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<td>Author(s)</td>
<td>Low, Linda.</td>
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Paper No. 7
Labour Migrants in Asia: Bane or Boon

Linda Low
Department of Business Policy
National University of Singapore
Email: fbalowl@nus.edu.sg

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Abstract

Starting with the premises of globalisation, knowledge-based or new economy as a result of information communication technology juxtaposed with the apparent recovery Asia is nursing since the financial crisis in 1997, this paper explore the impact and policy implication on foreign labour migration. Using Singapore as a case study as it upgraded its foreign worker policy to a more focused foreign talents policy to become a foreign capital in the region, a number of policy suggestions are tendered.

First, Asia cannot simply return to its old growth model of export-led industrialisation when the new economy, new technology and globalisation add up to a more dynamic, volatile and expansive set of opportunities for multinational corporations (MNCs) from the developed industrial world. More sensitive to problems posed by globalisation from above at home, MNCs may not be relying as heavily on inexpensive foreign labour elsewhere as dictated by the the new international division of labour. The magnitude and composition of intra-Asia labour flows traditionally driven by these MNCs may well change and be affected.

Second is as Asia should also pay attention to its own technological transformation, the nature of foreign labour flows which has been beneficial in the past must also move in tandem with global trends. Soon, foreign talents will be as much demanded in the rest of Asia as in Singapore barring more sensitive ethnic, nationalistic considerations in Southeast Asia.

Three is a point made about regional technological networks founded on social trust beside technical capabilities has to be given some attention. The semiconductor industry has been exemplary in fostering such networking between MNCs and indigenous capabilities and the effect has to spread wider and faster which will also be in tandem with anticipated higher levels of movement of foreign talents in the region.

Finally, social security and welfare protection for foreign workers seem as much a remiss in the recipient as sending countries. This has to be redressed and soon as the Asian financial crisis has illustrated the social dimensions and hardships especially of repatriated foreign workers.
Labour Migrants in Asia: Bane or Boon

1 Introduction

This paper attempts to put together a number of trends and issues on labour movements in East and Southeast Asia. The developments are partly in response to globalisation and the emerging knowledge-based economy (KBE) with new information communication technology (ICT), and partly shaped by the political economy in the region. The transition to the new economy clearly involves a seismic industrial restructuring more than a cyclical overhaul, from old to new economy. Yet, after two years of the 1997 Asian financial crisis, the apparent recovery may be falsely optimistic as fundamental corporate and financial restructuring is not sufficiently deep and real.

Asia is thus at a crossroads, grappling with sea changes needed to shift into the new globalised economy which demand economic liberalisation and deregulation in the face of hyper competition. Hyper competition is a condition of rapidly escalating competition based on price-quality positioning, competition to create new knowhow, establish firstmover and competition for markets (Avendi, 1994). Southeast Asia in particular, has to deal with issues in socio-political and ethnic distribution. The recovery is uneven, complacent and still overly dependent on the old economy growth model of export-led industrialisation geared to markets in the US, European Union (EU) and Japan.

Against this backdrop, this paper first assesses the impact of globalisation, KBE and ICT on labour utilisation and employment in Section 2 before considering the implications on foreign labour migration East and Southeast Asia in Section 3. Foreign labour has traditionally fuelled economic growth in Asia except Japan which instead created the industrial demand through its direct foreign investment (DFI) in offshore locations. The nature and scope of foreign labour movement in Asia will be affected by the new economy and post financial crisis and labour migration issues have to be revisited with policy implication. Singapore is an illustrative case presented in Section 4 because it has probably all the features of industrial restructuring and transformation to a KBE, is both a labour receiving and sending country and displays most of the issues and challenges of foreign labour migration. We conclude with some generalised conclusions and policy implications in Section 5 to assess the boon and bane effects of labour migrants in Asia.

2 Globalisation, new economy and labour migration

Globalisation is an evolving pattern of crossborder activities of firms involving international investment, trade, collaboration for the purposes of product development, production, sourcing and marketing (OECD, 1996, p 9). It is an intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring miles away and vice versa. It is a spatial compression reducing the significance of distance. Globalisation is internationalisation of a Schumpeterian evolution propelled by the explosive growth in technology to connect people and locations, creation of a freer environment for trade and investment and massive economic restructuring and liberalisation (Acs and Yeung, eds, 1999, p 164). Transformations attributed to globalisation comprise deterritorialisation of economic and political affairs, ascendance of highly mobile, transnational forms of capital and growth of global governance. It is in globalised financial markets where the most extreme proponents of globalisation see the global and national in terms of conflicting principles of
organisation. Global networks seem to be advancing at the expense of national ones leaving the state powerless (Weiss, 1999).

Globalisation which enables such rationalisation or diversification is only one of three forces identified in turbo-capitalism, the other two being privatisation and deregulation which similarly affect labour markets. Turbo-capitalism is defined as using the free market to generate new wealth from all resources released by the competition-powered destruction of inefficient practices, firms and entire industries which were previously state-owned, subsidised or protected by regulations or tariffs (Luttwark, 1998, pp 5 and 27). While secure jobs of employees are creatively destroyed, the architects and beneficiaries of turbo-capitalism are seen to enrich themselves at both an unprecedented rate and scale.

Globalisation is facilitated by flexible production which relative to Fordism is the reduction of waste to enhance productivity, reversing Taylorism by integrating thinking and doing at all levels of operation in organisation (Oman, 1994, pp 86-88). Flexible production involves a change in value adding chain, simultaneous engineering, continuous incremental innovation, team work, just-in-time (JIT) production and zero buffer principle, total quality control, integrating supply chain and cooperative, synergistic nonprice regulated relations.

Flexibility and specialisation are facilitated by information technology (IT) as a converging set of technologies in microelectronics, computing (machines and software), telecommunication, broadcasting, optoelectronics, even genetic engineering. The heartland is in computing and telecommunication using technologies such as compact disc player or teletext systems, treating data in digital form (Duff, 2000).

Flexibility twins with global strategy which refers to standardisation of a product to be manufactured and sold the same way throughout the world or ability of firm to build a broader product portfolio with many product varieties to share investment on technology and distribution. It requires flexibility to achieve multiple sourcing, shifts in production to low cost locations and arbitrage to exploit imperfections in financial and information markets. It is a complex efficiency oriented approach which implies rationalisation of production networks on a global scale. It consists of a dispersed geographical location of each or some parts of the value chain or company functions and a more centralised coordination of linked activities. The global production space is divided into discrete functions (assembly; procurement, finance, research and development, R&D) and redistributed wherever they can be done most effectively. While labour is still needed in the new globalised economy, it comes down how much, how distributed globally and how intellectual capital, inspiration rather than perspiration go into distribution, delivery and marketing of old and new products.

Another impact of globalisation and ICT is commodification in the capitalist world economy with endless capital accumulation and commodity chains. A commodity chain is a network of labour and production processes whose end result is the finished commodity. It is efficient as a method minimising costs in terms of output but it is also opaque. The opacity of distribution of surplus value in a long commodity chain is the most effective way to minimise political opposition because it obscures the reality and the causes of the acute polarisation of distribution which is the consequence of endless accumulation of capital. Commodification has more than created a level playing field; it has directed accumulation to subsidise certain participants. Labour would argue that commodification legalised monopolies as in patents and property rights, served as very generous monopsonists and deskilled workers. The length of a commodity chain determines the boundaries of division of labour in the world economy, dependent on kinds of raw materials included, state of technology in transport and communication, degree to which dominant forces have political strength to incorporate additional areas into network.
McDonaldisation is like the emergence of an instrumental and technical rational culture within the meaning and practices fostered by global capitalism and bureaucratic systems. The fast food industry is identified with four basic components of formal rationality, namely, efficiency, quantification, predictability and displacement of human labour. These bureaucratic principles colonised food production and consumption as well as in other industries in general, the quickest way to consumer satisfaction and minimum personal disturbance. Replacing human labour with more predictable controllable technology makes it self service and utilises unpaid labour of customer, deskills service workers, imposes a drudgery on consumer, eliminates human contact altogether. Implicitly, McDonaldisation generates a culture of distance and indifference in the guise of rationalisation of modernity.

The uneven impact of globalisation is dramatised in sentiments like "outside-in" or "out there" to imply globalisation sets the tune and states dance to that. The faster pace of diffusion and higher degree of pervasiveness of ICT compared to previous technology paradigms has a tremendous impact on employment in both scale and complexity. This has progressed beyond the labour saving bias in manufacturing to employment in ICT-induced new products and services as in software employment (Vivarelli, et al, eds, 2000). It has spawned organisational and productivity improvement manifested in downsizing, delayering, contingent JIT workforce and raised issues of employability versus employment (Rifkin, 1995 and Cook and Philip, 1995). General manufacturing employment is negatively affected by ICT diffusion but some counter tendencies operate in the opposite direction is seen as new ICT products and services such as home computers and mobile phones. Another counter tendency in the service sector which used to be immune to labour saving automation, as in banking, retail trade and mail, has been reshaped by ICT.

Globalisation and ICT take and multiply the changing nature of work and employment many more folds as new uncertainties for enterprise, search for flexibility and costs inject greater volatility and discontinuities. From the fusion of telecommunication and computer technologies in telematics to deregulation of financial and capital markets, the integrative power of MNCs and emergence of a global civil society has forever changed the world of work. The concept of a 20:80 society in the next century depicts 20% of the population will suffice to keep the world going and the end of work (Rifkin, 1995) enables the 20% to have lunch or the 80% be lunch (Martin arid Schumann, 1996, p 3-4).

The nature of work changes from organisational restructuring and reduction in layers of organisational hierarchies responding to ICT and the new economy. Knowledge-based skill upgrading and the need for continuous learning sustain the capacity for innovation and deregulation of the labour market. The new skill base and employment pattern make a distinction between permanent and flexible employment with outsourcing, delayering. The new division of labour incorporates skill enhancement, multi-skilling, team work, flexibility, flat hierarchies, trust, empowerment coupled with higher accountability, networking, flexible technology and organisational learning (Littek and Charles, 1995, p 2). While trust and a new competitive, consumer oriented economy in a volatile environment have to mean certain changes, it may be timely to put together the two "IRs", international relations and industrial relations or the impact of globalisation on the international division of labour (Harrod, 1997).

Table 1 differentiates between activities in the old and new economies and stress on quality and the resultant impact on jobs is clear.

Table 1  The quality index of economic activities

<table>
<thead>
<tr>
<th>High quality activities</th>
<th>Low quality activities</th>
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<tr>
<th>New knowledge with high mkt value</th>
<th>Old knowledge with low mkt value</th>
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<tbody>
<tr>
<td>Steep learning curves</td>
<td>Flat learning curves</td>
</tr>
<tr>
<td>High growth in output</td>
<td>Low growth in output</td>
</tr>
<tr>
<td>Rapid technological progress</td>
<td>Little technological progress</td>
</tr>
<tr>
<td>High R&amp;D content</td>
<td>Low R&amp;D content</td>
</tr>
<tr>
<td>Necessitates, generates learning-by-doing</td>
<td>Little personal or institutional learning needed</td>
</tr>
<tr>
<td>Imperfect information</td>
<td>Perfect information</td>
</tr>
<tr>
<td>Large chunky/divisible investments</td>
<td>Divisible investments</td>
</tr>
<tr>
<td>Imperfect but dynamic competition</td>
<td>Perfect competition</td>
</tr>
<tr>
<td>High wage level</td>
<td>Low wage level</td>
</tr>
<tr>
<td>Economies of scale and scope</td>
<td>Little or no economies of scale/risk of diminishing returns</td>
</tr>
<tr>
<td>High industry concentration</td>
<td>Fragmented industry</td>
</tr>
<tr>
<td>High stakes, high entry and exit barriers</td>
<td>Low stakes, Low entry and exit barriers</td>
</tr>
<tr>
<td>Branded products</td>
<td>Commodity</td>
</tr>
<tr>
<td>Produce linkages and synergies</td>
<td>Produce few linkages and synergies</td>
</tr>
<tr>
<td>Standard Neoclassical assumptions irrelevant</td>
<td>Standard Neoclassical assumptions reasonable</td>
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Creative destruction as new technology destroys and creates jobs and demands a learning society and with lifelong learning as a fundamental (OECD, 1997a and 1997b). The IT labour market consists of IT specialists who need a great deal of knowledge about the technology itself and professionals who need to know how to use IT as a tool in the execution of the job. Because IT interacts with human beings in a more sophisticated way than pure electronics, the skill content of the workforce is increasingly focused on more complex items as in "tacit" dimensions of skills which are not so easily grasped. "Social skills" may still be poorly specified but they are needed in new forms of organising work in project teams, capability to take initiatives, make good judgements, and enforce discipline among others.

Many different and sometimes contradictory demands for skill and knowledge appear in the KBE. Important ingredients are attitudes and norms which are a product of an individual's total social experiences. Computer science and formal education prepare people for the KBE but the learning society and adjustments to the information society need a broader perspective. There is further the dynamic aspect of how the demand for skills is formed which warrants attention. The lifetime of products is shortened and time to market is a competitive advantage as reduction in communication costs also put products traditionally sold in local or national markets on global ones. This means a demand for not just higher levels of education but also continuous retraining and upgrading for improved methods and JIT learning and other support for problem solving in work.

After formal education, on-the-job training (OJT) is a kind of learning integrated in work. An active labour market policy is built upon the enhancement of people's employability. The traditional system of learning has people move from the education system to working life but learning in working life is unreflected and not systematically dealt with. The pattern of new learning system is visible and training costs outside the labour market are reduced and instead, learning processes and further education are developed into the working life itself. The mismatch problem in the labour market needs new methods for the socialisation of young people to working life by improving the interface between the education system and working life.
One positive factor of ICT is technology being equally efficient and effective as a learning tool and mechanism for formal education and informal continuous lifelong learning. Distance learning, OJT and work placement exercises intermediated by ICT, information accessible at relatively low costs and flexibility of learning environment and time are however, pluses to be weighed against the usual equity problems of information-rich and information-poor or the great digital divide across income classes and countries.

Globalisation from above

In contrast to the developing countries' wave of resistance as globalisation from below, corporate-led globalisation from above since at the end of cold war leaves six broad problems (Falk, 1999). They are growing inequalities, eroding jobs, wages and working conditions, increasing vulnerability of "casino" economies, plunder of natural resources, destruction of communities and deterioration of democracy. Corporate-led globalisation is reflected in jobs crisis, rising inequalities and ecological imbalances among others joining a backlash spanning countries, classes, ideologies and religions (Mittelman, 1997).

Specifically, three globalisation issues impinge upon labour markets in advanced industrial countries (Rodrik, 1999, p 118). First, globalisation results in unskilled labour becoming more easily substitutable through trade or investment flows across borders. A downward shift in demand curve for low skilled is identified but with insufficient attention to increase the elasticity of this demand to account for change ins in labour markets. Increased substitution implies, one, costs of increased benefits and working conditions can no longer be passed on or shared with employers. The larger the elasticity of demand for labour, the higher the share of such costs by workers themselves. Globalisation thus makes postwar bargain unsustainable. Two, shocks to labour demand as by labour productivity result in greater volatility in earnings and hours worked which account for some of the widening wage inequality and within group inequality. Three is to the extent wages determined by bargaining between workers and employers increase in substitutability of workers, the result will be lower share of enterprise surplus ending with workers. The more substitutable are workers, the less bargaining power they have and lower wages they receive. Globalisation thus changes (actual or perceived) elasticity of demand for unskilled workers, not a reduction in demand per se (Rodrik, 1999, p 119).

A second issue is on labour standards with expanding trade and investment networks bringing in societies with different standards for working conditions, reflecting income differentials and varying values. Large discrepancies undermine the legitimacy of free trade and make it harder to sustain any domestic consensus on trade policy in advanced industrial countries as they raise issues on "social dumping" and "race to the bottom". Low standard countries have low labour costs after controlling for productivity and stronger revealed preference for labour intensive manufacturing. Contrary to presumption, low labour standards deter, not attract DFI.

A third issue is the undermining of the role and effectiveness of national governments in advanced industrial societies especially where economic integration is deep as in the EU. Postwar multilateralism has not downplayed the government but gave it a central role of sheltering domestic society from excessive external risk. A serious dilemma is posed as historically, globalisation meant openness maintained due to strong governments, yet globalisation today seems to exert forces which make them weak and ineffective. Those who stand to lose from argument favouring globalisation will be the low skilled, least internationally mobile labour and most exposed to external shocks.

The consensus on international trade and labour standards exists only insofar as the later leads to an enlargement of labour supply, strengthen the comparative advantage of southern
exports of labour intensive products while northern imports of these increase. But via a fall in relative price, it will lead to fall in real wages of the unskilled in the north. Viewpoints diverge from here. Trade economists see the creation of gains from trade for the north, improvement in its terms of trade (TOT) as the north is a net importer of such goods. While unskilled labour lose, governments could compensate the losers if so desired and the north can still gain overall. Labour advocates note gains to workers and consumers. But they see unskilled in the north displaced from jobs, income lowered because of unconscionable (to north) employment practices in south and state compensation unlikely to happen. Shrinking or deficit budgets may be another feature of globalisation and reform of the welfare state because of demographic transition more than globalisation cannot be occurring at a worse time.

The issues involving the legitimacy of the process in which net gains are created in the north must be distinguished from the need to demystify international trade as an added technology in the production function to transform inputs to outputs (Rodrik, 1999). Exports can be thought of as inputs to earn foreign exchange or be transformed into imports as outputs. With lower labour standard in the south, TOT improve and act a technical advance in this technology and lower the input-output coefficient. It is useful to view trade this way, that any new trade opportunity is similar to technological progress. It also clarifies the issue that nations have collective preferences over kinds of technology admissible as fair and legitimate. Governments have always had restrictions on technology which violates these boundaries even if a larger productive potential is promised, like the ban on slavery or experimentation on humans. The only difference in trade technology is about “us” in the north and “them”, children and women in the south.

A more common complaint is how low labour standards create a downward pressure on importing countries’ labour standards as well, a “race to the bottom” acquiesced to prevent footloose capital deserting for the south. This may have a surface appeal, but it is correct only in a limited sense. Any country which wants higher labour standards can purchase them for itself regardless of levels elsewhere in three ways, namely, currency devaluation, direct downward adjustment in wages and cost of higher labour standards paid for by government financed by tax increase. The race to the bottom can averted but clearly the north is upset about bearing the costs while the south competes more unfairly.

The race to the bottom occurs if economic integration with low standard countries increases. There is no universal definition of labour standards except International of Labour Organisation (ILO) conventions (174 of them, 171 in force) with a wide variation in ratification coverage. Labour standards do exert a statistical and economic effect on labour cost differentials across countries. Low labour standards tend to increase the comparative advantage of domestic firms in labour intensive manufactures but the effect on inward foreign investment is negative.

A more direct impact of globalisation on labour migration in the industrialised countries is globalisation begets informalisation as globalisation leads to an hourglass income distribution, in turn, to a demand for cheap labour, on to immigration from the third world (Light, 2000. Informalisation from global restructuring and a growing demand for cheap labour start with rich and dual income households in industrialised countries needing servants, nannies, gardeners and the poor and distressed ex-middle income class natives buying clothing from the informal sector. The expanding immigrant labour force creates a surplus, causing a decline in income and conditions in the informal sector. Spillover immigration occurs when the motor of continuing immigration switches from the demand to the supply side midstream. After demand conditions trigger immigration, immigrant social networks expand beyond demand or past some threshold as they lower the social, economic and emotional cost of taking distant jobs. The informal sector still expands as the migration networks partially or wholly compensate the decline in income.
The surplus turns to immigrant entrepreneurship, self employment and progressive informalisation. There seems no demand side limit to the capacity of rich countries to attract third world immigrants with immigration networks on operation. Personal network is important in explaining international migration especially when undocumented, illegal migrants struggle to promote, produce and participate as immigrant entrepreneurs when spillover occurs. Deeper policy issues arise. Because migrant workers are at a bigger risk, depend more on personal network, liable to be exploited because of legally weak and marginalised position in society, they are a double edged sword in either causing more problems for the authorities or become more wily as entrepreneurs. Network driven self employment is when redundant immigrants having saturated labour markets in the destination economy turn in desperation to low income self employment especially in the informal sector. It is similar to displacing native production workers in the formal sector but it is network driven for immigrants.

Globalisation from below

For developing economies, globalisation leads to both versions of old and new division of labour (Mittelman, 1997 and 2000). Tracing the commodity chains can delimit the division of labour and transformation of the production system as nodes from distribution to marketing, production and supply of raw material. What is new in the international division of labour is the move toward industrialisation in third world and ICT shrinking space and time. But the new international division of labour overstates the significance of cheap labour as a propellant of capital around the globe. For instance, Singapore labour is not cheap. What is also new is the emergence of the political economy of regionalism versus globalism, inner versus outer globalisation as in Asian regional division of labour, interregional and intraregional labour migration, growth triangles and such.

The dark side of global labour is harsh for the developing countries if not downright abysmal in pay and working conditions and labour has no right to organise to fight back. American MNCs like Levi (Schoenberger, 2000), try to do the right ethical thing and at same time maintain the bottomline. Levi seems ahead of time with progressive policies from desegregating factories in South America to support AIDS education and issued a global code of conduct in 1992 which said Levi bore responsibility of action of foreign partners running factories. It stepped back from Myanmar and its ruthless military regime and China in 1993 because of human rights violation. Difficult as it is to practise social responsibility without genuine commitment to transparency and seemingly, exhausted too by its ethics and touchy management style which has bogged down decision making and sales are falling, Levi remains as good a model for MNCs as any.

Ageing demographics, mismatch of skills of the unemployed retrenched from the old industrial economy not fitting into the KBE may cause further problems of equity and socio-political tensions. Issues of employability, continuous, lifelong education and training affect business costs and competitivenes as already observed in many parts of Asia and the developed world are all blamed on globalisation by those from below. Developing countries are susceptible to openness, shocks of external origin and postwar multilateralism given their relatively weaker governments and institutions to handle globalisation, ICT and KBE. As the Asian financial crisis showed, the risk reducing role of the government in social safety net and attendant welfare spending has been inadequate and ill-prepared. Even in the best of times, even in advanced industrial countries, social security systems are difficult to set up and maintain. Developing countries would need a broader set of instrumentalities to achieve risk reduction with globalised capitalism. Social safety nets and protection for foreign workers are practically nonexistent,
worse still, they are repatriated as a buffer device. Most countries have not even begun to address the protection of foreign labour either by the host or sending countries.

3 Trends in East and Southeast Asia

Migration flows may have not accelerated in the past three decades at the pace comparable with those of capital and trade given the opposing policies of reinforced control on migration movements versus trade and investment liberalisation (OECD, 2000b, p 9). The interdependence of sending and host countries is stronger now and the debate is no longer on the impact on respective countries. It has become inseparable from human rights, political economy of country of origin, national cohesion and the future of welfare state in host societies.

Greater openness in trade is conventionally argued as doubly blessed. On one hand, it increases efficiency and reduces inequality by boosting the relative demand for unskilled workers, hence narrowing gap between them and the skilled (Wood, 1999 and Athukorala, 1993). This optimistic view is challenged in Latin America since the mid-1980s. In East Asia, the conventional view on narrowing wage gaps and change in trade regime is validated in South Korea, Taiwan in 1960s and Singapore, 1970s (Wood, 1999). It is not so in Hong Kong because its wage gap widened probably due to a simultaneous large increase in relative supply of unskilled in 1950s. There is less evidence in the rest of Southeast Asia with a persistent compression of wage differentials by level of education in Malaysia, between 1973-1989 but the skilled and semiskilled gaining relative to other groups thereafter as also in Philippines during recession in mid-1980s. The entry of China and other Asian low income economies in the 1980s has shifted the comparative advantage of middle income countries into medium skill intensity manufactures. Such increased openness could have reduced their relative demand for unskilled and such sectors to contract. The other reason is technical progress between 1960s and 1980s which was biased against unskilled and to developing countries.

Various stages of labour migration in Asia may be traced back to waves of DFI first from the Organisation for Economic Cooperation and Development (OECD) economies followed by the Asian newly industrialising economies (NIEs). Beside intra-Asian migration, the Gulf states in the Middle East constituted another big magnet for workers from South and Southeast Asia. Table 2 show labour outflows from selected Asian countries between 1976 and 1993.

Table 2 Labour outflows from selected Asian countries, 1976 to 1993 (000)

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<tbody>
<tr>
<td>Bangladesh</td>
<td>6.1</td>
<td>30.6</td>
<td>77.7</td>
<td>103.8</td>
<td>147.1</td>
<td>188.1</td>
<td>244.5</td>
</tr>
<tr>
<td>India</td>
<td>4.2</td>
<td>236.2</td>
<td>163.0</td>
<td>143.6</td>
<td>117.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Indon</td>
<td>1.9</td>
<td>16.2</td>
<td>54.3</td>
<td>86.2</td>
<td>149.8</td>
<td>172.2</td>
<td>-</td>
</tr>
<tr>
<td>Pakistan</td>
<td>41.7</td>
<td>129.8</td>
<td>88.5</td>
<td>113.7</td>
<td>142.8</td>
<td>191.5</td>
<td>154.5</td>
</tr>
<tr>
<td>Phil</td>
<td>47.8</td>
<td>214.6</td>
<td>372.8</td>
<td>446.1</td>
<td>615.0</td>
<td>686.4</td>
<td>689.2</td>
</tr>
<tr>
<td>Skorea</td>
<td>47.7</td>
<td>146.4</td>
<td>120.2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>1.2</td>
<td>28.6</td>
<td>12.4</td>
<td>42.6</td>
<td>65.0</td>
<td>55.6</td>
<td>48.7</td>
</tr>
<tr>
<td>Thailand</td>
<td>13.0</td>
<td>21.5</td>
<td>69.7</td>
<td>63.0</td>
<td>63.8</td>
<td>82.0</td>
<td>138.0</td>
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<tr>
<td>Total</td>
<td>163.6</td>
<td>823.9</td>
<td>958.6</td>
<td>999.0</td>
<td>1301.0</td>
<td>1375.8</td>
<td>1274.9</td>
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Source: Chan and Abdullah, 1999, p 40.

The socio-economic issues and challenges identified in Asian labour migration resonate those for new international division of labour, income inequality and disparity, transfer
of skills, productivity, labour protection and social security discussed above. While labour shortage has been the main motivation drawing in foreign labour, sensitivity to socio-political areas including racial and ethnic composition have led to their regulation through various mechanisms including levies and quotas. Illegal migration and employment are problems which have led to diplomatic rows as have crimes and offence committed by migrant labour. The practice of free, uninhibited labour migration in any part of Asia as in the EU is thus an impossible, undesirable objective and it cannot be argued as convincingly as liberalised capital markets for cost and efficiency considerations.

But a distinction in the new globalised KBE between low skilled foreign migrant workers and foreign talents with the requisite ICT skills is complicating the debate. Foreign labour policies must be mindful of the issues and problems raised above on globalisation, KBE and ICT as unlike the old economy paradigm, the composition and magnitude of foreign workers in the new economy would be very different. There will be greater inflow of professional and skilled foreign workers from outside of East and Southeast Asia if IT workers for instance, have to come from India, Europe or North America.

Given the overall rates of growth and performance in Asian countries, the consensus is the benefits of foreign labour exceed the costs and migrant labour has indeed helped the international competitiveness of Asian exports. While foreign labour has generally provided a buffer effect and its magnitude adjusted cyclically according to demand and supply conditions, over reliance on less expensive foreign labour may, however, delay much need industrialisation restructuring and upgrading. The replacement or substitution effect of foreign and local labour should enable local workers to be upgraded and deployed more efficiently in line with a long term growth structure. On the other hand, the segmentation hypothesis which argues that skills of foreign labour are different from local and are complementary suggests a dualistic labour market. These could be jobs at both the low ends which local workers do not want or at the high end which they do not yet possess. The KBE and ICT revolution may lead to a strong competition in Asian countries for foreign talents their education and training systems have yet to produce or supply in sufficient numbers. Whichever, substitution or complementation of foreign workers enable cyclical adjustment and structural industrialisation and properly coordinated especially in some form of regionalism, benefit the recipient and sending countries.

The Asian financial crisis has caused a rapid rise in unemployment rates, deteriorating labour market conditions forcing rural domestic migrant workers laid off in urban areas to return to rural areas, repatriation of workers and inverse flows of domestic and international migration (OECD, 2000). With the recovery, more than a cyclical but fundamental structural industrial transformation propelled by DFI and MNCs is taking place in Asia. It will not be a situation of more of the same in foreign labour migration as before the crisis broke. Many Asian sending countries may no longer be able to rely on the labour export route to ease domestic employment and acquire skills training and technology. Leaner production all round and more pressure to avert deindustrialisation in the advanced industrial countries may also dampen the demand for foreign workers unless they have the requisite skills for new economy jobs which will be more abundant relatively. In the final analysis, the demand for and hence movement of foreign labour in Asia is critically dependent on how DFI and MNCs respond to globalisation, KBE and ICT.

4 Singapore case study

Singapore is a small, open city-state and its resultant dependence on trade and factor inflows meant it had neither the choice nor luxury to be schizophrenic or protectionistic. It maintains an open-door, competitive policy except for a brief period of import-substitution.
industrialisation. Unemployment and communist-inspired industrial unrest with stagnating entrepot activities and a postwar baby boom in the late 1950s and 1960s prompted an equally brief merger with Malaysia with the promise of a common market. Since 1965, export-oriented industrialisation propelled by regional and global booms turned the economy around by the early 1970s with signs of full employment. Further upgrading was to capital- and skill-intensive manufacturing and services in the 1980s and to a KBE in the late 1990s.

Singapore is an epitome of an urban service-oriented economy whose manufacturing sector has to compete at more high-end brain and virtual activities. The mental mode of the developmental state has to adapt to two new trends, both with significant implications on intellectual capital and talents. One is the new economy meant the world is based on a mastery of flows of production and purchasing power. Producers only have proprietary rights of machines and physical capital, not stocks of goods, education and human capital. Two is the emergence of a virtual state which has to increasingly lodge a part of its production abroad to allow it to reshape both productive and international relationships (Rosecrance, 1999, pp xii and 5-6). A virtual state will specialise in higher value, intangible goods, products of the mind as in R&D, product design, finance, marketing, transport, insurance and legal services.

In this context, it is more useful to portray Singapore's foreign talents policy as a case study for its next phase of growth and development rather than foreign workers across the board. Two policy dimensions are perceived, one aimed at generic foreign talents in general and the other for technology entrepreneurs (technopreneurs) in specific. Typical of government-led strategies, the Committee on Singapore Talent and Recruitment (STAR) was formed in 1998. Its mandate is to develop and implement strategies for attracting and retaining foreign talents to make Singapore a hub for international talents while remaining socially cohesive. Sensitive to political economy issues, the committee studied specific recommendations made by the public and private sectors on recruitment of foreign talents and nurturing local ones. The committee is headed by both the ministers for trade and industry and for manpower. The minister for finance has given tax incentives for companies to claim double tax deduction for costs incurred in recruiting foreign talents and relocating them to Singapore.

Another two committees in 1999 include one headed by the National Science and Technology Board (NSTB) chairman and chief executive officer a successful homegrown local enterprise, are working on a package of measures to provide a conducive environment. The objective is for entrepreneurs to access more convenient and less expensive working facilities. The other Technopreneur 21 Ministerial Committee headed by deputy prime minister Tony Tan is charged with spearheading more high technology entrepreneurial companies. Together with a S$1.7 billion Technopreneurship Fund set up in April 1999, the two committees are to review business rules, bankruptcy laws, tax levies and use of Housing and Development Board (HDB) premises for business start-ups. This reflects a holistic approach to look into all ways and means of promoting technopreneurs, including the ministry of education’s mission of “creative schools, thinking nation”.

The International Talent Division in the ministry of manpower (MOM) operates the international network of Contact Singapore centres. These overseas centres function as one-stop contacts for international talents interested to work and study in Singapore. The same service is extended to Singaporeans abroad to make them aware of opportunities at home. The division offers a range of recruitment services for Singapore employers and general overseas marketing and promotion of opportunities.

This is a more institutionalised and aggressive approach compared to what a government-linked company (GLC) as a subsidiary of Temasek Holdings, the Singapore Management Consultants based in Hong Kong was doing in recruiting Hong Kong talents between 1985 and
the 1997 handover date. Tapping more Chinese from Hong Kong, China and Taiwan helps to balance the ethnic dimension as well as tap the intrinsic Confucian qualities of these migrants as in being hardworking and disciplined. Other GLCs including Singapore Airlines (SIA) which has worldwide links and offering scholarships and employment are part of the informal talent network. For the many Singaporeans studying and working abroad, the Singapore International Foundation (SIF) under the ministry of the arts and information (MITA) and MOM's Contact Singapore keep them posted of events and developments at home. Recognising and accepting globalisation to keep a warm connection is a contrast to an earlier thinking that Singaporeans who migrate or go overseas are "unpatriotic". Instead, they are viewed as important "ambassadors" and business links in a more regionalised and internationalised settings.

The foreign talents policy has been evolving for some time with a stronger focus by prime minister Goh Chok Tong in his 1997 National Day rally speech. He said that the government did not restrict foreigners to recruitment only for top rung prestigious positions but welcomed middle-level management, skilled workers and technicians too (Business Times, 25 August 1997 and Straits Times, 31 August 1997).

Again in his 1998 National Day rally speech, speaking on working smart and being creative to generate national wealth and solve national problems, he hinted at a possible socio-political cleavages between foreign and local talents (Straits Times, 24 August 1998). He noted that Singapore as a first world economy and world-class home is attractive to both Singaporean and foreign talents. Among the locals, he drew a further distinction between the cosmopolitans who are mobile, English-speaking, global in outlook, with skills that command good incomes, can work and be comfortable anywhere and heartlanders comprising a core living or working in HDB heartlands. Their outlook and interest are decidedly local, speak in dialects, at best Singlish (Singapore English) and are stallholders, shop owners, production workers and contractors, (Business Times and Straits Times, 23 August 1999). In other words, if not carefully orchestrated, the foreign talents policy while necessary and crucial, may have a socio-political backlash. A social bubble may burst if rootlessness of the migrants are juxtaposed by an alienation of the locals and social capital and trust are jeopardised.

Senior Minister Lee Kuan Yew's 1999 National Day dinner speech asserted that attracting foreign talents is one critical issue that will decide Singapore future. He highlighted John Olds recruited in 1998 with the desired skills and experience as Development Bank of Singapore (DBS) CEO to refocus DBS beyond domestic banking (Straits Times, 15 August 1999). Recruitment of foreign talents has permeated the banking sector and financial sector led by GLCs like DBS. Beside John Olds and chief financial officer (CFO) Jackson Peter Tai, both ex-JP Morgan and Americans, six other DBS vice presidents (VPs) and managing directors (MDs) make a total of 24 foreign talents all. Arguably, they and the buoyant economy have helped lift net DBS profits from S$163 million in the first half of 1998 to S$655 million in first half 1999 (Business Times, 20 August 1999, Sunday Times, 29 August 1999 and Asian Wall Street Journal, 6 September 1999).

Foreign talents are also recruited by Chinese family-owned banks like the Overseas Chinese Banking Corporation (OCBC) with a foreign CEO from Hong Kong and 100 foreigners among its 3,000 executives and United Overseas (UOB) with 220 (11% of total) foreign officer and management staff since the mid-1990s. These local banks are faced with liberalisation and competition as the government has enunciated a package which will bring in foreign banks while removing limits on foreign ownership in financial institutions.

Other GLCs including the Neptune Orient Line (NOL) and many others in institutes of higher learning, research institutes as in the Institute of Microelectronics and Communicable Diseases Centre are all recruiting foreign talents. Legal liberalisation following financial and
services liberalisation brings in foreign legal expertise to ensure Singapore's competitiveness in financial services even if no carte blanche influx is envisaged as the core remains Singaporean lawyers (Business Times and Straits Times, 8 May 1999).

Statutory boards, public agencies including universities have tapped foreign talents in advisory and other capacities. The Economic Development Board (EDB) for instance, has an International Advisory Council comprising 15 foreign chairmen, vice-chairmen, CEOs, former presidents of worldclass MNCs and three locals (EDB, Annual Report 1998/99). The new Singapore Management University (SMU) has appointed a dean from Wharton School based in Pennsylvania as its first president, visiting Singapore regularly and relying on ICT to run the university virtually. Only where there are security, confidentiality and sensitive political reasons, as in work in the ministries of defence, foreign affairs, home affairs and such where only Singapore nationals are employed, less arguments are brooked about having foreign talents so long as value added is perceived.

The latest strategy is to make Singapore a talent capital, defined as a place where industries can find the skills and expertise for their activities, where people use their talents to create value, where entrepreneurs abound and thrive and in which people can develop and multiply their potential through continuous learning and participation in meaningful jobs (MOM, 1999, p 18). Six strategies involving integrated manpower planning, lifelong learning for lifelong employability, augmenting local talents with internet-based international talent recruitment website, transforming the work environment, developing a vibrant manpower industry and redefining partnerships are all aimed to make manpower Singapore's key competitive advantage in a KBE and new economy. This new paradigm revolves on knowledge and talents as the bases for industry and wealth rather than mere infrastructure and jobs in the industrial economy. Since it is too small to have a critical mass of creative, talented and competitive knowledge workers, going global is the next best alternative.

Issues

One set of issues involves pure arithmetic relating to the growing share of migrants in total labour supply. The government has explained the need to tap and augment the labour pool, especially at the top end with foreign talents. But the natural fear of displacement by cheaper and more competitive foreigners is prevalent among the locals. This is especially when full employment as in the old economy is no longer as easily achieved and employability is the issue in the new KBE. On one hand, a distinction has to be made between foreign workers at the lower end of the skill spectrum and talents at the upper range. In terms of more generous eligibility for PR and other privileges of stay for dependants of professional and high skilled categories, this is not begrudged except on issues like exemption from national service.

Reliance on foreign talents means an “unlimited” approach adopted for the professional and skilled. In 1998, there were 80,000 with employment pass for the higher end and more than 450,000 with work permits for the less skilled and unskilled. These have different implications in terms of integration at the socio-political levels beside sharing resources such as transportation, housing, health and education and other services. The current situation is where the restricted, low skilled category exceeds the professional and skilled categories in the ratio of 5.6 to 1. While middle-income, educated Singaporeans may assimilate better with professional expatriates, they have to be more tolerant and appreciative of the other significant part of less skilled migrant workers. The foreign talents may be rivalrous as well as complementary for the local talents. The unskilled foreign workers may be more complementary as Singaporeans do not want these jobs but need construction workers or domestic maids. These workers also gain in technology transfer
as they take away with them skills and work experience which promise better prospects wherever they go and even jumpstart development when they return home.

On the other hand, an implicit assurance that a foreign talent will not deprive a similarly talented local of a job, cost considerations notwithstanding, can be a political softener. However, the government has never protected local industries though the same line for local talents must be politically more sensitive. Even in terms of terminology, a global talents policy may be more innocuous than a foreign talents policy which immediately brings out a natural divide with local talents. It is, however, acknowledged that Singapore has to rely on foreign workers and talents at both ends of the skill ladder. There are jobs that educated and affluent Singaporeans do not want as well as some in the high-technology and R&D end in which Singapore still does not have a critical mass.

Yet, for older Singaporeans and the ageing trend, the foreign talents policy is threatening since there is so much more to pick and choose from the global source. Before the globalisation and technology revolutions, older Singaporeans may have less opportunities to gain experience abroad especially when the policy thinking then was to encourage inward not outward migration. Careers may have been built on a different set of assumptions and environment with less emphasis on regionalisation and globalisation then as now. But postwar baby boomers nearing retirement age are now suddenly perceived to be lacking in exposure and costly because of their seniority. Their job security is threatened by younger and more technologically savvy foreign talents and they feel marginalised in socio-political terms too if being Singaporean carries no added merit if the criterion is strictly based on competition and capabilities.

A national survey on foreign talents policy shows 87% of respondents agreeing with the government and these supporting policy tend to be between 20-29 years old with "A" (advanced) level post secondary education and above (Straits Times, 23 April 1990). Those who oppose the policy (13%) tend to be older, 40-49 years with "N" (normal) secondary level education and below. These results are unsurprising as older, less educated Singaporeans would feel less secure and more threatened, never mind the creativity and dynamism necessary to be infused from abroad.

Singapore is not always free and clear of the hauteur of unemployment. When it happens in situations beyond the control of the government as in the Asian financial crisis, warnings of not being complacent and taking things for granted weigh in for both the unions and workers and their employers. By December 1998, for instance, for every 10 people looking for work, there were only four job openings with 4.3% unemployment rate when it was 25 job vacancies for every 10 job seekers in the mid-1990s. The overall number of jobs shrank for the first time since the 1985 recession, 23,384 less in 1997 though unemployment rate in 1997 at 1.8% was better than 5.7% in 1986. Retrenchments reached a record 29,086 in 1998 compared to 9,784 in 1997 and half were 40 years or older with 56% of them women. Retrenched workers in 1997 were out of work on an average of 7.2 weeks but this rose to 12.3 weeks in 1998.

By the first quarter of 1999, some 2,800 workers were laid off compared to 8,000 in the last quarter of 1998 (Straits Times, 9 May 1999). However, some laid-off Singapore executives enjoyed an increase of 22% in median base salaries when they found new jobs (Asian Wall Street Journal, 18 August 1999). They were laid off because of mergers and recessionary restructuring and better salaries were due to them reassessing their strengths and better alignment of expertise in their next job. The issue here is when retrenchment and lay-offs become necessary, how are local and foreign workers treated will be critically tested. The current practice of foreign workers as a buffer may not be so easy when foreign talents in the upper rungs of management and technical areas are involved.
As Singapore grapples with changing mindset and culture to cope with the KBE and new economy, foreign talents can infuse as much ideas and lifestyles as skills and professionalism. The education system is undergoing changes to have creative schools and a thinking nation. The bent toward entrepreneurship reflects a crossroads where the government-knows-best, paternalistic style of government may have its limits. While entrepreneurship and creativity cannot be as easily taught and nurtured in schools, more technical skills and change in teaching methodology would help.

It is thus ironical that rote learning as in the Confucianism and traditional Asian system which has been good for a stable government is now less suitable and creativity and innovative teaching implies some “untidiness” and stimulation in freer and less rigid thinking. The new world also needs political space be given to individuals and the civil society. The foreign infusion may help bring these about which also implies an even stronger emphasis on the socio-political attributes and not just the economic value of migrant labour.

Singapore is ahead of the game in region in recruiting foreign talents so aggressively which may give it some firstcomer advantage. It is relatively free of nationalistic tendency or nationalism as in Japan and South Korea and other ethnic policies such as the bumiputra policy under Malaysia's New Economic Policy (NEP) or a similar policy in Indonesia. The foreign talents policy takes Singapore further away from traditional sources in the immediate region partly also because these sources are drying up as Malaysia and Indonesia are fast developing and need their talents and as the disparity in remuneration and opportunity narrows.

More important is Singapore is developing more like the OECD economies and needs comparable skills from these countries as well. While this trend is necessary for sustainable growth and development, Singapore has still to relate itself with the region, especially in the ASEAN context. Nonetheless, if it can successfully balance its economic and socio-political imperatives in its migrant labour policy, there is immense learning potential for others in the region.

There are no published statistics and information on the relative standing between migration and emigration to give a net picture. Even if the net is possibly still positive, the margin may have decreased as more and more Singaporeans are living abroad as much encouraged by the regionalisation policy since 1993 for more outward investment and economic activities. Those living abroad can be the economically inactive, older, retired or semi-retired Singaporeans who have families and properties abroad and can possibly live as many months abroad as in Singapore. This may have no real effect on the labour market except that a very mobile society is clearly the trend. Essentially Singapore has to live with a dynamic vision, live with its limitations, manage diversity, foster family, community and citizenship and reengineer public administration to move ahead, stay anchored and play in the international league. A two-way revolving door is part of this process as people after all, are the most critical agents of changes.

5 Conclusion, policy implications and prospects

This paper started with the wider picture of globalisation, ICT and KBE as changing composition and structure of employment both within nations, regions and global on a extraterritorial basis. The new international division of labour as impinging foreign labour migration in Asia will be affected accordingly. Having recovered from the financial crisis and still delicate and fragile insofar as aggressive corporate and financial restructuring is not complete, that Asia also have to embark on KBE and new economy to compete internationally, will make the transformation doubly more difficult. Capitalism has two major defects, namely,
recessions and financial meltdowns and any financial crisis is not just caused by globalisation, has existed and been contagious long before globalisation. Asia must recognise this and not fall into the excuse of blaming its woes on the international financial architecture when it has to be as mindful of its own political economy and institutional capacity.

In the context of using foreign labour to propel the next stage of Asia's growth, a few policy implications are germane. One is the possibility that the old growth model of relying on inexpensive abundant low skilled foreign labour may have reached a limit. Six new technologies in microelectronics, computers, telecommunication, new man made materials, robotics and biotechnology are interacting with breakthroughs to provide opportunities to reinvent old industries as in Internet retailing as well as new genetically engineered plants and animals (Thurow, 1999). Just inexpensive, unskilled labour will not do for Asia in the new KBE descending upon it. Recognising a few features of the new model has implications for labour utilisation, including foreign.

One is the new economic landscape is not diametrically opposed to the old economy in that growth is not the enemy of environmentalism but improves it. Economic progress and wealth are still direct functions of capital investment in factories, equipment, infrastructure. However, knowledge or intellectual capital is the new basis for wealth and skilled people are needed to discover new knowledge, invent and use new products and processes. Individuals who recognise that new things can be done and take the initiative to get them done must also have the ability to organise socially, maintain public order, build or repair infrastructure, organise and deliver social services as in education and health (Thurow, 1999).

Two is the wealth pyramid now begins with social organisation and it is an essential building block at every stage of wealth creation as new problems emerge and old institutions cannot solve them. There is no institutional substitutes for individual entrepreneurial change agents and creating knowledge takes both skills and tools and the successful builder invests efficiently as well as be cognisant that good social infrastructure leads to private investment. Wealth creation will lead to tensions which must be managed, chaos balanced with order, individual with community, present with future and competition with cooperation. While these issues are difficult within a nation, crossborder labour flows which currently have no parallel attention on social distribution aspects will make them more problematic.

Three is the need for more social capital and trust to make regional innovation networks work in the KBE. Crossborder labour flows augment the supply of talents as well as provide a glue for networking, Social capital is defined as a set of informal values or norms shared among members of a group which permit cooperation among them with expectations of honesty, reliability embodied in trust which is a lubricant to run any group or organisation efficiently. Technological change takes place in processes which are tightly spatially bound and creation of innovation, its adaptation and adoption are inseparable from the local/regional socio-economic circumstances in which they take place in a spatial innovation system (Malecki and Oina, eds, 1998). This contrasts with a national system of innovation (Freeman, 1987) as success in technological competition is deemed to be based on the ability of specific subnational an transnational systems to produce flows of innovation and to keep the state-of-the art practices in different technological frontiers and their applications. Thus, while Singapore tries to promote its technology base and technopreneurs, it needs a regional network to be more effective.

The semiconductor industry's singular shift from mass production to flexible specialisation across the Asian region has become successful because of such regional production networks and support. The "real" East Asian miracle is the creation of the semiconductor industry by the late 1990s. Japan is the strategic pace setter at the top of the technology scale followed by South Korea, Taiwan, Singapore, Malaysia, China (Matthews, et
al, 2000, p 65). How Singapore and Malaysia did it by growing enormous industries from very small beginnings, by attracting DFI and MNCs as they lack technological sophistication of Northeast Asian neighbours, are interesting contrasts. But technology networks, defined as a group of individual agents who share informal norms or values beyond those necessary for ordinary market transactions incorporates a moral relationship of trust and social capital (Fukuyama, 1999, pp 194-211). The technology culture must involve higher skill levels of foreign talents in the region underpinned by social capital and trust which has yet to be built up in Asia. Social capital is as critical to manage high skilled workers manipulating complex, diffuse, tacit, hard-to-communicate knowledge and processes. Asia must move from low trust to high trust regional production networks.

Singapore’s highly selective immigration policy tending to be elitist, to a foreign talent policy may be motivated by its economic transformation. Anticipating further upgrading into the KBE, needing innovative and creative ways and ideas to harness ICT other new technologies to ensure international competitiveness, Singapore wants to be a talent capital. But the sensitive socio-political issues will increase as competition at the higher skill levels with local talents will not be as passive as among lower skills in the workforce. At the same time, the socio-political demands of highly skilled professional foreign talents will also be different. Moreover, Singapore has to compete worldwide with huge OECD economies for such ICT professionals and skills.

The Singapore case may prompt other Asian economies facing the challenges of globalisation and new economic rules survival if they are prepared to manoeuvre around their socio-political and ethnic objectives. Nonetheless, no matter how liberal and free ranging is Singapore’s policy for global talents, as a small city-state, it will never have the unfettered migration policies of larger and developed countries such as the US, Canada, Australia and other OECD economies. Much as it admires the American migrant model which is the bastion of US competitiveness and dynamism, it can only copy that formula within very strict selective criteria based on economic needs commensurate with its size. This may confer a very selfish and self-interest migration and foreign worker policy for which it cannot be too apologetic.

In summary, the first policy implication is that Asia cannot simply return to its old growth model of export-led industrialisation. The new KBE with ICT and globalisation add up to a more dynamic, volatile and expansive set of opportunities for DFI and MNCs from the developed industrial world. They are more sensitive to problems posed by globalisation at home and MNCs may not be relying as heavily on inexpensive foreign labour elsewhere as dictated by the new international division of labour. The magnitude and composition of intra-Asia labour flows traditionally driven by these MNCs may well change and be affected.

A second policy implication is that Asia should also pay attention to its own technological transformation, the nature of foreign labour flows which has been beneficial in the past must also move in tandem with global trends. Soon, foreign talents will be as much demanded in the rest of Asia as in Singapore barring more sensitive ethnic, nationalistic considerations in Southeast Asia.

A third policy suggestion is about regional technological networks founded on social trust beside technical capabilities to be given some attention. The semiconductor industry has been exemplary in fostering such networking between MNCs and indigenous capabilities and the effect has to spread wider and faster which will also be in tandem with anticipated higher levels of movement of foreign talents in the region.

Finally, social security and welfare protection for foreign workers seem as much a remiss in the recipient as sending countries. This has to be redressed and soon as the Asian financial crisis has illustrated the social dimensions and hardships especially of repatriated foreign
workers. Asia is confronted with a higher degree of democratisation which comes with greater affluence, education and mobility of globalised capitalism. The social implications of a more mobile workforce, both domestic and foreign cannot be underscored.
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