

# CHAPTER SEVEN

## IMPACT OF THE 1997'S FINANCIAL CRISIS ON MIGRANTS

### Introduction

In the last chapter, we have seen the socio-economic experiences of some successful migrants in Singapore. This chapter presents the impact of the 1997's Asian financial crisis<sup>1</sup> on the migrants in Singapore<sup>2</sup>. The financial crisis that swept East and Southeast Asia in 1997 led to the massive deportation of foreign workers in this region. Foreign workers in Singapore also encountered difficulties during this regional crisis. Of the foreign workers,

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<sup>1</sup> Asian Financial Crisis, which hit first Thailand in July 1997, spread quickly to other Asian countries. The crisis has affected the economics of migrant receiving countries in this reason severely. Unemployment rate rose in almost all affected countries. To preserve jobs for their national, labor-importing countries such as Malaysia and South Korea repatriated a big portion of their foreign workers. Although, Singapore did not deport foreign workers massively because of the governmental policy of retaining the better workers regardless of nationality, a considerable volume of unskilled workers faced cancellation of work-permits and deportation. According to one estimate, around 16,800 foreign workers were supposed to lose their work-permits in 1998. The date of the commencement of this thesis was mid-1998. Hence, it has been inevitable to focus briefly on the condition of Bangladeshi migrants during the Asian financial crisis.

<sup>2</sup> An earlier version of this chapter has been published as working paper from Department of Sociology, National University of Singapore.

unskilled construction workers<sup>3</sup> were largely affected<sup>4</sup>. Unfortunately, Bangladeshis constituted the bulk of the unskilled construction workers. The data reveals that approximately 27,659 new Bangladeshi migrants came to Singapore between July 1997 and May 1998<sup>5</sup> (Figure 7.1) who were largely unskilled construction workers. This chapter addresses two important questions: why they migrated to Singapore amid the economic slowdown and what was the impact of this crisis on the Bangladeshi migrants. The primary data was collected in the end of 1998 through the face to face interviews of 50 victimized migrant workers<sup>6</sup>.

### **The 1997's Financial Crisis and the Migrants in Asia**

The dilemmas of labor migration came into sharper focus when Asian economic crisis hit Southeast and East Asia (Figure 7.2). The financial crisis that started in July 1997

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<sup>3</sup> Unskilled construction workers were largely victim of this financial crisis as skilled workers were protected by reducing levy from SG \$ 100 to 30 while the levy for unskilled workers were remained SG\$ 470.

<sup>4</sup> By the victim of financial crisis, the thesis means those workers whose work permits were cancelled prematurely. After the cancellation of work permits, workers are forced to leave the country within a week or few weeks (with special pass).

<sup>5</sup> This is an official figure, BMET, 1999. It is believed that the actual size of the new arrivals would be more than the figured presented here.

in Thailand and spread quickly to other Asian countries surprised everybody and changed people's perception of the Asian miracle. The Asian miracle suddenly gave way to the Asian crisis. "From miracle to meltdown", "from miracle to debacle"- these were the new catch-phrases describing the crisis that swept across the continent (Kwok, 1999). The financial crisis affected the economies of the receiving countries in varying degrees of severity. Thailand was believed to be the hardest hit by the crisis, followed by Korea and Malaysia (Battisella, 1998). Korea's descent, from being the world's eleventh largest economy to becoming an IMF patient, was perhaps the most dramatic and unexpected. Unemployment rates rose in almost all affected countries (Figure 7.3). More than 933,000 migrant workers were expected to be expelled or laid off in this region by the end of 1998 (*Business Asia*, August 10 1998). Table 7.1 provides an overview of impact of Asian financial crisis on migrant workers in the region.

Singapore encountered several recessions since its independence in 1965. The recession in 1974-'75 resulted in repatriation of significant number of guest workers from labor-intensive manufacturing industries. Singapore faced the next economic recession in 1985-1986. That time 102,000 jobs were lost and 60,000 foreign workers were retrenched and repatriated. Among 60,000 foreign workers, more than 60 percent were from the construction sector (Wong, 1997). With the recent economic recession since July 1997, Singapore adopted some new measures to tackle the increasing unemployment problem. For example, government set out rule that, in case of a retrenchment, the better workers,

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<sup>6</sup> Detailed methodology is provided in the Chapter One. Considering the nature of information sought, I strongly believe that this size of the sample (N 50, 1998) would not make a big difference in the findings

regardless of nationality, should be retained. This policy is a significant departure in relation to conventional wisdom where foreign workers are viewed as ‘disposable’ in the times of crisis. This policy helped to avoid massive deportation of foreign workers from Singapore.

Besides, government took some positive measures, for example, reduction of the levy for skilled foreign workers from SG\$ 100 to SG\$30 for all sectors with effect from 1<sup>st</sup> January 1999. The levy for unskilled foreign construction workers was not reduced (SG\$ 470). Official rationale for this is that construction is a domestic industry and is not directly vulnerable to international competition. In spite of the significant attempt taken by the government of Singapore to safeguard the fate of the foreign workers, it was estimated that total 16,800 foreign workers might lose their work permits through out 1998<sup>7</sup>. According to another estimate from Ministry of Home Affairs, Singapore, the number of illegal immigrants and overstayers arrested were 23,000 in 1998 compared to 14,000 in 1997<sup>8</sup>. The numbers for illegal foreign workers who were arrested were 3,400 in 2001 and 2,615 in 2000<sup>9</sup>. We can see that the number of illegal immigrants and overstayers were all time higher for the years 1997 and 1998 (totaling 37,000)<sup>10</sup>. Considering the total number of

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<sup>7</sup> *The Straits Times*, June 29, 1998. In the first five months of 1998, about 7,000 work permits were canceled compared to 6,000 in the whole of 1997.

<sup>8</sup> *The Strait Times*: 6 February, 1999

<sup>9</sup> However, in 1994, 9,846 overstayers and illegal immigrants were arrested, *The Straits Times*, October 28 1995. April, 29, 2002 “Singapore catches more illegal workers amid tighter enforcement”

<sup>10</sup> In 2001, the Employment Inspectorate of the Ministry of Manpower stepped up on enforcement operations against illegal employment. The Ministry continued to conduct joint operations with other government agencies. Enforcement efforts against illegal employment thus increased by 3.4%, from 2,196 inspections in 2000 to 2,271 in 2001. In tandem with the increase in inspections conducted, the number of foreigners arrested for working illegally increased by 30% from 2,615 in 2000 to 3,400 in 2001. Of these, 62% (2101) of the illegal foreign workers were found in the Service sector. The

illegal immigrants, overstayers, cancellation of work-permits and personal observation during the crisis, I assume that the numbers of victimized workers from Bangladesh during the crisis might be as high as 15,000<sup>11</sup>.

### The Case of Zahid Mia: A Victimized Bangladeshi Migrant

Zahid, unmarried, first son and from Munshiganj, migrated to Singapore in April, 1998. He was 27. He had ten years of schooling. He paid Taka 195,000 to a local agent in Bangladesh for migration to Singapore. His family arranged his *chalan* through selling land and borrowing money from relatives. He was fortunate enough to come to Singapore within approximately four months from his first payment of *chalan*. He along with other approximately 30-35 migrants came by the same flight. All of them were received at airport in Singapore by the foreman of the company. Upon his arrival in Singapore, he found himself in trouble. He was promised to be employed under direct employer, which turned out wrong. He was under 'supplier' - a supplier rents the foreign workers to other companies to use. He had no job for about one month. He was housed in a dormitory with

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remaining 38% were found in the Construction and Manufacturing sectors. 2. Of the 3,400 illegal workers arrested in 2001, 35% (1,193) were invalid work permit holders, 26% (876) were social visit pass holders and 23% (792) were Immigration Offenders. <http://www.gov.sg/mom/newsrm/newsr/nmain.htm>

<sup>11</sup> This figure is an assumption. There is no information available about the actual number of Bangladeshi victim migrants. On the basis of total number of cancellation of work-permits (16,800 prediction reported), arrested of illegal and overstayers (37,000), and my personal observation during the crisis, I guess that the number of Bangladeshi victims might be as high as 15,000.

approximately 40-45 fellow countrymen. They all were waiting for work. After about one month, he along with other thirteen fellow journey men was assigned work in a garden on Bukitima road.

He usually worked in this garden from 8 am to 7 pm with three hour overtime payment (\$ 2.50 for per hour), one hour lunch break and two tea breaks (20 and 20 minutes). He was very happy with the employer. Usually, such second employers do not pay the salary directly to the workers on behalf of the 'supplier'. Responsibility of the payment of salary and levy goes to the 'supplier'. Although the second employer paid his salary and levy to the 'supplier' each month, the 'supplier' did not pay him the salary regularly. He paid a minimum amount of his salary to meet the daily necessity. The rest of the salary was promised to pay him later. In the first week of October, 1998, he came to know from his second employer that his permit was no more valid. He along with other thirteen friends visited MOM (Ministry of Manpower) to know the validity of work-permit. He found that his work-permit had been cancelled because of being a defaulter of levy payment. He along with his other fellow journeymen met the 'supplier' and asked for the salary and renewal of permits. The 'Supplier' denied.

Later he visited MOM to report about salary dispute. He was to leave Singapore within one week. Because of this salary dispute, he got permission from the MOM to stay in Singapore for several weeks (renewed on weekly basis). He received almost the full salary and air ticket from the employer through the negotiation by MOM. In response to his future plan, he told me that he would come back Singapore soon. (A Victimized Bangladeshi Migrant, Interviewed in Singapore, 1998)

## Profile of the Victimized Migrant Workers

A brief socio-demographic profile of the victims is presented in Table 7.2. Most of the migrants were young (Below 30 yrs), unmarried, and rural origin. With regard to occupational background of the migrants, they were largely unemployed or agricultural workers in Bangladesh. 24 percents of them were returnees (mainly from Singapore). 74 percent had only primary education (1-5 years of schooling) and 2 per cent had higher secondary and tertiary education. This was relatively a low level of educational attainment among the Bangladeshi migrants in Singapore. Interviews of migrants taken in 2000 and presented in Chapter Six revealed higher educational attainment<sup>12</sup>. Migrants paid a huge amount of cash money to the middlemen in Bangladesh to initiate the migration occurrence. Most of the victims were not well-aware of the economic condition of Singapore prior to their migration. When asked whether they knew the possibility of premature cancellation of work-permits, 84 percent replied that they did not know; while 96 per cent would not have come to Singapore if they had known prior to their migration. Surprisingly, 24 per cents were returnees mainly from Singapore.

Precisely, economic model assumes that each decision maker carefully and completely weights all the costs and benefits of moving before deciding whether to move. John L. Goodman (1981: 136) has identified several forms of information that enter the microeconomic decision-making model of migration: future preference, future outcomes at the present and alternative locations, the range of alternative destinations available, and the

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<sup>12</sup> Interviews of Bangladeshi migrants taken in 2000 are presented in the Chapter Six.

specific characteristics of alternative destinations – both the number about which the decision maker has some information and the certainty of the information regarding them. The thesis reports that migration behavior of the victims does not comply with the microeconomic models of migration. Migration decision is not found taking place under a rational cost-benefit analysis. Migrants were not fully aware of the Singapore situation ahead of their migration (84 percent). Again, complete information might not lead to change of the motivation for migration as well (16 per cent migrated despite knowledge about the crisis).

### **Some Reasons for Migration during the Financial Crisis**

Bangladeshi labor migration to Singapore takes place under the auspices of middlemen<sup>13</sup>. Middlemen at various levels (from local to national) help to finish all the migration procedures for the prospective migrants. Rural-level middlemen persuade the prospective migrants, and collect the *chalan* (partial or full) for migration in advance. The initial task of a prospective migrant / family is to pay the *chalan* to the local middlemen in faith and wait for the flight to Singapore. Local middlemen transfer the *chalan* to the recruiting agents at national level. It takes quite a long time (even two years) to finish all the migration formalities in Bangladesh (especially IPA - job contract from Singapore).

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<sup>13</sup> Detailed discussion about Middlemen is presented in the Chapter Five.



However, the actual process should not take more than thirty days to finish if the agents are sincere.

32 per cent of the victims in my sample paid their first payment of *chalan* more than 12 months prior to their migration. 29.4 per cent paid between eight and twelve months before their migration (see Table 7.3). Once ‘*chalan*’ for migration is paid, prospective migrants become powerless. Nothing but waiting remains as the best way to prove their faith in middlemen. Why do the agents collect *chalan* (full and partial) well in advance? In-depth interviews with migrants, recruiting agents and ethnographic village studies suggest that some agents (local and national) are engaged in other businesses as well. In fact, many of them take this recruitment practice as supplementary one. Whatever amount they get from the prospective migrants in the form of *chalan*, sometimes they first invest it in their primary businesses for a while. Later, if they (especially local agents as they are within reach) encounter pressure from the prospective migrants / families, they become serious to arrange IPA (Singapore job contract) and send them soon<sup>14</sup>. The prospective migrants, who can not exert pressure on these recruiting agents, sometimes lose all the amount of first payment of *chalan* (partial or full).

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<sup>14</sup> Some times, recruiting agents send the migrants with false documents. Passport is easily available in Bangladesh. As a result, they do not encounter legal restriction. Such workers, who came under unknown persons’ names and addresses, later encounter difficulty. For example, if any one of them has an accident at workplace, and if he wants to claim insurance, it will not be easy to get the money. Money will be sent to the address of his passport, which has sometimes no existence.

On the one hand, there is a restricted demand of unskilled foreign labor in Singapore and on the other hand, there is an abundant supply of human resources in Bangladesh who are desperate<sup>15</sup> to migrate. This unevenness creates the condition that promotes exploitation in home and abroad. How much did victims pay at the time of first payment? Migrants usually pay in installment. 55.9 per cent of the victims paid between US\$ 2,222 and above, and 40 per cent paid between US\$1,111 and 2,222 at the time of their first payment in Bangladesh (Table 7.4). Once the *chalan* is paid, it is nonrefundable. Prospective migrants even cannot postpone their journeys. Postponement of journey means the loss of whole '*chalan*'. This makes the sense why migrants had little or no choice over the timing of journey. Prospective migrants had vague information on the financial crisis (Table 7.2). However, in this case, if they had perfect information, it would not have barred them from migrating.

Once prospective migrants enter into the process of migration, it becomes their social and moral responsibility to comply with the timing of journey set by the agents. Local agents are usually from higher social position in the society or *samaj*<sup>16</sup> or they have adequate backing from the *samaj* leaders. Social control is the most important function of *samaj*. *Samaj* controls its members not only directly in the form of punishment through a *bichar*

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<sup>15</sup> I used the work 'desperation', because prospective migrants are selling land, house, livestock, and family's gold ornaments to arrange the cost of migration. When they are planning to migrate, they do not have accurate information on possible benefits from their overseas employment. Many of them even met with the migrants who have returned empty-handed. They know that it is completely a matter of luck if they can gain something from their first two-year employment contract. After knowing all these, they take the risk of overseas employment.

<sup>16</sup> See for details, Chapter Four

*sava* (conflict-resolving session), but also indirectly. When members of a samaj participate in or refrain from a course of action because otherwise ‘it will look bad in the eyes of samaj’, one can see how samaj membership affects the behavior. Often one hears remarks along the lines of ‘what will people say?’ which clearly bring out the anxiety of an individual, family or *Bari* in relation to *samaj*.

When a prospective migrant makes the deal with a local agent, he is in a process and any breach of deal leads him to the loss of his honor and thereby tainting the honor of his family, lineage in the eyes of the *samaj*. It is this kind of *samaj* control that Heller (1985: 5) probably refers to as ‘shame regulation’ in which the feeling of shame is the very effect which makes us conform to our own cultural environment. The compliance with the samaj goes to reinforce the social position in the *samaj* structure as well. Thus, prospective migrants are in some sort of social pressure to comply with the deal for protecting not only his honor but also the honor of his family and lineage. In such a social circumstance, the econometric assumptions of migration decision making does not fit adequately. Apart from the social status factor, the belief in luck, fortune and fate is also inseparable from this migration occurrence. Migrants carry the belief that through persistence and determination, they can overcome bad luck/fate and the intention for future remigration reflects this fact<sup>17</sup>.

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<sup>17</sup> 24 per cent of the victim migrants have already decided to migrate again. The remaining 76 per cent could not make up their mind mainly because of the lack of *chalan*.

## The Plight of the Victims

The financial cost of migration depends largely on the number of middlemen involved in the migration occurrence. In general, if numbers of middlemen are many, the cost of migration will be higher and vice versa. The major findings about the '*chalan*' of migration reveal that 72 per cent of the victims paid between US\$ 4,444 and 4,888 while 18 per cent paid between US\$ 4,000 and 4,444 (Table 7.5). Airfares and other processing fees were included in this amount. Airfare is not more than only US\$ 500 from Bangladesh to Singapore (return as well). The official fees in Singapore and Bangladesh is trivial. One relevant question is where this large amount of financial cost of migration (*chalan*) goes. The investigation into the reason behind this high cost of migration brings into light one of the best-kept secrets in the Bangladeshi labor migration. Interviews with the migrants and recruiting agents suggest that recruiting agents (home and abroad) appropriate this '*chalan*'. What percentages of '*chalan*' do the both parties - home agents and foreign agents get?

Most probably, approximately two-thirds of '*chalan*' go to 'foreign agents'<sup>18</sup> and the remaining one-third gets 'home agents'. Local agents are liable to pay one way air fares for the prospective migrants. The liability of the return ticket goes to the foreign agents. Sharon Vasoo's "The Straits Times" reporting also hints at such practice (see below). 'Foreign agents' receive their lion share through the illegal money exchange network as the Central

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<sup>18</sup> The data on this sharing of financial cost of migration come from the interviews of workers. Therefore, I do not claim it fully right figure. The sharing of parentages of financial cost varies from indirect company to direct company. Usually, direct companies do not charge any hidden fees.

Bank of Bangladesh, Bangladesh Bank, does not permit transfer foreign currency for this purpose. Some may argue that Bangladesh is not only losing the foreign currencies, but also gaining it through remittances. A relevant question is whether this loss outweighs benefit or what effects this gain involves for the migrants and their families (presented in Chapter Eight and Nine). It will not be practical to do a financial cost-benefit analysis during the crisis period and from such a small sample size as such a cost-benefit analysis will not produce a strong case. However, an attempt is made to examine the financial cost and benefit when the situation turned into normal in 2003<sup>19</sup>.

### **Big Money in Labour Import Racket**

24 October 1999 ; The Straits Times

This is one of Singapore's best-kept secrets. Contractors and labour agents are running a \$560 million a year racket importing foreign labour to work at construction sites. SHARON VASOO reports. THE commissions are handsome, payments are upfront and in cash, and the customers are seldom in a position to complain, much less sue, if anything goes wrong. And it would be an uphill battle for the taxman to claim his cut, even supposing he could find a paper trail on which to pin his demands. There's just a small problem: the business is unlicensed, and the very real downside is jail and a hefty fine. But first, you have to catch the illegal operators in this industry that is estimated to be worth \$560 million a year. This is how it works: a labour agent may get \$1,000 for each construction worker

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<sup>19</sup> See Chapter Eight.

he brings in - usually from India or Bangladesh. He also collects \$50 a month for a year from each worker for helping him to get work here. Multiply that by the 70,000 or so construction workers who come here every year. The estimate of how much the industry is worth came from the eight security consultants and labour agents interviewed by The Sunday Times. Going by what they say, it is not hard to see how fast someone who was once a \$25-a-day bricklayer from India could earn a million dollars shipping in unskilled workers from his home village. The big loser in all this is often the poor worker himself, who is likely to have paid something like \$6,000 to \$8,000 to secure a job here.

As his air-ticket costs around \$500, most of what he pays is pocketed by the agents and contractors. That is why, although there are already 1,093 licensed employment agents here, so many people are happy to operate on the fringe. It would not bother them that many would see their fly-by-night enterprise as exploitation. Some might have started out here as construction workers themselves, then decided to turn their experience to advantage. Or they could be Singaporeans. These illegal agents were highlighted in the Construction 21 (C21) report recently. Local reliance on a supply of cheap, unskilled workers has made the labour business too lucrative to resist. About 20 illegal agents operate in Little India alone, sources say. Some may run legitimate businesses, such as shops, and provide additional services such as helping workers to write letters and remit money home. Others operate with just a mobile phone and a pager. It is easy for them to keep changing their mobile phone numbers to dodge calls from workers who got a raw deal. In a scant five years, sources said, one middle-aged Indian national has done well enough as an illegal agent to open two provision shops and five restaurants in Singapore and India. He openly acknowledges that had he not come here as a

construction worker, he would not have become an agent and would probably still be starving in India. He also admits taking advantage of the workers. According to the sources, he once said: "It doesn't cost so much to come here. Sometimes, the contractors don't even have to pay for accommodation because many workers are put up at the worksites. So we're getting paid for doing nothing actually."

Some agents farm out construction labour to do other work illegally. Their rationale? It is better for them to earn some money than sit idle. But this also means that the industry's productivity goes down. Agents benefit most by shipping in new workers. So in extreme cases, they may abandon workers soon after they arrive. If workers find out they are being shipped home, they may run away. The C21 report said that from 1997 to 1998, the number of runaways rose 40 per cent. They stay in places like multi-storey carparks, parks and rubbish bin centres, doing menial jobs for \$5 to \$10 a day to survive on the run. Or they could turn to crime. Mr S.R. Bala, a labour consultant with Mackenzie Security Services, who has conducted more than 300 raids on construction sites, said: "In the end, it is not only the workers who suffer. Singaporeans suffer too."

#### THE FOREIGN MARKET: SOME FIGURES

EACH year, about 70,000 foreign workers come here. The eight security consultants and labour agents interviewed estimate that this is a \$560 million a year trade. \* Each worker pays \$6,000 to \$8,000 to secure a job here. As the airfare costs about \$500, most of the money is pocketed by the agents and contractors. \* One labour agent gets \$1,000 for each worker. He also collects \$50 a month for a year from each worker for helping him to get work here.

UNLICENSED AGENTS: IF CAUGHT.

If caught operating as unlicensed employment agents, first-time offenders face fines of up to \$5,000. Repeat offenders risk a \$10,000 fine and jail. \* Labour suppliers who abet the workers' deployment also face a \$10,000 fine and jail.

How did the migrants arrange such a huge amount of '*chalan*' for overseas employment? Migrant families arranged this large *chalan* of migration from different sources (Table 7.6). 66 per cent of victims received their fund for migration from 'combined sources', that is, through selling or mortgaging land, loans from relatives or money-lenders, minor family savings and selling livestock, paddy, gold ornaments and so on (Figure 7.4). The full '*chalan*' of migration of other 16 per cent of the victims came from the overseas relatives. This means that these victims had close relatives mainly in Singapore who financed them. The remaining 18 per cent of the victims obtained full '*chalan*' from their personal or family savings or from the savings of previous migration. As we have seen before, 24 per cent of the victims were returnees; a large portion of them used their remittances for further migration.

20.50 percents of the migrants borrowed loan from money-lenders which is usually with a high interest rate. Interest rates vary from person to person but, in the most of the cases, the interest rates were 100 to 150 percent per year. To borrow the loan, sometimes migrants mortgaged gold ornaments, records of land property and sometimes sign or thumbprint on white papers as well. The failure of loan repayment in time usually leads to the confiscation of mortgaged items. Another important source of collection of *chalan* is the land property (31.91 per cent). This land is usually arable land. The migrants' families



cannot use the land for cultivation once it is mortgaged. After the successful repayment of loan, they are entitled to get it back. Kinship relations based on the principles of reciprocity played a vital role in the migration occurrence (16.59 per cent).

Table 7.7 shows the financial consequences that the victims encountered in Singapore. Table 7.7 particularly demonstrates the working months, salary, patterns of payment of salary, and money left to the employers after the cancellation of work permit<sup>20</sup>. The Figure 7.5 shows the salary a victim was supposed to receive, the salary a victim actually received, and the salary a victim owed to the employers after the cancellation of work permits. Many of the migrants were unemployed for several months and they were not paid for non-working months. The thesis has focused only on the working months. Major findings suggest that victims worked between 2 and 14 months even though they had contract for 24 months. The majority of the victims (81.22 per cent) worked only for 2-7 months. Almost all victims were owed unpaid money by their employers at the time of cancellation of work permits and this amount ranged between 13.47 percent and 74 percent of their total salary. A migrant was supposed to receive total salary on average S\$3,172.5 for

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<sup>20</sup> I encountered some difficulties in calculating the total working months. For example, three workers worked for 15 days and one worker for 22 days after a round figure of month. In these cases, I have excluded 15 days from the round figure and I included 22 days with a round figure of month for the sake of convenience of calculation. With respect to monthly salary of a worker, I faced the same problem. Basic salary for an unskilled construction worker per day varies from S\$ 13 to S\$18 or more and overtime for per hour from S\$ 1 to 3. So for the convenience of calculation I have taken salary of an unskilled construction worker S\$540 per month for granted. I strongly believe that this figure approximately represents the monthly salary of an unskilled worker in 1998.

his work. However, he actually received a total salary on average S\$ 1,971.07. Migrants were owed on average 37.87 per cent of his salary to the employer.

After the cancellation of work permits, the bulk of the victim migrants approached to the 'Labor Relations Department', Ministry of Manpower, Singapore to recover their salaries. This department assists employers and employees to resolve trade or employment/salary disputes amicably through conciliation with the view to promote harmonious labor management relations. Migrants were seen happy to air their sorrows to the officials. Migrants did not know when they would return home. Their departures depended partially on the employers' co-operation to resolve the salary disputes and the willingness to offer the air tickets to them. Sometimes, employers paid the air ticket only and then they forcefully deported the migrants before solving the salary disputes (Appendix -7-3). Since their work-permits were no more valid, they were, to some extent, powerless to bargain<sup>21</sup>.

The plight of victim migrants evoked sympathy from various quarters in Singapore<sup>22</sup> (see Appendix- 7-1). Foreign workers usually receive love and sympathy from local population as well as local media (A Letter to the Strait Times, see below). During the crisis, a number of Singaporeans extended their helping hands. The story of an unknown old

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<sup>21</sup> After the cancellation of workpermit, the responsibility of deportation of foreign worker goes to the employers. Again, employers have SG\$ 5000 deposit for each worker to the Government as a bank grantee and employers can not get back this amount of money unless they have repatriated each foreign worker successfully. This gives an opportunity to the employers to exploit the vulnerability of the foreign unskilled migrants for making money.

<sup>22</sup> 27 July, 1997, Straits Times; 21 May 1995; Straits Times; 28 July 1997; Straits Times

Singaporean deserves special attention. Indeed, without mentioning his service for the humanity this thesis probably will remain incomplete. He was used to serving free food at night by visiting foreign workers' residences and gathering places all over Singapore. No foreign workers knew his name. He kept it secret to them. He served food to both –victims and non-victims. This old man became a part of the leisure time talk among the foreign workers in the end of 1998. Unexpectedly, all of a sudden he stopped visiting foreign workers' houses. Migrants were surprised not to see him for a few weeks. Once, migrants saw a woman knocking their door and serving free food instead of this kind old man. They were surprised to see a woman serving free food at night. When asked about her, she replied to them, "I am the old man's daughter and the old man will never come to serve you free food again"<sup>23</sup>

### Empathise with the harsh life foreign workers lead in Singapore

28 July 1997; Straits Times

LETTER- I READ with a sense of unease the letter headlined "Foreign workers in Little India: Tough measures needed to curb overcrowding" (ST, July 19). Mr. Chon Ryh Huei has a long list of problems in the Serangoon Road area, inter alia, traffic jams, overcrowded buses and littering. He then goes on to state that residents "have to put up with the increasing number of Indians who go into their estates, hog the public phones and litter the place". When I look at the mass of foreign workers who congregate without fail each weekend at Serangoon Road, I

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<sup>23</sup> He died most probably in December, 1998. After his death, his daughter started doing the unfinished work of her father.

see reflected in their plight the struggles of my great-grandfather when he first came to Singapore at the turn of the century. He came here alone to seek a better life for his family, whom he was forced to leave behind in Arabia. The company of "fellow foreigners" was the tenuous connection to his home country for him, and I am sure that he spent many happy days congregating with them.

I am sure that had there been public phones available, he would be hogging them to call my great-grandmother and his children in Arabia. I am sure that the writer too has an ancestor. Indeed, Singapore being a nation of immigrants, all of us have ancestors who came here as "foreigners" many decades ago to seek a better life. In that regard, one would think that we are a nation that can easily empathise with the harsh life that these foreign workers lead. Instead, if we were to expect that these workers should be confined to their worksites, kept off our streets and not take our buses, we would be treating them in the same manner that our former colonial overlords treated our very own ancestors. We cannot afford to adopt this "white sahib" attitude when we are ourselves a young nation that has barely shrugged off the discrimination and injustice of colonial conquest. These foreign workers perform a vital role in our economy. They perform jobs that most Singaporeans are loath to carry out. The large numbers merely attest to the need that we have for them. The advantages of having these workers here clearly outweigh the inconveniences that the writer complains of. I say we should not merely tolerate, but try to empathise with the life they lead. The vicissitudes of the life of a foreign worker in Singapore should serve to remind us of the humble origins of our own ancestors. HEIKEL KHALID BAFANA.

Employers are assigned some responsibilities in Singapore which are given below<sup>24</sup>.

### Responsibilities of Employers

During a foreign worker's employment in Singapore, the employer is generally responsible for:

- paying the foreign worker levy
- arranging for him/her to be medically fit and free from contagious diseases and drug addiction by a registered doctor in Singapore when requested by the Controller of Work Permits
- ensuring that he/she does not engage in any form of employment other than that stated in the work permit card
- providing basic terms and condition of employment as stipulated in the Employment Act
- providing workmen's compensation for the worker
- sending the worker to the Safety Orientation Course if the worker is a construction worker.

For a non-Malaysian worker, the employer is also responsible for:

- the up-keeping, maintenance and cost of his/her eventual repatriation
- providing adequate housing
- putting up a \$5,000 security bond

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<sup>24</sup> <http://www.gov.sg/mom/fta/wp/ftawp.htm>, retrieved in 2003

- buying personal accident insurance of \$10,000 minimum coverage if the worker is a foreign domestic worker

The employer should also ensure the worker's welfare and interests are well looked after. These include non-statutory requirements such as proper orientation, medical care, hospitalisation expenses and providing for the worker's social and recreational needs.

Why did these victims get their work permits cancelled? Work permits are cancelled if employers failed to pay levy for workers. Employers need to pay levy S\$470 per month for a foreign unskilled construction worker. It is the employer who is liable to pay the levy for each migrant, not the migrant himself. Some plausible reasons for being a defaulter of levy payment during the crisis period was as follows:

1. Levy rates constantly increased over the years from S\$ 140 in 1987 to S\$ 470 in 1999. Because of increasing levy rates, some companies found it difficult to pay levy.
2. Due to the economic crisis, some companies had no more projects to use foreign workers. Employers found it difficult to pay levy for them when they could not offer job. As a result, they stopped paying levies to Government. Defaulter of levy payment for three months consecutively leads automatic cancellation of work permits. Once work permits are cancelled, the responsibility of repatriation of foreign workers goes to the employers. Employers have SG\$ 5000 security deposits for each foreign worker as bank grantee to the Government and the employers cannot

cash this security bonds unless they ensure the successful repatriation of each foreign worker.

3. Companies might have projects but their main contractors/ clients had delayed payment for them. In such cases, many companies found it difficult to pay the levy. In addition, suppliers of foreign workers who do not use foreign manpower directly but rent them to other companies in demand, encountered difficulty in renting the foreign workers during the crisis. Some of them were not in position to pay levy for their foreign workers. These led to the defaulter of levy payment and automatic cancellation of workpermits.
4. Sometimes companies completed the project before the due time by using the foreign workers day and night. The use of foreign workers is cheap, and they hardly complain for the total duration of working hours and rates of payment of overtime. Hence, some employers finished their projects earlier than the due time. When these companies had no more projects to undertake, they found foreign workers as a burden because of higher levy rates. Then, some of these companies stopped paying levy which led to automatic cancellation of work permits.

The last but not least, some cases were found where companies did not pay the levy intentionally (e.g. the case of Zahid). After three months, work permits were cancelled and the victims were forcefully deported as the responsibility of deportation goes directly to the employers / suppliers who brought them in Singapore. Victim migrants claimed that some employers particularly, ‘labor suppliers’ were profiting out of the economic crisis by not paying levies. Agents profited in two ways: firstly, charging a big amount of ‘*chalan*’ when they were in Bangladesh (approximately SG\$ 4,000 to 5,000 for each migrant) secondly,

being defaulter of levy payment for three months (S\$1,410 for an unskilled foreign construction worker). There are some businessmen who are running several recruiting agencies in different names. Such recruiting agents brought in hundreds of Bangladeshis and later dumped them in this way. Some news paper articles also hinted this trend (1 July 1998, *The Straits Times*; 8 June 1997, *The Straits Times*; 24 October 1999, *The Straits Times*) (Appendix 7-2).

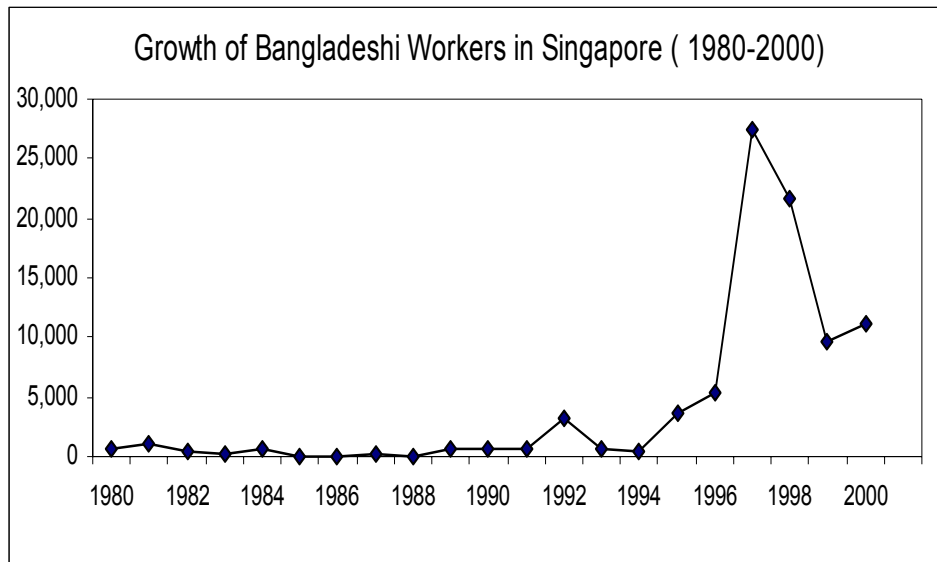
## **Summary**

The Asian financial crisis that hit Singapore mainly in 1998 caused serious hardship for the foreign workers. In spite of the adverse economic situation in Singapore, the volume of Bangladeshi migration was all time high during the crisis. As a result, Bangladeshi migrants could not avoid the disastrous effect of the crisis. During the crisis, the work-permits of a large number of Bangladeshis were prematurely cancelled. They came mainly under incomplete information. Again, information or lack of information had little bearing on the migration occurrence as they were in the process well in advance. It is believed that a section of recruiting agents (home and abroad) was engaged in this malpractice. Both receiving and sending countries should come forward to protecting migrants from unscrupulous recruiting agents.



**Tables and Figures**

Figure 7.1



Source: Prepared from BMET Data, 2001

Figure 7.2

Source: Hui, 1998; Pillai, 1998; Thailand's and Hong Kong's estimated by Author  
 Foreign Workers in Selected Asian Countries  
 (As a Percentage of Total Labor Force) 1996

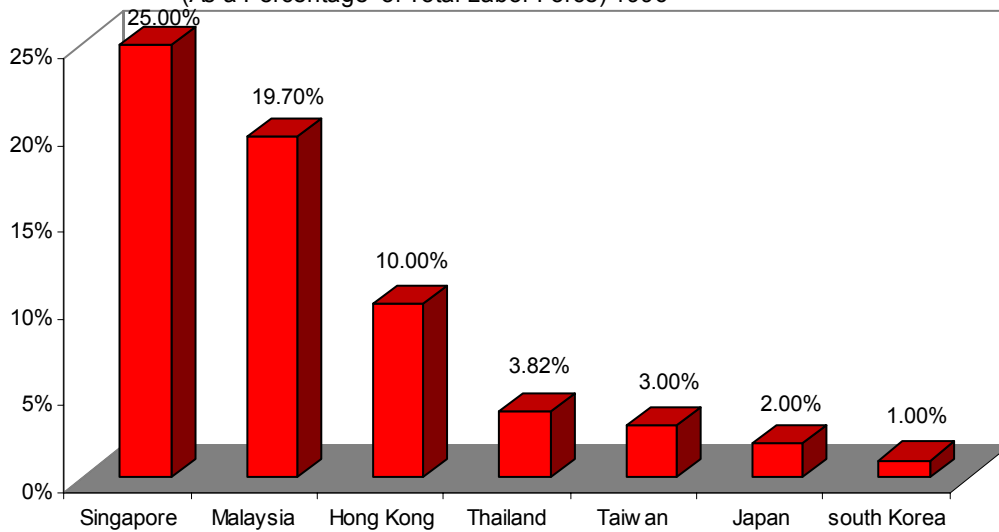
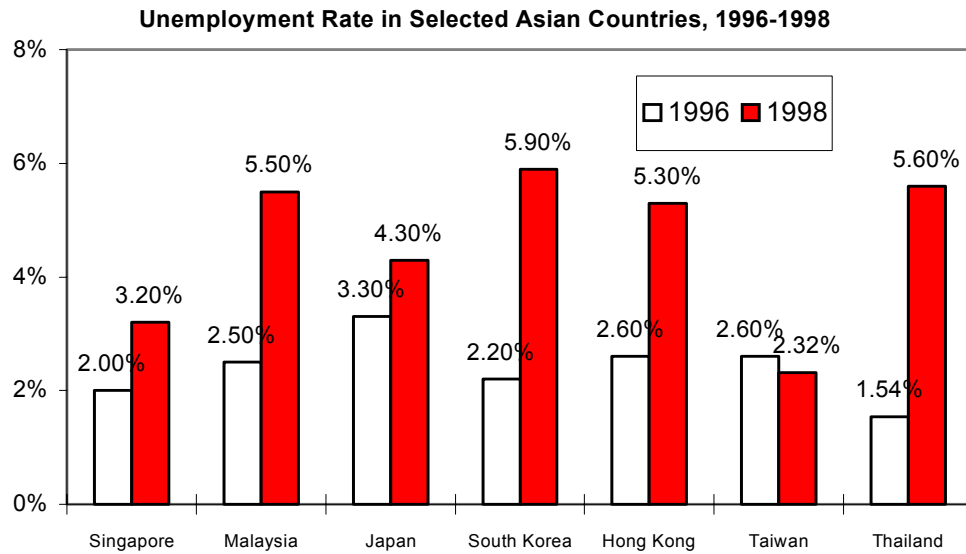


Figure 7.3



Sources: Joseph, 1998; Sek-Hong et al., 1998; Hui, 1998; Park, 1998; Business Asia, 10 August 1998

Table 7.1 **Total Volume of Foreign Workers, Sacked and Sent Back Home in Asia (1997-1998)**

Country	Legal migrant workers	Illegal <sup>25</sup> migrant workers	Total Migrant workers	Impact on Migrant Workers : Workers Sacked and Sent Back Home
South Korea	300,000	123,299	423,299 some observers estimates the number would be more than 700,000	From 12/97 to 3/98 under an amnesty program for undocumented migrant workers, 46,569 left Korea. There were 95,027 foreigners who had overstayed their visas as of June 1998. 300,000 were deported (6/97-1/98). 100,000 more are to be expelled by 1999.
Malaysia	1,140,000	560,000	1,700,000 Some others estimate the number will be as high as 3 million	Malaysia targets to repatriate about 900,000 migrant workers, documented or undocumented, in 1998. Malaysia deported 255,483 migrant workers by Nov. 98. Only in February and March, 98, about 7,000 illegal are arrested and awaiting for repatriation. In mid March 1998, 17,000 Indonesians were being held in detention centers waiting for deportation.
Thailand	316,000	943,000	1,260,000 Some others estimates the number will be more than 2.5million	Thailand planned on repatriating over 900,000 undocumented migrants with the first 300,000 scheduled for repatriation on May1, 1998. 800,000 Burmese political refugees are at risk of repatriation from Thailand. 6,000 Burmese were expelled (6/97 –1/98).
Singapore	506,600	NA	506,600	More than 7,000 foreign workers had their work permits canceled in the first 5 months of 1998 compared to about 6,000 cancellation for the whole of 1997. And if this pace continues, there could be 16,800 cancellations for 1998. In 1998, a total of 23,000 illegal and overstayers are arrested. In 1997, the number was 14,000.
Hong Kong	170,000	130,000	300,000	Filipino workers protested on December 6, 1998 against proposed 20% cut in their minimum wage, now \$494 a month. One maid reported that she had borrowed \$1,200 to get her Hong Kong job and reducing her pay would make it hard to repay her loan. Hong Kong has about 170,000 foreign domestic workers, of whom 80% are Filipinos.
Japan	106,000	288,000	394,000	In 1997 Japan repatriated 40,000 Filipino and Korean workers
Taiwan	239,000	100,000	339,000	Not available

<sup>25</sup> The status of a worker as legal and illegal depends very much as the state rule of the receiving country. Many cases it has been seen that workers came with definite contract and salary. However, they were not treated according to the contract. Their work permits were cancelled showing lame excuses. Sometimes this cancellation of work permit is automatic. In the case of South Korea, if a worker changes his employer because of any reason like irregular payment or maltreatment, he will be automatically illegal although he came with definite contract.

Sources: Rahman, 1999

Table 7.2 Socio-Demographic Characteristics of Migrant Workers

Age Structure (N 50)		Education (N50)	
	Percent		Percent
Below 20 Years	8	1 to 5 year of schooling	74
21 to 25	36	6 to 10 Years	16
26 to 30	44	11 to 12	8
31 to 35	4	13 and Above	2
36 and Above	8		
Marital Status		Location of Home	
Married	32	Rural	86
Unmarried	68	Urban	14
Religion		Migration Experience	
Islam	92	Yes	24
Hindu	8	No	76
Occupation prior to Migration		Information Prior to Migration	
Unemployed	26	Known the risk of Losing Job?	
Study	12	Yes	16
Service	2	No	84
Small Business	18	If knew, would you come?	
Agriculture	30	Yes	4
Migratory Mania	12	No	96
		Will you come to Singapore again?	
		Yes (conditional)	24
		No (no money now/ can not say/ NC/No)	76

Table 7.3

Time of First Payment before Migration to Singapore, 1998 (N=50)

Time of payment	Frequency	Percent
12 months and before	11	22
8 - 12 months	10	20
4 - 8 months	9	18
4 months and below	4	8
Unknown	16	32
Total	50	100

Table 7.4  
Amount of First Payment before Migration to Singapore,1998 (N=50)

Amount of first Payment	Frequency	Percent
US\$ 2,222 and above	19	38
US\$ 1,666 to 2,222	6	12
US\$ 1,111 to 1,666	8	16
US\$ 1,111 and below	1	2
Unknown	16	32
Total	50	100

US\$ 1= Taka 45 (Bangladeshi Currency in 1997)

Table 7.5  
Economic Cost of Migration to Singapore,1998 (N= 50)

Amount Paid for Migration	Percent
US\$ 4,000 or below	8.0
US\$ 4,000 to 4,444	18.0
US\$ 4,444 to 4,888	72.0
US\$ 4,888 or above	2.0
Total	100.0

Missing Data: 0

Note: US\$ 1 = Taka 45 (Bangladeshi Currency). This was the approximate exchange rate in1997.

**Table 7.6**  
Sources of Arrangement of Fund for Migration to Singapore, 1998 (N=50)

Sources	Percent	Percentage of Migration Cost
<b>External sources</b> that is sponsored by relative abroad	16	100
<b>Family savings</b>	18	100
<b>Combined sources</b> that is selling or mortgaging land (31.91%), loan from relatives (16.59), loan from money lenders (20.50) miscellaneous sources like selling livestock, gold ornaments, crops etc. ( 31%)	66	100

Figure 7.4

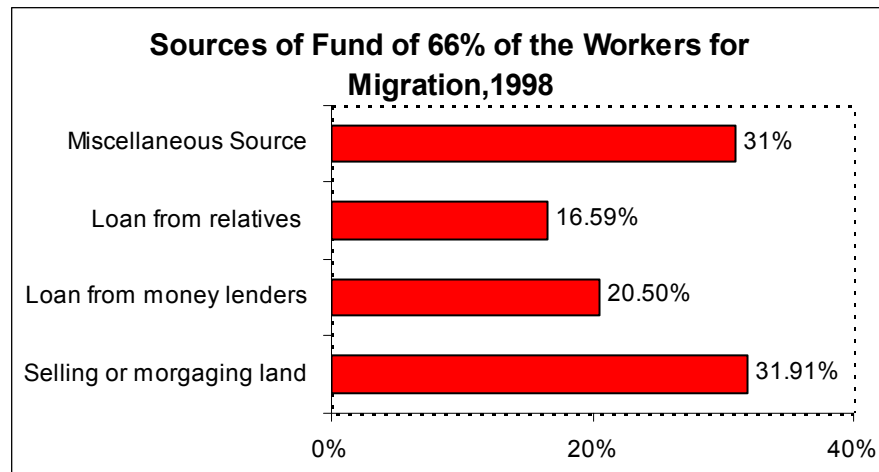


Table 7.7  
**Total Working Months and the Status of Payment of Salary to Workers  
 At the Time of Cancellation of Work Permits**  
 (N = 50, All Amounts in Sing \$. US\$ 1= S\$ 1.7)

Working Months <b>(A)</b>	Frequency <b>(B)</b>	Percent <b>(C)</b>	Salary Workers Supposed to Receive for their working months <b>(D*)</b>	Salary Workers Actually Received <b>(E)</b>	Salary Owe by Employers <b>(F**)</b>	Percentages of Salary owe by Employers <b>(G***)</b>
2	2	4.16	2,160	560	1,600	74.07
3	5	10.41	8,100	3,100	5,000	61.73
4	7	14.58	15,120	8,703.1	6,416.9	42.44
5	12	25	32,400	19,022.04	13,377.96	41.29
6	11	22.91	35,640	26,134.02	9,505.98	26.67
7	2	4.16	7,560	3,660	3,900	51.59
8	0	0	0	0	0	0
9	2	4.16	9,720	5,720	4,000	41.15
10	4	8.32	21,600	12,530	9,070	41.99
11	1	2.08	5,940	5,140	800	13.47
12	1	2.08	6,480	4,480	2,000	30.86
13	0	0	0	0	0	0
14	1	2.08	7,560	5,560	2,000	26.46
<b>Total</b>	<b>48</b>	<b>100</b>	<b>152,280</b>	<b>94,609.16</b>	<b>57,670.84</b>	

Missing Data = 2

**NOTE**

\*  $D = A \times B \times 540$ \*\*\*\*

\*\*  $F = D - E$

\*\*\*  $G = \frac{F \times 100}{D}$

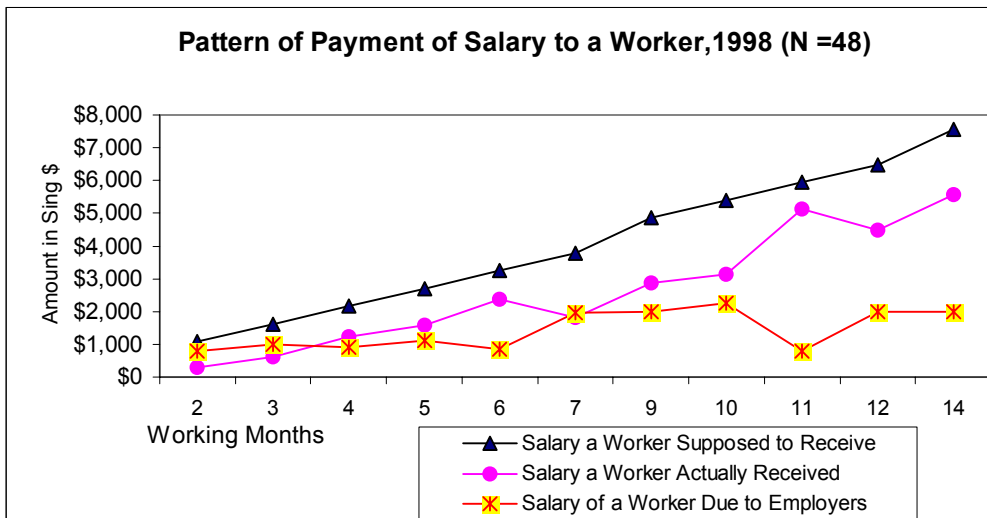
\*\*\*\* 540 is taken for granted as the standard salary of an unskilled construction worker.

**Major Findings:**

1. Each worker should have received a total salary of S\$ 3,172.5 (average per head) for his total working months in Singapore  
 $[152,280 \div 48 = 3,172.5]$
2. Each worker actually received a total salary of S\$ 1,971.02 (average per head) for his total working months in Singapore.  
 $[94,609.16 \div 48 = 1,971.02]$
3. The amount of salary of each worker left to employers was S\$ 1,201.47 (average per head) for his work in Singapore.  
 $[57,670.84 \div 48 = 1,201.47]$
4. The percentage of their salary that was due to employees was 37.87% ( average per head)  

$$\frac{57670.84 \times 100}{152280} = 37.87\%$$
5. 81.22% of the workers worked for only 2- 7 months and the rest that is, 18.78% of the workers worked for 8-14 months

Figure 7.5



US\$ 1 = S\$ 1.7

**Note:** The chart shows pattern of payment of salary to a worker according to the months.



