

**INTERNATIONAL
INSTITUTE FOR
LABOUR STUDIES**

Discussion paper

DP/158/2005

**Merchants of labor:
Agents of the evolving migration
infrastructure**

DecentWork
Research
Programme

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Philip Martin

International Institute for Labour Studies Geneva

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ISBN Print: 92-9014-751-2

Web/pdf: 92-9014-752-0

First published 2005

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Requests for this publication should be sent to: IILS Publications, International Institute for Labour Studies, P.O. Box 6, CH-1211 Geneva 22 (Switzerland).

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Preface

The World Commission on the Social Dimension of Globalization, created under ILO auspices, in its recent report *A Fair Globalization* deplored the “deep-seated and persistent imbalances in the current workings of the global economy, which are ethically unacceptable and politically unsustainable” (p. 3). The Commission noted that many developing countries “maintain that freer migration to the industrialized world would be a swift and powerful means of increasing the benefits they receive from globalization” (p. 96).

Migration is a people link between developing and developed countries that is proving difficult to manage at national, regional, and global levels. The Commission acknowledged “a strong polarization of views on the desirability of expanding opportunities for international migration”. However, it also claimed that the development of a new migration management framework was a realistic project to “facilitate mutually beneficial ways of increasing migration opportunities, with due regard to States’ legitimate interests to ensure that the process is fair to both sending and receiving countries” (p. 97).

This Discussion Paper contributes to the International Institute for Labour Studies’ project on Sustainable Migration Solutions, which seeks bilateral, regional, and global frameworks that promote mutually beneficial forms of labour migration. The project’s starting point is the fact that international labour migration between developing and developed countries is increasing, with the fastest growth at the top and the bottom of the skills ladder, involving IT specialists and medical doctors as well as labourers, domestic helpers, and service workers. Very diverse actors are involved in today’s migration processes; and they have complex interlinkages with State institutions. Sustainability requires that the interests of all actors be considered and respected. The Sustainable Migration Solutions project combines research in a strict sense with policy dialogues such as workshops that bring researchers and policy makers together with representatives from international organizations, and features special lectures on migration to stimulate debate. More information is provided at:

www.ilo.org/public/english/bureau/inst/research/migration.htm.

The special focus of this paper are the merchants of labour, the public and private agents who move workers over borders. The ILO Convention 97 (1949) recommended that migrants move over borders with the help of public employment service agencies in sending and receiving countries, with bilateral agreements regulating wages and other conditions affecting work. This model dominated in the 1950s and 1960s in Europe and North America, but was not the norm when Asian workers began moving to the Middle East in the 1970s and 1980s. Private agents have come to dominate recruitment and deployment in many labour-sending nations, raising concerns that range from the equity of lower-wage migrants often paying the highest fees to the fact that private agents may have interests that are different from those of employer, migrants and governments. Most governments have adopted policies to get private merchants of labour to identify themselves by obtaining licenses, regulating the fees that they can charge, and educating migrants to ensure that recruitment regulations are obeyed. The success of this management framework is uneven, as is apparent in the case studies examined in this working paper. The ILO recognized the importance of private employment agents in Convention 181 (1997), and this paper examines how to combine the longstanding interests of the ILO in migrant workers and employment agencies.

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Geneva, December 2004

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Sustainable Migration Solutions

“Each Member ... undertakes to maintain... an adequate and free service to assist migrants for employment, and in particular to provide them with accurate information.” Migration for Employment Convention 97, 1949, Article 2.

A Member shall... provide adequate protection for and prevent abuses of migrant workers recruited or placed in its territory by private employment agencies... Where workers are recruited in one country for work in another, the Members concerned shall consider concluding bilateral agreements to prevent abuses and fraudulent practices in recruitment, placement and employment.” Private Employment Agencies Convention 181, 1997, Article 8.

“Where countries recognize the capabilities of private agencies in the recruitment and placement of migrant workers... measures should be taken to promote cooperation between private agencies and the public employment services...both migrant-sending and migrant-receiving countries should supervise [their] activities.” Guidelines on special protective measures for migrant workers recruited by private agents, Annex II, 1997, 2.3 and 3.1.

Summary

The number of migrant workers — persons employed outside their countries of birth or citizenship — reached an all-time high of 86 million in 2000 (ILO, 2004). The fastest growth in the migrant workforce is among those with college degrees and among workers going abroad to fill seasonal and other temporary jobs. The International Labor Conference in June 2004 endorsed the creation of a multilateral framework that establishes a rights-based approach to improving the management of international labor migration. This paper contributes to that framework by examining labor market developments, orderly migration, decent work, and efforts to combat trafficking in the context of the private agents or brokers who recruit and arrange to move workers over borders.¹

There are several institutions that help migrants to move over borders: employers seeking migrants, public employment services that can match local workers with foreign jobs, social networks such as friends and family who are or were abroad and can help migrants cross borders and find jobs, and private recruiters. Migrants going abroad may consult with and utilize the services of more than one of these labor intermediaries. The rising number and increased diversity of migrants has been accompanied by a declining role for direct employer recruitment and public employment services, on the one hand, and growing roles for networks and private agents on the other. The networks that help migrants to cross borders and find jobs can create “social capital,” meaning that individuals with family and friends abroad can gain access to higher wage jobs abroad without using the services of fee-charging agents. These networks have received far more attention than private agents. Indeed, if migration is the “most under-researched of the global flows,” the role of private agents is among the most understudied aspects of international labor migration.

This paper explores the role of private agents in moving workers over national borders. Its purpose is to explain the role of agents in labor markets, to examine the fees they extract, and to set out policy options that the ILO and governments might consider to regulate their behavior. Reports from many countries suggest that fee-charging private agents often engage in activities that are quasi-legal or illegal under national laws and do not conform to ILO conventions and recommendations, such as helping migrants to cross borders in defiance of migration laws, requiring them to sign supplemental contracts abroad that raise the fees they originally agreed to pay for brokerage services, and entrapping migrants seeking higher wage foreign jobs in smuggling and trafficking operations that lead to bondage or slavery.

There are three broad responses to the growth of or merchants of labor in the international migration for employment system:

- step up enforcement to eliminate “bad apples” by requiring them to identify themselves to authorities via registration, ensuring they can meet minimum standards by requiring them to pass tests, and generating some financial security for migrants by having agents post bonds that can be tapped if agents do not fulfill their promises;
- encourage more legitimate agents to get into the migrant brokerage business so that competition gives migrants options and leads to effective self regulation and ratings that guide migrants toward better agents; and

¹ The multilateral framework calls for ILO work in seven areas, including identifying labor market needs in destination countries marked by skill shortages and population aging; promoting orderly migration with bilateral agreements on migration and social security and supervision of private recruitment activities; promoting decent work by reducing 3-D (dirty, difficult, and dangerous) jobs and ensuring that national labor laws are enforced; enhancing human rights standards and their enforcement; preventing irregular migration and trafficking; increasing remittances and the development payoffs of remittances and returns; and promoting the social integration of migrants who settle abroad.

- try to increase the role of public employment service agencies in moving workers over borders and working with private agents in the hope that public agencies are most likely to ensure that minimum standards are satisfied in recruitment and deployment.²

These policy options are very similar to those available to deal with migrant remittances, but there are fundamental differences between moving workers and moving money over borders. Workers are people whose status and goals can change, economies of scale may be less important in moving migrants because people have to be interviewed and moved, and multi-dimensional migrants must evaluate a “package” of wages, benefits, and other factors offered by recruiters, making the employment package is far more complex than the remittance transaction. Unlike remittances, where banks and money transfer firms offer migrants a variety of “formal market” mechanisms to transfer their funds over borders, the major temporary help and employment services firms have avoided recruiting especially unskilled workers in one country and placing them in another except for nationals of regions such as the European Union that allow freedom of movement.

In an ideal world, migrants would move over borders under bilateral agreements with the help of public employment services, and the employers who hired them would pay associated travel costs and fees. However there is an excess supply of migrants seeking foreign jobs, forcing many migrants to pay some of the wage gap between sending and receiving countries to the private agents who control access to foreign labor markets. These agents can and often do have interests that differ from those of migrants, employers, and governments, justifying a careful look at their growth and diversity.

In a world of growing inequalities between states, international migration for employment is rising. Unless and until the differences that motivate such labor migration are reduced, workers will have an incentive to cross national borders for employment. Many migrants need assistance to move long distances to fill jobs, and this paper sets the stage for considering what a standard-setting organization such as the ILO can and should do to provide the information and technical assistance to protect the rights of migrants who rely on merchants of labor to find jobs in other countries.

² In the extreme, public ES agencies could be given a monopoly to move workers over borders to ensure that minimum standards and norms are followed. However, the job-matching role of ES agencies has declined in most countries, and the ILO has recognized the importance of private employment agencies in Convention 181. Article 2 allows states to “prohibit...private employment agencies from operating in respect of certain categories of workers or branches of economic activity” while Article 7.1 asserts that “Private employment agencies shall not charge directly or indirectly, in whole or in part, any fees or costs to workers,” although Article 7.2 allows exceptions.

Introduction

International migration for employment matches workers with jobs outside their country of birth or citizenship. Within countries, matching workers and jobs is usually the responsibility of employers seeking workers and workers seeking jobs, with no-fee public and for-profit private employment services (ES) playing supplementary roles; the role of public ES agencies is generally declining, and the role of for-profit private agencies is generally rising. Labor economics recognizes that job matching is a costly exercise, as employers screen applicants and workers consider alternative jobs. With neither party having full information, job-matching can cost from several months to several years salary within national labor markets.³

Many countries operate no-fee public employment services to facilitate job matching, and many have a variety of private recruitment agents and temporary help firms active in job matching as well. Generally, the higher the level of education and salary, the more likely the job match will involve a private fee-charging agent. However, at higher levels of education and salary, employers seeking workers generally pay any recruitment fees charged by brokers.

The next step down the job-matching ladder involves employers advertising for workers and holding or participating in job fairs, posting job openings in the work place and asking current workers to refer friends and relatives, and finally turning to public or private ES agencies. In many industrial countries, instead of recruiting unskilled workers via the public ES, many employers turn to temporary help firms,⁴ especially to find workers to fill seasonal or short-term jobs. Workers employed by temporary help firms usually pay for this job-matching in the form of the lower wages, which is one reason temporary help agencies stress the flexibility of working as a “temp” and its potential to lead to a full-time job with the employer to whom the worker is assigned.⁵

The declining role of the public ES in most industrial countries has been matched by the rise in temporary help agencies as well as contractors that employ workers and deploy them from job to job. However, when jobs are in foreign countries, agents tend to provide only job-matching services and not become the employer of the worker who was placed in a job. The fees that private agents charge for matching local workers with foreign jobs depends primarily on the wage gap between countries, although factors such as benefits, the nature of the work, and prospects for permanent residence and upward mobility also play roles in migrants’ willingness to pay agent fees (Abella, 2004).

³ The basic job search model imagines that each job seeker has a reservation wage, so that the duration of job search for a worker is a function of the frequency and distribution of wage offers she receives and the availability of unemployment insurance and other non-work income. The length and cost of job search depend on how often applicants receive job offers, their variance, and the cost of waiting for a better offer in terms of foregone income. (Mortensen and Pissarides, 1999).

⁴ There are also two other segments of the employment services industry: employment placement agencies or headhunters seek to place permanent employees, usually in managerial positions, while what the US calls “professional employer organizations” often take over work that is being “outsourced,” placing employees in a workplace on an ongoing basis to handle e.g. computer services. Profiles of the various types of agencies in different countries are available at: www.marketresearch.com

⁵ See www.staffingtoday.net. The advantages of flexibility, bridges to permanent jobs, and choice of assignments are generally applicable only to workers with full labor market rights, which most migrant workers lack. The US Department of Labor reported that, in 2002, the median hourly earnings in occupations that included direct hire and hires via temp firms were as follows: laborers, \$9.48 versus \$7.90, helpers, \$9.25 versus \$7.79, and packers, \$8.03 versus \$7.65.

Economics of signaling

The job-matching research literature says little about migrants, and neither does the literature on optimal hiring decisions for employers⁶ (Lazear, 1998), signaling between potential new hires and employers (Spence, 1973), and dealing with shirking among employees⁷. These well-known information problems that can lead to inefficiency in labor markets generally result in employers taking actions to send “signals” about the type of workers they want to attract and workers to “signal” their abilities to employers. In some cases, employers pay higher than equilibrium wages, so called efficiency wages, which leads to unemployment and thus encourages workers to minimize shirking in order to avoid being fired and experiencing unemployment or normal wages.⁸

Labor market matching is more complicated and costly when employers and workers are separated by national borders. In addition to employers and workers having different citizenships, there can be differences in language, culture, and expectations that make it harder for employers to evaluate potential new hires and for workers to understand the advantages and disadvantages of particular jobs. The chances for and costs of mistakes rise in cross-border job matching for both employers and workers because of transportation charges, risks to employers and workers of workplace misunderstandings and accidents, and other factors that make it hard for employers to assess workers and workers to assess jobs.

Furthermore, the absence of internationally recognized job descriptions and worker credentials means that bureaucratic labor exchanges are often ill-suited for cross-border worker and job matching, which is why flexible social networks and private recruiters often have an edge matching workers and jobs in the international labor market. Currently employed workers know the job and the capabilities of friends and relatives at home, so that if an employer finds a current worker to be reliable and wants additional similar workers, turning to current workers and asking them to recruit friends and relatives is an optimal way to get additional workers. Currently employed workers tend to recruit only workers who are capable of doing the job and often take responsibility for orienting and training new arrivals, so that particular work places can be “colonized” by networks that bridge borders and link areas of worker origin and destination.

Private recruiters operate along the spectrum that has public ES agencies at one end and social networks at the other. Their major assets are contracts to fill foreign jobs and knowledge of workers willing to migrate to fill them. Some recruiters are ex-migrants who understand what the foreign job entails, but may have little knowledge of the abilities of the workers they recruit to fill foreign jobs. As with labor contracting inside a country, private agents can become specialized operations, with one part focused on lining up jobs to be filled and another recruiting workers to fill them, with these separate operations sometimes in the receiving and sending countries.

⁶ Employers should compare the cost of wages and benefits to the value of the incremental output different types of workers produce. For example, employers hire higher wage college graduates if their cost divided by the value of their incremental output is higher than that of lower-wage but less-productive high school graduates.

⁷ Efficiency wage theory explains that, when labor productivity depends on the wage rate and worker effort is hard to monitor, the wage paid can be greater than the equilibrium wage, causing unemployment. Workers do not shirk because, if they are fired, they could wind up with a lower non-efficiency wage. The efficiency wage rises as the unemployment rate falls because at lower unemployment rates it is easier for a worker who is fired to find another job that may also pay an efficiency wage (Yellen, 1984).

⁸ In the Spence model, even if college provides no specific skills, if high-ability workers have an easier time completing college than low-ability workers, they will do so if the college wage premium justifies the costs of going to college. In this case, credentials serve as efficient screens for employers to rank the potential productivity of workers.

These job-finding and worker-recruiting activities cost money, and the general trend in the migrant recruiting business has been for costs to be shifted from employers to workers, and for costs to rise again if the number of migrants rises faster than the number of foreign jobs. Under these circumstances, it is easy to understand why recruiting agents who are often paid according to the number of jobs or migrants they find would promise to recruit workers for marginal jobs and promise migrants more than they can deliver. In most cases, migrants who have incurred debts to go abroad wind up being forced to make the adjustments from the promises to the realities, not employers.

Could public ES agencies whose core job-matching function under active labor market activities be renewed to offset the growing importance of recruitment agents? Active labor policies are those that match workers and jobs and provide training as well as subsidized employment, while passive policies include unemployment insurance (UI) and early retirement programs.⁹ Within the active programs and policies, expenditures on the public employment service ranged from under 10 per cent in Denmark to 40 per cent or more in Australia, Canada, and Japan in 2000.

Public ES agencies in most countries have become the major administrators of passive UI benefit programs. Few public ES agencies register potential migrants in their regular operations; instead, those that help to place workers in foreign jobs normally operate separate agencies for that purpose, such as in Mexico, Moldova, and the Philippines. When public ES agencies operate migrant centers in host countries, they normally play certification and protection rather than a job-matching roles, and in many industrial countries these “migrant operations” are physically separate from mainline ES.

The recruitment industry

Most countries have experienced growth in the number of for-profit agencies that match workers and jobs, reflecting the fact that information about jobs and workers is scarce and valuable, and that workers and/or employers are willing to pay matchmakers to reduce search costs. Abella (2004) examined the recruiter’s share of the wage gap that motivates international labor migration, emphasizing that the fee a migrant is willing to pay to a recruiter depends primarily on the gap between wages at home and abroad. Other factors increasing the willingness of migrants to pay higher recruiting fees to go abroad include prospects for settlement and upward mobility and the difficulty of migrating illegally (or without the help of recruiters). Thus, we expect recruiting fees to be highest at the beginning of a labor migration flow because, after workers are established abroad, potential migrants should have access to information via social networks and may find alternative routes to travel abroad for employment, including going as tourists to visit relatives and staying to work.

Countries such as the Philippines try to limit recruiting fees to one month’s wages for the typical two-year contract, although Abella concluded that “limits on fees [that recruiters] can charge to workers have been widely disregarded, often with the cooperation of employers.” This suggests that, if the wage differential is such that migrants are willing to pay more than one month’s wages, there are likely to be extra payments regardless of the government regulation.

Few countries monitor the actual fees paid to recruiters, but a December 1995 survey of male migrants in Kuwait found that 75 per cent of the Sri Lankans used private recruiters to get their jobs, and that they paid fees averaging almost four months of the \$200 a month wage. Fewer Indians and Pakistani men used recruiters, since they had more access to social networks, and the 15 to 30 per cent who used recruiters paid two to three months wages in fees (Shah,

⁹ In most OECD countries, passive programs account for twice the expenditures as active policies, largely because of the importance of UI benefits. For example, in 2000, Australia and the US spent twice as much on passive as active measures, while France and Sweden spent about equal amounts on active and passive measures (Cahuc and Zylberberg, 2004, 641).

1996). Bangladeshis, half of whom used recruiters, paid the highest recruitment fees and had the lowest monthly earnings — recruitment fees averaged almost a year's earnings at the average \$150 a month wage. Another study found that recruiting fees paid by Bangladeshis rose in the 1980s even as the wage differential narrowed,¹⁰ perhaps because the shift from construction to services opened new opportunities for migrants to remain longer, justifying their willingness to pay higher fees (Azad, 1989).

It is also important to emphasize that changes in receiving country labor markets, from the rise of temporary, part-time and contract workers to the growth of the informal economy, may make it easier for migrants who cross borders with the help of private agents to gain a foothold abroad. One of the fastest growing sectors in most industrial countries is the temporary help or employment services industry that provides supplemental or additional workers to firms for costs that are similar to what the firm would have to pay if it hired the workers directly. Since the temp firm also earns a profit, this means that workers generally receive lower wages and benefits, making most temp employees young people entering the labor market, workers between jobs or re-entering the labor market, and migrants. In Japan, for example, a doubling of the number of temporary, part-time and contract workers in the past five years is the explanation offered for flat or declining wages despite economic recovery.¹¹

Contracting and wages

The agricultural industry in the southwestern United States has long relied on migrant workers, newcomers to the places in which they were working who had few other job options. With large farms hiring hundreds or thousands of migrants, often for only a few days or weeks, labor brokerage and wage systems developed to recruit workers and to ensure that they could be employed at a predictable cost. The key merchant of labor was the farm labor contractor, who typically employed and moved one or more crews of 20 to 40 workers from farm to farm. In the western US a century ago, contractors were originally a bilingual member of the crew who negotiated with the employer for jobs on behalf of the crew and then worked in the crew (Martin, 2003). Contracting eventually became an independent business in which profits depended on the wedge between what employers paid to have a job done and what the contractor paid to workers.

As the separation between contractors and workers widened, migrant workers often saw contractors as equal or worse “enemies” than employers, especially when they charged excessive transportation and housing fees or brought so many workers to a job that each worker received only a few hours of work. However, as with recruitment agents, there has long been a spectrum of labor contractors, ranging from contractors who arrange jobs at little or no cost for a crew that consists mostly of friends and relatives to businesses that employ thousands of individuals in the course of a year and try to maximize the fees collected from each. The dependence of migrants on contractors made them a favorite target of unions, which found it very hard to organize contractor crews. Even if they succeeded in organizing workers employed by contractors, unions learned that most contractors had few assets and simply went out of business rather than signing contracts that raised wages.¹²

¹⁰ The wage differential narrowed because of declining wages in the Gulf oil exporters, not because of rising wages in Bangladesh.

¹¹ David Pilling, “Despite three years of strong economic growth, salaries are falling as Japan’s appetite for part-time labor grows,” *Financial Times*, November 15, 2004.

¹² Several AFL-CIO unions during the 1950s tried to organize farm workers in California by having their organizers go from contractor to contractor, thus signing up dozens or hundreds of union members quickly. However, “union members” who often had little contact with the organizers often considered union dues yet another hard-to-understand deduction from their wages.

Under pressure from unions, federal and state governments in the 1960s began to regulate contractors in a three-step process: registration, bonds, and joint liability, a last step still in dispute. The first step was to get contractors to identify themselves, usually by requiring them to fill out applications for federal and state licenses under penalty of fines if they were discovered charging employers or workers for job-matching services without a license. Contractors had to make copies and post their licenses, which include contact information for government agencies if workers want to make complaints. Later enforcement efforts focused on requiring contractors to post bonds to cover at least some of the wages they owe workers and to require contractors to pass tests of labor and related laws before having their licenses renewed.

The final step in this three-legged enforcement stool, joint liability, raises several dilemmas, and is thus a work in progress. Contractors assemble crews of workers and take them from one work place to another, and joint liability means that the owner or operator benefiting from the work of the contractor's crew is jointly liable with the contractor for any violations of labor and related laws that occur at the work place. The intent of joint liability laws is to make the beneficiary of the work done by contractor crews pay back wages or fines if the contractor does not, and thus enlist owners and operators in the effort to police contractors. The argument against joint liability is that the contractors, who often have the same national origins as the workers they hire, are independent business people, and that liability should stop with them, just as liability stops with the contractor a homeowner may hire to paint or repair a house.

The joint liability dilemma hinges on whether contractors are "real businesses" or simply risk absorbers in labor markets with migrants. US experience suggests that most farm labor contractors are risk absorbers. Enforcement activities find that most contractors violate at least some labor laws, and farmers who survey themselves to determine the cost of hiring workers directly and the average overhead or commission rate paid to contractors generate the information needed to drive "hard bargains" with contractors seeking jobs for their crews of workers. As the U.S. Industrial Commission explained after studying the activities of contractors deploying crews of newly arrived immigrants in the early 1900s, contractors can make what appears to be a money-losing deal with an employer and then "drive the hardest kinds of bargain" with the immigrant workers they use to turn a profit because they "know the circumstances from which the workers come." (quoted in Fisher, 1952, p. 43).

The enforcement of most labor laws depends on complaints, and workers related to the contractor or from the same country, region or village as the contractor are not likely to complain, even if they know that their rights are being violated. When there are complaints, enforcement is often hampered by the absence of written contracts, making it very hard for workers who often do not speak the local language to provide the evidence needed for enforcement officials to issue fines for violations.

There have been many proposals to enhance joint liability and/or simplify enforcement. For example, a new law in California creates a presumption of joint liability if there is not a written contract between a contractor and a farmer or sewing shop, an effort to make more transparent what the contractor is receiving in payment and what wage and benefit promises were made to workers. Many of the workers hired by contractors are unauthorized, and there have been proposals to e.g. provide unauthorized workers with legal status if they file valid complaints of serious labor law violations, but these proposals have been strongly resisted by employers who feared "frivolous" complaints and have been seemingly ruled out by a 2002 Supreme Court decision.¹³

¹³ The US Supreme Court in March 2002 ruled that unauthorized workers who are wrongly fired for union organizing are not entitled to back pay for the time they are jobless after their illegal firing. The court ruled 5-4 in *Hoffman Plastic* that a worker's violation of immigration laws was more serious than an employer's violation of labor laws: "awarding back pay to illegal aliens runs counter to policies underlying [immigration law because] it would encourage the successful evasion of apprehension by immigration authorities, condone prior violations of the immigration laws, and encourage future violations." Union leaders denounced the decision, saying it would

The experience of contractors assembling and deploying crews of workers led to wage systems that gave the beneficiaries of contractor crews predictable labor costs without screening workers for productivity. The major wage system was the piece rate, which paid workers according to how many units of work they accomplished, so that the cost of picking a pound of apples if the piece rate was \$10 per 1,000 pound bin is one cent whether they were picked by fast or slow workers. As minimum wage coverage was extended to migrants, the percentage paid on a piece rate basis declined, and a new iron triangle emerged to link the minimum wage, the piece rate, and the productivity standard required of workers. For example, if the minimum wage is \$5 a hour and the piece rate is \$10 a bin, a worker must pick at least 4 bins in an eight-hour day to earn the \$40 the minimum wage requires. Workers who cannot satisfy this productivity standard are generally fired, since employers are not obliged in most countries to retain workers who cannot satisfy productivity standards.¹⁴

The rise of networks and agents

ILO conventions and recommendations are influenced by global events, and the migrant worker conventions are no exception. For example, ILO Convention 97 (1949) was adopted in part to deal with labor migration in a postwar Europe marked by uneven recovery, which produced labor shortages in a country such as Switzerland while there was very high unemployment next door in Italy.¹⁵ The bedrock principle of Convention 97 is equality: migrant workers should be treated like other workers in the countries in which they work. Convention 97 aims to protect migrants and ensure equal treatment by encouraging countries to sign bilateral agreements governing labor migration, with the agreements spelling out procedures for private and public recruitment and the exchange of information on migration policies and regulations.¹⁶ The goal is “no surprises” for migrants and their employers, since contracts are to have complete information on wages and working conditions abroad in languages understood by employers and workers.

Germany was the prototypical guest worker destination, and its employers recruited workers under bilateral agreements that largely conformed to Convention 97.¹⁷ These bilateral agreements gave a central role to the public ES, requiring employers to have their local ES office certify their need for guest workers. With this certification, employers could recruit migrants directly or allow the public ES to handle recruitment via one of its offices abroad. Each migrant got a contract, approved by the ES, which required employers to pay round-trip transportation from the place of recruitment to the work site, spelled out wages and benefits, and provided housing. In most cases, migrants initially got one-year contracts that could be renewed

encourage employers to hire unauthorized workers because they know that, if they violate worker rights, “there will be no meaningful remedy.”

¹⁴ Productivity standards are normally enforced over a pay period, when the workers’ hours and units are summed to determine earnings and whether make-up earnings are required. A major innovation in agriculture that has led to a switch from piece rate to hourly wages is the use of portable conveyor belts and other devices that permit employers to set the pace of work — since the employer controls the speed of the machine through the field, the employer can have the contractor pay an hourly wage, and workers who cannot keep up with the machine are fired. Piece rate wages in US agriculture are now largely confined to jobs where those machines cannot be used. as with oranges, apples and peaches.

¹⁵ Convention 97 (1949), ratified by 42 mostly emigration countries, defines a “migrant for employment” as “a person who migrates from one country to another with a view to being employed otherwise than on his own account,” that is, it excludes border-crossing commuters (frontier workers), seamen (covered by other ILO conventions), and artists and similar professionals abroad for a short time.

¹⁶ ILO Recommendation No. 86 includes a model bilateral agreement for migrant workers, and has been used as a model for many of the bilateral agreements that were established as a result of Convention 97.

¹⁷ The agreements were with Italy, Greece, Morocco, Portugal, Spain, Tunisia, Turkey, and Yugoslavia; several hundred Korean guest workers were also admitted.

at the request of employers, and renewal increased the rights of migrants, including the right to family unification if the migrant had adequate housing (Miller and Martin, 1982).

Employers could request workers by name, and as queues lengthened in emigration countries, some employed migrants recommended their friends and relatives to employers seeking to fill vacant jobs, giving rise to network recruiting despite the bilateral agreements that sometimes gave priority to migrants in poorer areas of the country. As these social networks matured, some migrants learned that they could travel to Germany to “visit friends,” find an employer, and have the employer request the migrant by name, although there is little evidence that travel or labor agents organized “tourist labor migration” on a large scale. In France, tourist labor migration became the normal way to enter and find a job by the late 1960s.

Guest worker recruitment in Germany and other Western European countries peaked in the five years before 1973, and on some days several thousand migrants arrived on planes, trains and buses to go to work on assembly lines, at construction sites, and in some service jobs. There were worries about out of control migration as numbers, settlement, and irregular migration became more evident, and the 1973 oil-price hikes threatened recession and led to recruitment stops in most countries, setting the stage for the second migrant-specific ILO Convention, 143 (1975). By 1975, guest worker recruitment countries were worried about rising irregular migration as well as the incomplete integration of migrants who settled, and Convention 143 called on governments to take steps to minimize illegal migration and to promote the integration of settled migrants, using sanctions on employers who hire unauthorized migrants and international cooperation to reduce the smuggling of migrants. Convention 143 also calls for “equality of treatment” in wages and benefits for employed migrants, regardless of legal status.¹⁸

Most of the labor migrants who arrived in Germany and other Western European countries since 1975 have been irregular, come as asylum seekers in order to stay at least temporarily and work in the underground economy, or arrive under Memorandums of Understanding (MOUs) that offer fewer benefits and protections than the 1960s bilateral agreements. The regular migrants arrive under programs that impose fewer requirements on host-country employers, for example making payment of transportation and housing costs optional, and also provide fewer rights to migrants to stay and settle. In some cases, migrants receive only some of the same rights as local workers, as when they must receive the local minimum wage, but do not participate in local social security systems and thus impose lower tax and benefit costs on employers.

After the 1973 oil-price hikes, money and migrants flowed to the Middle Eastern oil exporters, leading to a construction boom. Initially, migrants were recruited by international construction firms to help build infrastructure projects, with recruitment handled by agents who were more often paid for their services by the employer than the migrant. However, as the construction-dominated infrastructure phase of development was completed in the 1980s, the demand for migrant labor shifted from construction to services, and recruitment agents turned toward female migrants, who were often charged for contracts to work abroad as domestic helpers. With most countries requiring migrants to have local sponsors, it soon became apparent that there were more potential migrants than local jobs, and migrants rather than employers began to pay recruitment agents.

The change from employers to migrants paying for intermediary services occurred gradually, reflecting the spread of knowledge about higher wage jobs overseas as well as the discovery by employer-sponsors in the Middle East that they could charge for the privilege of allowing the entry and employment of migrants. For example, Saudi Arabia requires foreigners to have *iqamas*, or permits that include the name of the Saudi sponsor and the job the foreigner is doing in Saudi Arabia, and foreigners without valid *iqamas* face fines and jail terms.

¹⁸ Conventions Nos. 97 and 143 exempt seafarers, frontier workers, the self-employed, artists and trainees.

Migrants wind up paying for contracts and *iqamas*, and in some cases arrive to find that they paid for a fake contract and permit, forcing them to be irregular despite having paid recruitment agents. To make matters worse, there are private agents, sometimes operating near government offices that offer irregular workers contracts and *iqamas* that turn out to be false. Middle Easterners often sponsor too many migrants to increase their sponsor fees, and the result is a low-wage, low-productivity economic system in which migrants are vulnerable and many local workers are un- or under-employed. Governments trying to “nationalize” their labor forces soon discover that nationals do not want to accept the low-wage jobs now filled by migrants, and there is a tendency in some countries to “demonize” migrants by asserting that they “take jobs” from nationals and, since they remit most of their earnings, do not contribute to local economies by spending their earnings in the country.

The bilateral agreement model of labor recruitment in Western Europe was succeeded by two very different labor flows: irregular migration and new micro guest worker programs that had much stronger return incentives. In the Middle East, by contrast, recruitment channels were transformed from doors through which male construction workers arrived to fill time-bound jobs to doors for female service workers who served for two years in private households. However, both bilateral agreements and sponsor-centered migration systems have been altered by the rise of migration networks and recruitment agents in both sending and receiving countries.

Networks and agents

Migration systems are dynamic, evolving over time as the movement of workers over borders promotes change in both sending and receiving country labor markets. The infrastructure of the migration system encompasses many of these dynamic factors that encourage and enable employers to seek migrants, and migrants to accept foreign jobs. In both sending and receiving countries, there can be a process of cumulative causation, so that some migration begets more migration in snowball fashion as employers become aware of and accustomed to hiring migrants, and migrants become aware of and accustomed to foreign jobs. Cumulative causation models are good at explaining why migration flows can increase over time, but they often fail to account for tipping points, as when migration stabilizes and falls well before wages or job availability is equalized.¹⁹

Many cumulative causation models are built around migration networks, the information embodied in employers who have hired migrants and migrants who are or have been abroad.²⁰ In cases in which migration flows have been rising over time, networks are often assigned a central role in the supply-side of migration decision making, as young people follow parents and older siblings abroad, and migration becomes a “rite of passage” for those growing up in areas that offer few job prospects (Massey et al., 1998). However, a major weakness of many cumulative causation models is that they focus on the supply side of the labor market, seeking to explain why more people want to leave a given area, but neglect the demand-side that explains why employers want to hire migrants.

In the early 1990s, US sociologists Roger Waldinger and Michael Lichter interviewed the managers or owners of over 200 workplaces in Los Angeles that hired low-wage workers in industries from printing and hospitals to hotels and restaurants. They concluded that employers prefer to hire newly arrived migrant workers because they have the right “attitude” toward the often low-wage and difficult jobs they fill, and these employer preferences are reinforced by the

¹⁹ Mexico: Mexican Migration Project. Migration News. Vol. 5, No. 4. April.
<http://migration.ucdavis.edu>

²⁰ The migration network concept has been called “the most successful sociological contribution to our understanding of international migration.” Waldinger and Lichter, 2003, p. 84.

fact that migrants are “here to work” and do not have “negative attitudes.”²¹ Thus, migrants who lack English language skills, schooling and familiarity with American culture may nonetheless get jobs via networks and be preferred by some employers because of their “personal qualifications — friendliness, enthusiasm, smiling, subservience.” (Waldinger and Lichter, 2003, p. 220).

Waldinger and Lichter looked at the requirements to perform migrant jobs, and found that in manufacturing, workers needed to be able to engage in the physical exertion to do the job, but next most important trait was an ability to get along with co-workers, so that they could teach new workers the “tricks” of particular tasks and machines. With training done by co-workers, it is important for new hires to get along with the workers who will train them, and migrant networks are ideal at building mutually supportive work forces in which the “qualities” of workers are more important than their formal education and skills. Where on-the-job learning dominates, migration networks can “capture” certain work places in ways that make it hard for local workers who do not speak the “workplace language” to gain a foothold or, in academic terms, “social capital” or who you know becomes more important than human capital or your education and skills in finding a job (Waldinger and Lichter, 2003, p. 64).

Waldinger and Lichter recognize the paradox that their research implies for concepts of integration and equality. Migrants selected to fill jobs because they are different — they are willing to fill 3-D jobs because of “their dual frame of reference and less-entitled status” (p. 229). However, migrant workers and their children eventually come to want and expect upward mobility, and a large and growing group whose aspirations are greater than the economy’s payoffs to them promises “a future of ethnic conflict” that might be averted only if “the nation takes steps to speed the course of immigrant integration.” (Waldinger and Lichter, 2003, p. 233).

Few academic studies focus on recruitment agents per se, probably because it is harder to obtain information from them than from employers or migrants. The limited research literature available stresses that the major assets of recruitment agents are the same as those of networks — access to jobs and workers to fill them. However, agents run the gamut from small operators who recruit only on a part-time or one-time basis to operations that recruit and deploy thousands of migrants each year. The operations of recruitment agents are more studied in sending than receiving countries, and these studies often stress that “recruiters” are diverse, and many of the activities in which they engage may not be covered by local laws.

Smuggling and trafficking

The line between recruiting and smuggling and trafficking can be difficult to draw in practice. According to the 2000 Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children,²² “Smuggling of migrants shall mean the intentional procurement for profit for illegal entry of a person into and/or illegal residence in a State of which the person is not a national or a permanent resident. Trafficking in persons means the recruitment, transportation, transfer, harboring or receipt of persons, either by the threat or use of abduction, force, fraud, deception or coercion, or by the giving or receiving of unlawful payments or benefits to achieve the consent of a person having the control over another person.” (quoted in Martin and Miller, 2000).

Smuggling and trafficking migrants, sometimes estimated to be a \$5 to \$10 billion annual business based on estimates that at least one million migrants a year pay an average \$5,000 to \$10,000 each to be taken unlawfully across borders, is often called the “dark side” of

²¹ Training times were typically short: Restaurants said that new workers needed eight days to master their jobs, hotels said 11 days.

²² This supplemented the United Nations Convention against Transnational Organized Crime.

globalization. With smuggling defined as moving migrants unlawfully over borders, and trafficking defined as smuggling plus coercion or exploitation, there is recognition of the difference between a father paying a smuggler to have his family join him abroad in defiance of migration laws and a trafficker who promises a woman a job as a hostess and forces her into prostitution. However, it can be hard to draw this line between smuggling and trafficking before the migrant is taken over borders.

Among the particular smuggling and trafficking cases that have been documented, the case of migrants from the relatively prosperous coastal province of Fujian, China stands out. The visible successes of some migrants abroad — evident in their two-to-four story houses — make many others willing to pay \$30,000 to \$40,000 a piece in smuggling fees. Local recruiters for smuggling organizations find migrants willing to make a down payment on the fee and, after they have assembled a group of migrants, the smuggler arranges for transportation to North America, Europe, or Japan. Recruiters assure migrants that, even if they are apprehended, they may be able to stay abroad by applying for asylum, claiming persecution on the basis of e.g. China's one-child policy.²³

Could opening more doors for legal migrants reduce smuggling and trafficking? Many politicians echo International Organization for Migration Director General Brunson McKinley, who said "Europe does need workers in certain areas, so why not put policy together in a way that takes the wind out of the sails of the traffickers?"²⁴ Logically, in a world of open borders, there would be no irregular migration and no demand for smugglers and traffickers to move migrants over borders, while in a world of closed borders, many of the international movements that nonetheless occurred would likely involve smugglers and traffickers.

However, in today's world of partially open borders, there is no automatic link between more legal migration channels and less irregular migration. Indeed, in some cases, opening legal channels in a bid to reduce irregular migration could have the opposite result, as when the Moldavian government announced with great fanfare a new agreement opening legal slots for guest workers in Italy. Some of those who would not have considered going before registered, and when they realized that there were 10 registrants for every job, some reportedly went illegally.

Recruitment models: Sending countries

This section explores recruitment methods in several major countries that have over 10 per cent of their workers employed abroad: the Philippines and Moldova. The Philippines has been exporting workers for three decades, and has one of the world's best-developed systems to regulate the recruitment and deployment of migrants. Moldova, on the other hand, has been sending workers abroad for only a decade, and provides an example of a country that is trying to turn irregular into regular labor emigration.

*Philippines*²⁵

The Philippines is a major source of migrants, with 3 million legal Overseas Foreign Workers, perhaps 2 million unauthorized migrants abroad, and an additional 2.4 million Filipinos who have immigrant or naturalized citizen status in other countries. The 7.4 million Filipinos abroad remitted almost \$8 billion in 2003, equivalent to 10 per cent of the Philippines' GDP. Almost a

²³ For example, four ships with 590 Chinese migrants arrived in British Columbia in summer 1999, and all applied for asylum in Canada. Canada uses the number of asylum applications filed as one indicator of the number of Chinese being smuggled into Canada. In one case, 150 Chinese posed as "Japanese eco tourists" and traveled from Greenland to northern Canada, but soon went to Montreal and then New York City.

²⁴ Roger Cohen, "Crossing Borders: The Trade in Humans," *New York Times*, July 2, 2000, p. 1.

²⁵ This section is based on Abella et al. 2004.

million Filipinos a year, an average 2,700 a day, are “deployed,” meaning they are sent abroad under Philippine government auspices, a majority of them are women leaving to be domestic helpers, entertainers, and nurses.

Table I. Filipino migrants deployed: 1985-2002

	2002	2000	1995	1990	1985
Total	891 908	841 628	653 574	446 095	372 784
Land-based	682 315	643 304	488 173	334 883	320 494
Sea-based	209 593	198 324	165 401	111 212	52 290
Saudi Arabia	193 157	184 645	168 604	169 886	185 837
Hong Kong	105 036	121 762	51 701	34 412	22 020
Japan	77 870	63 041	25 032	41 558	16 029
IIAF	50 796	43 031	26 235	17 189	15 120 093
Taiwan	46 371	51 145	50 538	54	9
Kuwait	25 894	21 490	9 852	5 007	21 167
Singapore	27 648	22 873	10 736	4 698	10 047
Italy	20 034	26 386	5 829	3 229	1 413

Source: POEA, 2004.

The press and the national government treat migrants as national heroes for venturing abroad to work and remit some of their earnings,²⁶ and Labor Secretary Patricia Sto. Tomas says that migrants are a “permanent fixture of Filipinos’ socio-economic life” that will not slow the country’s economic development. The Philippine Human Development Report 2002 concluded that: “No solid evidence on loss of skilled manpower, due to labor migration, has surfaced. The consensus is going abroad increases the return on investments in education and skills. Overseas work. . . should be encouraged.”²⁷

Average daily wages in Manila were reported to be 170 pesos a day early in 2004, when the exchange rate was \$1 = 55 pesos, and outside Manila from 60 to 160 pesos a day, suggesting why migrants are eager to leave for jobs that pay \$250 or more a month. With the unequal distribution of income, it would take sustained and significant economic growth before the poor who are most likely to emigrate consider staying at home.

Enterprises related to the business of migration are a key part of the Filipino economy: recruiters, travel agents, remittance and insurance services are common, even in remote rural areas where the major link to the global economy is migration.²⁸ There were about 1,200

²⁶ December 18 is celebrated as the International Day of Solidarity with Migrants; this was the day that the United Nations General Assembly in 1990 approved the International Convention on the Rights of All Migrant Workers and Members of Their Families, and there are “Pamaskong Handog sa OFWs” campaigns to welcome home migrants in December. June 7 is Migrant Workers day in the Philippines, and 2002 was the “Year of Overseas Employment Providers.”

²⁷ According to the report, there were 6.4 million Filipinos employed overseas, and 31 million employed in the Philippines. Those abroad included 2.1 million Filipino workers in the US, 400,000 in Canada, and 260,000 in Australia and New Zealand.

²⁸ There are also a growing number of businesses that help migrants to invest their remittance savings at home. In 2004, there were over 200 cooperatives, associations and self-help groups that pooled some of their remittances to launch small- and medium-sized enterprises. Many returned migrants buy in *jeepneys*, the 20-passenger vehicles with facing rows of seats that transport riders for up to 4km for 4 pesos (\$0.08). A used *jeepney* can be bought for 250,000 pesos or about \$4,500, can generate fares of 500 pesos a day, and after paying a driver and maintenance, will have paid for itself in a year or two. Other popular investments made by returned migrants are raising pigs or poultry or developing handicraft businesses.

licensed recruitment agencies in 2004,²⁹ including some operated by ex-government employees, with combined annual revenues of over \$400 million a year.³⁰ Many of the migrant recruitment agencies, which must be 70 per cent Filipino-owned, belong to the Philippine Association of Service Exporters, Inc. (Pasei) or the Overseas Placement Agencies of the Philippines (OPAP).

The government operates three agencies to serve and protect migrants: the Philippine Overseas Employment Administration (POEA) regulates recruitment and provides pre-departure orientation;³¹ labor attaches stationed at consulates abroad provide assistance to migrants while they are abroad,³² and the Overseas Workers Welfare Administration (OWWA) operates centers in areas with concentrations of Filipinos that cover the cost of emergency repatriation and provide various services to families left behind.³³ These activities are financed by fees collected from migrants, including a P 3,000 (\$60) processing fee charged by the POEA, whose governing board includes representatives of the recruitment industry, and a \$25 fee paid to the OWWA.

The most common first-time migrant is a 25-year-old woman going abroad to work as a domestic helper on a two-year contract; many women complete 5 or more two-year contracts before returning home to stay.³⁴ According to the Office of Reintegration of Overseas Foreign Workers (OFWs), most unskilled Filipino migrants must work abroad at least three years to repay the debts they incurred to become OFWs. Recruitment agents are normally involved only in the first placement abroad, giving them less incentive to be honest, since most migrants go abroad for second and subsequent trips without the help of an agent.

Fees paid to private recruiters are the largest expense of working overseas. The POEA limits private recruiter fees to one month's wages abroad, but migrants who know that there are more applicants than jobs sometimes pay more, often the equivalent of two to four months wages to get the usual two-year contract. The POEA campaigns against illegal recruitment and overcharges, but there are almost daily press reports of migrants paying fees for non-existent overseas jobs or paying a month's wages for a contract but waiting 4, 6, or 10 months before going abroad to earn wages.³⁵

The government would like to reduce the number of licensed recruiters, and has doubled the capital required to get a license from one to two million pesos (from \$20,000 to \$40,000) and has proposed requiring agencies to deploy at least 100 migrants a year. The POEA deployed about 10,000 OFWs directly in 2003; the largest private recruitment agencies deployed 3,000 to 5,000 migrants. Filipino recruiters are jointly liable with foreign employers to fulfill the provisions of the contracts that each migrant leaving legally must have, which helps to protect migrants but prompts some recruiters to complain that their revenues and profits depend on deploying migrants to employers abroad whom they may not know well.

Between 1992 and 2002, the POEA filed 650 cases alleging illegal recruitment, but only 66 of the cases that were recommended for prosecution resulted in a criminal conviction. The

²⁹ About 900 recruitment agencies specialize in placing Filipinos in land-based jobs abroad, and 300 in sea-based jobs.

³⁰ POEA recognized 55 recruitment agencies as top performers in 2003.

³¹ The POEA issues a number of booklets that outline living and working conditions in various countries.

³² Filipino migrants have protested the charges levied by Philippine consulates for passports and employment contract authentication.

³³ The OWWA, funded by migrants, provides emergency services at 28 Philippine embassies, including shelters abroad for migrants who run away from abusive employers.

³⁴ Some 70,000 Filipinas a year leave, and 95 per cent go to Japan as entertainers with 3-month contracts. Since 1995, women leaving the Philippines as entertainers have to be at least 23 years old, have one year's performing experience in the Philippines, and obtain artists' record books that certify to their training. In September 1996, Japan made it harder for entertainers to receive an extension of their three-month visas after finding that 93 per cent of entertainers who were supposed to be singing or dancing were instead attending to customers as hostesses or guest relations' officers (GROs).

³⁵ Most police stations in the Philippines have an OFW desk to receive complaints.

National Bureau of Investigations attributes this lack of convictions to the inefficiency of the Philippine court system and the reluctance of many migrant victims to file formal charges.³⁶ Some victims refuse to testify because the recruiter is a relative, friend or resident of their town, and in other cases victims who initially allege that they had to wait too long to be deployed are in fact sent abroad, which stops the case.

Many violations of POEA regulations occur overseas, as when a migrant is required to sign a supplemental contract that requires the payment of additional fees. Migrants in such cases could complain to the labor attaches at local consulates, but most do not, fearing that they could be dismissed by the employer and required to return to the debts they incurred to go abroad. In other words, even if the recruitment process runs smoothly in the migrant's country of origin, recruitment-related problems can arise abroad that the migrant and sending country government are powerless to resolve.

The Philippine system is often considered a model for regulating recruitment and protecting migrants abroad, with perhaps the world's most diversified portfolio of foreign labor markets for its workers, most of whom are deployed legally. However, there is an active debate about whether there is too much regulation of recruitment that raises the costs of Filipino migrants. Most recruiters as well as the Union of Filipino Overseas Contract Workers (OCW-Unifil) want less government regulation of recruitment, arguing that it increases the costs of sending migrants abroad at a time when countries such as China, Indonesia and Viet Nam that offer lower-wage workers are aggressively expanding deployments.

Competition to send migrants to fill jobs in Middle Eastern and Asian countries promises to become more heated, which could force sending country governments to confront the numbers-rights trade off: do they adopt policies that increase opportunities to send more workers abroad, or do they ensure that migrant rights are protected even if that means that fewer migrants are deployed? One strategy in the Philippines and elsewhere is plan to deploy more English-speaking and skilled migrants to avoid a numbers-rights dilemma and race to the bottom in migrant deployment.³⁷

Indonesia

Indonesia provides a contrasting case of a country considering a switch from emphasizing numbers to focus more on rights and protections for migrants.³⁸ The Indonesian government suspended unskilled female worker emigration in March 2003, arguing that unskilled workers lack language and work skills to deal with foreign employers, contributing to their poor treatment abroad. Nahdhatul Ulama, the largest Muslim organization in Indonesia, in October 2003 said: "The sending of migrant workers to work as baby-sitters, domestic helpers, waitresses and the like will only disgrace the whole nation." The Saudi government says that the inability of many Indonesian domestic helpers to speak Arabic and to operate home appliances leads to problems. Many employers hire Indonesians because they are cheaper than Filipinas,

³⁶ In November 1998, a Malaysian, a Briton and an Australian were arrested after they recruited Filipinos for jobs in a fictitious country, the Dominion of Melchizedek, said to be in the South Pacific (in the Old Testament, Melchizedek was a model priest to whom Abraham and others paid tithes).

³⁷ Some 6,500 to 7,000 nurses graduate each year in the Philippines, and many plan to go abroad for better pay, more professional opportunities, and to join relatives abroad. In 2003, pay for Filipino nurses abroad was reported to be \$3,000 to \$4,000 a month, versus \$170 a month in urban areas of the Philippines, and \$75 to \$95 a month in rural areas, and there are a number of recruiters competing for those who can pass exams and get licenses to deploy them to hospitals in Canada, the US, and other countries. Labor Secretary Patricia Sto. Tomas says that nurses are "the new growth area for overseas employment."

³⁸ Based on South-East Asia. 2004. Migration News. Vol. 11, No. 4. October <http://migration.ucdavis.edu>.

but the Indonesians, often from villages without electricity, may not be familiar with modern appliances.

The Indonesian government in October 2004 enacted a migration protection law that was opposed by NGOs because, they said, it assigns the government multiple roles in recruitment and deployment, and does not set priorities between e.g. promoting labor exports and regulating labor exporters. Under the new law, agents who send workers abroad without a license can be fined up to \$1.5 million or jailed two years. Women are supposed to be at least 25 to go abroad as migrant workers, but recruiters routinely change the ages of younger women so that they can leave. Recruiters are to provide language and other classes to prospective migrants before they leave, and the government wants to establish minimum wages and working conditions in the contracts that migrants are supposed to have in hand when they go abroad. Some 480,393 Indonesians went abroad legally to work in 2002, when remittances totaled \$2.8 billion.

The Minister of Manpower, Jacob Nuwa Wea, said that he wants to “form an advocacy agency, design a special passport for workers, and provide legal protection for them during their employment overseas.” However, critics say that reforms aimed at protecting migrants are likely to be merely symbolic because of pressure to go overseas for jobs. The Indonesian labor force grows by 2.5 million a year, and only about 1.5 million jobs are added in most years; un- and underemployment is put at 45 million. Advocacy groups estimated there were four million Indonesians working overseas legally and illegally in 2003, 70 per cent of them women, and their need to emigrate was highlighted when 3,000 women scheduled to go overseas staged a demonstration demanding the right to emigrate after the government suspended deployments in 2003.

Legislators reportedly protect the 400 recruitment agencies that generate an estimated \$2 billion a year in revenue by charging migrants \$1,500 each to go abroad, prompting one critic to say that: “Parliament is unlikely to enact laws that go against agencies’ interests.” Some agents reportedly give legislators \$100 for each migrant recruited in their district, and returning migrants complain that when they pass through a special terminal for them in Jakarta, instead of protection they are exposed to government and private agents charging them unauthorized fees and giving them poor exchange rates.

Moldova³⁹

Moldova provides another model of deploying migrants abroad, and illustrates the dangers of announcing legal opportunities to go abroad for employment when they are in fact very small. There are an estimated 300,000 to 500,000 Moldavians abroad, 20 to 35 per cent of the labor force, and polls suggest significant emigration pressure. The Barometer of Public Opinion (May 2003) reported that 15 per cent of respondents had worked abroad, including 7 per cent who had worked abroad in 2002-03, and 50 per cent of respondents said they would like to leave Moldova, including 12 per cent who wanted to leave “forever.” However, few Moldavians understand how to go abroad legally and what awaits them when they are in irregular status abroad.⁴⁰

The supply-push of economic collapse and high unemployment after 1994, and again in 1997-98, encouraged many Moldavians to emigrate almost out of desperation, with most going to countries that did not require visas or where they knew the language, including Russia, Ukraine and Romania. Later, Moldavians migrated to Italy (via the Romanian connection Explain), Turkey (the 160,000 strong Gagauz minority has a language connection), and Israel (Adventist religion Explain). Moldavian migrants have since spread in Western and Southern

³⁹ This section is based on Martin, 2004.

⁴⁰ Scanlan (2002) reported that 90 per cent of the young people she talked to had close family or friends working abroad.

Europe as well as to Middle Eastern countries, and a culture of emigration developed in small towns and rural areas that lost jobs when factories linked to trade with Soviet Union collapsed.

Table 2. Moldavian migrants abroad, 2002

	Mid-2002
Russia	255,000
Italy	150,000
Portugal	80,000
Czech Republic	40,000
Turkey	35,000
Greece	30,000
France	20,000
Spain	20,000
Israel	20,000
Total	650,000

The Moldavian challenge is to turn what is now a largely irregular and unregulated recruitment into regular and regulated migration. The government's State Migration Service's strategy is threefold: to negotiate MOUs and bilateral agreements with the countries that currently have irregular Moldavian migrants and countries seeking migrant workers,⁴¹ register Moldavians seeking jobs abroad, and regulate the activities of private recruiters who help deploy Moldavians.⁴² However, this strategy has so far done as much to spur irregular as regular migration since, with each announcement of a new MOU or bilateral agreement, there is a flurry of activity at the State Migration Service (SMS), as Moldavians eager to go abroad register but wind up disappointed when it becomes clear that there are few slots for legal migrants.

For example, in anticipation of a bilateral Italy-Moldova agreement effective May 1, 2004 that permits up to 1,500 Moldavians to travel to Italy as guest workers, some 7,000 potential migrants registered with the SMS, including 60 per cent who were employed in Moldova and 80 per cent who had finished at least high school.⁴³ However, few of them went to Italy under SMS auspices — the SMS deployed a peak 1,200 migrants in 2001, but fewer than 200 in 2002. Some 200,000 Moldavian professionals were believed to have gone abroad between 1994 and 2004, including 45,000 teachers and 40,000 doctors, but these professionals are often able to finance travel abroad and do not use the SMS.

There were only 11 licensed private recruiters in 2001, but their number swelled to 57 in 2002 before several licenses were revoked. Private recruiters are not supposed to collect fees from migrants until they have delivered contracts and work visas, but many migrants discouraged about not being able to go abroad via the SMS reportedly pay far more than one month's wages and often pay on the basis of promises rather than contracts. Indeed, the most usual way to go to countries that require visas is to turn to "travel agents" who advance the

⁴¹ Moldova has bilateral labor agreements with Russia and Italy, and there are discussions of agreements with other countries, including Greece, Portugal, the Czech Republic, and Kuwait (March 2004). Moldova has Memorandums of Understanding regulating some temporary labor migration with Belarus, Russia, and Ukraine.

⁴² There were 57 licensed private agents in 2002 and 38 in April 2004, and they reportedly placed 2,000 migrants in overseas jobs in 2000-2001.

⁴³ A series of Italian-Moldavian agreements signed November 27, 2003 anticipate allowing some of the estimated 150,000 Moldavians in Italy to legalize their status — those who were employed in Italy before June 1, 2002. In addition, if Moldova cooperates to reduce irregular migration and trafficking, up to 1,500 Moldavians will be allowed to work as non-seasonal guest workers in Italy beginning May 1, 2004.

\$1,000 to \$2,000 needed to get a tourist or family visit visa to travel to a Western European country. Once employed abroad, the migrant repays the travel agent fee with interest. The fact that most Moldavians leave with the help of private agents, and that the cost of migrating has been increasing as especially EU countries tighten entry requirements in response to Moldavians working irregularly, means that the “control” of migration is increasingly in the hands of private middlemen.

The frustration with limited opportunities to go abroad legally reportedly fuels trafficking, especially of women and children. A significant but unknown number of women and girls are trafficked for prostitution⁴⁴ and men and boys for labor and begging. A common story involves young women from rural areas and towns who do not have the money or credit to get a visa from a travel agent accepting offers made by “friends of friends” to go abroad as waitresses, dancers, or maids. Some wind up as prostitutes, sold from one gang to another abroad, all the while running up debts that are difficult to repay.⁴⁵ Recruiters receive small payments for each woman they can persuade to travel to the capital city of Chisinau to meet the traffickers, who give the recruits money and set the debt cycle in motion.

The best way to counter irregular migration and trafficking is to offer opportunities at home that do not make work abroad so attractive, but economic reforms have been slow and halting. Remittances to Moldova are rising fast: the National Bank of Moldova estimated remittances at \$317 million in 2003, \$208 million in 2002, and \$153 million in 2001 (these are largely remittances received via Western Union and Moneygram).⁴⁶

Table 3. Remittances to Moldova, 2001-2003 (\$ million)

	Remittances to Moldova, 2001-2003 (\$ million)		
	2001	2002	2003
Remittance credits	153	208	317
Exports	567	660	806
Imports	880	1,038	1,428
Tech/Human Aid	141	136	130
FDI	146	116	58
Remit-Per of Exports (%)	27	32	39
Remit-Per of Imports (%)	17	20	22
Remit-Per of Aid (%)	109	153	244
Remit-Per of FDI (%)	105	179	547
Source: National Bank of Moldova.			

⁴⁴ There are reports that many girls and women consider prostitution a viable occupation given their alternatives. The organization Welcome Moldova reported that “Right out of the school classroom young girls fooled by blockbuster romanticism want to become ‘Pretty Women’ and play Julia Roberts’ role for real.”

⁴⁵ Examples of these press reports include: Irina Sandul, East European women trapped in sex slavery, Washington Times, March 11, 2001. Profiles prepared by Kiev-based *La Strada* Ukraine, including that of a 22-year old student promised a job as a waitress in Germany, but wound up \$5,000 in debt and in a brothel in Frankfurt. The story reported that Moldova was the number one source of trafficked women to Western Europe, and that only 10 per cent of the women did not know they would be working as prostitutes. Sue Lloyd-Roberts, The new warlords, Evening Standard (London), June 14, 2002, traced the large-scale trafficking of Moldavian and other Eastern European women to rapidly rising female unemployment rates in the 1990s and the demand for sex workers in ex-Yugoslavia to serve peacekeepers.

⁴⁶ The IMF estimated total remittances at \$600 million in 2003, with the extra remittances arriving via the “courier system,” trusted people such as train conductors physically carrying money from Russia to Moldova, as well as in the form of goods brought home by returning migrants.

Unlike most migrant-sending countries that welcome remittances, Moldavian Economics Minister Marian Lupu said that remittances “have a negative impact on the development of the economy in the medium term” because they put upward pressure on the exchange rate, dampening exports and increasing imports while contributing to inflationary pressures.” (quoted by BBC Monitoring, March 10, 2004). Indeed, the failure of the government to embrace migration and remittances as in the Philippines has led to speculation that the government welcomes the safety valve offered by migration. The Moldavian vice-foreign minister in 2003 was quoted in a way that reinforced this suggestion: “Isn’t emigration better than revolution?” Ion Stavila went on to say that emigration would lead to economic integration with Europe, that is, the migration of Moldavians would be followed by economic integration.⁴⁷

Until then, a variety of international organizations and NGOs are aiming to alert women to the realities of what they face abroad in order to discourage trafficking. One potential best practice may be to station women at border crossings to warn those who may be in the process of being trafficked.⁴⁸ However, the most important caution arising from the Moldovan experience is that governments should be careful not to over promise opportunities for legal migration. By advertising opportunities to go abroad legally, and registering those who are interested, the result may be that persons with jobs are induced to consider emigration, and once they realize that they are unable to go legally, they may consider irregular migration.

Recruitment models: Receiving countries

The Philippines and Moldova send migrants to many countries, while migration from Mexico and Poland is more concentrated in a few destination countries. Receiving countries normally have the upper hand in negotiations over agreements to govern the admission and employment of temporary workers, but when most migrants in a particular sector abroad come from only one or a few countries, sending countries may be in a better position to regulate the activities of recruitment agencies. In the case of Mexican farm and other seasonal workers in Canada, an MOU calls for the involvement of public ES agencies in each country to determine whether migrants are needed and to recruit them. In the case of the seasonal farm workers in the UK, private scheme operators must be certified by authorities to work with universities in Eastern Europe to recruit seasonal workers.

Mexico-Canada

Canada’s Commonwealth Caribbean and Mexican Agricultural Seasonal Workers Program allows foreign workers to enter and work on farms up to eight months a year. Workers from the Caribbean began arriving in 1966 and from Mexico in 1974. Today, about 60 per cent of the migrants are from Mexico, and 80 per cent of the migrants are employed on fruit, vegetable and tobacco farms in Ontario, where the average stay is four months. The migrants who fill about 20 per cent of the province’s seasonal farm jobs usually work 10- to 12-hour days six days a week.

⁴⁷ Quoted in Jandl (2003). The Communist Party was elected to power in national elections in 2001, winning 50 per cent of the vote and 71 of 101 seats in Parliament. The Communist Party won 48 per cent of the vote in municipal elections in May-June 2003, versus 20 per cent for the Social-liberal alliance (Our Moldova Alliance) and 9 per cent for the Christian Democratic Popular Party (PPCD).

⁴⁸ Some of the Moldavian women who wound up as prostitutes abroad knew what they would be doing, and may have taken advantage of IOM’s offer of a free ticket home and a small re-integration allowance, which helps to explain reports that some Moldavian women have been “rescued” with IOM assistance multiple times. Scanlon noted that 30 per cent of those repatriated by IOM after being trafficked are trafficked again, “reflecting the willingness or necessity to continue seeking opportunities abroad, regardless of the risks.” (2002, p. 10).

Table 4. Canadian guest worker employment in agriculture

Canadian guest workers admitted for agriculture, 1987-2002				
Years	Mexicans	Caribbean*	Total	Mexican (%)
1987	1,547	4,655	6,202	25
1988	2,721	5,682	8,403	32
1989	4,468	7,674	12,142	37
1990	5,149	7,302	12,451	41
1991	5,111	6,914	12,025	43
1992	4,732	6,198	10,930	43
1993	4,710	5,691	10,401	45
1994	4,848	6,054	10,902	44
1995	4,884	6,376	11,260	43
1996	5,194	6,379	11,573	45
1997	5,670	6,705	12,375	46
1998	6,480	6,901	13,381	48
1999	7,528	7,532	15,060	50
2000	9,222	7,471	16,693	55
2001	10,446	8,055	18,501	56
2002	10,778	7,826	18,604	58

*From Barbados, Jamaica, and Trinidad and Tobago. <http://www.cic.gc.ca/english/pub/facts2002-temp/index.html>

Source: Citizenship and Immigration Canada.

The Mexico-Canada program is governed by an MOU that makes the Mexican Ministry of Labor responsible for recruiting workers in Mexico and negotiating their wages with Human Resources Development Canada (HRDC), the public ES agency. The admissions process begins with farm employers, who apply to local Human Resources Centers (HRCs) for certification of their need for migrants at least eight weeks before the work is to start. Under the Canadians First Policy, farmers must hire any qualified Canadian workers who responds to their job offers, and may hire Mexicans if local workers do not apply. Farmers must offer the Mexicans at least 240 hours of work over six weeks, free approved housing and meals or cooking facilities, and the higher of the minimum wage (C\$7.15 an hour in Ontario in 2004, projected to rise to C\$8 by 2007), the prevailing wage, or the piece-rate wage paid to Canadians doing the same job.

HRC approval to hire foreign workers is sent to an organization funded by farmer-paid fees, Foreign Agricultural Resource Management Services (FARMS), which transmits the job offer to the Mexican labor ministry. The Mexicans go to the Canadian consulate to receive entry papers, and a FARMS affiliate arranges and pays for transportation to the employer's farm in Canada.⁴⁹ Workers are on probation for two weeks after their arrival, and farmers provide written evaluations of each worker at the end of the season that are placed in sealed envelopes and delivered by returning workers to Mexican authorities. Farmers may specify the names of workers they want, which they do over 70 per cent of the time, so that the average worker interviewed in one study had seven years experience in Canada (Basok, 2002). Farmers face fines of up to C\$5,000 and two years in prison for hiring unauthorized workers or lending their

⁴⁹ FARMS began to play this role in 1987, when the program was changed and the private sector played a greater role in program administration. Transportation is arranged by CAN-AG Travel Services. Employers deduct four per cent of worker wages (up to C\$575) to recoup transport costs; farmers also deduct payroll taxes and insurance costs from workers' pay.

guest workers to other farmers, but such fines are more infrequent than these activities occur, according to local observers.

Farmers say they turned to Mexican migrants after negative experiences with local workers, recounting stories of workers threatening to break equipment in order to get fired and return to the welfare rolls, or workers “breaking faith” by walking away during busy times after being “helped” by growers who kept them on the payroll when there was little work available. More farmers are hiring mostly Mexicans: in one study, migrants filled 40 per cent of the jobs in 40 vegetable greenhouses, up from 10 per cent a decade ago (Basok, 2002). Mexican data suggest that 42 per cent of guest workers were employed in vegetables in Canada, 18 per cent in (tomato) greenhouses, and 13 per cent each in tobacco and fruit.

Most of the Mexican migrants are married men who leave their families in rural Mexico and travel to Mexico City at their own expense and pay for required medical exams, so they arrive in Canada in debt.⁵⁰ Initially, Mexican authorities recruited only married men from the Mexico City area, but after 1989, women could go (about three per cent of the 12,000 workers in 2003 were women, whom some employers prefer for fruit and vegetable harvesting and packing).⁵¹ Approved workers receive passports from the Ministry of Foreign Affairs (special three-year passports for 165 pesos), temporary departure forms from the Ministry of the Interior, and undergo medical exams at Canadian-approved health centers in Mexico City. The share of workers from provinces surrounding Mexico City began to drop as workers could come from anywhere in Mexico, but in 2003 some 70 per cent of the Mexican migrants were still from four Mexican states: Tlaxcala, Guanajuato, Mexico and Hidalgo. Unmarried men have been allowed to participate since 2003.

In Canada, the migrants are isolated on farms, where they report spending little money, enabling them to save an average C\$1,000 a month from their average C\$1,400 pay. These savings opportunities may explain why some migrants report they prefer the security of contracts in Canada to the insecurity of unauthorized status in the US. Mexican consular officials can inspect worker housing and solicit worker grievances, but some migrants say that they do not receive sufficient help. For example, many migrants leave Canada before they get their last paychecks, or have their tax refund checks sent to addresses in Canada. Since 1982, small checks owed to Mexican migrants have been sent to Mexico’s Foreign Ministry, which reportedly has not contacted the workers to whom the money was owed.

Deductions are a major complaint of workers. Employers pay the worker’s flight to Canada and a \$150 visa fee per worker, and then deduct up to \$425 from worker pay to recoup these expenses. Since 1993, foreigners working in Canada have employment (unemployment) insurance and social security (for workers earning more than C\$3,300) deductions made from their pay, but are not eligible for UI payments.⁵² Income taxes are deducted, but can be refunded to workers earning less than C\$14,000 — 78 per cent of workers applied for income tax refunds. The United Food and Commercial Workers says that Mexican and Caribbean migrants paid a total C\$8.2 million in Employment Insurance Act premiums in 2002 — C\$3.4 million by workers and \$8.2 million by employers — but the migrants cannot collect benefits when they are unemployed.

⁵⁰ The Mexican government advertises the ability to work in Canada via its 139 State Employment Service offices, but workers must, on average, make six trips to Mexico City at their own expense to actually complete procedures. Since May 2002, the Mexican government has provided most first-time workers with 3,000 pesos (\$280) to travel to Mexico City, where they learn about the work they will do in Canada and their rights and obligations.

⁵¹ To participate, Mexicans must have experience working in agriculture and have at least three and no more than 12 years of schooling, with men aged 22-45 and women 23-40. Men until 2003 had to be married with children who stayed in Mexico, and women must have dependent children who also stay in Mexico.

⁵² Workers who are at least 60 can apply for pensions — 360 have so far.

There have been protests over wage deductions and some workers went on strike on April 29, 2001 (Ontario farm workers do not have the right to strike) that led to deportations and complaints made on behalf of the migrants by the United Food and Commercial Workers Union and the United Farmworkers Union. The UFCW, which operates Migrant Worker Centers in Leamington and Bradford, Ontario, calls the migrant program “Canada’s shameful dirty secret,” and has filed suits against provincial authorities for excluding farm workers from the Occupational Health and Safety Act and for charging migrants C\$11 million a year in unemployment insurance premiums but not allowing them to obtain benefits — if migrants are unemployed, they must leave Canada. On the other hand, migrants are eligible for health insurance coverage upon arrival in Canada — the usual three-month wait for coverage under provincial health care programs is waived.

A survey of 360 workers who went to Canada from the states of Mexico, Tlaxcala, and Morelos in 2003 found that most are very satisfied with their work experience in Canada, with almost 40 per cent saying they liked “everything” about being a guest worker, and 30 per cent saying that they most liked having a job. Most of the workers’ complaints centered on Mexican administration of the program, with workers complaining of the need to make multiple trips to Mexico City and poor service from Mexican consular officials.

Suggestions for improving the program include lengthening the time before need that a Canadian employer must request workers — the original MOU required farmers to give at least 45 days notice before they need workers while the current MOU requires 20 days notice — and reducing the reserve of Mexican workers ready to go (the reserve is 10 per cent of 12,000 workers who actually go, meaning that 1,200 workers pay fees and get ready to go, but do not). The Mexican government spent \$2.3 million or about \$220 per worker to administer the program, plus about \$700,000 to subsidize trips to Mexico City for some 2,300 first-time workers.

Canadian Foreign Affairs Minister Pierre Pettigrew called the program a “great success” in a visit to Mexico City in August 2004, while Mexican Foreign Secretary Luis Ernesto Derbez said the program “shows our colleagues in Spain and the United States the success of a program established correctly.” Prime Minister Jean Chretien, in Mexico in March 2003, said “This program where your farmers can come and work in Canada has worked extremely well and now we are exploring (ways) to extend that to other sectors. The bilateral seasonal agricultural workers program has been a model for balancing the flow of temporary foreign workers with the needs of Canadian employers.”

The potential best practice aspects of the Canadian seasonal farm worker program include the active involvement of farm employers in program design and administration, Mexican government involvement in recruiting and monitoring migrants in Canada, and the health insurance coverage. Worker organizations do not play a role in program design or administration, and some of their complaints focus on legal restrictions that apply to all farm workers, including guest workers. Researchers emphasize that most migrants arrive in debt, and thus have an incentive to be good employees and follow program rules so that they can return, repay debts, and eventually accumulate savings.

Polish seasonal workers in Germany and the UK

Poland is the most populous country in Eastern Europe, and the new EU member with the highest percentage of workers employed in agriculture. Poland and Germany signed an MOU in the early 1990s that admits migrants for up to 90 days if local workers are not available to fill vacant jobs in agriculture, forestry, the hotel and catering sector, fruit and vegetable processing, and sawmills. Individual German employers may not hire (rotating groups of) seasonal workers for more than 7 months per year, except if they grow fruit, vegetable, wine, hops or tobacco.

About 90 per cent of the 293,000 seasonal migrants that Germany admitted in 2002 were Poles, and 90 per cent worked in agriculture, where they were to be paid at least the prevailing

wage. Employers request seasonal foreign workers and submit to local labor offices proposed contracts that spell out wages and working conditions as well as provisions for employer-provided housing, meals, and travel arrangements, if any. The German Employment Service's instructions require employers to provide "adequate housing" to seasonal workers, and warn that "adequate" refers to the quality of the housing as well as any rent charged to workers, which employers are to indicate on the contracts they offer workers (arbeitsagentur.de, 2004). However, the press during the asparagus harvest regularly reports Polish seasonal workers sleeping in their cars, suggesting illegal workers, workers colluding with employers to circumvent housing requirements, or both.

When employers request foreign seasonal workers, the German ES tests the local labor market and reviews the contracts being offered to foreigners before certifying the employer's need for migrants. Employers must pay an administrative fee of EUR 60 per worker to the Employment Service (arbeitsagentur.de, 2004). German employers may request foreign workers by name, and they do so for about 90 per cent of the seasonal workers they hire. Migrants arrive with copies of the bilingual contracts that were reviewed by both German and Polish ES agencies, and both German employers and migrants must make payroll tax contributions that are about 35 per cent of wages.⁵³

Table 5. Polish and total seasonal workers in Germany, 1991-2003

	1991	1992	1993	1994	1995	1996	
Poland	78,594	136,882	143,861	136,659	170,576	196,278	
Total	128,688	212,442	181,037	155,217	192,766	220,894	
	1997	1998	1999	2000	2001	2002	2003
Poland	202,198	187,690	205,439	229,135	243,405	259,615	226,128
Total	225,951	207,927	230,345	263,805	286,940	307,182	262,608

Note: Data for 2003 is January-July.

The UK has had a Seasonal Agricultural Workers Scheme (SAWS) since 1945, when its purpose was to provide jobs for displaced persons after World War II. SAWS now permits full-time non-EU agricultural students from Eastern Europe and the ex-USSR to enter the UK for up to six months a year to work on farms. Almost half of the students, who must be 18 to 25 years old, are from Poland and the Ukraine, and most are in the UK between April 1 and November 30 for farm work and an "educational-cultural experience." Some SAWS workers are covered by Agricultural Wages Orders, which require a minimum wage of £5.15 (\$8.24) an hour for an adult standard worker and £4.50 (\$7.20) an hour for a manual harvest worker in 2004, while other farm work is covered by the national minimum wage.

Initially seven Scheme Operators handled recruitment, usually using agents at universities in Poland and elsewhere to find student workers, and sending students who arrive in the UK to their own farms or other farms.⁵⁴ The farm employer must provide housing, and SAWS students are to be employed only on the farm to which they have been assigned. The students must have visas before arrival, come without their families, and may not adjust status in the UK, but an

⁵³ If seasonal foreign workers are employed less than 2 months in Germany, the workers and their employers do not have to pay social security taxes on their wages.

⁵⁴ Since 2004, others were able to apply to become Scheme Operators, and in September 2004 there were nine. Operators charge farmers and/or SAWS workers for their services, and fees vary. Harvesting Opportunity Permit Scheme, HOPS, the largest operator with 8,000 SAWS workers in 2002, uses 75 recruiting agents in agricultural colleges to find students (www.nfyfc.org.uk/HOPS.htm).

estimated four to 10 per cent of SAWS workers overstay. Since 2003, SAWS workers may return to the UK after a break of at least three months outside the country.

Table 6. UK seasonal agricultural workers' scheme

UK seasonal agricultural workers' scheme					
	Ceiling	Admissions	SAWS Nationalities, 2002		1996
1992	5,500	5,019	Poland	4,867	2,338
1993	5,500	5,011	Ukraine	4,003	554
1994	5,500		Bulgaria	2,252	562
1995	5,500	5,052	Lithuania	2,161	767
1996	5,500	6,152	Russia	1,089	341
1997	10,000	10,255	Latvia	1,029	98
1998	10,000	10,394	Subtotal	15,401	4,660
1999	10,000	10,464	Per cent of total	80%	76%
2000	10,000	10,846	Total	19,372	6,152
2001	15,200	14,870			
2002	18,700	19,372			
2003	25,000				

Note: Admissions are cards issued; about 95 per cent reported to work in the UK. No data for 1994.
Source: Work Permits UK, www.workpermits.gov.uk.

Employer interest in SAWS workers has risen, and so has the ceiling on SAWS admissions — the number of permits issued exceeds the ceiling in most years because some of the students receiving permits do not report for work in the UK. The June 2001 census reported that 64,000 seasonal and casual workers were employed in UK agriculture, and they represented a third of the 188,000 total workers, including farmers and unpaid family workers.

It is hard to obtain an accurate picture of supply and demand in the seasonal farm labor market because most farm workers are organized into crews by labor contractors or gang masters who receive payments from farmers that reflect wages paid to workers plus a 25 to 30 per cent commission. The crews assembled by gang masters include citizens from the European Union, non-EU foreigners, and British citizens, some of whom are working for cash wages while drawing unemployment benefits. Gang master crews usually move from south to north harvesting and packing fruits and vegetables, and many reportedly fail to report (all of) their workers to authorities to avoid paying taxes⁵⁵

The UK government believes that expanding guest worker admissions can reduce irregular migration and employment, and a government commission on agriculture recommended that the SAWS ceiling be raised from 25,000 to 50,000 a year.⁵⁶ Newspapers report that at least 50,000 illegal workers — unauthorized foreigners and British workers

⁵⁵ There are calls to prevent illegal and exploitative employment by better regulating gangmasters. There are two approaches: (1) penalizing violators by e.g. requiring them to register and withholding licenses from those who violate laws (and perhaps penalizing employers where gangmaster violations are discovered) and (2) rewarding gangmasters who abide by laws with seals of approval.

<http://www.ethicaltrade.org/pub/publications/2003/04-gangmstr/index.shtml>

⁵⁶ White Paper. 2002. "Secure Borders, Safe Haven".

<http://www.official-documents.co.uk/document/cm53/5387/cm5387.htm>

drawing unemployment and welfare benefits while working for cash wages — were employed on British farms and in packinghouses in 2003.⁵⁷

The German and British seasonal worker programs represent efforts to deal with “inevitable migration” by channeling what might otherwise be unauthorized and irregular migrants into legal channels. In both countries, it was relatively easy for employers to qualify to employ seasonal workers, and rising numbers have been admitted. There is very little information on the involvement of recruitment agents in Eastern Europe — in Poland, workers go through the ES, but most are requested by name, so that the ES is primarily a required stop on the return to a German farm where the migrant has been before. However, in the UK the age limit on Central and Eastern Europeans and the fact those students graduate and are no longer eligible means there are potentially higher recruitment costs, although social networks among those who go and return undoubtedly provide a word-of-mouth perspective.

Policy options

The role of private recruitment agents in international migration flows has been a long-term concern of the ILO, which held a tripartite meeting April 21-25, 1997 to formulate guidelines for the protection of “the most vulnerable” migrant workers, including temporary foreign workers who fill seasonal jobs abroad, workers recruited for overseas jobs by private and fee-charging agents, and students, trainees, and other persons who are primarily abroad for a purpose other than employment but who can work (ILO, 1997). ILO guidelines can be fairly specific standards adopted by consensus and available to governments to make policy and in negotiations between governments over e.g. rules for allowing seasonal workers to become immigrants.

The ILO’s background paper for the 1997 meeting estimated that there were 36 to 42 million foreign workers world wide in 1995, including 11 to 13 million in Europe (9 million in Western Europe), 8 million in North America (the US labor force includes 13 million foreign-born workers, but some are naturalized US citizens), 6 to 7 million in Africa, 6 million in the Arab states, 3 to 5 million in Central and South America, and 2 to 3 million in south and east Asia. These foreign workers were accompanied by an estimated 44 to 55 million dependents.

ILO Convention 97 (1949) establishes standards for foreigners employed in permanent jobs, so the purpose of the meeting was to explore protections for “truly temporary” migrants, or temporary workers filling temporary jobs. The ILO guidelines adopted in 1997 call on governments:

- to assure that employers of temporary migrants provide them with suitable housing;
- to allow migrants to switch employers during their initial stay, and to switch jobs/industries if they are permitted to stay after the season/project is completed;
- to ensure equal wages for equal work, guarantee temporary migrants the right to form unions, and to have employers post bonds equivalent to one month’s pay in accounts supervised by tripartite employer, employee, and government representatives, with these funds available to make payments to migrants owed back wages.
- to allow migrants to bring their families with them, i.e., the decision on whether to bring family members should be left to the migrant and not governments;
- to have migrants and their employers contribute to host social security systems and have the same rights as other workers to draw benefits;

⁵⁷ A May 2002 review of SAWS program “suggests that shortages in the supply of labor are increasingly being met by non-EU citizens working in the UK illegally and by UK nationals working illegally whilst in receipt of benefit.” (p. 5).

- to use return incentives such as pre-paid return tickets and wage deductions that are refunded in the country of origin.

If adopted, these guidelines would change practices in many countries with seasonal and project-tied workers. For example, most countries tie seasonal migrants to a particular employer, so that if the migrant is fired, he must leave the country. Many temporary migrants are employed in sectors that have incomplete coverage under national labor laws, such as agriculture, so that they may not be entitled to minimum wages or have collective bargaining rights on the same basis as other workers because of the sector in which they are employed. Project-tied workers are usually moved over borders by their home-country employers, and may be considered employees under home-country rather than host-country laws, so that they may receive significantly lower wages than the national workers employed on the same project, their housing may be such that families cannot be accommodated, and their employers often hold passports and may make wage payments to family members at home, limiting the migrant's freedom while abroad.

Other temporary migrants include intra-company transfers, athletes and entertainers, service providers such as accountants, and students and trainees who may work while in the host country for another purpose. These migrants may not have their labor law rights guaranteed because they are not primarily workers, have varying rights to have their families with them abroad and, in the case of students and trainees, may have restricted access to the labor market, such as being able to work only on campus.

The second theme of the 1997 tripartite meeting was private recruitment agents, who were estimated to handle about three-fourths of the migrants leaving Asian countries to work in the Middle East and other Asian countries. The ILO has endorsed the use of private agents to facilitate international migration for employment, but urged them to cooperate with public ES agencies and urged governments to strengthen the capacities of public ES agencies to move workers over borders. In some cases, encouraging labor brokers to form associations can yield effective self-monitoring of recruitment agents.

Private agents are often associated with high fees and sometimes malpractice and abuse of migrants, although foreign employers who recruit workers directly as well as public ES agencies can also charge fees and abuse migrants. Many workers' representatives argue that migrants should not pay fees for recruitment services, since Article 6 of the Fee-charging Employment Agencies Convention (Revised), 1949 (No. 96) says that employers, not workers, should pay any recruitment fees. However, governments and employers' representatives noted in 1997 that a no fees recommendation was not realistic, and that the preferable option is to allow agents to charge fees, but regulate their amount. Most countries limit the fee that agents can charge to one month's wages abroad, but many migrants report paying fees equivalent to two to four months' wages, with the amount of the fee in terms of foreign earnings often increasing as the skill level decreases.

ILO guidelines favor bilateral agreements that rely on the public employment services in sending and receiving countries, and call for the regulation of private labor brokers, such as requiring them to have licenses, to post bonds, and monitoring their advertising as well as checking the contracts provided to migrants in exchange for fees. However, in the meeting it was acknowledged that employment services play increasingly smaller job matching roles in most national labor markets, which limits their ability to play significant job-matching roles for migrant workers.

Conclusions

Economic theory suggests that efficient job matching benefits employers seeking workers and workers seeking jobs as well as generating macroeconomic benefits that include reducing unemployment. Most countries use general tax revenues to establish a network of public

employment service offices that receive job orders from employers and register job seekers at no cost. However, the role of ES offices in job matching has declined in most industrial countries, as employment service firms, recruitment agents, and other private intermediaries expand their share of job matches.

Public ES offices can benefit from economies of scale and may be in a better position to enforce labor market standards. This means that, within a country, public ES offices can receive job offer information in one region and recruit workers in other regions to fill the jobs at relatively low costs because of their national networks. Similarly, ES offices can enforce labor market standards by e.g. not discriminating in registering and deploying workers, or refusing to register and deploy workers who are too young or not authorized to work, and not accepting job offers from employers who do not offer minimum wages or safe working conditions.

Private agents, most of who operate in only one country, account for most of the recruitment of first-time workers going abroad for jobs in many Asian countries. Working with counterpart private labor brokers in receiving countries, private agents have increased their share of placements in the international labor market. Over the past quarter century, the rising market share of private agents has been accompanied by a shift in who pays fees, from employers to migrants, and for the migrants with the least bargaining power, generally those without credentials such as those held by nurses, paying the highest percentage of their foreign earnings in fees.

In addition to the equity issue of lower-wage migrants paying fees for finding jobs abroad, private recruitment agents may have an interest independent of sending and receiving governments. The goal of most sending countries is to make labor emigration a transitional phase of economic development, so that private merchants of labor that help workers to go abroad should disappear with development. However, private recruitment agents have an interest in keeping international migration for employment expanding in order to bolster their revenues.

Sending country governments interested in reducing unemployment and receiving remittances recognize the importance of recruiters locating jobs abroad and moving workers over borders. Most have embraced a three-pronged strategy to deal with these private merchants of labor: identify the recruiters by requiring them to register and obtain licenses, establish standards for recruiters, including having them pass tests and post bonds, and developing an enforcement system that includes educating migrants about recruitment rules. These efforts have not prevented recruiters from abusing migrants.

The Philippines and Moldova provide contrasting perspectives on regulating recruitment agents. The Philippines is often considered to have a model program for dealing with recruiters: requiring them to register and be licensed, limiting fees, and campaigning actively to encourage migrants to report abuses. Licensed recruiters probably enable more Filipino migrants to leave legally than do licensed agents in any other country, and the glass representing efforts to police their efforts can be seen as half-full because of the licensing, standards, and enforcement, or half-empty because many migrants nonetheless report paying more than allowed or being forced to sign supplemental contracts that require the payment of additional fees once they are abroad.

Table 7. Summary: Case studies of recruitment practices

	Role of Private Agents	Licensed agents in 2004	Regulated Fees	Notes
Philippines	Dominant in deployment of 800,000 to 900,000 a year	1,200; 900 for land-based and 300 for sea-based migrants	1 month's wages abroad	Regulated by POEA, and sit on POEA board
Moldova	Not dominant in deploying 200,000+	50+	1 month's wages abroad	Licensed by and compete with State Migration Service
Mexico-Canada	No official role; Mexican Min of Labor		More than a month's wages abroad	Mix Min of Labor subsidizes first-time migrants to travel to Mix City
Poland-Germany and UK	No official role in Germany; exclusive role in UK	None in Germany; 9 in UK	Not clear	Polish workers to Germany get contracts; students in UK have contracts
Source: See text.				

In Moldova, the government wants to regularize migration patterns that involve mostly irregular work abroad. Its strategy is to sign MOUs with major destination countries that open legal doors for migrants. However, announcing these MOUs can excite more interest in migrating abroad for jobs and, when migrants learn that registering with a government office does not mean they will soon be deployed abroad, some may wind up in the hands of smugglers and traffickers, suggesting that governments exercise caution in raising hopes among young people that they can emigrate legally for higher wage foreign jobs.

Labor-sending countries normally react to the availability of foreign jobs with policies that range from marketing their workers abroad to prohibiting emigration. However, receiving country policies often determine the role of private recruiters in particular labor flows. The Canada-Mexico MOU governing the movement of 12,000 seasonal farm workers, considered a best-practice model by both countries, includes the involvement of public ES in Canada to check the job offers of employers and in Mexico to recruit migrants. The rules of the program — most workers are married men whose dependents stay behind — helps to maximize returns. Even though some Canadian unions have attacked the program as not protecting migrant rights, the Mexican government has asked Canada to expand the program from agriculture to other sectors, which is likely to occur.

Polish workers have been migrating seasonally to Germany for the past decade under an MOU that allows foreign workers to be employed in Germany for up to 90 days. The intent of the Polish-German seasonal worker program was to regulate what was believed to be inevitable migration, especially since Poles could travel to Germany without visas and would likely go to work illegally if there were no legal seasonal worker program. Polish students also dominate seasonal employment on British farms under an expanding seasonal worker program. Both programs have been criticized by unions because of abuses detailed in press reports, but both are entrenched and poised for expansion.

The ILO dealt with private recruitment agents with Convention 181 and guidelines in 1997, and these repeated earlier preferences for migrants to move over borders under the auspices of public ES agencies that do not charge fees. However, the ILO also recognized that governments may envision a role for regulated private recruitment agents who cooperate with

ES agencies, after workers' representatives who wanted a no-fee-to-workers recommendation were rebuffed by employer and government representatives who persuaded them that regulated fees were preferable to unrealistic calls for no fees. Thus, ILO guidelines suggest that governments regulate the fees private agents charge migrants for foreign jobs, and the most common practice is to limit these fees to one month's wages abroad. However, many migrants wind up paying more because there are more workers seeking to go abroad than jobs abroad.

As more workers cross national borders with the help of intermediaries, private merchants of labor will become more important in determining the conditions under which migrants go abroad and work. Many and perhaps most of these agents are honest brokers operating in a competitive business in which they have more information about foreign jobs than migrants, but not full information, especially on the employers to whom they are sending migrants. If the employment services firms expanding their share of job placements within industrial countries were to get more involved in international labor migration, and if they were to develop and enforce a code of best-practice conduct for private labor brokers, conditions for migrants could improve as their bargaining power with foreign employers rises.

In an ideal world, there would be few barriers to international migration, and also very little unwanted migration. Until economic development reduces large-scale labor migration and moves the world toward this ideal, developing a framework for managing the activities of private merchants of labor is an urgent concern for the ILO and other organizations dedicated to protecting migrants.

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