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Citizens, Slaves, Guest Workers

The Dynamics of Labour
Migration from South Asia

Dr. Ijaz Shafi Gilani

Institute of Policy Studies
Islamabad

1985



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CITIZENS SLAVES GUEST-WORKERS

**THE DYNAMICS OF LABOUR MIGRATION
FROM SOUTH ASIA**

IJAZ SHAFI GILANI

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FROM SOUTH ASIA**

IJAZ SHAFI GILANI
with
Jonathan S. Addelton

INSTITUTE OF POLICY STUDIES

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INTRODUCTION

The South Asian workers are today an important part of labour force on several continents across the globe. They have assumed this position during the last two centuries, starting with migration to certain colonial plantations and growing in this profession to lately become a major labour supplier for the oil rich countries of the Gulf.

There are several similarities as well as differences in the patterns of migration waves which took place from South Asia during the last two centuries: this paper tries to capture them by studying the causes and consequences of various migration waves. It is hoped that this exercise would provide a useful historical perspective to the recent South Asian migration to the Gulf.

The Gulf migration is important to every South Asian country, but most of all to Pakistan. More than ten per cent of its households have a member working abroad and more than half of the nation's foreign exchange earnings come from workers' remittances. It is, therefore, important for Pakistan to assess the immediate as well as the longer term consequences of labour migration. The longer term analysis is important because, as the historical analysis in this paper demonstrates, labour migration is a dynamic process; it brings with it a variety of economic, social, political and legal changes which become apparent with the passage of time alone.

In addition to providing a historical perspective on the issue of labour migration from South Asia, this paper lays down a set of criteria for evaluating migration process. We hope that several myths can be corrected, when labour migration issue is evaluated on the basis of these criteria.

It is only natural that when a historical study of this kind is presented, one is led to compare the past with the present. Is the present labour migration to the Gulf as bad as was the migration of indentured or slave labour to the colonial plantations? This is a question which has haunted the sub-conscious of the labour sending countries during the last decade. It will perhaps be articulated more loudly in the years to come. A fair answer to this question is badly needed.

It is clear from the evidence in this paper that the benefits of labour migration to the Gulf have not been exclusively reaped by the employer, as was the case in the plantation migration. Unlike his predecessor, the migrant worker of today has been a satisfied financial beneficiary. But he is only marginally different from his predecessor in terms of job security and in enjoying social and political rights.

Now that the present wave of migration to the Gulf is coming to its maturity, the key question will be: Can the employers of today be more sensitive to the financial as well as job security needs of their foreign workers?

It will also be pertinent to see whether migrant workers and their home governments remain sympathetic to the sensitivities of the employer or host countries. The native populations in labour receiving countries are very small, in several cases they are outnumbered by migrant workers. They are keen to retain their cultural and social structures and to continue to exercise political

control. Most of them have bitter memories of colonial rule by foreign populations.

The economic strains of the future, burdened by historical sensitivities of the past can cause friction and conflict. But given mutual responsiveness to each others concerns, it should be possible to resolve the tensions between "native" and "migrant" sentiments. In the meantime it would be wise that the labour sending and receiving nations highlight the contribution of labour migration to their economies and societies, rather than lamenting its costs. The Gulf labour migration occurred in largely coercion free atmosphere; it sounded like an economic transaction which should theoretically benefit both parties, of course in exchange for a cost. It would be short sighted policy for either of parties to articulate the costs of labour migration and forget its benefits; both are important and should be so recognized.

Ijaz Shafi Gilani
Islamabad
April 15, 1985

CHAPTER 1

**THE SHAPING OF
AN OVERSEAS COMMUNITY**

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THE SHAPING OF AN OVERSEAS COMMUNITY

Substantial migration flows from South Asia began during the 1830s and have continued to the present day, despite occasional halts due to war, depression or government policy. The four major South Asian countries — India, Pakistan, Bangladesh, and Sri Lanka — have all played a role in this migration process. The number of workers employed abroad at various times during the last 150 years measures in the tens of millions. Though not exceptionally large when contrasted with the total population of the sub-continent, the emigration has been sufficiently great to have had a major impact on some regions during some periods of time. Three distinct phases have been especially important in the shaping of the overseas South Asian community that has been established on all six inhabited continents. The first phase continued for about a century and was dominated by plantation labour. A second migration phase followed independence and involved manual labour as well as large numbers of skilled professionals. A third phase became important only a decade ago and is primarily directed toward the oil-rich countries of the Middle East.

First Phase: Overseas Workers as Slaves

The official end of slavery in the British Empire in 1834 marks the beginning of large scale migration move-

ments from South Asia to other regions of the world. British India, faced with periodic famine and populated by a large class of landless labourers, emerged almost immediately as a major alternative source of labour. The movement of people was initially organised and managed by plantation interests in the Indian Ocean and in the Caribbean. Their concerns were strictly economic, involving a search for cheap labour for an extended duration at minimal cost. Given these objectives, it is not surprising that the new form of indentured servitude that quickly developed was regarded by some early critics as simply "a new system of slavery."¹

The colonial migration from British India eventually involved nearly all the British colonies and formed the basis for the substantial overseas South Asian communities that now exist in regions of the Caribbean, Africa, and East Asia. The more distant migrations (for example, to Guyana, Trinidad and Fiji) were based on agreements between the government of British India and the governments of the various colonies concerned. They usually involved indentured servitude, with periods of legally enforced bondage ranging from five to seven years. Migration to the less remote colonies (for example, to Burma, Ceylong, and the Straits Settlements) involved both indentured servitude and, more commonly, the *Kangani* system which was more seasonal in nature. Under this form of labour, kanganis (who are often village headmen) served as middlemen, both recruiting labour and serving as gang foremen while on the plantation. Of course, not all migration within the Empire was organised in this way. Some Indians employed in various branches of the civil and military service were stationed overseas for long periods of time and some stayed and raised families. Others went as merchants and traders to take advantage of whatever commercial opportunities the British Empire had to offer. Nevertheless, the bulk of the migration during the colonial

period was confined to plantation labour working under harsh conditions with few rewards.

Mauritius, a British colony in the Indian Ocean east of Madagascar, became an early test case for the export of indentured labour from British India to other regions of the Empire. In fact, the basis for Indian involvement had already been set with the development of a slave trade between South India and Mauritius. By 1800, about 6,000 Indian slaves worked in plantation there. The British colonial government also briefly shipped Indian convicts to the island for construction purposes, a fact noted by Charles Darwin on his visit to Fort Louis during the early 1830s. Rapid increase in the Indian population occurred after the formal end of slavery in 1834 and by 1838 more than 25,000 Indians had been shipped to Mauritius as indentured labourers. Opposition to the terms and conditions of servitude, led primarily by anti-slavery groups both in Britain and in British India, resulted in a suspension of recruitment in 1839. However, it was revived again only three years later and in 1844 alone more than 36,000 Indians arrived, primarily for work on the sugar plantations of the island.

The formal end of slavery also brought about an early search for alternative sources of labour among colonial governments in the British West Indies. Few former slaves cared to continue to work on plantations for the meagre wages offered and initial attempts to recruit free African labour failed. Efforts to encourage Chinese migration and to attract European workers from the less developed regions in Ireland, Germany and Portugal were also largely unsuccessful. Plantation interests in the Caribbean, therefore, joined with those in Mauritius in opposing the 1839 ban that had been imposed on the recruitment and export of Indian labour. In the case of the West Indies, permission to resume recruitment came in 1844 and more than 20,000 Indians

arrived during the next few years. Recruitment rose and fell during subsequent decades, depending on the prosperity of the plantation economies on the various islands and on the policies adopted by the colonial governments in British India. Despite considerable return migration, these labour movements eventually resulted in the emergence of substantial India communities in Barbadoes, Trinidad, Jamaica, and elsewhere in the region.

Colonial governments in plantation colonies controlled by other European powers such as France and Netherlands also sought out Indian labour during much of the nineteenth century. By 1830, more than 3,000 Indians were working in Reunion, a French colony in the Indian Ocean southwest of Mauritius. Most of the early migrants came through French outposts on the Indian sub-continent at Pondicherry and Karikal. Following the end of slavery in the French Empire in 1848, more active steps were taken to recruit Indian labour and during the 1860s and 1870s several thousand Indians were sent to Reunion as well as to French colonies in the Caribbean such as Martinique. An 1870 convention on migration modelled after previous agreements between France and Great Britain also permitted the importation of Indian labour into Surinam, a Dutch colony on the coast of South America which had outlawed slavery a decade earlier. Such agreements were sometimes criticized in the British press and occasionally suspended when conditions on the plantations were shown to be especially harsh. Nevertheless, labour exports from British India to both French and Dutch colonies continued on a relatively small scale through much of the rest of the century.

Migration to the distant Pacific island of Fiji marked one of the last major movements of indentured labour from the subcontinent during the colonial period. The

first workers reached Fiji in 1879 as a result of an agreement between the colonial governments of Fiji and British India. Hopes were expressed from the beginning that this migration would be more permanent and the mandate that 40 per cent of all migrates should be women reinforced this possibility. Approximately 60,000 Indians eventually came through official channels, with others arriving independently as "free" migrants to open businesses or look for work. This free migration was especially important following World War One and primarily involved traders and artisans from Punjab and Gujrat. The 40 per cent female to male ratio was maintained from the beginning, setting the basis for family life and the permanent settlement that eventually developed on the island.²

Colonial migration streams from the subcontinent to Africa flowed in two major directions, with one group directed toward South Africa (primarily Natal) and the other toward East Africa. The movement of indentured labour to South Africa began in 1860, was halted briefly in the 1860s and early 1870s, and then continued until the system was finally abolished in 1913. Despite promises of fair treatment, the South Asian community there fell victim to the apartheid system and continues to fall an uncomfortable middle ground between the majority black population and the ruling white minority. Despite some early proposals to settle landless laborers from British India on the farms of East Africa, South Asian migration to the region did not involve large scale rural servitude. Many Indians came as government servants or as artisans and petty traders and some were able to amass large fortunes. In fact, the basis for an Indian commercial community had already been established centuries earlier with the establishment of an Indian merchant presence at Zanzibar. The Indian community grew most rapidly with the expansion of the British presence in East Africa during the second half of the

nineteenth century, while labour migration in particular developed with the construction of the Kenya-Uganda railway line between 1896 and 1901. Most of the workers came under contracts of indenture and a majority returned home after the project was complete.³

Migration to the Asian regions — primarily Burma, Ceylon (now Sri Lanka) and the Straits Settlements (now Malaysia and Singapore) — involved several systems, though the kangani system noted earlier dominated. Free migration was also a factor, as was indentured servitude during some periods. It should also be noted that some of these regions fell at various times under the influence or direct jurisdiction of the colonial government in British India. In such circumstances, the migration may be considered more internal than international since it was regulated by the labour laws of British India rather than by agreements between the various colonial governments concerned. Moreover, the shorter distance involved made it easier to evade the restriction on manpower movements which were imposed from time to time.

Migration to Burma began soon after the rich rice lands of the Irrawaddy delta were annexed by the British East India Company in 1852 and continued until Burma was formally detached from British India in 1937. Large numbers of workers came from South India and were recruited to labour on the rice fields in the delta region. Others came as traders or were employed in the civil service, leading to an Indian dominance in the public and commercial sectors that came to be bitterly resented by the Burmese. By 1931, the Indians in Burma exceeded one million and represented almost 7 per cent of the total population. Following independence, much of the Indian population was expelled, though the Indian community in the country still numbers about 350,000.⁴

Given their close proximity to South India, the Straits Settlements and especially Ceylon were also regarded by colonial authorities as "natural" outlets for unemployed Indian labour. Ceylon already had a well-established Tamil community centered in Jaffna in the North; the new migrants were primarily recruited for work on the hill country plantations in the south central part of the island. Much of the movement was seasonal, with workers returning home after the conclusion of the picking season. In later years, however, a seemingly more permanent Tamil presence began to develop in the hill country. Large scale migration from British India to the Straits Settlements occurred relatively late and was dominated by the rubber industry rather than by sugar, coffee, or tea as had been the case elsewhere in the Empire. Much of it took place at the turn of the century and, as in Ceylon, it was Tamils from South India who were most heavily involved.⁵

The passage of the Indian Emigration Act of 1922 provided for increased migration regulation and marked the end of an era in the movement of people from British India to elsewhere in the Empire. The act both consolidated existing migration law and introduced labour laws, which were especially strict, reflecting in part a recognition of the harsh treatment which unskilled labour under the indenture and kangani systems had received. Indeed, the recruitment of unskilled labour was prohibited "except to such countries and on such terms as the Governor-General in Council should specify, with approval by both chambers of the Indian Legislation." With respect to skilled labour, each recruiter "was required to state in his application the number of persons whom he proposed to engage, the place to which they were to emigrate, the accommodation to be provided before and during the voyage, the provision to be made for their health and well-being during the period of engagement, the provision for repatriation at

the end of the work period, the terms of the employment, and the security furnished for the due observation of the agreement.”⁶

The substantial South Asian communities throughout the Empire, estimated to number approximately four million at the time of independence for India and Pakistan in 1947, stand in large part as a legacy to the years of labour migration from only a small fraction of the original labourers. An estimated 30 million people left the shores of the subcontinent during the colonial era. About 24 million are estimated to have returned, giving the subcontinent possibly the highest return migration rate in the world. Many thousands more died either in transit or while working on plantations throughout the Empire.⁷

Second Phase: Overseas Workers as Citizens

Migration from the subcontinent, which had stagnated during the depression years of the 1930s, increased again during the post World War Two period. This time, the movement of people from the newly independent countries of Pakistan and India was directed toward the industrial nations of Europe and North America rather than toward the plantation colonies of the British Empire. Two distinct migration streams developed, with one involving the movement of unskilled and semi-skilled blue collar labour to the declining industries of Great Britain and the other consisting of well educated professionals to Great Britain, the United States, and Canada. Though a “myth of return” was prevalent, especially in the early years, large numbers of these South Asian migrants have become more rooted in the West and have taken out citizenship.⁸

The migration to Great Britain, aided initially by loose Commonwealth migration laws, proved to be es-

TABLE 1
ESTIMATED MIGRATION FROM BRITISH INDIA,
1834 - 1937

<i>Years</i>	<i>Emigrants</i>	<i>Returned Migrants</i>	<i>Net Migration</i>
1834-1835	62,000	52,000	10,000
1836-1840	188,000	142,000	46,000
1841-1845	240,000	167,000	72,000
1846-1850	247,000	189,000	58,000
1851-1855	357,000	249,000	108,000
1856-1860	618,000	431,000	187,000
1861-1865	793,000	594,000	199,000
1866-1870	976,000	778,000	197,000
1871-1875	1,235,000	958,000	277,000
1876-1880	1,505,000	1,233,000	272,000
1881-1885	1,545,000	1,208,000	337,000
1885-1890	1,461,000	1,204,000	256,000
1891-1895	2,326,000	1,536,000	790,000
1896-1900	1,962,000	1,268,000	694,000
1900-1905	1,428,000	957,000	471,000
1906-1910	1,864,000	1,482,000	383,000
1911-1915	2,483,000	1,868,000	615,000
1916-1920	2,087,000	1,867,000	220,000
1921-1925	2,762,000	2,216,000	547,000
1926-1930	3,298,000	2,857,000	441,000
1931-1935	1,940,000	2,093,000	-162,000
1936-1937	815,000	755,000	59,000
TOTAL	30,181,000	23,941,000	6,250,000

Source: Kingsley Davis, *The Population of India and Pakistan* Princeton: Princeton University Press, 1951, p. 99.

TABLE 2

SELECTED ESTIMATES FOR THE POPULATION OF
SOUTH ASIAN ETHNICS IN MAJOR
LABOUR IMPORTING COUNTRIES,
1931 – 1971

<i>Country</i>	<i>1931</i>	<i>Late 1940s</i>	<i>1961</i>	<i>early 1970s</i>
Burma	NA	700,000	500,000	250,000
Ceylon (Sri Lanka)	720,000	732,000	1,050,000	1,255,000
Fiji	77,000	134,000	200,000	266,000
Guyana	132,000	180,000	375,000	357,000
Jamaica	19,000	23,000	29,000	28,000
Kenya	45,000	90,000	175,000	140,000
Malaysia/ Singapore	625,000	605,000	890,000	1,060,000
Mauritius	270,000	285,000	455,000	575,000
South Africa	194,000	282,000	476,000	620,000
Trinidad	139,000	214,000	295,000	360,000
Uganda	12,000	34,000	75,000	50,000

Source: Joseph E. Schwartzberg, *A Historical Atlas of South Asia*, Chicago: University of Chicago Press, 1978, pp. 115-116 (columns one and three); C. Kondapi, *Indians Overseas, 1838-1949*. Bombay: Oxford University Press, 1951, pp. 527-528 (column two); Hugh Tinker, *The Banyan Tree: Overseas Migrants from India, Pakistan and Bangladesh*, London: Oxford University Press, 1977, p. 12 (column four).

pecially significant. Already existing links included a professional community that had been trained in British universities as well as seamen and soldiers of a lower social standing who had at one time or another been in Great Britain. Following World War Two, a number of these soldiers and seamen decided to stay on and look for work. The size of the South Asian community in Britain grew most dramatically in the late 1950s and 1960s, continuing even after the Commonwealth Immigration Act of 1962 began to impose tighter controls. Most of the early migrants were single males. After finding work and accumulating some savings, they often sent for South Asian wives and began to raise families, setting in motion a mechanism for the establishment of a more stable and permanent community. The arrival of approximately 40,000 Asians from East Africa after the expulsion of Asians from Uganda during the early 1970s further increased the size of the South Asian community in Great Britain.⁹

The familiar "brain-drain" of large numbers of doctors, engineers, scientists, and teachers was important in South Asian migration to Britain as well as to Canada and the United States. Migration to the latter two countries grew in importance during the late 1960s and early 1970s, aided in part by new migration laws which eliminated country quotas and assigned preferences for migrants with technical skills in special demand. Other South Asians stayed on and found work after completing their education at American universities. By 1980, more than 350,000 people of South Asian origin lived in the United States, while another 250,000 resided in Canada. At the same time, at least 750,000 South Asian lived in the United Kingdom while another 80,000 were working in the various other countries of Western Europe.¹⁰

Third Phase: Overseas Workers as Guest Workers

Third phase migration became important during the last decade and is primarily directed toward the oil exporting Arab countries in the Gulf region. The groundwork for this migration was laid by two earlier migration streams. The first dates back several centuries and involved the settlement of Indian merchants in the Gulf as part of a trade relationship that extended from the Malbar Coast to East Africa.¹¹ The second, also dating back several centuries, entailed the movement of Baluchi tribesmen to the Gulf region from across the Straits of Hormuz, primarily to Oman. Some served as mercenaries for local rulers and, after several generations of residence, have become very much integrated into local society.¹² The third and most important stream began more recently and initially involved manual and technical workers hired by international oil companies operating in the region. Following 1973, it expanded to include several million workers in a wide range of other occupations necessary to implement the ambitious development programmes made possible by rapidly expanding oil revenues.¹³

Though the bulk of the labour movement from South Asia to the Middle East occurred during the last ten years, the framework for such a migration was established by an earlier generation of migrants. For example, non-Kuwaitis constituted 45 per cent of Kuwait's population as early as 1957. Most of the non-Kuwaiti population came from other Arab states, but 7 per cent listed either India or Pakistan as their place of birth.¹⁴ South Asian communities numbering in the low thousands also existed in both Bahrain and Oman throughout most of the 1950s and 1960s.

Early treaties between the international oil companies and Arab governments in the Gulf region stressed

that first hiring preference should be given to national workers, with second preference for those from other Arab states. For example, the 1933 agreement between Saudia Arabia and the Standard Oil Company of California (later the Arabian American Oil Company) noted that "the enterprise under this contract shall be directed and supervised by Americans who shall employ Saudi nationals as far as practical." Similarly, the 1949 agreement with the Pacific Western Oil Corporation (later Getty Oil) stated that "the company will employ Saudi Arabians in its operations in said Neutral Zone to the greatest extent practicable and will have employment preference therein first to Saudi Arabian citizens and second to citizens of other friendly Arab nations, in respect of work for which that may be qualified."¹⁵

In fact, local labour markets proved insufficient to meet the required demand from the very beginning and South Asia quickly emerged as the most important source for non-Arab expatriate labour. As one early labour study suggested, "Indian and Pakistani recruits are generally preferred in the Arab Gulf area, due to their knowledge of English and their past training under British rule."¹⁶ Employment records from 1958 for both the Kuwait Oil Company and the Arabian American Oil Company demonstrate the significance of this South Asian expatriate presence early on. With respect to the Kuwait Oil Company, twenty nationalities were listed on a pay roll of more than 7,000 with Pakistanis (1,221 employees) and Indians (938 employees plus 485 from Goa) outranked only by Oman (1,439 employees) as the single most important sources of expatriate labour. Similarly, Pakistan (1,042 employees) and India (880 employees) were both well represented on the Arabian American Oil Company's pay roll of more than 17,000.¹⁷ Outside the oil companies, other South Asians found jobs in occupations ranging from business to administrative service to domestic help.

The small but steady stream of expatriate labour to the Middle East increased dramatically following the 1973 rise in oil prices. The construction boom in particular attracted tens of thousands of South Asian workers, but a wide range of other occupations were also represented. For example, it quickly became apparent that much of the industrial infrastructure created during the early stages of development would have to be maintained in part by expatriate labour, at least in the short term. Similarly, opportunities in the service sector expanded rapidly and foreign workers from India, Pakistan, Bangladesh and Sri Lanka filled large numbers of the new positions.¹⁸ The exact size of the South Asian community in the region is not known but is estimated to exceed 2 million, with most workers coming from Pakistan (about 1.2 million), India (about 800,000), Bangladesh (about 160,000) and Sri Lanka (about 130,000).

The rapid increase in labour migration to the Middle East which occurred during the middle 1970s has been described as taking place in a "laissez-faire" policy environment.¹⁹ Despite rigid citizenship laws, few controls existed with respect to actual employment in the labour-importing countries and fewer still were in place in the labour-exporting ones. Migrants already working in the Gulf region notified employers about friends and relatives who were willing to fill vacant jobs, while companies needing large numbers of workers sought labour wherever it could be found. The number of workers from the major South Asian labour exporting countries increased rapidly, while workers from the poorer Arab states such as Egypt, Jordan, and North Yemen continued to be well represented. In addition, East Asian countries such as Thailand, Korea, and the Philippines emerged as important new sources of labour, particularly during the late 1970s. By the early 1980s, the number of foreign workers in the region was well over three

million. Moreover, expatriate workers far outnumbered the local labour force in the United Arab Emirates, Qatar and Kuwait, while in Bahrain and Saudi Arabia the foreign work force was approximately the same size as the domestic one.²⁰

Not surprisingly, the relative looseness of the employment regulations gradually gave way to tighter controls and the de jure implementation of what had always been a de facto guest worker programme. Though the labour force had usually been able to expand with relative ease to meet commercial demand, actual citizenship was from the beginning extremely difficult to obtain, even for Arabs from neighbouring states. The older South Asian community in the Gulf always looked toward their home countries and rarely entertained ideas of setting down permanent roots in the Middle East. Most migrants planned to stay for a limited period of time, hoping to earn enough money to liquidate debts, build a house, or open a business back home. The targeted income goals were often raised with the passage of time. Nevertheless, actual residence in the region was always viewed as temporary.

The introduction of tighter local migration laws in the various labour-importing countries further strengthens the probability of a short-term presence. For example, some countries require a college education in order to be accompanied by dependents, while others may bring families only if they are in a specified income bracket. Most governments have also limited internal labour mobility by prohibiting job changes unless the migrant first returns home to arrange new employment. As a result, the framework for a truly temporary guest worker programme has been more firmly established in the Gulf than was the case in Western Europe during the 1960s. In addition, increasing efforts have been made by Gulf governments to reduce the number of illegal

migrants' through strict enforcement of existing work permit laws. The labour exporting governments and the expatriate community, both of which view the workers as guests, are also careful not to engage in activities or make demands that might jeopardize their continued presence.

TABLE 3
OFFICIAL ESTIMATES FOR ANNUAL
LABOUR MIGRATION OUTFLOWS IN SELECTED
SOUTH ASIAN COUNTRIES
1972 – 1982

<i>Year</i>	<i>Pakistan</i>	<i>Bangladesh</i>	<i>Sri Lanka</i>
1972	4,530	NA	NA
1973	12,300	NA	NA
1974	16,328	NA	NA
1975	23,077	NA	NA
1976	41,690	6,087	,526
1977	140,522	15,725	5,633
1978	130,525	22,809	8,082
1979	125,507	25,791	9,423
1980	144,847	30,573	NA
1981	168,403	NA	NA
1982	142,945	NA	NA

Source: Government of Pakistan, *Pakistan Economic Survey, 1982-1983*, Islamabad: Finance Division, 1983, p. 176; A. R. M. Anwar Hossain, *External Migration of Labour from Bangladesh*, Paper prepared for the ILO (ARPLA) Symposium on Overseas Recruitment Procedures, Islamabad, May, 1981, p. 29; ILO (ARPLA), *Emigration for Employment*, May, 1981, p. 59.

TABLE 4

**SELECTED ESTIMATES FOR THE SIZE OF
THE SOUTH POPULATION IN
THE MIDDLE EAST
1975 – 1983**

<i>Pakistan:</i>	1975	205,000	Serageldin
	1977	500,000	(IMF)
	1979	1,246,000	(Gilani)
	1981	1,414,000	(Irfan)
<i>India:</i>	1975	142,000	(Serageldin)
	1977	214,000	(IMF)
	1981	600,000	(Nair)
	1983	1,000,000	(Gulati and Mody)
<i>Bangladesh:</i>	1977	50,000	(IMF)
	1978	100,000	(Ali)
	1981	170,000	(Ali)
<i>Sri Lanka:</i>	1977	20,000	(IMF)
	1982	130,000	(Press Reports)

Sources: Ismail Serageldin *et. al.*, *Manpower and International Labour Migration in the Middle East and North Africa*, New York: Oxford University Press, for the World Bank, 1983, *IMF Survey*, September 4, 1978; Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labour Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* (Part One) Pakistan Institute of Development Economics Research Report Series No. 126, June, 1981; Mohammad Irfan, Lionel Demery, and Ghulam Mohammad Arif, *Migration Returns in Pakistan*, Pakistan Institute of Development Economics Studies in Population, Labour Force and Migration Project Report No. 6, undated; P. R. Gopinathan Nair, *Asian Emigration to the Middle East: Emigration from India*, Centre for Development Studies (Trivandrum), Working Paper No. 180, November, 1983; I. S. Gulati and Ashoka Mody, *Remittances of India Migrants to the Middle East: An Assessment with Special Reference to Migrants from Kerala State*, Centre for Development Studies (Trivandrum) Working Paper No. 182, November 1983; Syed Ashraf Ali *et. al.*, *Labour Migration from Bangladesh to the Middle East*, World Bank Staff Working Paper No. 454, April, 1981.

TABLE 5
APPROXIMATE DISTRIBUTION OF
SOUTH ASIANS IN MAJOR MIDDLE EASTERN
LABOR MIGRATION COUNTRIES
1979

<i>Country</i>	<i>Pakistan</i>	<i>India</i>	<i>Bangladesh</i>	<i>Sri Lanka</i>
Saudia Arabia	49 %	22 %	13 %	38 %
UAE	23	33	32	20
Kuwait	8	14	10	18
Libya	4	2	9	—
Iraq/Jordon	3	5	7	12
Bahrain	2	6	4	6
Oman/Qatar	10	19	21	6
Others	3	—	4	—

Sources: Munarwar Iqbal and M. Fahim Khan, *Economic Implications of the Return Flow of Immigrants from the Middle East: A Preliminary Study*, Pakistan Institute of Development Economics Research Report Series No. 132, November 1981, p. 13; I. S. Gulati and Ashoka Mody, *Remittances of Indian Migrants to the Middle East: An Assessment with Special Reference to Migrants from Kerala State*, Centre for Development Studies Working Paper No. 182, November, 1983, p. 58; Syed Ashraf *et. al.*, *Labor Migration from Bangladesh to the Middle East*, World Bank Staff Working Paper No. 454, April, 1981, p. 33; G.D.G.P. Soysa, *External Migration of Labor from Sri Lanka*, Paper Prepared for the ILO (ARPLA) Symposium on Overseas Recruitment Procedures, Islamabad, May, 1981.

CHAPTER 2

STRUCTURAL DYNAMICS OF MIGRATION PROCESS

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Migration is an ongoing process and its impact may be spread out over a considerable period of time. Historically, concerns have tended to focus on the causes of migration. Research here emphasizes conditions in both the regions of origin and destination, in an effort to explain why a particular migration movement occurs. Efforts to analyze the consequences of migration, particularly for the labour exporting regions, have also become increasingly important. Here, much depends on the migrant profile, the level of remittance income, and the number of migrants that later return to their home countries. The discussion that follows analyzes each of these issues separately and highlights some of the more important ways in which migration movements have affected the prospects for economic development in South Asia.

Causes of Migration

A push-pull framework provides a useful starting point for analyzing the internal dynamics of South Asian migration over the past 150 years.²¹ "Push" factors refer to those circumstances in the region of origin that tend to drive certain groups of people out; examples include food shortage, political unrest, or economic change adversely affecting particular classes of people. In contrast, "Pull" factors refer to those conditions

prevalent in the countries of destination sufficiently attractive to encourage individuals and groups of people to leave home and seek opportunities abroad. Given widespread lack of information, a prospective emigrants' perception of pull factors might be distorted by overly optimistic reports from recruiters or from friends and relatives already working abroad. Actual migration decisions are influenced by an interplay between both push and pull factors, with the degree of hardship sometimes determining which groups would leave first and the magnitude of opportunity influencing destinations. Individual case histories do, of course, reveal a high degree of complexity. Nevertheless, an appreciation for the relative strength of the various push and pull factors is helpful for beginning to understand the shape and direction of a particular migration movement over time.

The first phase of migration from British India, marked by the slave-like indenture and kangani systems, was dominated by push factors and made possible because of the desperate circumstances facing landless and indebted labour in some regions of the subcontinent. Work in an overseas plantation held an attraction for only the most destitute. Nevertheless, small cash advances and the optimistic picture presented by recruiters at least seemed to offer an avenue of escape. Recruiting efforts were centered in some of the most poverty-stricken areas of the subcontinent and response was greatest in times of famine or general economic difficulty. Prospective migrants, pushed out by limited income opportunities at home, were pulled toward plantation colonies throughout the Empire because so few other alternatives were available. A much smaller migration, motivated primarily by pull factors, was dominated by traders and artisans who often followed the original migration movements. They at least arrived with some financial assets and, in contrast with the bulk of the plantation labour, could aspire to some entrepreneurial success.

The second phase of migration which began after independence from British rule involved a more complicated interplay of push and pull factors that were more prominent. The greatest attraction for both professional and blue collar workers lay in the high financial rewards available for work in the West. The economic recovery of Europe in the immediate post World War Two period provided work opportunities which could not be completely met by domestic labour supplies. Wage levels in an economic environment characterized by labour shortages were also attractive, especially for workers from countries which had not yet developed an industrial base. Germany and France both relied on "guest workers" from the nearby Mediterranean periphery, with Turkey and Algeria becoming especially important sources of industrial labour. Britain, on the other hand, with migration laws favouring citizens from other Commonwealth countries, attracted blue collar labour from both the West Indies and South Asia. At the same time, it should be noted that some push factors were important in determining which particular workers came. This is suggested by the fact that migrants tended to come from the poorer and less fertile unirrigated regions of particular provinces or states in Pakistan and India. In the case of Pakistani migrants from the Kashmir district of Mirpur, the push factors are most obvious. About 100,000 people in the area were evacuated because of the construction of a large earth dam at Mangla during the 1960s. Some Mirpuris, pushed out of their traditional homeland because of the dam, used their compensation benefits to finance migration to Britain because of the long-range economic opportunities that seemed available there.

The third phase of labour migration from South Asia became important during the 1970s, by which time both India and Pakistan had become self-sufficient in food and were experiencing fairly high rates of econom-

ic growth and industrialization. The high rates of migration that, nevertheless, took place should, therefore, be interpreted primarily in terms of the strong pull forces emanating from the various Gulf countries involved. The wage differentials between compensation in the Gulf and compensation in India, Pakistan, Bangladesh, or Sri Lanka were enormous, with salaries often ten times what was available for the same work back home. This wage differential held for a broad range of occupations, from unskilled labour to skilled artisans to highly skilled professionals. For many, employment in the Middle East offered the opportunity to save as much in a few years as could ordinarily be accumulated in an entire lifetime. Despite some decline in the wage differentials over time, the perception of the Gulf as a place of economic opportunity remains intact.

Modes of Recruitment

Modes of migration from South Asia have varied considerably, with some migrants leaving individually, others hired through private recruiting firms, and still others going as a result of government-to-government agreements. Though a factor even in the first phase of labour migration from the subcontinent, the free movement of individuals tends to be poorly documented and has been overshadowed by the more organised labour movements sponsored by governments and firms.

Recruiting agents were an essential aspect of the indenture system during the colonial period. They usually operated on a commission basis and were responsible for taking care of legal details and for arranging passage abroad. Excesses existed in the system from the beginning. "The recruiter would station himself in the road just outside a town, or near a bridge, water place, temple, fair or bazar — anywhere where there was a crowd or where strangers and travellers were to be found,"

states one critic, writing on the recruitment of indentured labour for Fiji. "He would watch for the needy, bewildered, or gullible villager, and approaching such a person would volunteer assistance or employment, perhaps not even mentioning migration at this stage, depending on his assessment of the person's intelligence and sophistication."²² Even modest cash advance became an attractive incentive for the most destitute, who only later came to realize the full implications of a legal agreement binding them to at least five years of servitude on a distant island colony. Some efforts were made by the government of British India to regulate the recruitment process. For example, recruiting licences became mandatory and could be revoked if malpractice took place. In addition, consultations with government magistrates were required in both the districts of recruitment and at the ports of embarkation. In practice, however, the regulations were often evaded and did little to improve a system that became widely condemned. Recruitment under the more widely utilized kangani system took a somewhat different form, under this arrangement, village headmen served as middlemen in obtaining and supervising labourers for a plantation. Though organised by plantation associations and regulated to some extent by the government, the system depended largely on family and village ties. The kangani, who served as both recruiting agent and foreman while on the job, arranged for a specified number of labourers known to him on a personal basis. He was provided with funds for advance and, while on the plantation, became the intermediary for all financial transactions between the planter and his labourers. The system was legally less binding than indentured servitude, involving verbal contracts of up to seven years. It was also less disruptive in that social units were often maintained intact. At the same time, the system invested the kangani with considerable power and his control was often harsh. Many workers, initially viewing migration as a way to escape indebted-

ness at home, simply became financially bound to the kangani who had provided a cash advance and arranged for their passage overseas.

Unlike in the first phase of migration, recruiting agencies played only a minimal role in the shaping of migration streams from the subcontinent to Western Europe and North America during the post World War Two period. Some "travel agencies" did operate primarily to arrange legal details and passage for prospective migrants. For the most part, however, the migration was an independent one, relying on individual initiative or on arrangements made by a friend or relative already working abroad. The latter mechanism evolved into a "chain migration" system, with one migrant eventually becoming responsible for the migration of many others in an extended kinship network. The large proportion of males to females in the South Asian community also began to decline as families joined husbands who were already working overseas.

More recently, public and private sector recruiting agencies have once again become important, this time in facilitating the export of labour from South Asia to the Middle East. Many hundreds of firms operate across the subcontinent and have done much to formalize the process of migration to the Gulf. Firms operating in the various Gulf states approach the agencies with their labour requirements and arrangements for the issuance of block visas and work permits are made. Contracts are usually set for one year and may be renewed. Pay scales and work conditions are stipulated in the agreement and round-trip airfare is usually provided. The mode of operation and the regulations under which the various recruiting agencies operate vary little throughout South Asia. The governments of Pakistan, India, Bangladesh and Sri Lanka all require licensing as well as a deposit that may be forfeited in the event of malpractice. In

addition, ceilings have been placed on the amount a migrant may be charged for services rendered. In practice, the owners of some recruiting agencies have made fortunes by charging at both ends — the firm hiring, for recruiting the labour; and the individual migrant, for having been provided with a lucrative employment opportunity in the Middle East. The latter sum can range from one to three months worth of expected earnings in the Middle East. Payment is, nevertheless, made because the number of workers willing to go to the region still exceeds demand. The most tragic cases involve workers who sell or mortgage everything, only to find the recruiting agent disappears and the promised jobs never materialize.

Public sector recruiting agencies have been organised in the four major South Asian countries, partially in response to concerns over malpractices taking place in the private sector. In Pakistan, the Overseas Employment Corporation acts as a public sector recruiting agency in arranging employment and promoting the use of Pakistani labour in the Middle East. The Bureau for Manpower, Employment and Training assumes a similar role in Bangladesh, while in Sri Lanka such recruitment is carried out by the Department of Labour's Foreign Employment Division. An overseas employment agency along these lines has not yet been established by the central government in India. Nevertheless, several state governments do operate overseas recruitment agencies, primarily as a means of maintaining and increasing their own representation in the Middle East labour force. In addition, construction firms from the various South Asian countries that have been awarded contracts in the Middle East usually recruit workers for these projects from domestic labour markets and in this way further increase the number of South Asian workers in the Middle East.

As a final note, it should be emphasized once again that individuals recruited through formal public and private recruiting channels represent only one part of the flow of migrant labour to the Middle East. Others have managed to go abroad on their own initiative and, on finding work, have arranged jobs for friends and relatives as well. Indeed, figures from one study in Pakistan suggest that only 28 per cent used a public or private sector recruiting agent,²³ while from Bangladesh the comparable figure was 42 per cent.²⁴ From the migrants' point of view, such arrangements are preferable because they eliminate recruiting agents acting as middlemen.

Composition and Geographic Origin

One of the critical issues in determining the consequences of a migration involves understanding the composition and geographic origin of particular emigrant group. It is of both academic and policy significance to know whether those who go overseas are young or old, male or female, urban or rural, skilled or unskilled, employed or unemployed, rich or poor, and politically and socially desirable or undesirable to the governments in their own countries or in those receiving them. Not surprisingly, public officials have had few qualms about the migration of those who were either a burden on public resources or deemed undesirable for a variety of other reasons. "Shovel out the paupers" was one of the slogans in nineteenth century England and was used to justify the encouragement of English migration to North America, South Africa, and Australia. However, there have also been consistent concerns among countries of outmigration about losing a portion of manpower which is skilled, active, and able enough to make a significant contribution to the economic well-being of the nation.

The first phase of migration was dominated by people of low social and economic status. Many of the

earliest indentured labourers were tribals known as "Hill Coolies" from the Chota Nagpur region northwest of Calcutta. They were later replaced by landless labourers from the crowded agricultural districts along the Ganges river in what is now Bihar and eastern Uttar Pradesh. South Indian migrants were for the most part shipped out of Madras and came from Tamil and Telegu speaking areas, with Tamils in particular becoming an important presence in Malaya and Ceylon. Malayalis from the area that now constitutes Kerala were also recruited in large numbers. Many but by no means all of the South Indian recruits were untouchables; others came from artisan and even Brahmin classes facing hard times. Men were represented in the largest numbers, but fairly large numbers of women were involved as well and, indeed, became dominant in plantation tasks deemed especially "suitable" for female hands. Special efforts were also made to recruit women in cases such as Fiji, where permanent settlement was regarded as an objective from the outset. A majority of the migrants during the colonial period were Hindus, though some Muslims were and are represented at all major points of destination. Migration from north India was of relatively minor importance throughout the colonial period and was confined mainly to entrepreneurs or minor functionaries in the British civil and military services. Karachi did briefly emerge as an important recruiting centre during the building of the Kenya-Uganda railway in the 1890s, with many migrants coming from the region that now constitutes Pakistan.²⁵ In addition, Punjabi Sikhs began leaving their traditional homeland in growing numbers and became a ubiquitous presence in a variety of occupations throughout the Empire.

The second phase of migration included both blue collar workers of relatively low social and economic status and professionals with extremely high educational qualifications. Workers in the blue collar category came

in the largest numbers from rural areas in the unirrigated districts of Indian and Pakistani Punjab as well as from the Sylhet district which is now in Bangladesh. As noted earlier, a fairly large number of Kashmiris from Mirpur district were also involved. The skill levels of these migrants was not high and their migration does not appear to have constituted a drain on government-sponsored training and apprenticeship programmes. On the contrary, workers left these areas precisely because both employment opportunities and official development programmes in their home districts were limited.

The migration of high skilled professionals, on the other hand, was geographically more diverse and included representatives from ethnic communities throughout the subcontinent. Punjabis from both Pakistan and India, Tamils from India and Sri Lanka, Malayalis from Kerala in South India, and so forth. Ironically, this flow of highly educated manpower from the poor countries of South Asia took place at the same time that Europe and the United States were emphasizing the role of Western technical advisors in the development and "nation building" processes on the subcontinent. Such paradoxes were responsible for bringing into sharp focus the debate on the "brain drain". This controversy reached its climax when a group of scholars led by Jagdish Bhagwati, an Indian Professor of economics settled in the United States, made a proposal that the manpower receiving countries should consider compensating the manpower sending countries for the training costs and production losses incurred. Several possible scenarios were suggested for implementation of this scheme, including one in which overseas workers should be subjected to a special tax which would in turn be channelled to their home countries.²⁶ Before the brain drain tax proposal came under serious consideration, Europe entered into a recession and its manpower requirements were turned upside down. The question then became

not one of bargaining over whether more migrant workers would be permitted to leave the home country, but rather whether the home governments could prevent the existing workers from being repatriated.

The third phase of migration from South Asia, though covering a wide spectrum of occupations, has been dominated by skilled, semi-skilled, and unskilled manual workers, most of which have come from rural areas. This broad characterization is confirmed by data from the major South Asian labour exporting countries, though there is some variation from region to region. An overwhelming majority (78.9 per cent) of all Pakistani migrant workers in a 1979 national survey fell into the "production and related" category, filled by skilled, semi-skilled and unskilled workers in such occupations as carpentry, masonry, electrical maintenance, machine operating, welding, pipe fitting, and so forth. In contrast, 5.6 per cent were sales workers, 4.7 per cent fell into the service sector, and 4.2 per cent filled professional occupations.²⁷ Documentation for India is more limited, but data from Kerala also suggests most workers fall into the production and related category, whether as skilled manual workers or as unskilled labourers. Other broad characterizations that emerge from the several studies across South Asia suggest that South Asian migrants to the Middle East tend to be males between the ages of 20 and 35 with a less than high school education. Evidence for the large rural component comes from both Pakistan and Bangladesh, with approximately two-thirds of the Pakistani migrants and three-fourths of the Bangladeshi migrants falling into this category.²⁸

Geographically, there appears to be more variation within the South Asian labour exporting countries. In Pakistan, the impact of migration is spread quite widely across the country. All four provinces have contributed workers to the migration, with the Northwest Frontier

somewhat over-represented and Sind somewhat under-represented among the emigrant population.²⁹ The effects of migration, initially felt most strongly in the un-irrigated districts of Punjab and the Northwest Frontier, have more recently expanded to include wealthier and more fertile agricultural districts as well. Figures from Bangladesh show that Chittagong district (28.7 per cent) has contributed the most overseas workers, followed by Dacca (17.5 per cent) and Sylhet (11.3 per cent), the area that was most heavily involved in the earlier flow of workers to the United Kingdom.³⁰ In India, the impact of migration is more localized. Almost all the migrants from this very large country have come from seven states — Kerala, Andhra Pradesh, Punjab, Gujrat, Goa, Maharashtra, and Tamil Nadu. In fact, as many as half the Indian migrants have come from Kerala and it is in this state where the manpower links with the Middle East are most strongly felt.³¹

Sri Lanka presents a somewhat different picture with respect to the composition of its migrant population in that a large number of female workers have also been involved. The actual proportion of women to men migrants has shifted from year to year but in 1979 women accounted for one-third of all labour migrants from Sri Lanka going abroad. Most of these women were hired as household domestics.³² The Sri Lanka case is somewhat unique in other respects as well. It entered the Middle East labour market relatively late, with migration to the Gulf only becoming significant in the late 1970s. In addition, the largest number of migrants appear to have come from Colombo and the more developed region of the country.³³ Finally, workers from Sri Lanka are more important in the service sector as compared with those from other South Asian countries.

TABLE 6

**OCCUPATIONAL COMPOSITION OF PAKISTANI AND
BANGLADESHI MIGRANT LABOR FORCES, 1979**

<i>Occupational Group</i>	<i>Pakistan</i>	<i>Bangladesh</i>
Professional and Technical	4.2 %	8.0 %
Clerical and Administrative	1.6	1.8
Sales	5.6	1.4
Service	4.7	8.4
Agricultural	4.8	3.6
Production and Related	78.0	71.8
Not Known	—	5.0

Sources: Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy*, Part One, Pakistan Institute of Development Economics Research Report Series No. 126, June 1981, p. 36; Syed Ashraf Ali *et. al.*, *Labor Migration from Bangladesh to the Middle East*, World Bank Staff Working Paper No. 454, April 1981, pp. 30-31.

TABLE 7

**WAGE RATES FOR SELECTED OCCUPATIONS
IN SELECTED REGIONS OF INDIA AND PAKISTAN,
1973 – 1983**

(Rupees Per Day)

	1973-74	1977-78	1983-84
<i>India (Kerala State)</i>			
Carpenters	9.38	13.94	35.0
(Agricultural Sector)			
Masons	9.38	14.10	35.0
(Agricultural Sector)			
Field Laborers (Male)	6.67	8.67	17.0
Field Laborers (Female)	4.45	6.06	12.0
<i>Pakistan (Lahore)</i>			
Carpenters	17.82	38.79	NA
Masons	17.82	41.38	NA
Unskilled Labor	9.20	17.49	NA

Sources: P. R. Gopinathan Nair, *Asian Emigration to the Middle East: Emigration from India*, Centre for Development Studies Working Paper No. 180, November, 1983, p. 29; Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy*, Part One, Pakistan Institute of Development Economics Research Report Series No. 126, June 1981, p. 43.

Wage and Remittance Income

The economic impact of a migration is in large part determined by the wages offered to those workers employed overseas. From the labour exporting country's point of view, the proportion of these wages sent back in the form of remittances is also crucial. Family migration usually leads to a weakening of ties with the home country, while the migration of individuals means that strong ties will often continue to be maintained. If income and savings rates are sufficiently high, remittances made by the individual migrant to family members can have an important impact on savings, consumption, and investment back home.

Gail Omvedt in an essay on migration in colonial India convincingly demonstrates that wage rates during the colonial period were so low that it was impossible for migrants to support families left behind. This lack of a "family wage" meant that the bulk of the migrants earned only enough to keep themselves alive, "while the cost of maintaining the rest of the family — wives, children, relatives — was borne in the agrarian sector that remained their home."³⁴ She notes that remittances amounting to several tens of millions of rupees were received by some districts in British India during the early nineteenth century, but points out that the figures fail to distinguish between the large number of manual labourers with little or no savings and the much smaller number of merchants, professionals, clerical workers and even kanganis who were able to accumulate large sums of money and in this way strengthen their economic positions at home. Limited data on the distribution of savings brought back by returning emigrants confirms this picture of skewed savings rates. For example, 213 out of 319 repatriates on ship in 1889 from Fiji to Calcutta brought back no savings at all; in 1914, the figures were even more bleak, with 614 out of 659 on

one ship and 300 out of 308 on another ship coming back empty-handed.³⁵ The Kangani system also did little to enhance economic opportunity and the economic growth in the regions of origin. As noted earlier, it was based in part on a system of indebtedness. Any limited savings that might have been accumulated by a migrant first had to be applied to clearing these debts before any investments could be made.

Despite fairly high wage rates, migration to the United Kingdom and North America did not produce substantial remittances inflows. The possible importance of such flows as a source of foreign exchange is absent in the development literature of the period and remittances themselves remained a small and unnoticed item in the "invisibles" section of the balance of payments accounts in the countries concerned. The reasons for this are several and need little elaboration here. Migration to the West became a family movement and the need to remit funds to support consumption at home became limited. In addition, residence in Europe or North America often meant adopting Western life styles with correspondingly low savings rates. Finally, investments that were made and bank accounts that were opened for the most part became confined to Europe and North America, where they were believed to be safer and yield higher financial rates of return.

In contrast, the rise in remittance flows from the Middle East to South Asia following the 1973 rise in oil prices was sudden and dramatic. Recent figures for both Pakistan and India suggest that remittances now approximate \$ 3 billion annually, while for Bangladesh and Sri Lanka the amounts run into the hundreds of millions. In all four cases, funds originating in the Middle East account for the bulk of the increase in remittances. For Pakistan in particular, the remittances flows have emerged as an essential source of foreign ex-

change. The proportion of remittances to exports in that country has been over 75 per cent during the last several years. By contrast, remittances to India equal about one-seventh of its annual exporting earnings while for Bangladesh the comparable figure is about 21 per cent. Viewed another way, the increasing remittances inflows from the Middle East allowed these countries to finance their large oil imports during the last decade.

Policy approaches to remittances in the various South Asian governments concerned have emphasized three main objectives. First, there is an interest in increasing the volume of remittances. Second, there is a concern that they be returned through official channels. Third, attempts have been made to channel remittance flows in productive directions. A 1981 World Bank study suggests that the magnitude of remittances depends primarily on the number of workers employed abroad and on the wages which they receive. Government policy, though of relatively little significance in directly increasing the volume of remittances, can be used to insure that the remittances are returned through official channels as well as to influence the ways in which remittances are spent.³⁶ Currency devaluations in Pakistan, Sri Lanka, and Bangladesh during the last decade served to narrow the gap between the official exchange rate and the black market exchange rate, making the use of official exchange rate counters were attractive. The number of bank branches in rural areas throughout South Asia has also increased dramatically, in part to handle accounts maintained by households with family members working in the Middle East. Nevertheless, concerns persist that the banking system has not been sensitive enough to emigrant needs, particularly with respect to the speed with which financial transactions are cleared.

Actual remittance spending patterns depend to a

great extent on the economic situation in the particular labour exporting country concerned. Studies across South Asia confirm a tendency that has been observed elsewhere in the world — that is, a pattern in which the largest portion of the remittances are spent on land, construction, or personal consumption. A national survey in Pakistan indicated that 63 per cent of the remittances were spent on household consumption (food, clothing, consumer durables, etc.), with about 22 per cent directed toward real estate and housing. Approximately 13 per cent of the remittances were being used for direct investment purposes, including the purchase of agricultural machinery and land improvement.³⁷ Other studies, though not strictly comparable because of differences in survey techniques and in definitions of what constitutes “productive”, suggest a similar pattern. For example, an urban study in Bangladesh found that more than 40 per cent of all migrant spending was used for construction and real estate purposes.³⁸ Similarly, a village study from Kerala found that three-fourths of all remittances left after household consumption was spent on either construction or real estate.³⁹

One important and relatively unexplored area of labour migration to the Middle East relates to the cost involved and the amount of indebtedness incurred to finance the first journey overseas. The initial outlay often exceeds \$ 1,000, a very large sum indeed when it is recalled that annual per capita on the subcontinent is still in the \$ 250 — \$ 350 range. Emigration becomes possible in part through assistance provided by the extended family and in part through reliance on money lenders, with costs especially high for late comers and for those utilizing commercial recruiting agents. That portion of remittances spent on debt repayment can properly be described as investment, since it makes a higher income possible over an extended period of time. In the aggregate, the level of indebtedness and the por-

tion of remittances directed toward loan repayment does not appear to be prohibitively high. About 16 to 20 per cent of remittance spending in both urban and rural Bangladesh in 1979 was thought to be for debt repayment,⁴⁰ while in Kerala one village study found that debts incurred for financing employment in the Middle East were usually cleared within one or two year.⁴¹ In both instances, substantial funds were left over for private consumption even during the time when the loans were being repaid. The debt burden would, however, be much higher for lower income groups and catastrophic in instances where payment is made to an illegal recruiter who does not deliver on the promised job.

TABLE 8

THE ROLE OF REMITTANCES IN
THE ECONOMY OF SELECTED LABOUR
EXPORTING COUNTRIES

<i>Country</i>	<i>Rate of Remittance Inflows to Exports</i>	<i>Trend Growth Rates (% change per year)</i>
Pakistan	0.765 (1978-79)	34.6 (1972-79)
India	0.150 (1977)	19.4 (1967-79)
Bangladesh	0.210 (1978-79)	*
Korea	0.007 (1978-79)	11.7 (1967-79)
Egypt	0.888 (1978-79)	36.4 (1969-78)
Jordan	1.754 (1978-79)	31.2 (1967-78)
North Yemen	70.913 (1978-79)	*
South Yemen	5.638 (1978-79)	18.6 (1968-78)
Turkey	0.767 (1978-79)	16.2 (1964-79)
Yugoslavia	0.425 (1978-79)	17.9 (1962-79)
Greece	0.300 (1978-79)	23.9 (1969-78)
Algeria	0.069 (1978-79)	8.47 (1967-79)
Mexico	0.029 (1978-79)	13.5 (1967-78)

*not included; number of observations too small to fit a regression.

Source: *International Migrant Workers' Remittances: Issues and Prospects*, World Bank Staff Working Paper No. 481, August, 1981, pp. 9-11.

TABLE 9

REMITTANCE INCOME AS A PERCENTAGE OF MERCHANDISE EXPORTS AND GROSS
NATIONAL PRODUCT IN BANGLADESH, INDIA, PAKISTAN AND SRI LANKA,
1980 — 1981

Country	Year	Remittance	Remittances as % of Merchandise Export	Remittances as of GNP
Bangladesh	FY 1981	\$ 377,000,000	53.0 %	3.4 %
India	FY 1980	\$ 1,600,000,000	19.9	1.1
Pakistan	FY 1981	\$ 1,900,000,000	69.9	8.8
Sri Lanka	1980	\$ 137,000,000	12.7	3.6

Source: Lionel Demery, *Asian Labor Migration to the Middle East: An Empirical Assessment*, Paper Prepared for the Conference on Asian Labor Migration to the Middle East, East West Population Institute, East West Centre, Honolulu, Hawaii, September 1983, p. 33.

TABLE 10

**HOME REMITTANCES RECEIVED FROM PAKISTANIS WORKING ABROAD,
1972 - 1982**

<i>Year</i>	<i>United Kingdom</i>	<i>United States</i>	<i>Middle East</i>	<i>Others</i>	<i>Total</i>
1972-1973	\$ 76.50	\$ 7.60	\$ 24.93	\$ 14.74	\$ 123.77
1973-1974	52.14	14.40	39.63	32.29	38.46
1974-1975	71.78	19.18	75.73	45.54	212.23
1975-1976	54.17	25.89	202.95	51.25	334.16
1976-1977	49.54	29.32	434.30	64.58	577.74
1977-1978	76.69	51.53	932.93	95.18	1156.33
1978-1979	119.15	53.58	1095.68	129.00	1397.41
1979-1980	149.77	61.22	1362.60	174.01	1747.60
1980-1981	184.89	70.76	1667.42	194.10	2095.04
1981-1982	121.31	72.03	1835.73	195.87	2224.94
1982-1983	161.74	133.18	2402.91	187.67	2885.50

Source: Government of Pakistan, *Pakistan Basic Facts, 1982-1983*, Islamabad: Finance Division, 1983, p. 100.

TABLE 11

REMITTANCE SPENDING PATTERNS: EXAMPLES FROM SELECTED SOUTH ASIAN CASE STUDIES

<i>Pakistan (National Survey, 1979)</i>	
Recruiting Consumption (Mainly Food)	57.00 %
Consumer Durables	2.84
Marriages and Ceremonies	2.35
Construction and House Improvement	14.41
Real Estate	7.27
Agricultural Investment	3.30
Industrial/Commercial Investment	8.21
Financial Investment/Savings	1.44
Residual	3.18
<i>Bangladesh (Urban Areas of National Survey, 1979)</i>	
Food	19.93 %
Clothing	3.96
Consumer Durables	9.43
Marriages and Ceremonies	2.80
Construction and House Improvement	19.42
Real Estate	22.84
Jewellery	2.85
Debt Repayment	18.10
<i>India (Kerala Village Study, 1977)</i>	
(Excludes Current Consumption)	
Consumer Durables	1.40 %
Marriage and Ceremonies	11.50
Construction and House Improvement	48.90
Real Estate	27.20
Purchase of Vehicles	2.50
Jewellery	2.70
Investment in Business or Agricultural	0.80
Financing Migration of Relative	4.90

Sources: Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy*, Part One, Pakistan Institute of Development Economics Research Report Series No. 126, p. 144; Syed Ashraf Ali et. al., *Labor Migration from Pakistan to the Middle East*, World Bank Staff Working Paper No. 454, April 1981, pp. 127-135 and E. T. Mathes and P. R. Gopinathan Nair, "Socio-Economic Characteristics of Emigrants and Emigrants' Households: A Case Study of Two Villages in Kerala," *Economic and Political Weekly* (Bombay), p. 1151.

The Importance of Return

One of the most important and often forgotten aspects of labour migration from South Asia during the last 150 years is that most of the migrants have returned. Hopes have often been expressed that these returned workers carry with them both capital and skills that can be utilized for economic development in the regions of origin. In fact, evidence for the impact of this return is difficult to evaluate and often conflicting.

Figures cited earlier suggest that approximately 24 million of the 30 million workers going abroad during the colonial period eventually returned home, a proportion with few parallels elsewhere in the world. Contracts of indenture usually carried clauses guaranteeing return passage after completion of the stipulated work period. Those working under the kangani system had to finance their own return journey, but this was usually feasible given the shorter distance involved. The return rates were thus consistently high, even in cases such as Fiji where permanent settlement was stated as goal from the very outset. Here, approximately 40 per cent of the migrants from British India eventually returned home, though this return was on occasion followed by efforts to once again obtain a job overseas. "Sometimes, even within a fortnight of the arrival of a repatriation ship in Calcutta, some would turn up again, begging to be sent back, but frequently, being now too old or weak or having received poor diet in the village, they could not pass the physical examination for the colonies."⁴²

Interest in repatriation and in the status of the returned emigrant figures to some extent in the colonial literature of the period.⁴³ One early reference, written by a colonial administrator in 1851 with respect to returned migrants from Mauritius, is especially striking in light of recent criticism about "wasteful" consump-

tion and lack of investment on the part of South Asian migrants presently working in the Middle East. He "inquired as to what became of those who went home to India, and found that many invested their savings in the purchase of land, others in oxens and carts, with which they set up as carriers. Some held jubilee on return to their village, and after feasting and supporting their relations and friends as long as their means lasted, went back to Mauritius."⁴⁴ Decade later, another colonial administrator, speaking of Jat emigrants from Punjab, referred to the "pukka red brick houses of those who have made money abroad" that were "rising above the mud plaster dwellings of the ordinary villager."⁴⁵ Other characterizations have been less optimistic:

What become of them? Did they go back to their villages with capital and new ideas, to spread the spirit of enterprise, as officials in India hoped they would? Probably not . . . In the north any money brought back was often lost, taken from them, or squandered, and the attitudes of their fellow villagers were hardly affected by the presence of an occasional returned emigrant... Those repatriates who did reach their old villages were variously received. The wisest did not mention that they had been abroad at all. Those who had kept in touch while they were away and who brought money and were still fit were usually received gladly. . . The man who returned without money was often badly received, for the villagers were very poor and all breadwinners were expected to contribute to the income of the family, including those who had left to go to work in the city or elsewhere.⁴⁶

Undoubtedly success stories did take place at an individual level, particularly among traders and those employed in the civil and military services. The bulk of the workers, however, labourered on plantations and were

unable to accumulate sufficient savings to even contemplate "investment" on their arrival back home.

Return migration was a much less significant feature in the post-World War Two labour movements to Western Europe and North America, though even here some migrants have come back to their home countries after an extended stay abroad. By and large, workers from the subcontinent left with the intention of eventually returning home. However, family reunification in the West combined with a knowledge among workers that they would command much smaller salaries in South Asia turned ostensibly short-term sojourns into long-term residences. Even many students, originally planning to go abroad only in order to obtain an education, found themselves applying for permanent resident or citizenship status. This contradiction between the ideal of repatriation and the fact of extended stays gave rise to the "myth of return" referred to earlier. Houses might even be constructed in home districts in preparation for this mythical return, as has been the case among some Kashmiris in Mirpur. However, actual return often becomes more problematic, when a new generation of children begin to set down roots in the countries in which they have been born and raised. Such mechanisms for long term residency status do not exist in the case of the recent South Asian migration to the Middle East. On the contrary, it is already clear that the bulk of this movement will be only temporary in nature. Tenure in the region is limited by the length of the employment contract signed. In addition, few of the migrant workers are accompanied by their families, with time spent together limited to annual or bi-annual visits home. The demand for labour in the Middle East also appears to be declining. Many of the large labour-intensive construction projects of the 190s are complete, while the fall in oil prices after 1981 led to a reduction in development budgets in some states in the region. Emigrants them-

selves have expressed concern over their long-term prospects in the region in view of changing economic circumstances and fears over war or political unrest. As one Pushtun from Pakistan's Northwest Frontier Province suggested, the labour migrants are "as men sleeping on a borrowed cot which might have to be vacated in the middle of the night."

Concern over a rapid return of the many hundreds of thousands of workers in the Middle East is increasingly reflected in the popular press on the subcontinent. In fact, a gradual and largely unnoticed return has already been taking place over the last several years. A national survey by the Pakistan Institute of Public Opinion provides some interesting insights into the nature of this process. The ratio of migrants to returnees was placed at 1:4, suggesting a total returnee population in Pakistan of between 350,000 and 500,000.⁴⁷ The average age of the returnees was 38 years old and 90 per cent were married, with about one-third of these becoming married only after the initial migration had taken place.⁴⁸ Interestingly, the *expected* stay abroad was placed at less than three years, while the *actual* sojourn turned out to be more than five years.⁴⁹ Nevertheless, only 18 per cent stated that they had totally accomplished the objectives they had held before leaving and 50 per cent said they hoped to go overseas once again.⁵⁰

CHAPTER 3

EVALUATING THE CONSEQUENCES OF A MIGRATION MOVEMENT

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The consequences of labour migration for sending countries has been the subject of much debate. Some critics consider it to be extremely harmful, while others argue that large-scale labour migration can stimulate economic growth in both the sending and receiving countries. The debate is broadly focused on three major issues; labour markets, remittances, and social impact. Those who view migration as contributing to the welfare of the sending countries argue that labour migration reduces unemployment, brings much needed foreign exchange, and reduces income and social inequalities. On the other hand, others argue that labour migration causes skill shortages in the sending countries, fuels conspicuous consumption without leading to correspondingly higher levels of economic growth, and further exacerbates income inequalities. The South Asian experience suggests that the impact of a migration largely depends on the peculiar characteristics of the particular labour migration concerned. The first phase of South Asian migration involved enormous human costs and brought few rewards to either migrants or the labour exporting regions concerned. Second phase migration, though conducted on more favourable terms and often beneficial at an individual level, was too limited and too diffused to have a major impact on the labour sending countries as a whole. In contrast, labour emigration to the Middle East which has occurred during the past decade is hav-

ing a dramatic impact in a number of regions throughout South Asia. The positive and negative features of this impact will be discussed in the following paragraphs, with comments framed within the context of ten frequently asked questions regarding the consequences of labour migration. Though empirical evidence is insufficient to decisively resolve all the issues raised, the various studies across the subcontinent do provide for insight and understanding of broad trends.

Is Migration a Drain on the Skills of the Sending Countries?

Casual analysis from South Asia often suggests that migration to the Middle East drains the various countries involved of many of their most skilled and competent workers. "Brain drain" arguments from the 1960s are sometimes put forward, though in this case the concern more often focuses on skilled production workers — carpenters, foremen, welders, machine operators, and so forth. No doubt some bottlenecks have occurred in some skilled occupations. Nevertheless, it should be recognized from the outset that such a characterization cannot be applied to the movement of labour as a whole. First, migrant profiles noted earlier demonstrate that a substantial proportion of the migrants have little or no skills at all. Given the high rates of underemployment and disguised unemployment prevailing throughout the subcontinent, the loss of such workers does not adversely affect the manpower situation in the economies concerned. Second, the impact of a loss in skilled labour will vary depending on the occupations involved. The supply of some skills exceeds demand in South Asia, and at least part of the migration has provided a "safety valve" for unemployed youth. Finally, skill shortages that do emerge can be overcome in time through the expansion of technical training programmes. Such an expansion in technical education has taken

place in both the public and private sector throughout South Asia over the last ten years.

Does Emigration Mean a Loss in Public Funds Spent on Training Migrants or their Replacements?

The issue of costs involved in training workers is closely related to the issue of possible losses incurred through the departure of skilled labour to the Middle East. Some skills can be acquired with relatively little investment in terms of time and money while others require years of commitment and considerable capital expense. Data from Pakistan suggests that the cost of training workers to replace those that have left is quite low, with much of the costs borne by the private individual rather than by public funds.⁵¹ The Bangladesh study expresses greater concern over this issue but highlights the cost differential between training for different occupations, with professional degrees the costliest, non-technical training the least expensive, and technical education falling somewhere in between.⁵² Interestingly, the high remittance rates have meant that training a worker for migration provides higher financial returns than training a worker for employment in the domestic economy. Finally, one must be careful to distinguish between shortages occurring because of the immediate loss of a worker to the Middle East and shortages occurring because of economic growth spurred in part by remittance spending. The construction sector is a case in point here. Despite the migration of large numbers of construction workers to the Middle East, it has consistently expanded, with growth partly attributable to construction demands made by emigrant families. As for policy considerations, financing programmes to alleviate manpower shortages that develop in an expanding economy is preferable to financing disguised unemployment in a labour-surplus economy that is stagnating.

Are Remittances a Major Benefit of International Migration?

Remittances income is usually put forward as the most obvious benefit resulting from an international labour migration. Wages in the Middle East have been substantial enough to permit high savings rates and these savings have for the most part been remitted to the countries of origin. Pakistan in particular has become critically dependent on remittance earnings as a source of foreign exchange, while such earnings also constitute an important part of the balance of payments accounts in India, Bangladesh and Sri Lanka. This scenario should, however, be qualified by at least three factors. First, increasing remittances while increasing foreign exchange reserves, also increase consumer demand for imported goods. This demand may be further stimulated by a “demonstration effect” in which others imitate emigrant consumption patterns, further increasing the strain on balance of payments accounts. Second, while the central bank captures the foreign exchange returned through official channels, it does not determine the actual spending pattern of the rupees exchanged. These rupees represent a claim on real resources and will not necessarily lead to increased investment. Finally, dependence on remittances compromises security in that continued flows depend on political and economic developments in the host countries concerned. Remittances have increased consistently during the past ten years, but their continued flow will always remain problematic.

Are Remittances Being Overwhelmingly “Wasted” on Consumption Items?

Anecdotal evidence, primarily gathered from airport customs counters, often refers to the conspicuous consumption patterns allegedly adopted by migrant house-

holds. This consumption is frequently described as “wasteful”. Though a large proportion of remittance spending does in fact go toward consumption, the question is far more complex than the context in which it is often framed. First, it should be noted that the amount spent on the most visible consumer durables — television sets, radios, tea sets, and so forth — represents only a fraction of remittance spending; a much larger part is directed toward recurring consumption items, primarily food. Second, increasing the consumption levels of certain groups in a society may be a very legitimate public policy goal, particularly if these groups have been deprived of adequate food, shelter, medical care, and education in the past. Such “wasteful” consumption increases the value of human capital and can have a substantial and positive economic impact over a long period of time. Furthermore, it should be remembered that some forms of consumption lead to the kinds of investment necessary to sustain demand-led economic growth. Consumer demands that are met locally can have a beneficial impact at a micro level. A large part of emigrant spending — more diversified diets, for example, or much of the construction programmes — falls into this category. Such consumption may be less valuable than other alternative forms of investment, but its utility need not be completely ignored.

Is There a Substantial Leakage in Remittances Because They are Remitted Illegally or Saved in the Host Country?

Official remittance figures detail only that part of the remittances which are returned through official channels. Other foreign earnings are exchanged through the black market for reasons of convenience (bank drafts often take weeks to arrive) or financial gain (the black market premium in some instances may be quite high). In other cases, migrants maintain overseas bank

accounts, depriving the labour exporting country of some of the foreign exchange it might ordinarily have expected to receive. Empirical evidence from the Pakistan case study indicates that fears over both black market remittances and unremitted savings are exaggerated. About 80 per cent of all remittances were found to be returned through official channels, with the 20 per cent remaining sent through non-banking institutions. This uncaptured 20 per cent is largely confined to the Northwest Frontier Province.⁵³ In addition, the bulk of the overseas workers were found to return all their savings over the course of their stay in the Middle East. The only exception here has been the professional employees, who account for about 4 per cent of the emigrant population and about 17 per cent of the earned income. They withheld approximately one-third of their savings.⁵⁴ Initial evidence from Bangladesh suggested that migrants were remitting below capacity, but a later analysis disputes this and finds "little support for the complaint often made that remittances from the Middle East have been feeding a rapidly-expanding black currency market." On the contrary, this study concluded that "only about 15 per cent of remittable funds were either diverted to the black currency market or held back by the migrants themselves."⁵⁵

Has Emigration Led to Increased Wages?

An insufficient data base means comments on the impact of labour migration on labour markets in South Asia must be largely speculative. It can, however, be argued that migration should lead to increased wages for two reasons. First, wages for skilled workers would be expected to rise if these workers are departing for the Middle East in especially high numbers. Second, wages for unskilled wage labour may increase because of increases in the "reservation wage". This wage represents the level below which an underemployed and unemploy-

ed person will not work, preferring instead to draw on resources provided by the extended family. It appears that remittance inflows have increased the incomes of a large number of extended families in South Asia, a development that would be expected to increase the reservation wage as well. In fact, limited evidence from both Pakistan and Kerala lends support to this view. In both cases, wages have increased across the board for both skilled and unskilled labour.⁵⁶

Does Emigration Lead to Higher Inflation?

Inflation in labour exporting countries is often indiscriminately ascribed to emigration, though a direct relationship is in most instances difficult to establish. Remittance income has clearly increased consumption demands throughout South Asia. Inflationary tendencies as a result of this demand would depend on the supply elasticities of the commodities in question. Inflationary rates for those items whose supply can readily be met by local production or by imports would be less than those whose supply is relatively fixed. Such inflation is usually manageable insofar as the supply response does not lag too far behind the demand. Real estate is perhaps the best example of a commodity whose supply is fixed. Evidence from India, Pakistan and Bangladesh all highlight the fact that land is an important target for remittance spending. Not surprisingly, prices have increased dramatically over the last decade. Real estate aside, it is interesting to note that the overall inflation rate in India's high-migration state of Kerala is not significantly higher than the inflation rate elsewhere in the country.⁵⁷

Does International Emigration Reduce Unemployment and Serve as a Safety Valve Against What might have been Disturbingly High Levels of Unemployment?

The unemployment question, related very much to concerns over a loss in skilled manpower noted earlier, may be viewed from two perspectives. Migration may provide a mechanism allowing the unemployed to find work abroad, or it may occur among the already employed. Empirical evidence from South Asia suggests the latter view is more valid. International migration primarily attracts the better skilled and more enterprising workers and these workers are by and large already employed.⁵⁸ Moreover, migration requires an initial financial outlay to finance the job search and travel expenses, funds which may be unavailable to the chronically unemployed even within the context of an extended family network. Nevertheless, international migration would tend to ease a tight job market insofar as the formerly unemployed fill positions by those leaving for the Middle East.

Does Emigration Lead to Stifled Production and the Loss of Output at Home?

The question of a loss in output cannot be adequately answered with the data presently in hand. In the case of Pakistan in particular, fears have been expressed that migration has drained the domestic economy of many of its most skilled and experienced managers and technicians. The loss of competent foreman and skilled manual workers could also adversely affect the construction and manufacturing sectors — at precisely the time when, given increasing remittances and increased demand for housing and consumer goods, these sectors should be expected to rapidly expand. As a matter of

specualtion, it may be stated that such losses, though probably in the short-term, can be overcome through proper technical and apprenticeship programmes. Furthermore, the long-range impact of migration on production may be positive insofar as it stimulates increased demands for goods and services that can best be met locally.

Does International Migration lead to Increased Income Disparities and the Emergence of a 'New Rich' Class?

This common sense notion regarding the distributional impact of emigration to the Middle East is reflected in special terms coined to describe migrant workers such as the phrase "Dubai Wala" in use in Pakistan. There is, however, little empirical work analyzing the distributional impact of migration at the micro level. The Pakistan case study does attempt to determine the socio-economic background of the migrant population as a whole. It shows that the migrant households prior to migration had an income that was slightly higher than the national average. Thus, they came from the lowest but not very bottom part of the income ladder. This characterization could be applied to Bangladesh as well. In the case of the Indian state of Kerala, one description states that "the majority of the migrants come from poor families, living in rural areas and engaged in low production activities such as fishing, agricultural labour, household industry, and service sector jobs such as helpers in the country tea shops and salesmen in groceries."⁵⁹ Remittance income from the Middle East immediately moves migrant households into higher income brackets. Overall income distribution patterns may worsen as a result, with non-migrant households sharing a smaller portion of the total national income. Nevertheless, it is clear that migration has allowed some formerly marginal

groups to enhance their income and consumption patterns dramatically. Furthermore, it is significant that these households are very well represented in rural areas across South Asia. Indeed, it would seem that labour migration has been more effective than in other economic development during the last 35 years in increasing incomes for a substantial number of rural households.

Quite aside from the question of empirical evidence, the Pakistan case also highlights an interesting aspect of the discussion process as it relates to labour migration to the Gulf region. For understandable reasons, this discussion is carried out almost exclusively by academics, government officials, journalists and intellectuals. None of these groups have benefitted for emigration. On the contrary, they have also been serious losers. The manpower requirements in the Middle East did not call for Pakistani bureaucrats or academics or journalists; they called instead for carpenters, masons, technicians, pipe fitters, and unskilled manual labourers. As a result, the relative economic position of the intellectual groups was seriously weakened. Their social position has also been undermined insofar as social status is measured in terms of the ability to live in substantial houses and indulge in conspicuous consumption. A social hierarchy that previously held manual labour in low esteem has also been seriously disturbed. One should thus be wary of inherent biases which may emerge in outside critiques assessing the impact of the large-scale movement of South Asian labour to the Middle East.

FOOTNOTES

1. This phrase is taken from a statement made by Lord John Russell in 1840 and is used as the title for Hugh Tinker's important work on which much of the following discussion is based. See Hugh Tinker, *A New System of Slavery: The Export of Indian Labour Overseas: 1830 – 1920*. (London: Oxford University Press, 1974).
2. Standard reference works on the Fiji migration include R. L. Gillion, *Fiji's Indian Migrants* (London: Oxford University Press, 1962); and Adrian C. Mayer, *Indians in Fiji*, (London: Oxford University Press, 1963).
3. Sources for the East African migration include Robert G. Gregory, *India and East Africa: A History of Race Relations within the British Empire, 1890 – 1939* (Oxford: Clarendon Press, 1971); J. S. Mangat, *A History of the Asians in East Africa* (Oxford: Clarendon Press, 1964); and H. S. Morris, *The Indians in Uganda* (Chicago: University of Chicago Press, 1968).
4. The Burmese migration is discussed in N. R. Chakravarti, *The Indian Minority in Burma: The Rise and Decline of an Immigrant Community* (London: Oxford University Press, 1971).
5. Sources for the Malaysian migration include Sinnapah Arasaratnum, *Indian in Malaysia and Singapore* (London: Oxford University Press, 1970); Ravindra K. Jain, *South Indians on the Plantation Frontier in Malaya* (New Haven: Yale University Press, 1969); and K. S. Sandhu, *Indians in Malaya: Some Aspects of Their Immigration and Settlement, 1786 – 1957*, (London: Cambridge University Press, 1969).
6. Kingsley Davis, *The Population of India and Pakistan*. (Princeton: Princeton University Press, 1951), p. 106
7. This estimate is taken from the Kingsley Davis book cited above.
8. Muhammad Anwar uses this phrase for the title of his book on one Pakistani community in England. See Muhammad Anwar, *The Myth of Return: Pakistanis in Britain*, (London: Heinemann, 1979).
9. This description of the South Asian community in Britain is taken primarily from Hugh Tinker, *The Banyan Tree: Overseas Migrants from India, Pakistan and Bangladesh* (London: Oxford University Press, 1977).
10. The limited literature on the South Asian community in the United States includes Parmatma Sason and Edwin Fanes, eds., *The New Ethnic: Asian Indians in the United States*, (New York: Praeger, 1980); Maxine Fisher, *The Indians of New York City*, (Delhi: Heritage Publishers, 1980); and P. K. Nandi, *The Quality of Life of Asian Americans* (Chicago: Pacific/ Asian American Health Research Centre Monograph Series Number Two, 1980). For a discussion of the Indian community in Canada, see James Friders, *Canada's Indians: Contemporary Problems*, Toronto: Prentice-Hall, 1974.

11. For an interesting discussion of this historic trading community, see Calvin H. Allen, "The Indian Merchant Community of Masqat," *Bulletin of the School of Oriental and African Studies* XLV: 1 (1981), pp. 39-53.
12. Very little documentation on this Baluchi community exists, though Frederick Barth does describe some aspects of it in *Sohar: Culture and Society in an Omani Town* (Baltimore: Johns Hopkins University Press, 1983).
13. A number of studies on migratory labour to the Gulf region during the last decade have been published, though the emphasis is often on migration from other Arab states. Major studies include J. S. Birks and C. A. Sinclair, *International Migration and Development in the Arab Region* (Geneva: International Labour Organisation, 1980); and Ismail Serageldin, James A. Socknat, Stace Birks, Bob Li, and Clive Sinclair, *Manpower and International Labour Migration in the Middle East and North Africa* (New York: Oxford University Press for the World Bank, 1983).
14. A. G. Hill, "The Gulf States: Petroleum and Population Growth," in J. I. Clarke and W. B. Fishers, eds., *Population of the Middle East and North Africa: A Geographical Approach* (New York: Africana Publishing Corporation, 1972), p. 277.
15. Albert Y. Badre and Simon G. Siksek, *Manpower and Oil in Arab Countries* (Beirut: Economic Research Institute, American University of Beirut, 1960), p. 30.
16. *Ibid.*, p. 37.
17. *Ibid.*, pp. 36-37.
18. For a survey of specifically non-Arab Labour migration to the Gulf region, see Charles B. Keeley, *Asian Worker Migration to the Middle East* (New York: The Population Council, 1980).
19. See Alan Richards and Philip L. Martin, "The Laissez-Faire Approach to International Migration: The Case of the Arab Middle East," *Economic Development and Cultural Change* 31:3 (April 1983), pp. 455-474.
20. See Ismail Serageldin *et al.*, *Manpower and International Labour Migration in the Middle East and North Africa*, *op. cit.*, For a more detailed analysis of the structure of Gulf Labour Markets.
21. Everett S. Lee, in a somewhat expanded version of the push-pull hypothesis, notes four factors which enter into the decision to migrate: factors associated with the region of origin; factors associated with the region of destination; intervening obstacles that deter or attract a migrant; and personal factors. See Everett S. Lee, "A Theory of Migration," in J. A. Jackson, ed., *Migration* (London: Cambridge University Press, 1969).
22. K. L. Gillion, *Fiji's Indian Migrants*, *op. cit.*, p. 32.

23. Ijaz S. Gilani, *Overseas Pakistanis: Profile, Problems, Plans and Proposals*, Pakistan Institute of Public Opinion Migration Report No. 3, 1983, p. 40.
24. Syed Ashraf Ali *et. al.*, *Labour Migration from Bangladesh to the Middle East*, World Bank Staff Working Paper No. 454, April 1981, pp. 11–14.
25. See J. S. Mangat, *A History of the Asians in East Africa*, *op. cit.*, pp. 37–39. Recruitment of South Asian Labour to build the Kenya-Uganda railway is the colonial migration most resembling more recent labour movements from Pakistan to the Middle East. Among other parallels, it is interesting to note that this migration entailed construction rather than agricultural labour; that it involved large numbers of unskilled labourers but also included skilled manual tradesmen; and that many of the workers came from Punjab and the Northwest Frontier Province. About 35,000 were hired, with some 7,000 staying on afterwards as railway employees. This pattern — large numbers involved in the initial construction, smaller numbers necessary to maintain the project once it was complete — may also hold for South Asian migration to the Gulf.
26. See, for example, Jagdish N. Bhagwati, ed., *Brain Drain and Taxation II: Theory and Empirical Analysis*, Amsterdam: North-Holland Publishing Company, 1976. More recently, W. R. Bohning has raised similar concerns in the context of labour migration. See W. R. Bohning, *Towards a System of Recompense for International Labour Migration*. International Migration for Employment ILO Working Paper No. 2, 1982.
27. Ijaz S. Gilani, M. Fahim Khan and Munawar Iqbal, *Labour Migration from Pakistan to the Middle East and its Impact on the Domestic Economy* (Part one), Pakistan Institute of Development Economics Research Report Series No. 126, June 1981, p. 36.
28. Syed Ashraf Ali *et. al.*, *Labour Migration from Bangladesh to the Middle East*, *op. cit.*, pp. 30-31.
29. According to one estimate, 12 percent of the Pakistani migrants come from the Northwest Frontier Province (contrasted with 13 percent of the national population); 4 percent from Baluchistan (contrasted with 5 percent of the national population); 14 percent from Sind (contrasted with 23 percent of the national population); and 70 percent from Punjab (contrasted with 56 percent of the national population). See Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* (Part One), *op. cit.*, p. 10.
30. Syed Ashraf Ali *et al.*, *Labor Migration from Bangladesh to the Middle East*, *op. cit.*, p. 36.
31. P. R. Gopinathan Nair, *Asian Emigration to the Middle East — Emigration from India*, Center for Development Studies (Trivandrum) Working Paper No. 180, November 1983, pp. 9-10.

32. For a brief discussion of this issue, see Vinitha Jayasinghe, "Employment of Female Domestic Aides in the UAE," *Economic Review* (Colombo), April 1981, pp. 16-17.
33. This brief discussion of Sri Lankan labor migration to the Middle East is taken primarily from the special *Economic Review* (Colombo) issue on Middle East migration cited above.
34. Gail Omvedt, "Migration in Colonial India: The Articulation of Feudalism and Capitalism in the Colonial State," *Journal of Peasant Studies* 7:2 (June 1980), p. 195.
35. These figures are taken from K. L. Gillion's *Fiji's Indian Migrants* cited earlier.
36. See Gurushri Swamy, *International Migrant Workers' Remittances: Issues and Prospects*, World Bank Staff Working Paper No. 481, August 1981.
37. Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* (Part One), *op. cit.*, p. 144.
38. Syed Ashraf Ali *et al.*, *Labor Migration from Bangladesh to the Middle East*, *op. cit.*, pp. 127-138.
39. See E. T. Mathew and P. R. Gopinathan Nair, "Socio-Economic Characteristics of Emigrant and Emigrants' Households: A Case Study of Two Villages in Kerala," *Economic and Political Weekly* (Bombay), July 15, 1978.
40. Syed Ashraf Ali *et al.*, *Labor Migration from Bangladesh to the Middle East*, *op. cit.*, p. 135.
41. I. S. Gulati and Ashoka Mody, *Remittances of Indian Migrants to the Middle East: An Assessment with Special Reference to Migrants from Kerala State*, Center for Development Studies (Trivandrum) Working Paper No. 182, November 1983, p. 39.
42. K. L. Gillion, *Fiji's Indian Migrants*, *op. cit.*, p. 196.
43. See, for example, G. F. Andres, "The Returned Indian Emigrants: A Problem of Reconstruction," *Indian Review*, July 1922.
44. I. M. Compston, *Indians Overseas in British Territories, 1834-1854*, (London: Oxford University Press, 1953), p. 157.
45. Sir Malcolm Darling, *The Punjab Peasant in Prosperity and Debt*, Lahore: Vanguard Historical Reprints Series No. 1, undated, p. 44.
46. K. L. Gillion, *Fiji's Indian Migrants*, *op. cit.*, pp. 195-196.
47. Ijaz S. Gilani, *Returnee Migrants: A Case Study of Pakistani Workers Returning from Overseas*, Pakistan Institute of Public Opinion Migration Report No. 2, 1983, pp. 110-111.

48. *Ibid.*, p. 10.
49. *Ibid.*, p. 12.
50. *Ibid.*, p. 90.
51. See Ijaz Gilani, M. Fahim Khan, and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* (Part One), *op. cit.*, pp. 46–70.
52. See Syed Ashraf Ali *et al*, *Labor Migration from Bangladesh to the Middle East*, *op. cit.*, pp. 139–158.
53. Ijaz Gilani, M. Fahim Khan, and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* (Part One), pp. 95–113.
54. *Ibid.*
55. Wahinduddin Mahmud and S. R. Osmani, "Impact of Emigrant Workers' Remittances on the Bangladesh Economy, *Bangladesh Development Studies* VIII:3 (Monsoon), pp. 14-15.
56. Wage rate data appears in both Ijaz Gilani, M. Fahim Khan and Munawar Iqbal, *Labor Migration from Pakistan to the Middle East and Its Impact on the Domestic Economy* *op. cit.* p. 43; and in P. R. Gopinathan Nair, *Asian Emigration to the Middle East – Emigration from India* *op. cit.* p. 29. The former study shows the average daily wage of carpenters in Lahore rising from 17 rupees a day in 1973-1974 to 39 rupees a day in 1977-1978, with the daily wage rate for unskilled labor rising from nine rupees to 17 rupees. In the case of Kerala, the daily increase was from nine rupees in 1973-1974 to 35 rupees in 1983-1984 (for carpenters) and from seven rupees to 17 rupees (for male field laborers).
57. See I. S. Gulati and Ashoka Mody, *Remittances of Indian Migrants to the Middle East: An Assessment with Special Reference to Migrants from Kerala State*, *op. cit.*, pp. 30–34.
58. In the case of Pakistan, less than 10 percent were unemployed at the time of accepting a job offer in the Middle East (Not sure of reference for this statement – it appears in hour draft).
59. P. R. Gopinathan Nair, *Asian Emigration to the Middle East: Emigration from India*, *op. cit.*, p. 20.

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