. The sourcing of fresh and clean water has even caused border conflicts among neighbouring Asian countries. The water system is affected by industrial discharges, untreated sewage and salt-water intrusion due to overexploitation of the water tables.

The construction of poorly-designed and badly-implemented huge water dams in the past, often with the support of the international financial institutions (IFIs), has also complicated the environmental situation. The establishment of some of these dams led to the large-scale deforestation, displacement of ethnic communities and disembowelling of mountains.

In island and coastal Asian countries, one sad development is the depletion of fish and other marine resources due not only to overfishing and competition by big commercial fishing fleets but also to the criminal harvesting of coral reefs and mangroves, the natural breeding ground for fish schools. As a result, poor coastal fishermen are now among the poorest of the poor in Asia.

And yet, there are good environmental laws and programs such as laws and programs promoting proper solid waste disposal, clean air emission test for vehicles, massive reforestation, etc. However, most countries have either lax enforcement or weak follow-through programs. Why, for instance, does the forest keep shrinking?

Another problem is policy incoherence. If there are projects with risky environmental implications, some government officials tend to relax the rules such as ignoring the standard environmental impact assessment if the proponents of the projects happen to be members of the nation's economic and political elite. For instance, a large-scale open-pit mining operation which can displace tribal communities and reduce a country's forest cover can easily secure the needed permit.

The neo-liberal growth model under globalisation, which encourages deregulated commercialisation of resources and which has failed to produce broad-based development and inclusive employment, is undoubtedly at the centre of the processes of environmental degradation and unchecked GHG emission in the region.

“LABOUR REFORMS”: WHOSE SIDE ARE YOU ON?

“Labour reforms” versus “labour reforms”

Labour policy makers involving the tripartite industrial relations (IR) actors (government, trade unions and employers), politicians and economic technocrats often take differing, even opposing, views on “labour reforms” that should be pushed in each Asian country in the context of the realities of globalisation. All talk of the need for labour reforms, and yet all manage to articulate reforms differently.

This is not surprising because the reform proponents formulate reform policies through their respective looking glasses. The neo-liberals want a relatively “free labour market” freed from what they consider as “rigid” labour regulations such as restrictions on hiring and firing, hours of work, wages and so on (see discussion in Chapter 4 and on World Bank in this chapter). The trade unions, however, demand decent work through a fair system of IR based on just rules of work engagement for all and a more balanced and equitable economic order. To the trade unions, the reform challenges are abundantly clear given the imbalances and crises arising from a runaway neo-liberal economic globalisation as outlined in the preceding chapters. The situation, however, is confused by neo-liberal globalisers and politicians who literally talk with a forked tongue when they advocate greater labour market flexibility in the name of job creation and worker protection.

De jure reforms versus de facto realities

But since even the neo-liberalisers propose reforms in the name of workers’ protection, legal ambiguities abound. Teri Caraway (2010), who did an exhaustive survey of labour law changes in Asia, observed that most governments in the region, with the exception of South Korea in 1998 (see

discussion on South Korea), have not watered down or relaxed labour laws providing more protection to workers. In fact, the movement is towards greater protection – on paper. However, this *de jure* protection collides with the reality across Asia, where worker protection and enforcement of protective labour laws are increasingly eroded due to different reasons, foremost of which is weak enforcement of protection. Thus, *de jure* gains, which are generally limited, are offset by the *de facto* realities of rising labour flexibility across the region.

ITUC-AP has made a similar conclusion. In its *Policy Series No. 6* (2011), the ITUC-AP acknowledges that in general “a favourable legal framework” which guarantees the rights of both workers and employers exist in most of the Asia-Pacific countries. The problem, states ITUC-AP, is the lack of “effective enforcement”. The other is the “exclusion clauses”, or exception clauses, which deny these rights to certain categories of workers or which restrict the application or observance of such rights under certain circumstances. For example, the following are the categories of jobs where workers are usually restrained from joining the trade unions: civil service, informal economy, agriculture, subcontracting/outsourcing business arrangements, and home-based work. Also, migrant workers are excluded.

The following is an outline of the debates between and among the actors on Asian labour reform in the context of globalisation and labour market flexibilisation in a region with uneven IR and legal systems.

Uneven development of IR and legal systems

Like their economies and wage labour markets, the IR systems in the different Asian countries are at various levels of development, with some like Myanmar and North Korea completely dominated by their one-party states while others appear very stable like those of Japan and Singapore.

Kaufman (2004) wrote that IR, as a field of study and as a system of institutions and rules governing the relations of industry and workers in a capitalist setting, developed in the decades of the 1920s and 1930s when the American government was groping for solutions to contain the labour unrest which hit America and to stabilise the growing industrial capitalist system. Closely associated with institutional economics, IR focused on the harmonisation of markets and the interests of the different production actors (employers and workers) and regulators (public authorities) through the development of institutions dealing with union recognition, settlement of industrial disputes, and promotion of employee welfare, among others. In the 1960s, at the height of the industrial capitalist expansion in North America

and Western Europe, IR gained global acceptance with the publication of the *Industrial Relations System* (1957), authored by US Labour Secretary John Dunlop. The book popularised the IR model of rule-making based on the tripartite relationship among the employers, unions and government. In general, IR is commonly understood today as the practices, laws and regulations governing employer-employee relations in the modern sector of the economy, including the dynamics of how groups of employees are able to form associations for collective bargaining purposes and secure other labour and social concessions through pressure-group or concerted activities.

Different politico-historical circumstances

However, the IR systems and institutions that have evolved or developed in each of the Asian countries have been shaped by different politico-historical circumstances (Cooney, Lindsey, Mitchell, & Zhu, 2002; Sharma, 1985).

In South Asia, British colonialism bequeathed the region with British-style legal systems, including British rules on employment contracts and trade unionism. The subsequent struggle for Independence and democratic rule in different South Asian countries, supported strongly by the unions, helped strengthen provisions on freedom of association and workers' protection in the labour law systems. And so is the participation of the South Asian countries in the ILO system (Sankaran, 2010). Thus, despite the large informal economy and the agrarian character of these countries, trade unionism flourished – mainly in the state sector and in the organised private enterprise sector.

In Japan, IR is partly a legacy of General MacArthur's efforts to import American IR practices into Japan during his short but eventful military government in the post-World War II period. This was later modified by the Japanese from the 1950s onwards in their drive to build up national productivity and competitiveness through labour-management cooperation, zero-defect campaign and the like. Some outcomes of these transformation programs were the concept of lifetime employment, *nenko* or seniority-based pay, 5S rules on good housekeeping, *kaizen* or total quality management, and productivity gain sharing – all IR practices associated with the big successful Japanese enterprises (Ashton & Sung, 2002; Benson & Debroux, 2004).

In the Philippines, its American-style IR system is a product of American colonial influence; in the case of Malaysia and Singapore, an outcome of the British colonial rule (Sharma, 1985). From the newly-industrialising Thailand to the newly-market-liberalising states of Cambodia and Lao People's Democratic Republic, modern labour laws and labour institutions are still at

their incipient level of development. In militarised Myanmar and North Korea, there are hardly any.

In liberalising China and Vietnam, the shift to a market economy has been accompanied by the search for – and unsettled debates on – new rules and institutional arrangements on unionism, concerted activities and dispute settlement.

Tripartism and the State

As to tripartism, this has also developed in a highly uneven manner across the region, mostly in the state-corporatist sense, that is, to allow governments to keep the small labour movement under their influence to “maintain industrial peace” based on the requirements of the national accumulation projects, and, later, as policies shifted from import substitution to export orientation, to sustain international competitiveness (Sharma, 1985; Kuruvilla, 1995).

Corporatism or statism in IR found strongest expression in the one-party system in the collectivist economies of North Korea and Myanmar. In China and the Indochina states of Vietnam, Cambodia and Laos, corporatism was very pronounced during the pre-market era socialist rule, with the party-led State determining national policies in various areas of social life. Today, however, these “transition economies” have been searching for new rules of engagement to govern unionism, concerted worker activities, collective bargaining and dispute settlement without the State giving up its role as intervenor in dispute resolution, arbiter in policy debates and manager of economic and labour policy directions.

In Malaysia and Singapore, the State assiduously pursues unity in support of rapid economic growth.

In Thailand, the business and military elites have always played a central role in shaping the IR processes, such as the formation of unions. In the past, the unions were allowed mainly in select large public corporations.

Some countries, however, have seesawing experiences in statism and industrial democracy, primarily due to pendulum-like swings in political arrangements – from electoral democracy to martial rule or back. For example, in Indonesia, General Soeharto’s army, after crushing the Communist movement and their unions in the 1960s, promoted a state-led *Pancasila* IR system based on employer-worker partnership and belief in “God the

Almighty”; but after Soeharto’s collapse in 1998, Indonesia’s IR system has become more open and labour policies are now debated publicly. Likewise, the Philippines had a pluralistic IR system featuring a multiplicity of trade unions. This was disrupted in the 1970s when the country was placed under martial law by President Ferdinand Marcos, who also tried to promote a similar corporatist IR system; after a “People’s Revolt” in 1986, the pre-martial-law IR system was back. In South Korea, the supposedly “meek” labour movement of the 1960s-1970s became one of the most militant in the Asia-Pacific following the collapse of the Park Chung Hee regime and the waves of popular campaigns to have a national system of democratic governance (Rowley & Bae, 2004).

In South Asia, labour policy governance has also seesawed between democracy and state control, the British-inspired labour law system notwithstanding, and back. Pakistan, Bangladesh, Nepal and Sri Lanka had episodes of martial or emergency rule, which often necessitated suspension of trade union rights or provisions of the labour laws.

In general, however, all governments naturally seek to influence the IR systems and policies in support of rapid economic growth, on the one hand, and social harmony, on the other. At certain times, the trade unions see a policy opening and try to further the trade union agenda based on this opening; at other times, they have to exert organised pressure in order to create some openings; at worst times, they are almost shut out of the system, voiceless with no representation.

Of course, organised labour has always played a significant role in the history of the different Asian countries despite their small size or minority status in most of these countries. The reality is that despite their narrow coverage, trade unions are the most organised among the downtrodden masses. It is only in Japan where union membership reached over 50 per cent of the labour force at one time (see discussion in next section). In China and Vietnam, the percentage of worker coverage is the highest in the Asia-Pacific because all SOEs had unions affiliated with the All-China Federation of Trade Unions (ACFTU) and the Vietnamese General Confederation of Labour (VGCL) respectively. However, the organising drive by ACFTU and VGCL in the newer but dynamic FDI-led enterprises based in the EPZs is relatively new.

There is relatively low density of unionism in the rest of East Asia. A study by Rasiyah and Chua (1998) shows that union density in Southeast Asia was highest in corporatist Singapore – 24 per cent, followed by the Philippines – 12 per cent, Malaysia – 8.5 per cent, Vietnam – 7.6 per cent, Indonesia – 2.7 per cent, and Thailand – 1.1 per cent. The figures for the Philippines are on the

high side, since union membership statistics are based on “claimed memberships” submitted by a hundred or so competing union federations, which have been inflating their respective strengths.

Overall, there is so much unevenness – and even diversity – in IR rules and norms across East Asia due to a host of historical, political and economic reasons, which are beyond the scope of this Report.

Debates on labour flexibility

All over the Asia-Pacific, including Australia-New Zealand and the Pacific isle countries, labour flexibility is an unresolved debate. Some countries have been debating it for decades already, with some IR policies altered only to be restored later.

In the ILO, the debate was also protracted and unresolved. For example, the discussion on “contract labour” was first tabled in 1997 in the International Labour Conference (ILC). This was followed by a decade-long debate among the IR actors on the lack of protection for contract workers, the nature of “disguised” or “ambiguous” employment relationship (especially in a situation of “triangular relationship” involving a worker, an intermediary and a client), and the applicable laws governing such employment relationship (ILO, 2006). But what were the outcomes of the debate? A resolution adopted in the ILC of 2003 recommending *further* research, discussion and consultation among the IR actors in member countries. However, the ILC also urged the IR actors of member countries to address the ambiguities in the law or the lack of appropriate laws dealing with contract labour, to extend protection to the vulnerable workers, and to strengthen the capacity of member countries in developing positive programs, including dispute settlement, in combating disguised employment.

One reason why it is difficult to resolve the debate is the economic argument raised by those seeking a more liberalised treatment of labour flexibility and pushing for the attendant flexible hiring-and-firing policies. Economists of the powerful international financial institutions (IFIs) have been pushing for “labour market reforms” or plain “labour reforms” as part of the general programme of economic liberalisation and “structural adjustments” on the ground that these help promote economic efficiency, national productivity and job creation (for a flavour of the neo-liberal-institutionalist or IFI-ILO debates, see Freeman, 1992).

World Bank’s “Doing Business” controversial initiative

In 1993, the World Bank (WB) came up with an ambivalent assessment of the “East Asian Miracle” or the experience of the Asian NICs. It was ambivalent because the WB was ambivalent on the role the State played – active or passive – in the industrialisation of South Korea, Taiwan, Singapore and Hong Kong. In the same manner, the WB report was ambivalent on the role of labour market policies and institutions in the East Asian miracle. On the one hand, it discussed the positive contribution of the active state promotion of education and human resources development and, yet, on the other hand, it also implicitly hailed the deregulationist or flexible labour policies such as the “compressed wage” and the restraints on unions.

However, some WB studies of the IFIs are not as ambivalent in their advocacy for labour market reforms based on a policy of deregulation, which treats protective labour laws as “rigidities” in the labour market. For example, Harrison and Revenga (1998) laments that a number of “industrialising countries have highly restrictive labour codes that make it both difficult and costly to fire employees” (p. 263). In 1995, the WB devoted its *World Development Report* in a premature celebration of the positive impact of globalisation on “Workers in an Integrating World”. Premature because two years after, the Asian financial crisis broke out and devastated jobs in East Asia; this was followed by the 1999 collapse of the WTO talks as a result of the “Seattle Revolt” waged by the American unions led by the AFL-CIO, with the participation of numerous civil society groups. And yet, in the said 1995 Report, the WB wrote:

Adaptable labor markets are essential . . . Increasing labour market flexibility – despite the bad name it has acquired as a euphemism for pushing wages and workers out – is essential in all regions of the world undergoing major reforms. (pp. 109-110)

This thinking is echoed in the publications of the Asian Development Bank (ADB), which reported in 1997 that “Economies will not be able to realize the potential benefits of the demographic transition unless their labor markets are flexible” (p. 183). The ADB stressed that “rapid economic development has occurred in an environment where labour market regulation has generally not been extensive” (p. 189), such as the adoption of the various ILO conventions and the passage of the appropriate corresponding laws.

If one has doubts about the WB's position on labour market flexibility, one only has to take a look at the WB's 2006 *Doing Business* indicators project, which indicates rigidity of hours and difficulty of firing employees as among the obstacles to the better functioning of markets and economies. In its 2006 rankings on these two indicators, the World Bank rates East Asia and the Pacific as having the least rigid or most flexible rules on hours of work and dismissal of workers compared to Europe and Central Asia, Latin America and the Caribbean, Middle East and North Africa, OECD, South Asia and the Sub-Saharan Africa. In the Asia-Pacific, the most flexible were Palau and Marshall Islands, both of which literally have no labour laws!

The World Bank generated a howl of protest among the trade unions worldwide, with the ITUC leading the criticism. Eventually, the World Bank backed down and suspended the labour rigidity section of the indicators project, a project which fully shows the anti-union ideological bias of the WB economists.

Today, the World Bank has taken a different posture. This time it is talking about social protection. It has pledged to integrate the core labour standards (CLS) in its Country Assistance Strategies (CAS), meaning WB-supported infrastructure projects should be compliant with core labour standards such as freedom of association, collective bargaining, non-discrimination, non-use of forced labour and elimination of child labour (Caraway, 2010). Similarly, the ADB has adopted the CLS in ADB's CAS. The ADB is also espousing social protection systems Asia-wide and has concluded several ILO-ADB cooperation programs.

Are the World Bank and ADB then prepared to abandon neo-liberalism and embrace workers' protection as their guiding philosophy? The more difficult question is: are these institutions prepared to do an overhaul of the neo-liberal structures in place in most countries after three decades of neo-liberalism and Washington Consensus? The reality is that these days very few people pay scant attention on proposed liberalisation measures in the name of globalisation simply because these liberalisation measures are already deeply in place. And the neo-liberal economists who have been supporting these measures are occupying responsible positions in these IFIs and in governments across Asia.

The real debate has barely begun.

Debates in Australia and New Zealand: Lessons for Asia

In the 2006 *Doing Business*, the World Bank classified Australia and New Zealand as relatively more flexible in their labour policy regimes. This is not surprising because these countries are among the pioneers in the Asia-Pacific in the introduction of policies promoting more flexible labour markets. And yet, these two countries, ironically, are also examples of how the same flexible labour policies can be reversed, also in the name of “labour reforms”. It is thus worth summarising here the experiences of Australia and New Zealand, for they are used by the IR actors in East Asia in benchmarking labour market policies.

New Zealand, a country with a long tradition of European-style state welfarism and social protection, shocked the global trade union movement when it adopted in 1991 an Employment Contracts Act (ECA), which removed any reference to union or collective bargaining and instead allowed employers to conclude employment contracts with the individual workers. This law was apparently the culmination of the liberalisation of the economy in the 1980s, which transformed New Zealand into one of the least regulated, from one of the most regulated before (Harbridge & Walsh, 2002; Highfield, 2003). Consistent with the above IFIs’ framework on labour market reforms, the Conservative government of New Zealand justified the ECA as the best means of delivering more jobs to the workers through a more efficient labour market. ECA’s impact on unionism, however, was devastating. From a high of 44.7 per cent in 1991, union density in New Zealand declined to 17.7 per cent in 1998. In the first year alone of the ECA, around 300,000 workers moved away from collective bargaining to individual employment contracts (Harbridge & Walsh, 2002; Highfield, 2003).

And yet, the performance of the New Zealand economy in the 1990s was not exactly outstanding. This helped catapult the Labour Party back to power by 2000. A new Employment Relations bill was proposed and in 2001 the bill was passed into law, reversing the anti-union features of the 1991 ECA. The new law restores the vital role of unions in bargaining and provides increased protection to workers engaged in organising and concerted activities. In less than two decades, therefore, the labour law swung back and forth – from regulation to deregulation and back to regulation.

As to *Australia*, policy changes came in the mid-1990s. One triggering element in the change in policies was the high unemployment rate, which went up from 1.8 per cent in 1970 to 6.3 per cent in 1980, 7.3 per cent in 1990

and 8.3 per cent in 1995. Another triggering element was the changing labour market, characterised by a rising number of casual, part-time and contract workers. In 1993, the response of the Labour government was to strengthen assistance to unemployed workers. In 1995, however, the elected Conservative government proposed another tack – labour market reforms as a solution to unemployment and protection for the rising number of contingent workers. The result was the 1996 Workplace Relations Act or WRA. The WRA downgraded the pervasive system of awards managed by the powerful Australian Industrial Relations Commission (AIRC), a body seen by workers and unions as an “equaliser” for labour. The WRA also adopted the New-Zealand-type individual bargaining, which naturally angered the Australian new unions (Harbridge & Bagley, 2002; Teicher & Gramberg, 2003).

However, like New Zealand earlier, Australia reversed gears too, also in the name of “labour reforms”. After over a decade of Conservative governance, Australia elected the Labour Party back to power. In fact, one of the key issues in the 2007 elections was the reform of the WRA. The Prime Minister-elect Kevin Rudd immediately appointed Julia Gillard Deputy Prime Minister, who was also tasked to scrap the WRA. Today, the Labour Government now led by Julia Gillard herself has put in place a *Workplace Relations Amendment*, with the following key changes in the original *Workplace Relations Act of 1996*:

1. the abolition of the current Australian Workplace Agreement (AWA) regime;
2. the introduction of Individual Transitional Employment Agreements (ITEAs), which are available to workplaces that have AWAs;
3. the introduction of a new *no disadvantage test* for the approval of workplace agreements;
4. the removal of the concept of protected award conditions;
5. the reinstatement of the award or previous workplace agreement as opposed to the Australian Fair Pay and Conditions Standards (AFPCS) and protected conditions;
6. the introduction of provisions to enable the Australian Industrial Relations Commission (AIRC) to undertake the process of modernising awards;
7. the introduction of provisions enabling employers to make application to the AIRC to extend and vary pre-reform certified agreements; and
8. the abolition of the Workplace Relations Fact Sheet.

Debates in the Asian countries

The debates on labour market reforms in the different Asian countries are also intense and even divisive among the IR actors. However, there are no indications that the lessons from the policy swings in New Zealand and now Australia have been fully imbibed. The debates – for or against labour flexibilisation – intensified in the 1990s and have continued to the present, mainly because the last two decades are decades of marketisation, globalisation and increased labour market flexibilisation. The ITUC, formerly ICFTU, never fails to cite, in its annual global report on trade union right violations, the trends towards labour flexibilisation in the various Asia-Pacific countries as violations of trade union rights.

It is difficult to summarise the state of the debate and the directions they are taking in every individual Asian country. However, one can outline here in broad strokes the issues being discussed and the reforms or counter-reforms being proposed by either party, including those coming from the government.

In *Japan*, as discussed earlier, the trend is towards increasing liberalisation of the labour market for the various atypical workers – part-time, dispatched and so on. The Temporary Work Law was revised in 1990, 1994, 1996 and 1999, each time ending with the further liberalisation of temporary hiring and labour dispatching. Today, the list of prohibited temping or dispatching has become a very short negative list of disallowed activities, from what was once a short positive list of permitted short-term staffing areas. In the meantime, the trade unions led by RENGO have been very critical of the growth of the various types of atypical employment and are working closely with sympathetic legislators in the Japanese Diet on how to regulate atypical employment and protect atypical workers. They also waged a well-chronicled but futile effort to stop former Prime Minister Koizumi in privatising the Japanese postal system, which was seen as part of the grand plan of the government to fully open up the labour market and sacrifice employee rights. The unions also complain (ITUC, 2007) that the Labour Standard Law (LSL) provides a “loophole” or an excuse for employers not to regularise workers or hire permanent ones because the provision of fixed-term contracts lasting up to three years is fairly long. Short-term contracts are also renewed rather than converted to permanent contracts. At the same time, the number of individuals who work on a contract basis and who are not considered employees under current laws has been multiplying. The unions also complain about the abuses associated with the “trainee visa” system, in particular with the Industrial Training Program (ITP) and Technical Internship Program (TIP), which

provide three-year visas for unskilled workers to come to Japan to be trained. Concern for the rights of part-time, atypical and fixed-term contract workers have forced RENGO and a number of federations such as the Japanese Federation of Textile, Chemical, Food, Commercial, Service and General Workers' Union (UI-ZENSEN) to step up the organising of atypical workers (including their inclusion in the bargaining scope) and the campaign for the introduction and passage of "equal treatment legislation" for part-time workers and workers with fixed-term contracts. As reported to ITUC-AP, the membership of UI-ZENSEN stands at 1.41 million, with the non-regular and women workers constituting 50.1 and 57.8 per cent, respectively, of the total membership.

In *Korea*, the debate on either the relaxation or restriction of the labour law on dismissal remains fierce (Lee & Yoo, 2007). Employers justify the relaxation of the law on dismissal in the name of managerial needs and survival in cases of business mergers and other restructuring programs. The unions of the FKTU and KCTU are bitter over the legalisation and liberalisation of the labour-dispatching industry which have opened up various industries as markets for these dispatching companies and which have allowed the deployment of dispatched workers up to two years. Because of widespread union complaints, a tripartite committee to study the problems of non-regular workers was created in 2001, and in 2003 a "social pact" to provide non-regulars vocational training and other assistance was concluded. In 2004, a bill seeking protection for fixed-term and part-time employees was filed. The bill sought the following reforms: written contracts, overtime limits (up to 12 hours maximum per week), and non-dismissal of workers up to three years. However, the bill, enacted into law in November 2006, allows temporary workers in all occupations up to two years. ITUC (2007) wrote that employers can now hire these contract workers without any significant constraints and with increased flexibility in employment, reducing in the process the leverage of unionised workers to bargain effectively with their employers.

In *Taiwan*, the labour unions are relatively small and disorganised even though Taiwan, a non-member of the ILO, follows the ILO core conventions. However, Taiwan has also taken a generally non-interventionist policy in the labour market during the long period of martial law (lifted in 1987) and during the ensuing democratisation period. As a result, enterprise adjustments to global market changes, including the increased use of atypical employment such as part-time, casual, contract and other forms of employment, are hardly regulated in Taiwan (Wang & Cooney, 2002). The other source of labour market flexibility, foreign labour, is increasingly subjected to tighter regulations because

of complaints from migrant groups. In 2006, the Council on Labour Affairs introduced new labour regulations governing the work of migrant workers such as the requirement for the employers and the migrant workers to reach an agreement on key conditions of work such as hours of work and overtime, living quarters and meals, and holidays/ time off (ITUC, 2007).

In *China*, the enactment of the Contract Labour Law is an indication that contract, dispatched and casual labour is common and is subject to all kinds of abuses. Chan (2009) cited studies showing only 12.5 per cent of Chinese migrant workers have signed a labour contract. And yet, the Milwaukee-based Manpower is ecstatic over the law. The reason: Manpower, which does a higher level of “temping” business involving more skilled workers with higher compensation, shall be able to operate more fully its temping business in China. Among the provisions of the law, which came into effect in January 2008, are stipulations on written contracts and the transformation into open contracts (meaning regular or permanent tenure) of employment arrangements not covered by or without any written contracts. The law also mandates open contract for all those who have already rendered ten years of service.

In *Vietnam* and, by extension, in *Cambodia* and *Laos*, a major challenge is the development of labour laws, especially enabling laws, since many provisions of the 1994 Labour Code are general statements of principles and entitlements. For example, there are no clear rules on how the right to strike can be exercised. Thus, as a result of the waves of wildcat strikes which hit Vietnam in 2006, the National Assembly passed in July 2007 amendments to the labour law aimed at regulating the conduct of strikes. In Cambodia, on the other hand, the prevailing thinking in official circles is how to develop labour laws protective of workers in line with the ILO’s Better Factory program, which has become some kind of a job-creation insurance program for Cambodia, which gets job orders from the big American and European retailers based on positive labour compliance reports (Dessautels and Taysen, 2005). However, in all the three countries, especially Cambodia and Laos, labour institutions are still very underdeveloped. Cambodia, for example, has no labour courts, while the Laotian Department of Labour had a total of only 18 civil servants and had no dedicated labour inspectors as of 2006 (ITUC, 2007).

In *Malaysia*, there are continuing discussions among the tripartite actors on how to adjust to the changing business environment under globalisation. The Malaysian Employers Federation (MEF) and the Malaysian Trades Union Congress (MTUC) have been debating labour issues in situations of mergers and consolidations and the requirements of business for greater flexibility

such as the outsourcing of work and the downsizing of the workforce when needed. These were issues discussed in tripartite meetings on how to reform the Employment Act of 1955, the Trade Union Act of 1959 and the Industrial Relations Act of 1967, laws enacted under a more protectionist era. Specifically, the MEF wants the law relating to dismissal, Sec. 20 of the Industrial Relations Act of 1967, revised on the ground that the law is too general and provides a vague catch-all protectionist clause which says “where a workman . . . considers that he has been dismissed without just cause or excuse by his employer . . .” Of course, the MTUC wants this clause retained. Exasperated by the endless unresolved tripartite debates, the MEF proposed that a review of all labour laws be made by a Committee of Experts, with the review undertaken based only on one criterion – “the needs of the nation in a rapidly evolving industrialised Malaysia, globalisation and Vision 2020” (Bardan & Wan, 2005).

In *Singapore*, there are also continuing tripartite discussions on how to deal with globalisation and its impact on the workforce, especially during corporate mergers, sales of business and outsourcing of certain business functions. However, Singapore appears to be more successful in forging a tripartite consensus on how to smoothen corporate and work adjustments under global competition. In 2004, the Employment Act was amended to allow flexible work schedules, specifically in the scheduling of work hours in the week and in exempting companies from statutory provisions on overtime and work on rest days and holidays. There has also been a liberalisation in the hiring of professionals and middle-level skilled foreign manpower given the shortage of skills and talents in the city state that has been facing a declining population. In the light of this demographic reality, the mandatory retirement age was extended from 60 to 62 in 1999 and is now being discussed on how the retirement age could be extended further (Tang, 2005). Still on the ageing workforce, one major initiative of Singapore’s National Trades Union Congress (NTUC) is “Project Advantage”, a programme seeking to re-design jobs to suit the skills and talents of workers nearing retirement age. The NTUC has been negotiating with major companies on how to make this programme work, thus assuring NTUC members continuing security in their jobs (Yeo, 2007).

In *Indonesia*, the state corporatism from the mid-1960s up to the mid-1990s was replaced by the government’s all-out support for workers’ rights and the ratification of the core ILO Conventions in 1998-99. But now, the mood has shifted to the middle, with both employers and unions arguing for or against labour reforms, which both sides define differently. For employers, reforms mean the need for the liberalisation of labour regulations; for the

unions, reforms mean the need for more protection for the workers. Sometimes, the same law can be a source of differing or clashing interpretations. For example, the 2003 Manpower Act is seen as an attempt of Indonesia to meet the ILO standards on fundamental human rights at work. And yet, the unions see that the same law is being used to make labour hiring more flexible, for the law allows an enterprise to subcontract part of its work to another enterprise (Widarti, 2007). As it is, existing laws allow employers to retain workers with indefinite or undefined contracts from one to three years, and for seasonal workers, for less than one year (Nicholson, 2002). Employers, on the other hand, are critical of the growing militancy and rivalry among the unions which are supposedly giving the country an anti-investment image.

In the *Philippines*, the debate on labour flexibilisation among the IR actors is a long-running one. As far back as 1974, when the Labour Code was enacted under martial law, the trade unions were already complaining about the subcontracting of regular work to outside manpower agencies. The Code, under Articles 106 to 109, makes a distinction between “independent job contracting”, which is allowed, and “labour-only contracting” (LOC), which is prohibited. LOC is a situation where the alleged employer (the manpower agency) deploys agency workers in a principal’s business and treats these employees as its own or as agency employees even if this contracting agency has no equipment of its own, no substantial capital to back its business and no control over the work process (Kapunan & Kapunan, 2006). Hence, the term “labour-only” contracting. However, the rules to determine when LOC exists or not as well as the rules on what are the permitted and prohibited forms of labour contracting have been the subject of endless tripartite meetings and debates, which ended in several revisions of the rules – through Department Order No. 10 in 1997, Department Order No. 3 in 2001 and Department Order No. 18 in 2002. The latest revision came in November 2011, with the issuance of Department Order No. 18-A, which strengthens further the prohibitions under DO 18-02 and tightens the system of registering job or “service contractors”, who are engaged in receiving outsourcing business and doing service work right within the premises of a principal. Still the debate is continuing, with proposed bills outlawing outsourcing being countered by bills seeking labour market flexibilisation.

In *Thailand*, the trade unions and the increasingly vocal labour non-governmental organisations have been pushing for the revision of the Labour Relations Act (LRA) and the Labour Protection Act (LPA) for the express purpose of expanding the scope and substance of trade union rights and workers’ protection. The draft labour law revisions produced by the government

in 2004 and 2005 have not been satisfactory to the unions and the NGOs, which continue to protest the alleged lack of labour reforms in Thailand. In particular, they decry the continuous proliferation of sub-contracting arrangements in production and the widespread practice of hiring contracted labourers in factories to work in production lines to do the same work as the regular or permanent staff, notably in the garment, textile, auto parts, plastics and metal industries. As to migrant workers, the NGOs claim that migrants suffer huge restrictions even in the case of legal migrants who are supposed to have the same rights enjoyed by the nationals under Thai law. For example, these migrants can not change jobs without their current employers' permission (ITUC, 2007).

In *South Asia*, the debates have been raging for nearly two decades, especially in *India*, where the term "VRS" has created a terror impact at the hearts of regular workers in the old factory system. The VRS is a key instrument used to redundate workers, which trade unionists claim to be part of the "New Economic Policy" under the government's globalisation program. There were many protests and even strikes against massive casualisation of work since the 1990s. But the latest incident, the so-called "torching" of the Maruti plant in July 2012, raised the issue at a global level. While there were loud cries by the conservative politicians against the so-called "anarchic behaviour" by some trade unionists, the incident also revealed how dehumanised and demeaned millions of workers are under labour flexibilisation.

In *Bangladesh, Nepal* and *Sri Lanka*, similar policy debates are going on. After the overthrow of the monarchy, Nepal is now in a good position to come up with a fair IR system supporting a balanced vision of economic development. However, the IR actors, especially the trade unions, should first be able to overcome internal differences among themselves so that they can agree on a common platform of development. In Bangladesh, the trade unions are somehow affected by the confrontational and violent politics of the leading political parties.

Summing up the debate

To sum up, it is not clear how the debate – for or against greater labour market flexibility, for or against labour regulations in the labour market – will be resolved. As shown in the cases of Australia and New Zealand, there can even be policy reversals. Singapore, on the other hand, has shown that tripartite-backed adjustments respectful of the needs of both employers and workers are possible.

Other countries, of course, would rather let the debates drag on while letting the labour markets behave freely. Some governments, however, would not let these happen by tightening the enforcement of existing laws, some of which were developed in the bygone era of protectionism or self-reliant development. In the case of the transition economies of China, Vietnam and other Indochinese states, the challenge is how to develop the appropriate regulatory labour laws in a market economy. In the case of the labour-short economies of Japan, Malaysia, Korea, Singapore and Taiwan, the challenge is how to develop labour institutions dealing with a growing foreign workforce. In the case of labour-surplus economies such as Indonesia, Philippines and Thailand, the challenge is how to extend protection for the army of casuals and informals, who constitute the overwhelming majority in society, side by side with the search for job-generating development formulas that work. In the case of the alarming rapid growth of “irregular” or “non-standard” employment in Japan and Korea, the challenge is how these mature economies can develop or deal in an enlightened manner with this new phenomenon.

As mediators in society, governments, of course, are expected to take a lead in resolving the debate to the mutual satisfaction of both sides. This means striking a balance or mediating the interests of the two sides by seeking a compromise formula, which is often difficult to find in the era of globalisation.

Box 2. *Labour rights continue to be violated*

Meantime, labour rights continue to be violated across the region, with some countries allowing impunity against trade unions to happen. The 2011 ITUC *Annual Survey of Violations of Trade Union Rights* shows very little improvement from the previous years. The following are *Survey's* key findings for Asia-Pacific:

- close to 1,000 unionists injured in 2010 and almost as many arrested;
- an increase in the number of murdered unionists compared to 2009, and a similar increase in the number of death threats;
- a wave of worker suicides in China and India, in protest over appalling working conditions;
- harsh repression of workers rights across the region, especially against protesting workers in Bangladesh, where six garment workers leaders were killed and 5,000 dismissed, and in India, where 500 union members were arrested after massive protests involving millions;
- similar reports of harsh repression, union killings and massive worker dismissals in Cambodia, China, Pakistan, Philippines and South Korea;
- organizing remains difficult because of restrictive rules, especially in EPZs; and
- inadequate or underdeveloped labour laws providing protection to workers and the exercise of their rights.

TOWARDS AN INCLUSIVE AND SUSTAINABLE ASIA AND THE PACIFIC

Challenge of transformation

Can Asia and the Pacific conquer poverty and inequality? Can it sustain the growth momentum and share the fruits of growth with the broadest segments of society? In short, can growth in the region be inclusive and sustainable?

The answer to all three questions is a Yes. The difficult question is: How?

A good starting point is a closer examination of the nature and pattern of growth occurring across the region. Growth has been unequal.

The best proof of this is the character of the Asian jobs market, which is generally precarious. Under globalisation, jobs for the majority of workers in Asia and the Pacific are unprotected, insecure and, therefore, highly vulnerable. Decent work – defined by the ILO as work obtained in conditions of equity, freedom, security and dignity – is a rarity in Precarious Asia-Pacific, where the overwhelming majority of workers are officially classified as informals and where the casuals often outnumber the regulars in the narrow formal labour market. Flexibility is the buzz word for many employers, especially those managing the ramparts of Factory Asia. The ranks of migrants have also increased because of the requirement of globalisation for cheap migrants “floating” from the rural to the urban areas or “circulating” within Asia and the globe.

This character of the Asian jobs market is the reason why the trade unions and civil society organisations (CSOs) are not buying the global business hype on the 21st century as Asia’s century. For the trade unions and CSOs, Asia’s century can only happen if the majority, if not all, of the Asia-Pacific working women and men have more and better jobs or, in the language of the ILO, decent jobs. Or to be more precise, Asia’s century can happen when mass

poverty, unemployment/underemployment and widespread precarity in jobs have become part of a receding history. This requires transformation – a transformation of the prevailing neo-liberal economic growth process toward a more balanced, inclusive and sustainable development for all.

Development agencies such as the WB and the ADB have latched on to this transformation challenge by calling for “rebalancing”, presumably because their analytics point to economic and social “imbalances” in the system. Now they are also talking about social protection and social inclusion, terms borrowed from the vocabulary of the trade unions and CSOs. The problem is that it is not clear how far will these agencies go in promoting “rebalancing”. In the first place, many officials of these agencies, past and present, still have to issue an apologia for the development deficits that have resulted from their propagation of a one-sided neo-liberal program of privatisation and economic liberalisation in the last three decades. The R2B or Race to the Bottom, which is at the roots of growing inequality in the region and in the world, is still not being addressed by these agencies and the G-20.

In 2000, in the aftermath of the Asian financial crisis, the ICFTU-Asia and Pacific Regional Organisation (now ITUC-AP), warned that the neo-liberal globalisation process, characterised by increasing liberalisation and deregulation of the economy without social safeguards, was bound to fail and would deepen inequality within and among nations, “increasingly marginalising ordinary people, particularly the working women and men” (ICFTU-APRO, 2000, p. 1). The ICFTU-APRO called for the transformation of “the globalising economy into a new economic system with human dignity” at the centre. Sadly, the IFIs, TNCs and those wielding the levers of the global and Asia-Pacific economy did not heed this call. Hence, the catastrophic explosion of the GFEC and the massive social injustice in the region and in the world best epitomised by Precarious Asia-Pacific. It is in this context that one can appreciate the unwavering call of the ICFTU-APRO (now ITUC-AP) for an end to the R2B and a reform of the global financial and economic architecture.

Towards a new architecture of globalisation for a sustainable Asia-Pacific

Clearly, a genuine economic and social transformation is in order. The challenge of economic and social sustainability raises the primal issue of social and labour sustainability. These intertwining sustainability issues can not be addressed in a piecemeal manner without confronting the issues that fuel the Race to the Bottom. The following are some of the urgent transformation doables.

Making trade fair, balanced and inclusive: Putting people at the centre of economic development

The neo-liberal economic thinking should be formally debunked and renounced so that it can give way to the adoption of new economic approaches in global and national economic planning, project design and evaluation, environmental accounting and monitoring and so on. What is happening in many places is that there is widespread implicit recognition of the failure of neo-liberalism and yet economic bureaucrats and technicians still continue the methodologies they have imbibed from the neo-liberals, for example, measuring or assessing the viability of economic projects by focusing on their ability to attract private foreign and domestic investment while ignoring the social dimension of the projects and the possibility of people's informed participation in such projects. In short, there should really be political, economic and environmental policy coherence.

The free-trade one-size-fits-all liberalisation formula is no development formula and should be abandoned. Asia-Pacific and the world should cast aside the neo-liberal ideology of unregulated markets in favour of a more flexible, balanced and calibrated program of liberalisation and protection in the economy on a sector-by-sector basis as needed, as propounded by Khor (2000) and Rodrik (1997). This, in essence, is the meaning of the "special and differential treatment" (SDT), a proviso in the WTO repeated nearly a hundred times in the founding document. SDT means not all countries are created equally and each has the right to pursue and plan development based on one's level of development. This means trading arrangements should be concluded based on the principle of mutually-beneficial exchanges, not an abstract free-trade system or an inflexible zero-for-zero tariff system which benefits mainly the big and powerful. This also means investment programming and campaign for FDI should be based on a country's real development needs for technology, market, value addition, etc.

A guiding reform principle should be how to put people at the centre of development. This means officially abandoning the neo-liberal Friedmanesque framework of economic planning and programming based literally on the abstract notion of free trade, on the so-called free interplay of global market forces unmindful of the impact of such interplay on people's lives and jobs. Putting people at the centre means there should be policy coherence in terms of economic, social, labour and, yes, environmental policies. Putting people at the centre means there should be policy coherence at the national, regional and global levels. For example, global labour, human and environmental standards should be enshrined in regional trade agreements like the ASEAN

+ 3 (ten ASEAN countries plus China, Japan and Korea) or ASEAN +3 + 3 (including Australia, New Zealand and India). These standards should have enabling national laws and programmes in the individual countries.

Putting people at the centre means the global and regional financial institutions such as the World Bank, IMF and ADB should likewise change their lending policies by adopting the above principles as lending guidelines. Lending should be in support of people's development and capacity building, not lending to squeeze developing countries further through onerous debt obligations and policy conditionalities. Likewise, there should be bolder and more pro-people reforms in the financial system at the national, regional and global levels. The primary purpose of financial institutions must be to provide responsible and sustainable financial services for society, not to make profits for shareholders. This means bringing back the original purpose of banking as a mediator of financial service in support of productive consumption, production and circulation in the economy. There should be greater transparency in the operations and supervision of financial institutions, which can be achieved at minimal cost if the financial employees and their unions are mobilised for this purpose. One approach is the taxation of short-term selling as such activity is obviously speculative and subversive of economic stability; on the other hand, society can provide incentives to investments that are truly directed towards job-creating productive activities.

Inclusive economic development also requires a re-thinking of the excessive reliance by many Asia-Pacific governments on Factory Asia and export orientation. Jesus Felipe (2010), who did an exhaustive analysis for the ADB of employment elasticities in the region, was right on the mark when he wrote:

Current policies are clearly not pro inclusive growth. During the last decades, the wave of free market and the emphasis on privatisation led to significant wealth creation for some. During this time, employment creation was thought to be an automatic by-product of growth. The reality, however, is very different: the evidence shows that employment elasticities are not high and, consequently, many developing countries do not generate employment for all the entrants into the labour market. Full employment has not been a top priority of policy making for decades; agriculture has been neglected. . . . (p. 290)

In short, what is clearly needed is a real re-balancing of the economy, with full employment creation as the primary goal. Both the domestic and export markets should be developed, and so are the so-called tradeables (exportables and importables) and the non-tradeables consisting of goods produced primarily for home consumption.

Strengthening labour and IR institutions

Asia-Pacific needs stronger institutions in support of trade unionism and democratic industrial relations system. Labour institutions strengthen sustainability, as can be gleaned from history. Seven decades ago, in response to a similar global crisis spawned by an unregulated free-wheeling capitalist order, the United States and Europe embraced not only Keynesian-prescribed government interventionism in the economy to spur aggregate demand but also the institutionalist view on the positive role of trade unions, guaranteed hours of work, minimum wages and other protective labour institutions in stabilising and sustaining the growth process. These labour institutions helped fuel higher demand for goods and services as well-paid workers become well-spending consumers, a process which naturally sustains the growth momentum. This is the reason why industrial relations as a discipline developed in the 1920s and 1930s. It was also in this period that the International Labour Organization (ILO) was formed and institutionalised, ironically with the help of big employers like John Rockefeller (Kaufman, 2004).

After World War II, these protective labour institutions, together with a comprehensive system of social security, were institutionalised in Germany, Scandinavia and other European countries under a “social market economy” arrangement. This gave birth to “welfare capitalism”, which is really a fusion of Keynesian/institutional economics and protective labour institutions. Politically, this welfare capitalism served as a barrier to the expansion of the Soviet-style socialism during the Cold War era of the 1950s and the 1960s. Economically, this welfare capitalism helped transform Western Europe, Canada and Japan into modern capitalist states with a strong social and labour base.

However, given the realities of a globalised and interconnected world today, such social and economic reforms are, of course, complex, numerous and multi-dimensional. They have to be re-imagined at a higher level and have to be undertaken at the national, regional and global levels.

One urgent reform is the need to extend to all workers – wage workers, migrants and informals – the right to form associations to advance their collective interests and bargain not only with the formal sector employers but also with concerned government agencies regarding their varied social and economic rights such as housing, land, livelihood and employment rights. Social justice should be a right for all, and it can only be realised if all workers, regardless of their status, are given the right to freely associate in accordance with the broad provisions of ILO Convention No. 87. In this regard, SEWA, a membership-based organisation of around a million informal women workers in India, mostly home-based producers, has shown to the world that unionism is indeed the road to worker empowerment for both formal and informal workers. In this informal sector organising, SEWA is joined by two major Indian trade union centres – the Indian National Trade Union Congress (INTUC) and the Hind Mazdoor Sabha (HMS), each of which has succeeded in bringing in over one million informal workers to the trade union fold. SEWA, INTUC and HMS are all active members of ITUC-AP and ITUC.

Extending social protection to all

The primary contents of any economic stimulus package or post-GFC recovery should not only be economic revival measures (which can be jobless) but also the formal recognition and extension of minimum social protection for all. A system of universal social protection means a system which recognises that no citizen should be allowed to fall in society because of deficiency in income, food, shelter, education and health, especially in times of adversity like accidents and job dislocations (ILO, 2001). The European and global experience in the mid-20th century shows that comprehensive social protection schemes serve as stabilising as well as sustaining factors in the growth process, for they serve as natural counter-cyclical economic programs in crisis times by arresting the fall in the aggregate demand.

But can developing economies afford universal social protection? Can Asia afford it? An ILO study (Social Security Department, 2008) shows that six per cent of a country's GDP is needed to meet the basic nets – essential health care, basic child benefits, universal old-age and disability pensions and at least 100-day employment a year – for all citizens of a society. The whole point is that no country is too poor not to be able to provide social security for all. In fact, history shows that Europe embraced the concept of universal social security right after World War II, when most of them were in

shambles. Of course, a social security floor, monetary-wise, has to be determined nationally. But the general principles have to be universal.

Also, social protection for all should not be confined to a question of providing mere cash assistance to the poorest of the poor, which is what the WB and ADB seem to be promoting through the “conditional cash transfer” (CCT) program, a program providing cash budget for a poor family on the conditions that their children are enrolled in the public schools and the mothers get regular health clinic check-up. A CCT should be part of a bigger and comprehensive program for the poor. The ILO has adopted various instruments for social protection, the notable of which are ILO Convention No. 102 on Social Security and ILO Recommendation on Social Protection Floors. The ITUC – AP has taken policy stands on social protection and has carried out various activities including a definition of social safety nets. Universal social protection requires coherence and balance in the overall economic and social policy regime of society, which, again, is an obvious argument for an overhaul of the narrow neo-liberal growth paradigm in place in most countries of the region.

Above all, the campaign for universal social protection is not a question of charity. It is central in humanity’s quest for social justice (see Box 3).

Box 3. Social Protection: from minimum social floor to justice and inclusive development

In the wake of the global financial and economic crisis, almost all CSOs and development agencies are talking today on the importance of social protection as part of a general “re-balancing” of the economy. Likewise, governments of developing economies are under pressure from the WB and the ADB to provide bigger budgetary allocations for social safety nets such as CCT for the poorest of the poor.

The ITUC-AP, which has been campaigning for social protection for all in the Asia-Pacific region for about two decades already, seeks a wider societal understanding of the central role of social protection in rebuilding a fraying social and economic order. In 1997, the ICFTU-AP (now ITUC-AP) was shocked to see that the region was totally unprepared to assist millions of workers displaced by the Asian financial crisis. In particular, most countries in the region had (and still has) no unemployment insurance, no emergency employment program, and no safety nets for the economically dislocated. Immediately, the ICFTU-AP adopted a campaign program focused on engaging the IFIs and governments on the critical importance of social safety nets which also includes the provision of ILO Convention No. 102. To ICFTU-AP, social safety nets are comprehensive programs providing employment insurance that includes unemployment cash assistance, skills and training for employment and job placement; old age/retirement benefits; maternity benefits and health care for women; medical care and benefits for occupational injuries and diseases; guaranteed minimum wage; general social development that includes basic education, basic health care; basic housing and other forms of social assistance for special groups; community development and provisions for natural disasters. To ITUC-AP then, the campaign was all part of the campaign for social justice and equity.

The ICFTU-AP’s campaign for a minimum social floor for all has since been embraced by its affiliates in the region, with some notable successes, e.g., legislation of minimum wages in Hong Kong and Malaysia, establishment of safety net programs where there were none before (such as in Nepal), and strengthening of the social insurance system (such as in South Korea). There is also greater and wider appreciation everywhere that universal social protection – combining the different programs of social insurance, social assistance and social safety nets – is a must not only to stabilize society and the economy but also a right that should be enjoyed by all. No one should be allowed to fall due to ill health, accident, unemployment and disaster, much less due to anti-poor economic policies.

Today, the ITUC-AP’s campaign for universal social protection has evolved into an all-out campaign for social and economic justice.

Enforcing universal standards of corporate behaviour

The campaign for social protection and renunciation of neo-liberalism in policy making and project development should be accompanied by the global enforcement of minimum ethical standards governing the behaviour of TNCs and big national corporations. The logic behind this is to stop the R2B and enlist the cooperation of governments in nudging corporations with global cross-border reach to observe these minimum standards of corporate behaviour. For what will prevent one corporation from avoiding its social and labour obligations if it has the freedom to fly in and out of different production sites as amply demonstrated by Asian workers' sad experiences in the garments industry?

The well-publicised CSR programs adopted by some big producers and buyers of Factory Asia have plus and minus sides. Plus for emphasising good corporate practices, for example, compliance with national labour laws and international labour conventions. The minus side is that CSRs have some limits and tend to be selective in application. For example, there is a tendency to focus the CSR audit on the physical facilities of a cooperating contractor company, not on the social side, particularly on the employer relations with the workers and the treatment of their right to form a union and bargain freely. Also, suppliers which fail to pass the CSR audits are simply abandoned by the TNC buyers, which relocate their buying operations in other countries instead of assisting the failing suppliers upgrade their operations.

The point is that there should be one universal code of corporate behaviour that should be observed by all corporations. At the same time, the promotion of the DWA and the universal observance of basic labour rights should not be seen as punitive. Instead, they should be seen as the platform for a new global race, the Global Race to the Top. This Race to the Top should, ideally, be based on the virtuous circle of stronger labour-management cooperation and partnership leading to higher productivity and competitiveness, which, in turn provides greater spaces for higher growth, employment and development for society. In the informal labour markets, the Race to the Top entails assistance by governments, big corporations and civil societies in upgrading the business operations of informal enterprises side-by-side with the upgrading of the working conditions of informal sector employees.

The truth is that there is a need to raise the bar of decency everywhere. As Guy Standing (2010) argued correctly, all forms of work, including labour mobility and migration, should be the subject of universal rules of decency.

This is so because the Race to the Bottom is deeply rooted in the ability of corporations under globalisation to do away with national labour rules in favour of global, regional, national and industry flexibility, which often leads to downgrading of labour standards.

Box 4. ILO's vision of sustainable globalisation

The ILO's "Global Jobs Pact", adopted by the International Labour Conference in June 2009, calls for

- 1) "building a stronger, more globally consistent, supervisory and regulatory framework for the financial sector, so that it serves the real economy, promotes sustainable enterprises and decent work and better protects savings and pensions of people;
- 2) "promoting efficient and well-regulated trade and markets that benefit all and avoiding protectionism by countries. Varying development levels of countries must be taken into account in lifting barriers to domestic and foreign markets; and
- 3) "shifting to a low-carbon, environment-friendly economy that helps accelerate the jobs recovery, reduce social gaps and support development goals and realize decent work in the process."

Greening Asia-Pacific

Finally, the region must address the climate change and environmental challenges.

As it is, Asia-Pacific countries have become active participants in the global debate on climate change and how to reduce global warming through GHG emission cuts, reforestation and so on. They have also participated in the debate on the ticklish issue of payment by the North for their "carbon debts" and in the equally controversial issue of trading of "carbon credits" under the Clean Development Mechanism (CDM). However, regardless of the outcomes of these debates, it is undeniable that each Asian country has the moral responsibility and economic reason to contribute to climate change "mitigation" as well as institute measures aimed at climate change "adaptation". The problem is that some governments and donor agencies tend to narrow down the climate change policy challenge to a question of growing the "green" sector such as promotion of the renewable energy industry (wind, solar, biomass, etc.) and participation in the trading of carbon credits under the CDM mechanism.

This is fine except that the environmental crisis of Asia and the world requires a more exhaustive and comprehensive policy response. For example, the dominant neo-liberal growth model, which has encouraged unbridled growth with no commitment to environmentalism, obviously requires some overhauling. The growth model requires a great deal of greening.

Also, for many developing Asian countries, climate change adaptation is equally and critically important. Appropriate adaptation measures can help preserve and sustain existing industries, jobs and homes. Adaptation can also help create jobs in a massive way. For example, many urban and rural poor live in areas that are highly vulnerable to climate change risks. An appropriate policy response can include community renewal which has the potentials of creating millions of jobs if done nationally. Similarly, greening programs for existing “brownish” industries have great job-creating potentials.

Finally, there should be efforts towards full anticipation of and readiness for climate change risks. The former includes better weather and flood forecasting. The latter requires establishment of well-trained disaster risk reduction teams at all levels of political governance (national, provincial, local and village) involving the people at the grassroots. For Asia, embracing environmentalism means growing the economy and society the sustainable way!

Globalisation is not the issue, Injustice and inequality are

To conclude, globalisation per se is not the issue. It is the lack of justice, fairness and equity in the present architecture of globalisation. In turn, this social and economic inequality is rooted in the narrow and unequal nature of the growth process under neo-liberal globalisation. Majority across the Asia-Pacific are excluded and disempowered.

The challenge, therefore, is how to make growth inclusive, balanced and sustainable economically, socially and environmentally. This requires a radical overhaul or “rebalancing” of the economy, if one may borrow the buzz term used by the IFIs these days. Such a rebalancing will be incomplete if the dominant neo-liberal growth model is not replaced by one that puts people at the centre of the globalisation processes in Asia-Pacific and in the world – today and tomorrow.

Annex C

SOCIAL DIALOGUE ON
ECONOMIC AND LABOUR ADJUSTMENTS

Under a globalising market setting, industries and businesses jostle with each other in restructuring themselves globally, regionally and nationally in search for survival or higher profits. But this globalised setting is also at the roots of the trade union lament that some kind of a *Race to the Bottom* is taking place in the Asian and global labour market and is colliding with the ILO's Decent Work programme. Globalisation is making Asian jobs unstable and unpredictable, especially in footloose industries which can relocate easily in cheaper production sites across countries, e.g., the garments industry and electronic assembly industry.

In many Asian countries, the biggest dilemma confronting policy makers and legislators in the twin areas of labour law and labour market reforms is how to balance the requirements of business for greater flexibility in their operations, including flexibility in the hiring and firing of workers, with the increasing needs of workers for more, not less, protection given the instability of jobs and incomes in a globalising economic environment. Business naturally wants maximum flexibility to remain competitive and viable. The problem is that flexibility is often translated into "short cuts" in the observance of labour rights. To avoid the hassle of dealing with unionised workers and going into the ticklish process of collective bargaining, employers adopt various tactics to avoid having a union at the work place, ranging from having an anti-union HRD system to hiring workers with short-term contracts. But not contented with this, business associations put pressures on governments to relax what they deem as "rigid" labour laws on tenure, unionisation and bargaining. And if they cannot get such flexibility under the law, they try to get it through the administrative rules, e.g., through corruption of labour inspectorate.

On the other hand, unions are battling for more and increased protection, given the labour insecurities generated by globalisation. This means stronger and more explicit labour laws protecting or advancing labour rights. This means laws encouraging ease and assistance in the formation of unions and in the conduct of concerted activities, including strikes. This means more stringent rules on working conditions and work environment.

Is there a way out of this debate?

Yes, through sincere and genuine dialogue between and among the IR actors. Such a dialogue is also a must if one has to preserve and create decent jobs and if one has to avoid dividing society and creating endless conflict situations. For in the final analysis, a Race to the Bottom is unsustainable – economically, socially and eventually politically, be it at the national or regional level.

It is also abundantly clear that the dialogue should focus on how the world can develop a new growth and development paradigm, not merely a cosmetic “rebalancing” of imbalances through increased funding for some social protection programs for the workers. What is obviously needed is a new architecture of globalisation where countries, at different levels of development, can flexibly (this time this word is most apt!) pursue a coherent and inclusive program of growth and development. For this purpose, the old globalisation formula of one-size-fits-all necessarily has to be abandoned.

But a lot has to be revised and envisioned. Let the trade unions lead the process of building a new Asia, a new world.

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