

Chapter 2

Theoretical Perspective

2.1 Theory Review

2.1.1 Migration Theory

The factors influencing the decision to migrate are varied and complex. Migration is selective process affection individual with certain economic, social, educational, and demographic characteristics, the relative influence of economic and non-economic factors. Characteristics of migrants have classified into three categories: demographic, educational and economic. On demographic characteristics, including the reduction in mortality rates and the concomitant high rates of population growth in the place of origin. On the other hand, migrants in developing countries tended to be young male and female between ages of 15 and 24. Female migrations were basically in two types: the “associational” migration of wives and daughters accompanying the “primary” male migrant and the migration of unattached females. On educational characteristics, there is a positive correction between educational and migration. Where limited urban employment opportunities were being rationed by educational levels, only workers with more years of educational attainment were propensity to migrate. On economic characteristics, most migrants were poor, landless, and unskilled individuals whose opportunities were for the most part non-existent in the place of origin. Todaro noted that the explanation of migration on

economic characteristics have very much related on push and pull factors (Todaro, 1997).

Another aspect of migration which will study is motivation for migration. The decision to move and the choice of destination are affected by a number of natural, social and economic factors. Individual decide to move and the choice of destination to migrate has classified as economic and non-economic.

Economic include, the differences of the existence of income or employment opportunities between the place of origin and of destination. A person who is completely jobless might migrate to another area in the hope of finding any kind of work. On the other hand, a person might migrate in search of a better job.

Non-economic include, family, health, natural disaster, political, educational, social and war. Jansen noted that many people, if give the choice between two places, would prefer going to one where they already had relatives or friends or even acquaintances of their own friends (Jansen, 1970).

Oded Stark and J. Edward Taylor have indicated the effect of a policy change on the propensity to migrate was influenced by both absolute and relative income considerations. At higher income levels reduce the likelihood that households or individuals engage in migration. Thus, any of development agencies in an effort to stem rural-to-urban migration, narrowing of town-village income differentials is a scheme (Stark and Taylor 1991).

Household strategy theorists contend that decision to migrate is made by households not by individual. Collectively, people act not only to maximize their expected income but also to minimize risks for the members of the affinity unit. In

minimizing risks to economic well-being, household diversified the allocation of household resources such as family labor (Lieby and Stark, 1988; Oishi, 2002).

Todaro theory asserted that migration proceeds in response to differences in expected income rather than actual earnings. Migrants consider the various labor market opportunities and choose the one that maximizes their expected gains from migration. The more commonly used economic models of migration, which place exclusive emphasis on the income differential factor as the determinant of the decision to migrate, would indicate a clear choice in this situation. Suppose that the average unskilled or semi-skilled rural worker has a choice between being a farm laborer (or working his own land) for an annual average real income of, say 50 units or migrating to the city, where a worker with his skill or educational background can obtain wage employment yielding an annual real income of 100 units (Todaro and Smith, 2003).

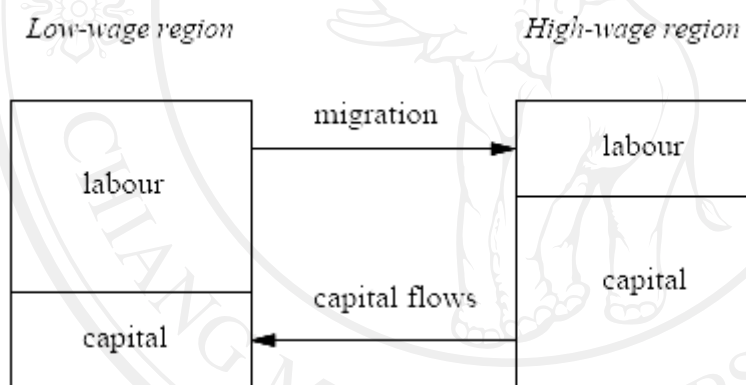
Migration flow from one region to another is because of economic conditions in different regions. The expected net return to migration is the probability of employment at the destination. Migration does not stop until expected earning have been equalized internationally (Massey, 1993; Reichlova, 2005).

Decisions of people migration have many kinds of behavior which depend on what other people are doing. The most important variable driving international migration is migration networks, or contacts with family members and possibly neighbors who have previously migrated. The reason is that migrants sent home not only remittances but also information about how to migrate. On the other hand, past migrants also might support new migrants at the destination, and might be willing to

help finance the migration costs and insure against them against the risks (Taylor, 2006).

Roel Jennissen on recovering approaches of neo-classical economic theory, indicated two flows exist a new international equilibrium is created in which real wages are of the same level in all countries. A flow of low-skilled labor from low-wage countries to high-wage countries and a capital flow from high-wage countries to low-wage countries and presented as follow:

Figure 2.1: Neo-classical mechanisms leading to equilibrium



Source: Roel Jennissen (2006)

From the figure 3.3: neo-classical mechanisms leading equilibrium, when a new equilibrium is achieved both net labor migration and net capital flows is equal to zero. Hence, net international labor migration is a temporal phenomenon in this view (Jennissen, 2006).

A numbers of theories have pointed out that migrants are selected in terms of such demographic, educational and economic characteristics as age, sex, marital status, educational level, income and employment. However, these selectivities may be different from one region to another and from one country to another.

2.1.2 Exploitation Theory and Decent Work

From American Heritage Dictionary: **ex . ploi . ta . tion**

1. The act of employing to the greatest possible advantage: exploitation copper deposits.
2. Utilization of another person or group for self is purposes: exploitation of unwary consumers.
3. An advertising or a publicity program (Hill, 2008).

Marx's relative surplus-value lies in the immanent tendency of capitalism to greater productiveness, which shorten the socially necessary labor time to ensure subsistence. Productiveness takes two forms. One is the effects of competition, which cheapen the price of commodities and helps to lower the cost of living. The other combines the greater use of unskilled labor with the productive organism of machinery in modern industry, which lessens the value of labor power, and thus increases surplus-value through more intensive labor. On the other hand, Marx argues that the robbery of surplus-labor by producing material wealth for the capitalist, constantly creates the very 'alien power' (capital) which dominates and exploits the labor (Girling, 1987).

Hans-Hermann Hoppe has indicated what was wrong with Marx's exploitation theory on "surplus-value" terminology. He indicated that laborer agreed

the arrangement of capitalist because his wage payment represents present goods- while his own labor services represent only future goods-and he preferred a smaller amount of present goods over a possibly larger one at some future date. On the other hands, why would the capitalist want to strike a deal with the laborer? For instance, \$100 now if he were to receive the same amount in one year's time, he would not want to pay it out now. That is he must expected to be able to earn profit in the future and he is constrained by time preference. Marx' theory of exploitation was wrong, is that he did not understand the phenomenon of time preference as a universal category of human action (Hoppe, 1990)

On the illustration of Bohm-Bawerk's discounting approached, and arrived at the critique of the exploitation theory on "full value", for instance, a steam engine that requires five years of labor to produce, and has a final price of \$5,500. Suppose that one worker labors for five consecutive years to produce one such engine, then, this worker is due \$5,500, i.e., the full value of this product. However, it should be noted that the worker can only be paid this "full" amount if he is willing to wait the full five years. This can recognize that present goods are more valuable than future goods. That is people would prefer goods today rather than goods in future years (Murphy, 2004).

From George Reisman implied classical economic versus exploitation theory, it provides the basis for turning the historically gave exploitation theory upside down. On the definition of classical economics:

"Profit" is the excess of receipts from the sale of products over the money costs of producing them-over, it must be repeated, the money costs of producing them.

A “capitalist” is one who buys in order subsequently to sell for a profit.

“Wages” are money paid in exchange for the performance of labor-not for the products of labor, but for the performance of labor itself.

Workers produced and sell their products, the money that they received in the sale of their products is not wages they are in fact profit. In the pre-capitalist economy all income is profit, and no income is wages. On the basis concept of “demand for commodities is not demand for labor”, it showed that profit must regard as the original and primary form of income. A real exploitation of labor is other emerged incomes deduction; as personal or corporate income taxes. In George Reisman’s point of view, the fundamental place to challenge the exploitation theory is not over the labor theory of value or the iron law of wages, but it is conceptual framework-over the doctrines of the primacy of wages and the deduction of profits from wages (Reisman, 2005)

Dong-Min Rieu indication on understand Marx’s theory of exploitation for the “network economy”. By dovetailed with the conventional Marxian idea regarding knowledge as embodied in labor power, as opposed to a separate factor of production accordant with Castells concept of “the reflexive application of knowledge to the production of knowledge” and represented as follows:

Knowledge + other inputs (including labor) → knowledge [1]

Although this equation may seem straightforward, there are many intricacies. On the other hand, it can be interpreted as

Labor power + other inputs → knowledge [2]

This equation [2] simplified the complicated nature of networked economy, but it is insufficient for evaluating whether knowledge can be a new source of value

because it incorporates knowledge into labor power. For itself, skilled labor in fact implies unskilled, simple labor plus knowledge. The value of knowledge can be measured by the socially necessary labor time to produce it. However, it is difficult to determine the labor time for digital commodities, the reproduction of which costs almost nothing. Thus, in this contest, value can only be created by exploiting so-called “knowledge workers,” who are essentially the same as simple manual workers (Rieu, 2006).

Chapel Hill has mention Marx’s exploitation theory is not used in mainstream economic theory. The closely associated with economic theory is the deprecated labor theory of value.

Modern uses of “exploitation” in economics were associated with deviation from Pareto optimal equilibrium due some kind of market failure, including:

1. Monopoly – one seller, many buyers; the unique seller has market power (i.e., can manipulate price / quantity for excess profit over that possible in a perfect market)
2. Monopsony – many sellers (e.g., of labor), one buyer (e.g., company town); the unique buyer has market power
3. Principal agent problem – exploitation of employer by employee through shirking or embezzling (due to asymmetric information)
4. Free-rider problem – individual benefits from public good without participating in the cost of producing the good

Sense (3), in which the employer is “exploited” by the employee, is not an habitual connotation of the term.

Sense (4), free-riding, has close connection with other meaning of exploitation in the natural world.

A basic problem of the exploitation concept in modern economics is that it seems to imply direct comparison of utilities of different individuals, which is an implausible assumption (Hill, 2008).

Most of the study on migrants' trafficking and exploitation had followed Articles 3 of UN Protocol (2000). According to Article 3 of the UN Protocol (2000) was defined as follow;

“Trafficking in persons’ shall mean the recruitment, transportation, transfer, harboring or receipt of persons, by means of the treat or use of force or other forms of coercion, of abduction, of fraud, of deception, of the abuse of power or of a position of vulnerability or of the giving or receiving of payments or benefits to achieve the consent of a person having control over another person, for the purpose of exploitation. Exploitation shall include, at a minimum, the exploitation of the prostitution of others or other forms of sexual exploitation, forced labor or services, slavery or practices similar to slavery, servitude or the removal of organs.”

In the purpose of fight against poverty, ILO has developed “Decent Work Agenda” in 2000. The meaning of the “decent work” is particularly expression in Spanish and in English. In English one of the first acceptations of the word “decent is “satisfactory, of an acceptable standard”. And in Spanish the acceptance for the word “decente” (decent) is “of good quality and in sufficient quantity”. In common language, a decent job is at least “sufficient in quality and quantity” (ILO, 2000).

The characteristics of decent work have been attributed to:

- Productive and secure work
- Ensure respect of labor rights
- Provides and adequate income
- Offers social protection
- It includes social dialogue, union freedom, collective bargaining and participation (ILO, 2000).

The subjects of the international ILO Conventions on Decent Work defined as;

Work and wages: employee should be entitled the minimum wage, regular pay and compensation overtime.

Work and holidays: three weeks paid holiday is the yearly minimum. National and religious holidays not included.

Work during holidays and weekends: should be entitled to paid leave during national and officially recognized religious holidays. The right of compensation holidays and weekend work compensation also acquire.

If you have children at school: paid holidays should be allowed to coincide with the holidays of school going children. Employees (regardless of gender) with family responsibilities should have the same opportunities as their colleagues who have no such responsibilities.

Maternity and work: during pregnancy and maternity leave you should be entitled to medical and midwife care without any additional cost. No harmful work should be exempt from work that might bring harm to you or your baby. Maternity

leave should last at least 14 weeks and income should amount to at least two thirds of your preceding salary.

Health and safety at work: include the right of fairness of employer cares, free protection of clothing and other necessary safety precautions, training related safety and health aspects and the complaints regard an imminently or actually dangerous situation on the job.

Work and sickness: the rights of protection income when sick, be entitled to 6 months of 60 per cent of the minimum wage, 6 months of job security when sick and disability benefit due to an occupational disease or accident.

Social security: pension rights from the age of 65, set as a percentage of the earned wage. Dependents' benefit when the breadwinner has died, a right to unemployment benefits set as a percent of the minimum or percentage of the earned wage and have access to the necessary minimal medical care at an affordable price.

Fair treatment at work: equal pay for men and women for work of equal value, sexual intimidation, equal training opportunities and help incase of freedom to complain.

Children at work: Employees' children should be able to attend school. Hazardous jobs that may carry health risks, are subject to sharper criteria.

Forced labor: employers have to allow employee for freedom to change jobs. No passport or ID should be hold by employers. Fully paid back the personal loan provided by employer when employee do not receive any pay.

Trade union rights: entitled to negotiate with employers on term of employment without hindrance and freedom to join a union an being active in the trade union outside working hours (ILO, 2009).

Since there has lack reliable on background data of Myanmar migrants in the Phang-Nga Province, Researcher has to indicate the level of the key indicators of exploitation base on the purpose of meeting the decent work?

In 2006, the study of Mekong Challenge, International Labor Organization (ILO) has described its key human trafficking and exploitation on migrant workers by considered under Article 3 of UN Protocol which defined above and ILO Convention NO. 29 so call Force Labor Convention.

The term ‘forced or compulsory labor’ shall mean all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily.’ (ILO, 1930). These key aspects of ‘forced labor’ are purpose to examined migrants’ working conditions in their worksites. Working conditions are consider on the level on which migrants were force to work, constraints preventing a migrant from leaving their job, freedom of movement, retention of ID documents by employers, violence, payment violations, working hours, days off and written contracts. Migrants who met any of these penalties are considering as human trafficking and exploitation (ILO, 2006).

In February 2009, United Nation has identified the tools for victims of labor exploitation by People who have been trafficked for the purposes of labor exploitation are typically made to work in sectors such as the following: agriculture, construction, entertainment, service industry and manufacturing.

People who have been trafficked for labor exploitation may:

- Live in groups in the same place where they work and leave those premises infrequently, if at all
- Live in degraded, unsuitable places, such as in agricultural or industrial buildings
- Not be dressed adequately for the work they do: for example, they may lack protective equipment or warm clothing
- Be given only leftovers to eat
- Have no access to their earnings
- Have no labor contract
- Work excessively long hours
- Depend on their employer for a number of services, including work, transportation and accommodation
- Have no choice of accommodation
- Never leave the work premises without their employer
- Be unable to move freely
- Be subjected to insults, abuse, threats or violence
- Lack basic training and professional licenecees (UN, 2009)

Labor exploitation can occur when demand on unskilled labor for high intensive on producing goods, on the same time when there is a condition of surplus-labor in labor market. Besides, condition of trafficking and exploitation on migrant workers can be found in this condition. ILO's Forced Labor Conference (1930) and United Nation Protocol (2000) are played an important roll to examine the level of human trafficking and exploitation.

2.2 Literature Review

The research which has been done in Phang-Nga province was in 2003, the cross-border Myanmar migrants and local Thai population at risk in transmission-prone. This is the study of prevention and controlling the transmission-prone disease from Myanmar migrant workers to Thai local people. (Koyadun, Bhumiratana and Prikchu, 2003).

Another study of Myanmar migrants in Phang-Nga Province is the health related quality of life and sociodemographic (Somrongthong, 2008). The study found that there was highly statistically significant association with health related quality of life of Myanmar migrants in the variables of marital status, personal security and relationship with employer/supervisor.

On the literature review on migration, when we look at Mehta, Theodore, Mora and Wade (2002) whose study in undocumented immigrant workers in Chicago, also insist that English proficiency and additional years in the U.S labor market do indeed help Latin-American immigrants earn higher wages. They gave the suggestion that having legal status activates the positive influence of education. Education, English proficiency, and prior work-experience were strongly influence movement on workers in which access to higher-wage occupations.

According to Panam, Zaw, Caouette and Punpung, (2004), speaking Thai language is essential for domestic workers in Thailand. For those who were unable to speak Thai result difficulty in negotiating with employers, finding good jobs as well as express their condition when insecure meet to them. Language barriers contribute to the progress of aggravated the interactions between the Myanmar migrant workers and their employers.

On the study on ‘Myanmar migrants’ demographic characteristic, socio-economic characteristic and migration destinations, strong negative influence of marriage on migration were found in this study. In Kanchanaburi province, 62.4 % of Myanmar migrants were found in agriculture and plantation works, 11.8% were in non-agricultural sectors and 25.8% were unemployed housewives. In the choice of destination, 91% of migrants were chose to migrate the close place with the place of origin (Dechen, 2005).

On the study on does immigration to Thailand reduce the wages of Thai workers by John Bryant and Pungpond Rukumnuayki, the absence of an employment effect was related to the potency of the wage effect in Thailand. The adjustment of Thai labor markets was appeared to have reduction in wages of immigration rather than reduction in employment rates or hours. From the results, researcher suggested that immigration has not had any harmful effects on Thai employment rates (Bryant and Rukumnuaykit, 2007).

According to the study of migrants chose destinations which maximized their earnings weighted by the probability to find a job in the destination area (Cattaneo, 2008). Single people within migrants from Albania has less affected by unemployment. Individuals Migrants with less experienced show higher earning than two year employment. And migrant with intermediate working years showed respectively higher earnings than those migrants employed with more than 10 years experienced persons.

From the ILO’s “Getting at the roots: stopping exploitation of migrant workers by organized crime”, Gender played an important role in influencing the victim of trafficking. Traditional gender isolation in the labor market tend to limit women’s

opportunities for work in which the certain places possibly to be trafficked. Thailand receiving a high degree of exploitation and abuse for migrant victims in Greater Mekong Sub-region with an estimated 194,180 foreign child laborers mainly from Myanmar, Laos and Cambodia in 1998. An estimated 80,000 women and children were trafficked into the sex industry in 1999. ILO stated that a major cause for trafficking in labor is the lack of submission and enforcement of labor standards in countries of destination as well as countries of origin (ILO, 2003).

The causes of irregular migrant workers were; easily fall victim to unjust exaction and were highly vulnerable to abuse and exploitation by employers and recruiters as well as criminal gangs and some corrupt bureaucrats. The basic human rights of migrants in an irregular status are often violated. They are not able to secure for themselves protection against vulnerability to their health and safety, asking fair wages, asks for reparation in case of injury or illness, join unions or organize themselves for collective bargaining, or have any security of employment etc., (ILO, 2004).

The research examined the victims of trafficking/forced labor and the different forms of coercion used by employers/traffickers in Ukraine. In the case of trafficked victims of forced labor, the research found that the use of violence to prevent a participant from leaving work was 32.2 percent. Debt bondage, lack of freedom of movement and the withholding of wages which experienced by the participants were illustrated at 75.4 percent which is the most serious coercion found in Ukraine (Kiryan and Linden, 2005).

Trafficking and sexual exploitation of migrant workers from Albania, by Stephens and Linden (2005) explored the forms of coercion as exploitative conditions

which lead migrants leaving their work. 63.2% of trafficked victims felt that violence against them prevented them very seriously from leaving work. 47.1% felt that the withholding of wages was a very serious factors in prevention them from leaving their work. A less important role which played as a form of coercion was debt bondage.

From the study of trafficked and exploitation in Thailand, indicated that only low percentages of migrants have been subjected to threats or coercion while being during recruited to Thailand. Most of the coercion and exploitation occurred at the time of employment in Thailand. From the application of 1,280,000 registered migrants 2005, 5.3% of migrants being forced into prostitution and 5.8% were in the victim of forced labor. Researchers suggested that in order to prevent trafficking to be effective, offered opportunities that viable in terms of sustainable earning and working conditions (Huguet and Punpuing, 2005).

In order to understand the dynamics of migration process and its consequences lead to human trafficking, International Labor Organization (ILO) has studied the social-cultural factors, economic factors and legal and political factors. Researchers have highlighted key indications of exploitation in terms of understand working conditions of migrant labors.

From this research of key indications of exploitation, researcher found that there are much larger numbers of migrants in all sectors had suffer from substandard working conditions including underpayment of wages (below minimum wage), forced overtime, long working hours and lack of day off. In this research, 82% of domestic workers, 45% of fishing workers and 19% of manufacturing workers were worked more than 12 hours per day which has over the standard work day in eight hours per day according to Thai Labor Protection Act. More than 90% of workers in four

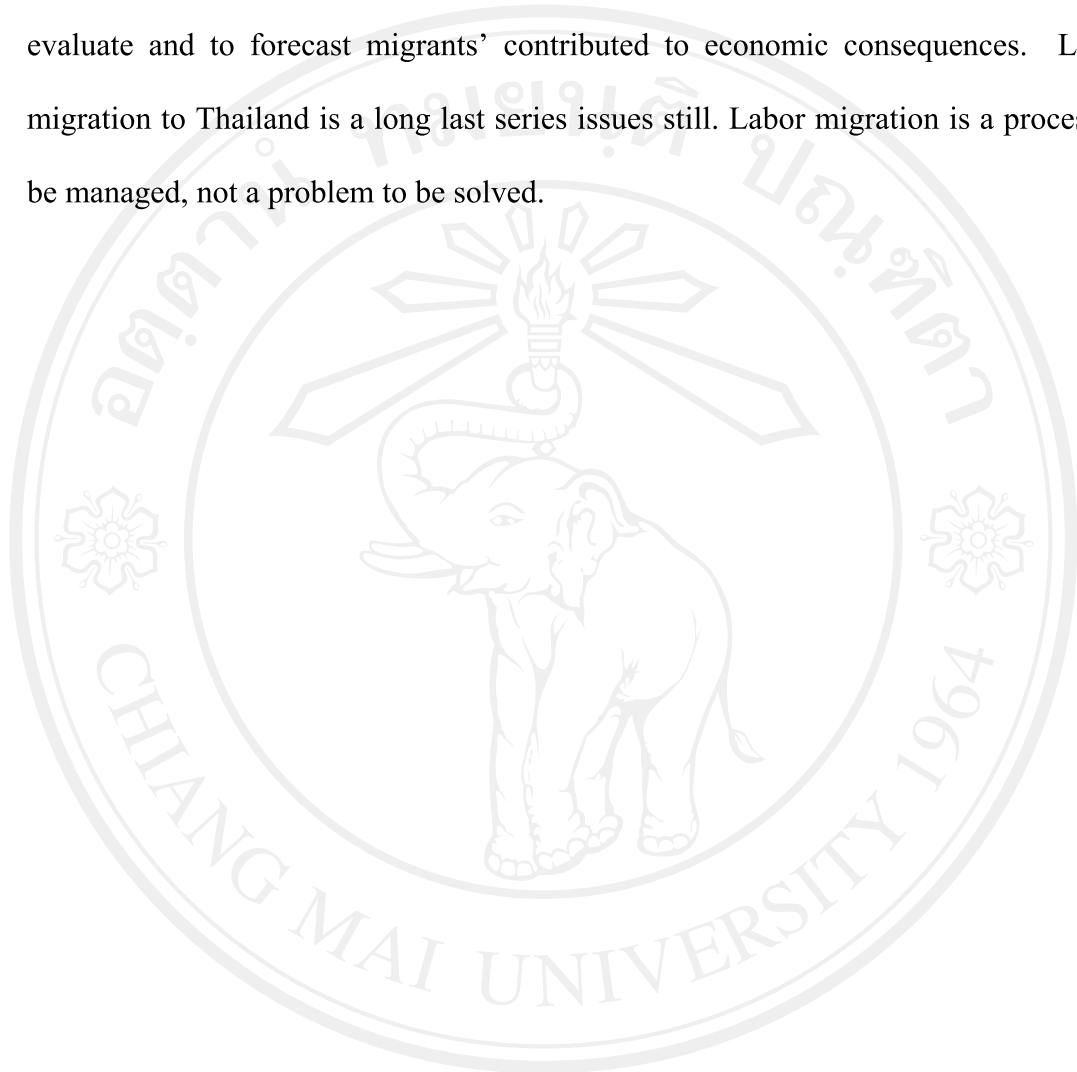
sectors: agriculture, fishing, domestic, and manufacturing do not have a written contract of employment (ILO, 2006).

When we look at the issues of Vietnamese labor migrants in Republic of Korea, low-skilled workers were faced vulnerability to the violation of their rights. Verbal abuse or violent language is the serious issues found with the percentage of 50%. The second highest are Retention of passport 47.6% and breach of employment contract 44.3%. In the case of Vietnamese migrant workers in Malaysia, non-payment of wages was quite common found. But almost all migrant workers have to accept this condition because they of unemployment in their place of origin while their families were in financial supporting needed on one hand (Anh, 2008).

In the study of the impact of having foreign labor to Thai economy 1996, researcher used Computable General Equilibrium (CGE) model of the Thai economy and indicated that foreign workers were good substituted for low educated Thai workers. With the removal for foreign labor, Thai total real household income was slightly increased at 0.05 percent, but real income of 60 percent of Thai poorest household increased by 0.4 percent. In short, foreign workers increased the labor resource for Thai economy but allow higher output levels and higher exports (Sussangkarn, 1996).

Martin (2007) estimated the value added by migrants in each sector of the economy and make assumptions about the average output of each migrant contributed to the Thai GDP. He assumed that migrant workers representing 5 per cent of the labor force depressed wages of Thai workers by 3 per cent, and the share of labor in national income is 40 per cent, the net gain due to migrant workers would be \$47 million in constant dollars and \$53 million in current dollars. But he admitted that,

even though theories built up from experience from other parts of the world can be applied to the migration to Thai situation, it is hard to find empirical evidence to evaluate and to forecast migrants' contributed to economic consequences. Labor migration to Thailand is a long last series issues still. Labor migration is a process to be managed, not a problem to be solved.



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