1

Introduction

Conceptualizing Labour and Capital Mobilities In and Out of Asia

PREET S. AULAKH AND PHILIP F. KELLY

Capitalist development has always, and everywhere, been characterized by the restless mobility of both capital and labour. While these two forms of mobility are fundamentally related, it is unusual to combine the study of both or seek connections between them. In an effort to make these connections more than three decades ago, Saskia Sassen commented that the two processes of capital and labour mobility 'have been constructed into unrelated categories' (1988: 12). This assessment still largely holds true. The objective of this book is to explore the links between these forms of mobility with a particular focus on Asia.

While the imperative to be mobile is well established as a systemic feature of capital, it is usually studied through frameworks that try to understand the behaviour of firms, conglomerates, production networks, or investors. An extensive body of literature addresses corporate structures and strategies of capital accumulation. For example, in the field of international business, attention has traditionally focused on the mobility of capital, primarily through foreign direct investment (FDI) (for example, Dunning, 1988). The underlying assumption is the immobility of labour. The multinational corporation, with its proprietary capital and know-how (ownership advantage) and governance within a hierarchical organization (internalization advantage), facilitates the mobility of capital in order to take advantage of location-bound factors of production (including labour). Other approaches have addressed the networks and supply chains in which firms are situated. There have been, for example, significant efforts at understanding the spatial structures of production through the lenses of global commodity chains and global production networks. These bodies of literature point out that significant levels of spatial flexibility and mobility in production capital have been created through non-ownership modes of control such as subcontracting (Gereffi and Korzeniewicz, 1994; Coe and Yeung, 2015). Complementing this work are studies that focus on corporate international expansion trajectories and governance structures to manage globally dispersed investments (for example, Cuervo-Cazurra and Ramamurti, 2014; Ramamurti and Singh, 2009). Labour seldom features centrally in such accounts, except as an in situ characteristic of a particular place, valued for its skills, affordability, or docility. At the human scale, it is usually the investor or manager who is assumed to be mobile, but mostly it is the spatial configuration of capital itself (through FDI, corporate structures, commodity trade, debt, and so on) that receives attention.

Equally, migrant labour is widely studied, but the locus of analysis is usually rendered as the individual migrant worker, the collective (im)migrant community, or the state and other actors that play a role in facilitating or regulating human mobility (for example, Betts, 2011; Rajan, 2011; Faist et al., 2013). Such studies tend to be nationally rooted in certain sending or receiving countries, or concerned with tracing the transnational social, economic, and political linkages built by migrant communities. The focus, however, is usually directed towards specific issues of migrant social life, culture, belonging, and labour processes, or the regulatory and institutional contexts that govern migrant workers' lives. An exception, in terms of making the link between capital and labour mobility, is the literature on global cities where agglomerations of mobile capital come together with the movement of skilled and unskilled labour. Here, Saskia Sassen's work again plays a key role, highlighting the functional linkages between migrant labour and cities' roles as command and control headquarters for the global economy (Sassen, 2001). These themes have been picked up in other studies focusing on the working-class underpinnings of global city formation (for example, Wills et al., 2009; Schiller and Simsek-Caglar, 2010). While this body of work has been successful in drawing together the linkages of mobile capital and mobile labour, it tends to be focused on cities in the Global North.

The relative neglect in explicitly linking capital and labour mobilities is surprising because there are many ways in which the two appear to be empirically interconnected. For instance, migrations, including historical migrations, have been a prelude to capital flows in the form of trade and FDI (Walton-Roberts, 2011). At a micro level, migrants themselves are now major sources of mobile capital for investment in sending areas, spurring residential developments to be purchased and held as assets from afar or creating small-scale enterprises that are capitalized through remittances (Kelly, 2017). Similarly, global capital, in the places where it alights and agglomerates, demands specific types of labour to sustain its competitiveness. Such labour is often less expensive, more dependable, and more exploitable, precisely because it has been disenfranchised through the process of migration across borders (Kelly, 2012). Finally, it has been observed that globalized networks in manufacturing, service, and extractive sectors can differentially transform labour markets, sources of livelihood, and cultural norms, thus facilitating or necessitating both outward and inward migrations from particular places. A key part of Sassen's argument in her earlier work, noted earlier, was the role of FDI in precipitating emigration from the Global South (Sassen, 1988). In all of these various ways, capital and labour mobilities are mutually dependent.

In this volume, we pursue these themes of interdependent capital and labour mobility with a particular focus on Asia. The phenomenal rise of Asia within the global economy during the last few decades—from less than 20 per cent of the world GDP in the 1950s to almost 45 per cent in the second decade of the twenty-first century (Maddison and Eng, 2013)—would be a sufficient reason for this focus. But there are also additional dynamics of capital and labour mobility across Asia that make it distinctive and, therefore, in need of analytical attention on its own terms (Asian Development Bank, 2017; ADBI, ILO, and OECD, 2017).

Perhaps the most epochal change is the regionalization and globalization of Chinese capital, as the country has shifted from being a huge net destination for foreign investment to becoming a significant net exporter of investment. But China is not the only source of transnationalizing capital within Asia, as domestic firms from India, Thailand, Indonesia, the Philippines, and other countries have been developing transnational corporate structures, similar to the ones used by earlier Asian globalizers from Japan, Korea, and Taiwan. Of particular note is the mobility of capital in both South–North and South–South directions, which taken together challenge the traditional understandings of FDI in the literature. New, and rapidly developing, urban spaces have also been a hallmark of Asian development in the early part of the twenty-first century and have included exclusionary enclaves where global capital is guarded, and migrant workers are employed. From the Philippines to Singapore to India, a model of enclave urbanism and manufacturing or service industry development has been implemented, in what Murray (2017) calls the urbanism of exception. This process has created sites of mobility for capital, which are also spaces of discipline and containment for migrant labour.

Asia has also been both the source and destination for some of the world's most significant new migration corridors (Nathan, Tewari, and Sarkar, 2016). Internationally, major migrant labour flows have moved across land borders in mainland South East Asia (primarily into Thailand), and into India from its South Asian neighbours. Other major flows include the deployment of migrant labour to Gulf countries from South and South East Asia. There have also been distinctive patterns of internal migration, with major movements in China and India. It is important to note that the movement of migrant labour involves sending areas as well as destinations. Migrants retain ongoing social and economic ties with their places of origin and so the spatialities of migration include the smallest of villages as well as the more obvious destinations. Furthermore, many migrations are rural-to-rural in nature, and not just transnational or rural–urban.

Asia is also distinctive in the institutional arrangements at multiple levels that enable, produce, and regulate the mobilities of capital and labour. Most obviously, new forms of state power and state–market interactions are being modelled in various Asian contexts, leading to discussions of Asian varieties of capitalism (Carney, Gedajlovic and Yang, 2009; Zhang and Whitley, 2013). These include sovereign wealth funds as major global investors, state-owned enterprises emerging as transnational corporations, new forms of state regulation of migration, and engagement with diasporas as drivers of development. New state forms have also emerged at other scales, including supra-state regional governance structures and cross-border planning frameworks. These include: the Association of Southeast Asian Nations' (ASEAN) role in seeking to integrate the credentialing of skilled labour across South East Asia; the development of an Asian Infrastructure Investment Bank; and, on a grander scale, China's plans to spread its reach through the 'Belt and Road Initiative'.

In this chapter, we elaborate on these emerging dynamics within Asia in three ways. First, we note the varied forms that mobile capital and mobile people can take. On the one hand, this involves noting recent trends in flows of capital in the form of FDI and migrant remittances. Thus, while we refer to capital as a process and structure in the Marxian sense, we will also be referring to empirical flows of money for investment or remittance purposes, as these have the most direct connection with migration processes. On the other hand, we differentiate migrant types according to their degree of legal status and privilege in places of work and settlement. Having established the forms that capital and labour mobilities are taking, the second part of the chapter identifies key institutional actors that shape their movements. In particular, we highlight the role of the state, corporate conglomerates, and the 'migration industry' as three distinctive (although not unique) aspects of the Asian context that need to be considered. The third part of the chapter develops a framework for understanding the interdependent but contradictory relationship between capital and labour mobility. In particular, we will argue that the mobility of each can have both generative (or enabling) effects on the other, but it can also have disruptive (or disabling) effects. The two mobilities therefore exist in tension with each other, but in ways that are played out in distinctive ways in particular contexts.

Forms of Capital and Labour Mobility

Capital Mobility

Capital flows can be examined in terms of portfolio investments (such as investments in stock markets, government bonds, pension funds, and so on) as well as through foreign aid and loans from both public institutions (such as the IMF and World

Bank) and private banks. While not discounting these as important vehicles for capital movement, we focus here on those flows that link most directly with labour mobility. In particular, we identify the magnitude and dynamics of FDI by transnational enterprises and remittances sent home by individual migrants.

Foreign direct investment has been an important conduit for capital mobility across national boundaries, and the ability of nation-states to attract FDI is seen as an important indicator of a country's competitiveness. Data on worldwide FDI flows since the early 1990s show some interesting patterns, especially with respect to the relative weight of Asia in both inward and outward FDI flows (see Figures 1.1 and 1.2). First, during the decade 1990–2000, worldwide inward FDI increased fivefold, followed by a dip during the 2001–2004 period, and then a twofold increase from 2004 to 2016. The share of Asia as a recipient of worldwide FDI increased from around 12 per cent in 1990 to peak at about 35 per cent in 2014 (Figure 1.1). More importantly, in terms of the regional variations within Asia, inward FDI in 1990 was primarily in East Asia (including Japan). Over time, and especially since the turn of the twenty-first century, this has spread to South Asia and West Asia as well (UNCTAD, 2017). Much of this reflects the significance of multiple places in Asia as nodes in global manufacturing and service production networks, as well as fast-growing consumer markets.

Data on outward FDI also show an increasing weight of Asia in worldwide FDI flows (see Figure 1.2). Within the overall increase in annual outward FDI flows, Japan's share has declined substantially, from almost 20 per cent in 1990 to less than

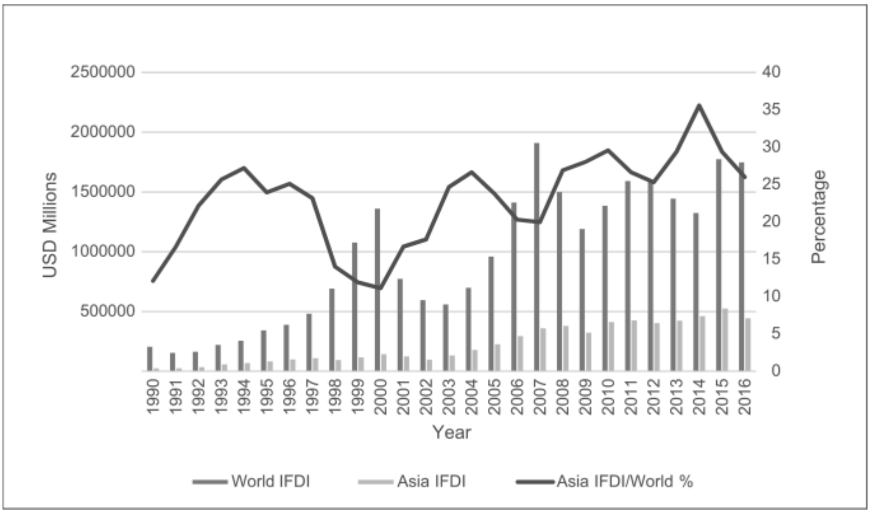

Figure 1.1 | Inward foreign direct investments

Source: UNCTAD (2017).

10 per cent a decade and half later. The rest of Asia's share, which was less than 5 per cent in 1990, expanded to 30 per cent of worldwide outward FDI by 2014 before settling in the mid-twenties. Although part of this increase is attributed to the more developed economies such as the Asian Tigers, a large and increasing proportion comes from the developing economies in Asia, with China and India as the leading investors in foreign markets. Furthermore, the outward FDI from Asia has partly followed the paths of the 'third-world multinationals' of the 1960s and 1970s, that is, investing in manufacturing in other developing economies (the primary South–South flows) (Aulakh, 2007; Wells 1983). The recent outward FDI from Asia also encompasses investments to acquire primary resources, including raw materials to satisfy the growing industrial base of Asian economies. However, a particular form of outward FDI from developing economies that challenges some of the traditional assumptions of such capital flows pertains to the geographical spread of investments into other advanced economies and using such investments to acquire established multinationals around the world (Gubbi et al., 2010).

Besides the role of FDI in economic growth, securing strategic assets, and moving up the value chain, other forms of capital flows have been especially significant in Asia. In particular, the role of *remittances* has expanded dramatically. With 247 million global migrants living outside their country of birth in 2013, remittances are increasingly seen as an important basis for economic development at both local and national levels in their countries of origin (*Migration and Remittances Factbook 2016*; Brown 2006; de Haas 2005; Giuliana and Ruiz-Arranz, 2009). Data on

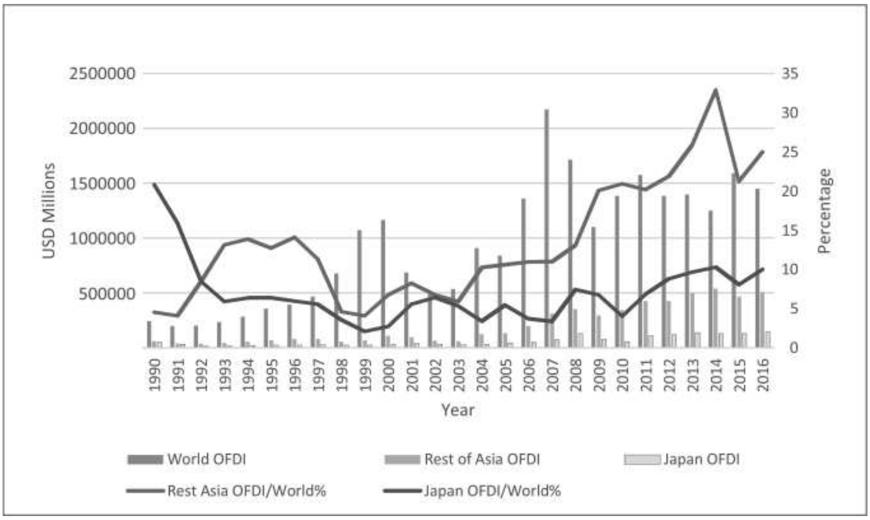

Figure 1.2 | Outward foreign direct investments

Source: UNCTAD (2017).

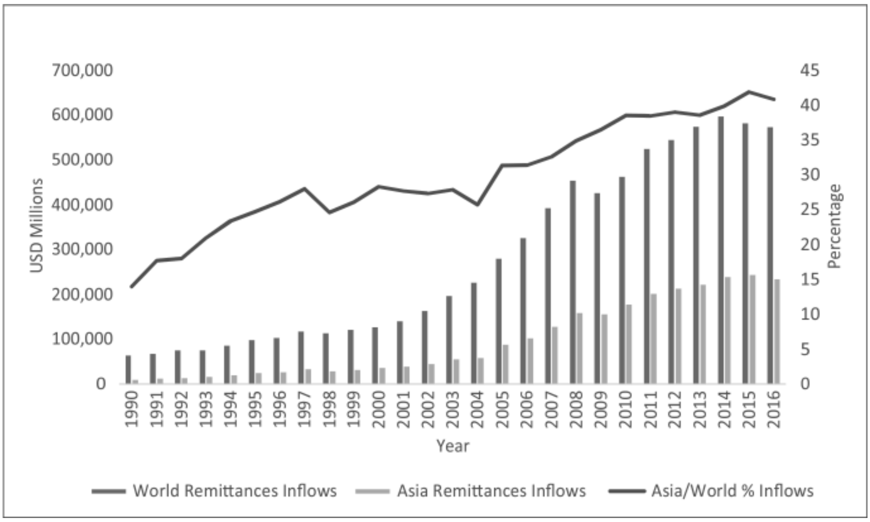

Figure 1.3 | Migrant remittances inflows

Source: World Bank (2017).

inward and outward remittances (see Figures 1.3 and 1.4) since the early 1990s show dramatic growth: from less than US$100 billion inflows in 1990 to more than US$600 billion in 2016 (Figure 1.3); from a little over US$50 billion outflows in 1990 to over US$350 billion in 2016 (Figure 1.4). Within this growth in both inward and outward migrant remittances, Asia's share in outward remittances has

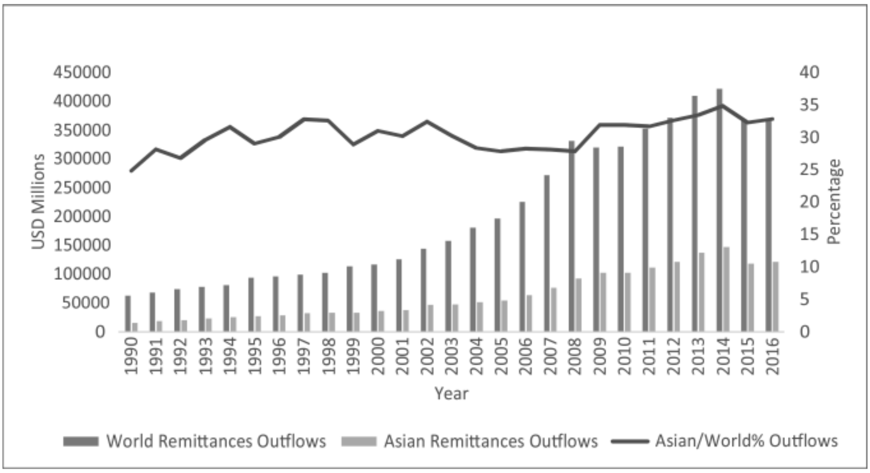

Figure 1.4 | Migrant remittances outflows

Source: World Bank (2017).

shown relative stability (staying between 25 and 35 per cent of the world total). However, inward remittances into Asia as a percentage of worldwide remittances have increased substantially, from about 15 per cent to almost 40 per cent. The world's three largest remittance recipients (India, China, and the Philippines), along with the second-largest source of remittances (Saudi Arabia), are all in Asia (World Bank, 2017).

Labour Mobility

Human mobility can take many forms but our primary focus in this book is on labour mobility—in other words, migration for the purpose of paid employment. Conceptually, the migrant nature of labour is significant for two reasons. First, migration across borders creates a disenfranchisement from the rights that citizens have (at least in theory) within their home countries. By virtue of its deportability, in particular, migrant labour is qualitatively different from local labour. Second, migrant workers usually embody 'otherness' in their destinations, based on intersected identities of gendered, racialized, religious, regional, or linguistic difference. As we will see in this book, such dimensions of difference are often a source of discipline and oppression for migrant workers, but in some instances the construction of co-ethnicity may be a basis for collaboration in facilitating capital flows, as in the case of the overseas co-ethnics or 'returnee entrepreneurs' (Saxenian, 2006).

While migrants are different from locals, they are also different from each other in important ways. In particular, the categories of legal status to which migrants belong can significantly affect where on a spectrum of privilege and marginalization they are located. Here, we identify six forms of human mobility that are particularly relevant in the Asian context and in the case studies presented in this book.

First, historical migrations have created distinct ethnic communities in sites of 'settlement' that may be several generations removed from the original migration process. Their presence can have important implications for contemporary forms of human and capital mobility. The most significant example in the Asian context (and beyond) is the historical migration of Chinese populations. One recent estimate suggests that 40.3 million 'overseas Chinese' live outside mainland China, Hong Kong, Macao, and Taiwan (Poston and Wong, 2016). Poston and Wong (2016) suggest that in 2011 there were almost 30 million 'overseas Chinese' across the rest of Asia, with the largest populations in Indonesia (8 million), Thailand (7.5 million), and Malaysia (6.5 million). Some of these ethnic minority Chinese communities have been embedded over many generations in the 'host' societies. In recent years, a number of studies have identified the role of Chinese communities in facilitating capital flows from Hong Kong, Taiwan, and more recently China itself, as bonds of co-ethnicity facilitated the trust needed to operate at a distance (for example, Olds, 2001; Mitchell, 2004; Yeung, 2004). In this book, we see the ways in which historical Chinese migrations have facilitated capital mobility in three different settings. Chen, Fu, Zhou, and Xu (Chapter 6) highlight this theme in relation to Chinese communities in the South East Asian region, while Valderrey, Montoya, and Cervantes (Chapter 5) note the history of ethnic Chinese communities in Latin America, and Peru in particular. On a smaller scale, Camba (Chapter 4) shows how ethnic Chinese contacts in the Philippines played a role in facilitating Chinese investment in small-scale mining in provinces far from the metropole.

A second form of labour migration, and perhaps the type most commonly now associated with the term, involves temporary foreign workers who are employed on contracts outside of their home countries. Such workers usually have significantly fewer rights than citizens and permanent residents of the country in which they work and face a range of restrictions in terms of work, residency, mobility, and accompanying dependants. The visas issued to contract workers are generally tied to a specific employer and a particular job category. Furthermore, the legal residency of such migrants is contingent on fulfilling the terms of the contract—if the migrant loses his or her job, he or she also lose the right to reside in the host country. Such workers, therefore, exist in a permanent state of insecurity and precarity. This creates a workforce that is relatively reliable in terms of its docility, stability, and numerical flexibility. When projects are completed, economic growth is slowing, or migrants are too old to do the work any more, they can simply be sent home. The host society bears none of the costs associated with raising and training workers, nor caring for them in their old age.

A workforce of temporary workers of this kind has become increasingly common across the world, but Asian contexts have provided some of the most significant sources and destinations for such migrants. Among the top ten global migration corridors in 2015, the movement of migrant workers from South Asia to the Gulf ranks third and accounts for 6.7 per cent of all global migration (World Bank, 2017). In 2017, over 17 million South Asian workers were employed across Saudi Arabia, the UAE, Iran, Kuwait, and Oman. Cross-border movements within South Asia account for a further 4.2 per cent of global migrants, with migration from Bangladesh to India accounting for the largest single flow. Migrants from low-income countries in East Asia and the Pacific who are moving to high-income countries in the same region or to North America account for a further 7.1 per cent of global migration. The Philippines represents a particular important source of overseas contract workers in diverse sectors and locations around the world. In 2016, over 2 million overseas Filipino workers (OFWs) were formally deployed by the state apparatus tasked with overseeing and marketing them—the Philippine Overseas Employment Administration. Of those, just over 20 per cent were sea-based, providing crews for passenger and cargo ships around the world. Approximately the same number were deployed for land-based work elsewhere in Asia, while 50 per cent worked in the Middle East. Although they have been widely researched, Filipino contract workers in Europe and North America account for less than 2 per cent of global deployments (POEA, 2016).

A third form of migrant labour involves those who do not have (or no longer have) formal legal permission to work in a host country. These workers may have crossed a border legally when first migrating for employment, but their legal status may have changed, for example because of a visa expiration or cancellation. Equally, in movements between neighbouring countries, border crossings without formal documents may be commonplace. Large numbers of workers have, for example, crossed between Laos and Thailand, Bangladesh and India, and the Philippines and Sabah, Malaysia. Whatever the cause of their undocumented status, these workers are highly vulnerable and live under the constant threat of deportation or harassment by security forces. Even basic workplace regulations concerning health and safety and wages and benefits can be flouted by employers. Such workers effectively have fewer rights than any other kind of worker as they cannot risk an encounter with local authorities. And yet they are often integral participants in the labour force. In the case of East Malaysia, for example, where Filipino and Indonesian migrant workers are essential to the operations of oil-palm plantations and other resource industries in the states of Sabah and Sarawak, the Commission on Filipinos Overseas (2014) estimates that almost 800,000 Filipinos are living in Sabah, many of them undocumented.

A fourth, and far more privileged, category of migrants comprises managers and professionals. Mobility among these workers has increased dramatically in recent years as transnational corporations recruit and assign employees from a global pool of talent. Many governments have specific visa categories that ensure the mobility of this type of migrants and they are provided with more freedoms and rights than are available to temporary foreign workers. Singapore provides a very clear example. Among 1.4 million foreign workers who were resident in 2017, around 1 million were temporary foreign workers holding work permits, but a further 400,000 held other categories of migrant visas with calibrated levels of privileges according to their place in an educational and income hierarchy. The assessment of where a migrant is placed in such a hierarchy will determine whether they can bring family members to live with them, whether they can marry a local citizen or give birth in Singapore, and whether they can eventually apply for permanent residency. For very high-earning individuals, there is a 'Personalised Employment Pass', and for entrepreneurs, an 'Entrepass', both of which provide a great deal of flexibility in terms of residency and mobility rights (Yang, Peidong, and Shaohua, 2017).

A fifth category of migrants is what we might call the returnee or the transnational. For these migrants, their movement eventually involves obtaining