MARKET FAILURES AND POLICY FAILURES IN OVERSEAS MIGRATION: THE CASE OF BANGLADESHI MIGRANT WORKERS IN SINGAPORE

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Introduction

Bangladeshi migrants in Singapore are believed to be one of the fastest growing cohorts of migrant workers in Singapore in recent times. The strength of the cohort was reported to be ranging between 40,000 and 60,000 in February 1997, when the research project of this author titled Externalities, Market Failures and Policy Failures in Migration: A Study of Bangladeshi Migrants in Singapore was completed. About 20 per cent of the Singaporean work force were categorised as migrants at that time, and the growth of Bangladeshi migrant workers in Singapore in some sectors like construction, shipyards and services had been quite significant around that period. The present article is based on a very important segment of that research report, which focuses on the recruitment process of the Bangladeshi migrant workers.

Theoretically, the Bangladeshi workers in Singapore can be categorised as 'sojourners', meaning persons who spend a major part of their adult life abroad, but maintain their orientation toward their home country to which they expect to ultimately return. They are also termed as 'target
earners', meaning young men who hope to work hard, live frugally, save money, and return home to marry, buy a farm, build a house, or open a small shop; or 'guest workers', who have been in Singapore as overseas contract workers, and know for certain that they would be returning home after the expiry of their contract period.

Bangladeshi migrant workers in Singapore are legally recruited through the 'work permit' system. Illegal immigrants are believed to comprise a large segment of the non-resident Bangladeshis staying and working in Singapore. In the context of this increasing phenomenon of illegal migration, the estimates of the number of Bangladeshi migrants in Singapore are bound to become a 'numbers game', especially because of the fact that the Government of Singapore mysteriously refrains from publishing their own estimates of foreign workers in Singapore which is a pretty meticulously kept state secret in that country!

The recruitment process of Bangladeshi workers, mainly for the construction sector, shipyards, manufacturing industries and the service sector firms of Singapore, has helped in the proliferation of intermediary rent-seekers and profiteering middlemen on both sides of the migration chain, who are reaping the lion's share of this bonanza of manpower trade. The large-scale import of Bangladeshi workers to Singapore is a fairly recent phenomenon in spite of the fact that Singapore is virtually a land of settlers. The Chinese people have emerged as the overwhelming majority of Singapore's population at 71 per cent, and the Malayans and the Indians following them at the second and third places with 20 per cent and 7 per cent of the total population respectively. Singapore's recent success story regarding economic development has transformed this global entrepot as a regional economic
power. This has been acting as a powerful magnet to attract foreign workers and professionals from the neighbouring countries as well as from distant shores. The persistently high growth performance in the decades of the eighties and the nineties of the last century has inevitably made the Singaporean labour market very tight. So, the economy had to look for alternative sources of labour supply in order to avoid the sharp rise in wages and to retain the competitive edge over its Southeast Asian and East Asian neighbours. Singapore faced the challenge through a policy of lavish encouragement provided to highly qualified professionals and selective containment of relatively unskilled and semi-skilled foreign workers. It adopted a dual system of immigration for providing temporary residence to the aspiring foreigners – the 'employment pass system' for the white-collar professionals and the 'work permit system' for the foreign workers in blue-collar jobs. Moreover, the country introduced a foreign worker levy system for the prospective employers to control the inflow of unskilled foreign labour from the neighbouring labour-abundant Asian countries, and to discourage the unskilled labourers from settling down in Singapore permanently, as they did earlier in the colonial past of Singapore.

The foreign worker levy system was introduced in 1980. It was subsequently complemented by a dependency ceiling system introduced in 1987 for the employers as a binding quota for limiting the employment of foreigners. Then in 1992, the two-tier levy system was introduced. The rates of levies are also occasionally modified. The recruitment process of a foreign worker theoretically starts with the employer applying to the Department of Labour for the required work permits. After obtaining the permits through a process of meticulous scrutiny, the employer
gives the power of attorney regarding recruitment to a manpower agency operating in Singapore, or the employing organisation can directly proceed to recruit labourers from abroad. The practices proceed in multifarious designs and dimensions from this point onwards. In practice, the manpower agency operating in Singapore and the manpower exporting agency working on its behalf in Bangladesh emerge as the linchpin in a complex web of contacts, operations and dealings, some of which border on or even cross the limits of legality and propriety on one or both sides of the migration chain. The rent-seeking politicians and the bureaucracy of Bangladesh enter into the process to turn the whole migration chain into a bonanza of bribes, kickbacks and fat profits made out of the migrants' woes and sufferings. In this scenario, the intending migrant worker may end up paying S$6000-S$10,000 (equivalent to Tk. 1,80,000 - Tk. 3,00,000 in Bangladesh currency) to the Bangladeshi manpower exporting agency or sub-agency for getting the overseas job in Singapore even before successfully making the journey to Singapore. The whole project may end in fiasco for some unfortunate victims of the treacherous and fraudulent operators of this modern day indentured labour system.

The market failures and the policy failures refer to our submission that i) the short periods of contracts, and the threats of non-renewal of the first contracts are being used by a section of Singaporean recruiting agencies and/or employers to extract and appropriate a part of the earnings from some migrant workers in advance; and ii) the foreign worker levy system of Singapore is encouraging (rather than discouraging) the flow of illegal migrants from Bangladesh to Singapore. The issue of market failure arises because these demands for advance pay-off can be
termed as extortionist practices rather than transactions guided by market relations. The question of policy failure becomes relevant because the foreign worker levy system is designed by the Singaporean policy-makers with the avowed purpose of controlling the flow of foreign migrant workers, but, which in its turn, is believed to be actually encouraging the inflow of migrants, both as legal and illegal migrants.

The present paper reports the findings of a field level investigation conducted in Singapore to substantiate the statement of the problem given above. The paper has got five sections including this introductory section. The first section presents an historical overview of the migration process of Bangladeshi workers to Singapore with a special focus on the recruitment process. Section two presents the methods of field research and explains the techniques of data processing and analysis. Some vital statistics about the sample observations are also presented in this section. The findings of the study are in section three. Section four concludes the study by analysing the issues, and gives some recommendations for the consideration of the policy makers of the two countries. We also note some topics for further research in this concluding section.

An Historical Overview of Migration of Bangladeshis to Singapore

The emergence of Singapore as a popular destination for Bangladeshi migrant workers is a relatively new phenomenon. In spite of the geographical proximity between Singapore and Bangladesh, and the old colonial connections during the British rule in India, the flow of migrants to Singapore from the areas of the Indian sub-
continent, now comprising Bangladesh, did not gather much strength before the emergence of independent Bangladesh in 1971. Even during the decades of the seventies and the eighties of the twentieth century, the United Kingdom and the countries of the Middle East were in the forefront in attracting Bangladeshi migrant workers. The flow to the U. K. originated during the later stages of the British colonial era in India mainly through the settlement of sailors who jumped ships. It gained momentum in the late fifties and the sixties of the last century because of the introduction of the employment vouchers in Britain to cope with the post-World War II labour shortage, but the process of family formation and the chain migration dynamics kept the flow going strong up to the early nineties. It has tapered off since then, mainly because of the success in gaining citizenship by the immigrants and the members of their families settled in Britain more or less permanently. However, it is safe to surmise that the flow of Bangladeshi migrants to Britain will continue in the foreseeable future. Another formidable flow, and may be the mainstream of the current overseas migration flow of Bangladeshi workers is concentrated in the countries of the Middle East, but there are unmistakable signs that this flow too has been slowing down now as the oil boom and the consequent construction boom in those countries are getting weaker. However, the waning importance of these two major destinations has not stemmed the overall flow of overseas migration of Bangladeshi workers. New destinations are being added to the traditional destinations every day, mainly because of the push factors for migration generated in the Bangladesh economy. On the demand side, the so-called 'Asian Miracle' of the Southeast and East Asian countries has brought in new demands of
cheap labour in the international labour market. An increasing labour shortage in some of these newly industrialising countries has forced these countries to open up their labour markets for the overseas workers, mainly from the neighbouring countries. As a result, newer countries are added by the recruiting agents to the list of attractive destinations for the ever increasing number of aspiring migrant workers from Bangladesh, and the whole phenomenon has given rise to a booming business of manpower recruiting agencies and sub-agencies in the nook and corner of the country to reap the bonanza of so-called recruitment fees from these migrants. Malaysia, Singapore, South Korea and Japan have emerged in the process as the four most attractive destinations in the Southeast Asian and East Asian regions in recent years. Malaysia has become the second most popular destination for the Bangladeshi migrants after Saudi Arabia since the year 1996. According to informed quarters, Singapore is the second most popular destination for Bangladeshis in the Southeast and East Asian region.

Historically, Singapore's root as a port city and a colonial settlement is inextricably linked with the history of the Indian sub-continent, because modern Singapore was founded in 1819 as a strategic foothold of the British East India Company along the Straits of Malacca for safeguarding the Company's empire in the Indian sub-continent. It was under the direct control of the Bengal Presidency of the Indian colonial administration located in Kolkata (formerly called Calcutta) from 1826 to 1851, and was then placed under the direct supervision of the British Governor General of India till 1867. Then the Straits Settlements, including Singapore, were brought under the control of the British colonial office in London.
Singapore was thus effectively a part of India for more than four decades up to 1867, and the links between India and Singapore remained strong thereafter till 1947. Large scale migration of Indians to Singapore as sepoys, lascars, convicts, domestic servants, clerks, coolies and indentured labourers, traders and merchants, police and civil servants along with (or followed by) the members of their families continued throughout the colonial era up to 1947. The number of Bengalees in that flow of Indian migrants was not that insignificant, as we found out from figures quoted in a study, which shows that according to returns taken by the local police in Singapore in 1860, there were 12,971 Indians in the island that year, among whom 1,236 were Bengalees. (Yong and Major 1995, p. 18). However, the South Indian immigrants, mainly Tamils, far outnumbered any other ethnic groups of India in Singapore, followed by the Sikhs. During the period between 1947 and 1971, Singapore was not a particularly preferred destination for emigrants from the then East Pakistan, now forming independent Bangladesh. This is because the memory of mass-scale expulsion of the Bengalees from Myanmar (Burma) first time in the forties and then again in the sixties of the twentieth century acted as powerful deterrents. Moreover, Singapore was not known as an attractive place for living in those days of lean flows of voluntary migration. Therefore, we can safely describe the large-scale import of Bangladeshi workers to Singapore as a fairly recent phenomenon in spite of the fact that Singapore is overwhelmingly a land of settlers.

**Research Methodology and a Description of the Sample**

The study uses the survey method, the social anthropological method (also known as the participant
observation method), the key informant method, the historical method and the case-study method to investigate the topic. A formal field-level survey was conducted by the author with the help of a structured questionnaire to gather information regarding the relevant aspects of the migration process and life and living of the seventy five Bangladeshi workers included in the sample during the months of December 1996 and January 1997. Sample observations were selected through the stratified random sampling technique and the 'snow ball' method. The stratification was done on the basis of estimated relative weights of the different occupations of the Bangladeshi workers in Singapore as gathered from preliminary pilot surveys as well as from the information provided by the Bangladesh High Commission in Singapore. The author himself conducted the interviews, which took him about fifty days in the field. The participant observation method and the key informant method were used to collect the sensitive information from the recruiting agents, operators of informal channels of remittances called the hundiwallahs, and Bangladeshi businessmen operating in Singapore. This system was also used to gather sensitive information from construction sites, industrial labour camps and accommodations regarding the recruitment processes, remittance collection methods, use and sale of the collected remittances, working and living conditions of workers and the sharing of the recruitment fees collected from the workers. A review of the suitable literature on migration and the relevant historical documents was undertaken to bring the issues to proper focus. The case study method was used to cover some actual life-stories of a small number of respondent migrants in order to highlight the spectrum of their varied migration
experiences and their life and work in Singapore—some stories of success and some full of sufferings. The stories were collected through multiple visits and long interviews with the persons involved after a phase of rapport building with them. The technique of data processing and analysis is partly statistical and partly descriptive. The quantitative data were processed and analysed through suitable statistical techniques, and are presented with the help of tabular methods, wherever necessary.

Almost all the respondents were interviewed at their homes or living camps. A contact person on behalf of the author first approached them, and the interview followed after receiving their acceptance of the interview proposal. This time-consuming process proved very fruitful in the end in obtaining some rare insights about some sensitive issues.

The occupation-wise distribution of sample observations were: a) construction worker-27, b) shipyard worker-21, c) industrial worker-10, d) cleaner or menial worker-8, e) worker in business concern or shop-3, and f) other types of service sector worker-6. Some of the important characteristics of the sample observations are outlined below.

Bangladeshi workers are not allowed to bring their families to Singapore. Mostly, they live in makeshift tenements or labour camps arranged and maintained by either the recruiting agencies or the employers. Some of the workers are also provided food by their employers in the labour camps. The average duration of stay in Singapore of the sample respondents has come out in the survey to be of less than two years. The mean age of the respondents was 27.6 years, the median age 28 years, and the modal age 30 years. The maximum age reported was 44 years, and the minimum age only 20 years. Sixty-seven
of the seventy-five respondents belong to age groups falling between 20 and 34 years. This was quite expected, because the recruitment process was supposedly attracting the younger generation of the workers, and the difficult nature of the jobs on offer was acting to discourage the older recruits. Only 32 per cent (24) of the respondents were married. About 87.5 per cent of these married respondents have two or fewer children in the family left behind in Bangladesh. None reported to have more than five children. Only one of the respondents was a Hindu, the rest seventy-four were Muslims. About 52 per cent (39) of the respondents dropped out of the secondary level of education; 18.67 per cent (14) dropped out of the higher secondary levels; and 16 per cent (12) passed the higher secondary examination. Only three of the respondents were graduates. On the other hand, two respondents admitted that they were illiterate, and five others had studied only up to the primary levels. Therefore, it can be surmised that about 10 per cent of the migrant workers coming from Bangladesh to Singapore are virtually illiterate or functionally illiterate, and the majority of the migrants are very poorly educated. About 69.33 per cent (52) were found unskilled, 25.33 per cent (19) semi-skilled, who had either undergone a training programme before joining the job at Singapore, mostly in the shipyards, or had held semi-skilled jobs in Bangladesh, and only 5.33 per cent (4) could be categorised as skilled technicians, who had achieved formal diplomas from the poly-technique institutes of Bangladesh. The average duration of stay of the respondents was 19.5 months, and the median and modal figures were 18 months and 22 months respectively. Most of the respondents were in their first contract period of two years, forty eight in the second year of the contract,
and fourteen in the first year. Only four respondents were working in Singapore for more than three years, and another nine were in their third year of stay. About 18.67 per cent of the respondents had been unemployed in Bangladesh before undertaking the journey to Singapore. Another 26.67 per cent undertook the present venture right after their education life.

There was a significant regional bias of the sending communities of the respondents. Two-thirds hailed from the districts belonging to Dhaka Division - Tangail, Munshiganj, Gazipur, Narayanganj and Dhaka came out in order of representation. Next came Chittagong Division with twenty-two respondents. This feature of regional bias may reflect the fact that the proximity of the capital Dhaka from the sending communities is important. The rural background of the respondents was overwhelmingly evident as seventy of our seventy-five respondents reported that their families had been living in the rural areas. The unmarried migrants mostly belonged to the joint families, where the father held the authority. The married migrants had left their wife and the children under the protective umbrella of the extended family, where all or some of the married brothers and all the unmarried brothers and sisters were still living in a single household under the guidance of the parents. The five respondents that reported their urban residence had also been living in joint families before their migration.

Forty-four respondents reported agriculture as the major occupation of their father. Trading and government service jointly came second as fathers' occupation with nine respondents reporting. Five respondents reported that their fathers had been industrial workers; three reported menial jobs, and three others reported business as their fathers' main occupations. Only two reported that
their fathers were overseas migrant workers themselves. Forty per cent of the respondents belonged to families categorised as small landowner peasants, another 20 per cent came from middle level landowner farm families, and 10.67 per cent came from big land-owning families (by Bangladesh standards). This shows that the cohorts did not come from the lower strata of the rural societies of Bangladesh. It was also significant that a big proportion of our respondents had brothers working as overseas migrants. In some cases, the respondents themselves had been working overseas for considerable period of time before their journey to Singapore.

Findings of the Study

As mentioned in the introductory section, the foreign worker levy system was introduced in Singapore in 1980. It was subsequently complemented by a dependency ceiling system introduced in 1987 for the employers as a binding quota for limiting employment of foreigners. Then in 1992, the two-tier levy system was introduced to discourage employers' growing demand for foreign labour. After several modifications and adjustment of rates, we found in 1997 that the foreign worker levy system was taxing the employers in the manufacturing sector at the rate of S$330 per month per worker employed for the first tier of the dependency ceiling (35%). This went up to S$450 per month per worker for the second tier of the dependency ceiling fixed at 50%. In the marine sector, the monthly levy was S$200 per skilled worker, and S$385 per unskilled worker with a further proviso that there was a ceiling wherein no more than three foreign workers could be recruited for one local worker employed. In the construction sector, the monthly levy per skilled worker
was S$200, but the levy for the unskilled worker further rose to S$440 per month per worker employed. The proportion of foreign to local worker was fixed at 5:1 in this sector. The monthly levy in the services sector and for employing domestic servants was S$330 per worker. The recruitment process in 1997 stipulated that the Singaporean employers could either proceed to recruit workers directly, or they could give the power of attorney to do the job to a recruiting agency operating in Singapore. The actual practice was taking any one of the following courses:

1. The employer could contact the Bangladesh Bureau of Manpower, Employment and Training (BMET), and sign a memorandum of understanding with the Bureau to recruit the workers on behalf of the employer.

2. The employer could contact the BMET for permission to recruit the workers directly through their own representatives, and after obtaining the permission and the completion of relevant formalities could send the recruitment teams to Bangladesh.

3. The recruitment teams of the employers could employ a Bangladeshi manpower agency to arrange the actual recruitment formalities like interviews for selection, clearance from BMET, obtaining passports, arranging medical examinations, arranging the air flights, etc. At this point, the fiercely competing Bangladeshi agencies vying for the assignment offered attractive kickbacks to the employers through their representatives. The agreed amount would be partly paid in advance, and the rest would be paid in Singapore dollar in Singapore once the deal was successfully completed.
4. The most popular practice was that on obtaining the power of attorney from the intending employer, the recruiting agency of Singapore would contact a Bangladeshi manpower agency for arranging the supply of the required workers. In practice, these inter-agency contacts could and did actually take place in Singapore proper, where the Bangladeshi agencies posted their representatives to keep a constant vigil in collecting information regarding the permissions for recruitment of foreign workers obtained by the Singaporean employers from the Government of Singapore. A bargaining process ensued, where the representatives of the Bangladeshi manpower agencies offered the cheapest wage rates for different categories of workers as well as the most attractive package of perks and secret payments per worker recruited to the Singaporean counterparts. The agreed amount was partly paid in advance by the Bangladeshi agency, and the rest followed after the successful completion of the deal in the form of actual procurement of the workers. The employer could conveniently keep a safe distance from the bargaining process and even could claim complete ignorance of the subsequent extortionist practices followed in this money-grabbing game. According to the key informants, an increasing number of employers were getting involved in this indirect game of capturing the lion's share of the future earnings of their prospective workers, because, they found this as an effective method to retrieve a part of the foreign worker levy charged from them by the Singaporean Government in addition to achieving their main goal of keeping the wages down. The key informants confirmed that these bargains held some of the keys to understand the
issue of payment of fantastic recruitment fees by the aspiring migrant workers in Bangladesh.

The real extortion took place in Bangladesh. There was a small group of licensed manpower agencies in the private sector, who were legally assigned to deal with the recruitment of Bangladeshis for foreign assignments, if the recruitment process through the private sector was favoured by the foreign employer. These licenses were very precious favours obtained in exchange of huge secret kickbacks paid to the government functionaries as well as bureaucratic high-ups. The number of these main agencies was deliberately kept small to retain their secret sale value. These favoured organisations with real clout with the Government and the bureaucracy kept a constant vigil to keep the number small, which implied that the government machinery had to be constantly lubricated in their favour with regular payments of 'grease money'. The actual primary job of recruiting started at the grass-root levels, where a hierarchy of sub-agencies spreading from the capital to the remote rural market places and the villages maintained a web of manpower recruiting functionaries popularly known as Adam Bepari. The aspiring migrant contacts one of these sub-agents for buying his way into one of the job-offers. There was a hierarchy of agencies for collecting the margins from the ultimate recruitment fee charged from each migrant. The main agency might not give any service during the completion of multifarious formalities of the migration process except lending its name to the whole operation actually managed by the field-level Adam Bepari, but it normally got the major share of the booty retained in Bangladesh. It should be obvious that each sub-agent could and did add a percentage of the fee for himself,
thereby inflating the amount of the final fee paid by the migrant worker.

From the above description, it comes out clearly that it is almost impossible to know the actual piece of the cake for each player in the chain spreading from the primary point of rural Bangladesh up to the actual employer operating in Singapore. We can only describe the modus operandi of the whole process as gathered from our painstaking investigations both in Singapore and Bangladesh. Much of the knowledge may seem commonplace to the informed quarters, but we want to highlight the process in order to stimulate discussions and pro-active efforts to correct the crucial market failures involved in this malady. The clandestine payment process could not be fully exposed, which should be understandable, but we collected concrete quantitative information regarding the recruitment fees paid by our respondents. Respondents in the construction sector paid S$5,566 on average as recruitment fees, workers in the shipyards were the fortunate ones who paid a paltry S$1,376 on average, manufacturing sector jobs cost S$7,700 on average, and the menial jobs and the service sector jobs required S$5,563 and S$4,972 respectively as recruitment fees collected in Bangladesh. The manufacturing sector workers were paying the highest recruitment fees on average, and we met some workers in this sector who had paid Tk. 300,000 (S$10,000). Even then they were happy because of the fact that they could save enough in ten months to retrieve the amount paid. The workers in the construction and service sectors were not so lucky. Some respondents lamented that they might be needing full one year's saving to pay off the debts incurred for buying the job offer. It implies that the fee was determined roughly in accordance with the earning
potential in a particular job offered in a certain sector, but the reality differed from person to person. The fees charged in the construction sector and the service sector were almost uniform, and the rates in these sectors were reported to be around Tk. 180,000 in 1997. The noticeable feature in this respect was represented by the figures given by the shipyard workers, who had paid only Tk. 41,286 on average. According to the respondents' own versions, the recruitment process in this sector had long been dominated by a few large agencies with established goodwill, and the absence of too many middlemen in the recruitment chain was another crucial factor for the comparatively low fees paid by workers for jobs in this sector. They also claimed that every worker had to go through a training programme before availing the job offer. It is significant that the shipyards have been the earliest in the field of large-scale employers of Bangladeshis in Singapore with more than twenty-five years of operations, and the system seemed to have stabilised in all these years. The per worker earnings potential in this sector was lower than that of the manufacturing sector, but was comparable to those in the construction and services sectors. It was also significant that seventy of our seventy five respondents had come to Singapore through the services of the manpower agencies. So, the use of manpower agencies stands out as the general practice regarding migration of Bangladeshi workers to Singapore.

One important fact regarding the choice of Singapore is noteworthy. In most of the cases, the employment contracts that the agents were talking about at the initial stages of the recruitment process were not the same contracts that the workers had to sign ultimately regarding their appointments in Singapore. Many respondents complained that they had been given the
actual contracts only at Dhaka Airport just before embarking on the flights. So, they had to sign the documents without going through the terms of the contracts or without understanding the terms properly because of the common weakness of the knowledge of English, and some of them were shocked to find out after their arrival at Singapore that they had been duped. We feel that the matter should be dealt with the seriousness it deserves.

The largest concentration of Bangladeshi workers in Singapore in 1997 was in the construction sector, mostly in the relatively unskilled jobs with the lower wages. Most of them were passing miserable days toiling from the early morning till late at night. Their wage was as low as S$1.7 per hour for a normal working day. The overtime rate was 50 per cent higher. The oft-touted Singaporean system of tight law and order seemed to have broken down quite too often in many construction sites, where the workers were being given less than these overtime rates. In the construction sector, works were done through an intricate network of a number of separate contracts and subcontracts, where the heavy hands of the generally efficient and disciplined Singaporean administration could not sometimes reach with sufficient effectiveness. That seemed to have created wide opportunities for the middlemen and the rent-seeking bureaucrats to build up a vibrant sub-terrainean empire of malpractices. For example, some of our respondents, who were reportedly tied with the so-called 'supplier', had worked in as many as four construction sites. But, the workers were not legally allowed to change employers. Those suppliers virtually controlled the life of the workers. They arranged the housing of many of the workers in the over-crowded tenements, import container-turned labour camps and
dilapidated structures turned into labour camps. They seized the passports and original work permits of the workers, supplying only a photocopy. They ferried the workers from one site to the other, and even in some cases, they handled the payments on behalf of the direct employer. There were widespread complaints of physical torture and frequent verbal abuse of the workers by the suppliers or their hired goons. In fact, eleven of the twenty-seven interviewees from this sector (40.74%) complained of physical harassment in their workplaces; twenty-one out of twenty-seven complained of verbal abuse. We physically inspected most of the construction sites, where our respondents were working, and found that some of those were being run as virtual forced labour camps of a past era of command societies. The workers were not provided with the basic amenities in some of the tenements, and in some camps, workers had to take their food standing, because, no adequate dining and kitchen facility was provided. The living conditions were not that bleak in other sectors.

The average monthly income of the respondents came out at S$764.81 in the construction sector, S$861.90 in the shipyards, S$1075 in manufacturing sector, S$818.75 in menial jobs, S$833 in service sector jobs excluding restaurant jobs, and S$1083.33 in restaurant jobs.

As many as thirty-seven of the seventy-five respondents complained that they had not been paid the proper overtime rates of wages, and fifty-one respondents felt that they were being denied the entitled leaves' due. About their work-environments, forty-three opted for the safe answer of 'average'; nineteen respondents thought that the environment was 'difficult'; four respondents strongly felt that the environment was 'very difficult'; and only nine found it 'good'.
Almost two-thirds of our respondents were reportedly saving between 50 per cent and 74 per cent of their incomes, and almost another one-third had been saving more than 75 per cent of their incomes. Many of the migrants did not operate a bank account in Singapore, and they normally used either their suitcases or the accounts of a few educated fellow-countrymen to keep their savings in safe custody before remitting the money to Bangladesh. All of the respondents admitted that they were using the *Hundi* mechanism for remittances. There was no Bangladeshi bank in Singapore in 1997. About 46.67 per cent of our respondents remitted money home every two months on average. Another 22.67 per cent remitted money every month.

It has already been mentioned that workers in our sample were recruited with an initial contract of two years, which could be renewed for another two-year contract term at the maximum. After the second term, the workers were legally bound to return home, and the employer was also legally obligated to repatriate the workers home or faced stiff fines and jail sentences.

**Conclusion**

The issue of market failure affecting the recruitment process of Bangladeshi migrant workers in Singapore deserves some soul-searching of the analysts and policy-makers of both Bangladesh and Singapore. We have already reported that extortion is the name of the game regarding recruitment fees paid by the Bangladeshi workers. A large section of the respondents alleged that the lion’s share of the recruitment fees went to the parties involved on the Singaporean side of the transaction. Some respondents claimed that their Singaporean employers
had a fat cut from the deal, and that they were asking for as much as S$4,000 in advance through the recruiting agents for the renewal of the present contract. Our field survey in the Serangoon Road area revealed that a large proportion of the remittance money collected by the *Hundi* operators in that area was bought by the Bangladeshi agents of recruiting agencies to pay-off their Singaporean counterparts of the manpower deals, though the main portion of the demand for remittances collected by the *Hundi* people came from the smugglers.

We have further found that a large segment of the *Hundiwallahs* were actually doubling as manpower agents. The simultaneous operations of collecting dollars and soliciting the orders for Bangladeshi manpower export from the Singaporean recruiting agencies and employers were definitely more cost-effective and efficient for such agents. We admit that it is unwise to reach definite conclusions regarding the issue, but we feel that the matter deserves the immediate attention of the proper authorities in Singapore for immediate redress of the serious malpractices and cruel exploitation involved. If the allegations are correct, that will mean that the Government of Singapore was actually taxing indirectly the lowest-income Bangladeshi workers at the highest rate of all the income-earners through their pioneering project of imposing foreign worker levy on the employers with the declared objective of controlling the flow of foreign workers. If a section of the employers could effectively recover more than half of the foreign worker levy, then in those cases, the workers became the real taxpayers of the levy imposed. Our respondents were reportedly deprived of their ten months' to one year's saving in this process -- a quite punitive and regressive form of taxation, to say the least.
It is debatable, however, whether the proliferation of middlemen and extortionist practices described in the study should be characterised as a case of market failure or an undesirable outcome of the working of the international labour market. Some analysts (for example, Saith 1989, p. 26) term this recruitment fee as 'transaction cost' of migration. This study submits that this is a case of market failure, because, the processes of bureaucratic and political rent-seeking and the extortionist nature of collecting scarcity rents by the different strata of the recruitment chain on both sides of the transaction are clear signals of market failure. The World Development Report 1995 describes the issue as an outcome of policies designed to restrict the flow of international migration, and we quote, "...policies to restrict migration are a tricky matter. They may result in bad outcomes of their own if they encourage illegality and exploitation.....When labour markets are competitive, as in the United States, part of the scarcity rent can be paid up front..." Osmani is more emphatic when he rightly contends, "...there is a large scope of economic rent in this transaction, as the demand for jobs far outstrips supply, and the agents take full advantage for it." (Osmani 1986, p. 60). The processes of bureaucratic rent-seeking and the extortionist nature of collecting scarcity rents by different strata of the recruitment chain on both sides of the transaction have to be characterised as coercion and extortion, which are clear signals of market failure. The mere involvement of the private sector recruitment agencies does not necessarily imply that the market is functioning satisfactorily in this particular case. Malpractices must necessarily lead to distorted market outcomes, and they call for corrective market intervention by the government. Unfortunately, for the overseas
migrant workers of Bangladesh, this prescription has a
deem chance of correcting the malady because of the
active connivance of rent-seeking bureaucrats and
government functionaries of Bangladesh with the
extortionist intermediaries perpetrating the malpractices
mentioned. That puts the onus of correcting the distortion
on the Government of Singapore. The Government of
Singapore may give a serious thought to the probable
elimination of the recruitment agencies from the
Singaporean side from the transaction as a remedy,
because, the services rendered by the recruiting agencies
need not be duplicated on both sides of the migration
process, as clearly evident from the successful recruiting
processes being managed by the larger employers of
Bangladeshi workers in Singapore and in the shipyards
there. For the small employers, the Bangladesh High
Commission can provide guidance and assistance facilities
to reach the recruiting agencies in Bangladesh. This
suggestion comes out of our finding that the current
system of providing ‘power of attorney’ by the employers to
the recruiting agencies operating in Singapore has been
acting as the main lacuna in the process on the
Singaporean side. On the side of Bangladesh, the
malpractice is much more flagrant and criminal in nature.
It has become institutional as a ‘systemic extortion’. We
feel that the current practice of deliberately limiting the
licensing to a small coterie of ‘legal’ recruiting agencies in
exchange of patronage fees deserves a thorough review
and revision. The field should be opened up with proper
regulatory mechanism along with laws for meting out
exemplary punishments to the perpetrators of
malpractices. Liberalisation of the manpower trade is the
crying need of the hour. However, we are not advocating
the case of unbridled laissez-faire in this field. We want to
emphasise the need for a 'structured market' guided and regulated (or more appropriately termed as 'governed') by the government to bring order, accountability, rationality and civility in the phenomenon of manpower export from Bangladesh.

The reported existence of a large number of illegal Bangladeshi immigrants in Singapore provide the employers a large pool of cheap workers in spite of the stiff legal and financial penalties envisaged in case of detection. These workers are attractive to the employers on several grounds: a) The employers can avoid the payment of the foreign worker levy in case of illegal immigrants; b) The wages can be kept low because of the vulnerability of the illegal worker; c) The employer can obtain a share of the worker's wage in advance; and d) The worker may be the one who gained valuable experience and expertise during the legal stay period. The reported duration of the cat and mouse game of the illegal immigrants with the authorities was about four months, but in those four months, they reportedly ended up being the smart guy in terms of the income and saving potentials. If they can make the journey to Malaysia in those four months, then they become the real 'lucky guy'. The presence of these illegal migrants is widely believed to have been responsible for the bad deals meted out to the legal recruits. We suspect, therefore, that the foreign worker levy may very well be encouraging this phenomenon of illegality. The foreign worker levy causes the resultant distortion of saving potentials of the legal and illegal immigrants. Therefore, it may very well be a case of policy failure in migration.
Reference


