Perspectives for development friendly financial markets - No one-size fits all approach!

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Perspectives for development friendly financial markets - No one-size fits all approach![1]

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It is the intention of this paper to explore the short and long-term impact of the 1997 financial crisis and of the intervention of the International Financial Institutions (IFIs) in South Korea and Thailand. The focus of the paper lies on the outcome of the policy conditionality of the IFIs on labor market regulation and social welfare policies and the impact on income and asset distribution, unemployment, poverty, and power relations.

Despite positive growth rates the long-term effects of the crisis seem to be more flexibility and informalization of labor markets, rising inequalities, and insecurity for the working populations in the two countries. The crisis has furthermore exacerbated economic uncertainty, political instability and social hardship as a result of a substantial change in ownership of national companies, banks and assets that have been taken over by foreign capital.

The paper draws upon recent debates in the framework of comparative political economy over the impact of neo-liberal globalization on labor market and social policy and the radical change of industrial relations with its accompanying loss of the social relevance of the work place and of labor-based social organizations.

Crisis and Competitive Austerity

Before the crisis both Thailand and South Korea had been praised by the WB as ‘East Asian economic miracles’ and hailed for their openness and ability of ‘getting prices right’ (World Bank 1993). In Thailand average real GDP growth between 1960 and 1995 was about 7.7% per annum and the proportion of the population under the poverty line declined from about 60% to less than 15%. Over the period from 1962-1989, South Korea per capita income increased from US$ 87 to US$ 5,899 and poverty was eliminated to 3% before the onset of the crisis.

The decades of high growth rates and a pragmatic approach to economic policy-making, ended in July 1997 with the financial crisis, which started with the devaluation of the Thai Baht, followed by Indonesian Rupiah, the Malaysian Ringgit, and the South Korean Won. The Thai currency plummeted and financial panic spread and led to a severe recession. The economic growth rates in Thailand went down from 5.5% in 1996 to a negative growth rate of 1.8% in 1997 and further deteriorated to minus 10.2% in 1999 and 2000 respectively. Soon after the crisis had spread to South Korea where many banks went bankrupt and a number of top family-owned financial and industrial conglomerates or chaebols became insolvent. It led to a devastating drop in the Korean currency and

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stock market. The Korea Development Bank had to withdraw a $10 billion bond offering after rating services lowered its sovereign debt to “junk bond” status, and concerns mounted in international financial markets that default by chaebols on more than $100 billion in short-term loans would destabilize the global financial system (Cronin 1998).

As part of the original IMF loan package in 1997 Thailand had to comply with a conditionality allowing foreign capital to own up to 100% of equity in various sectors. Several Thai banks and other companies were taken over by foreigners. The fire sale of national assets created a great deal of anger and popular discontent. Even more surprising was it that Korea ‘agreed’ to abolish nearly all restrictions on foreign investments in its financial markets and banking sector. Foreign banks and brokerage houses could establish full operations from March 1998. Korea also agreed to allow foreign investors to acquire 55% of listed companies from 30 December and 100% by the end of 1998 (Khor 1998).

Whether measured in terms of output, investment, or jobs, the crisis caused considerable economic distress. Investors moved over $100 billion out of the region in 1997-1998, which is equal to about 5% of the region's annual GDP. In a matter of months, the number of unemployed workers increased by over 800,000 in Indonesia, 1.5 million in Thailand, and about 1.35 million in South Korea. As currency values plummeted, people's effective wages also dropped. By the end of 1998, real wages had dropped by 12.5% in South Korea and by 6 % in Thailand (World Bank 2007).

If we compare the period 2000-2006 with 1990-1996, real GDP growth has slipped by an average of 2.5% a year in the five countries that were most directly affected. “The persistence of such a gap implies large permanent losses of income compared with pre-crisis trends. Indeed, if the impacts of the crisis on income levels are to prove transitory, a period of faster than ‘normal’ growth would be required to compensate for the output "lost" during the crisis years” (ADB 2007: 46). The situation seems bleak in the immediate future not least as a consequence of the interference of the IFIs, which exacerbated and prolonged the crisis. The fact that numerous amendments were made in a short period of time to both WB and IMF’s policies illustrate the lack of understanding, preparedness and responsiveness of the international financial institutions in this grave crisis, which affected ordinary people who lost jobs, savings, mortgages and social dignity.

The WB admitted already in 1998 that “The effects of economy-wide decline are so pervasive that public action to shore up services and offset income declines for the poor and those newly vulnerable due to economic upheavals is often at best partially effective. Moreover two central areas of impact are still only weakly understood: the distributional consequences of choices over macroeconomic and structural policies; and the inter-relationships between economic shocks and the social fabric, including patterns of social inclusion and exclusion, of the performance of local institutions and of informal community-level coping mechanisms” (Atinc & Walton 1998: 2).

The discourse which is re-emerging from the elites against the universal welfare state besides being defensive, fits very well with the neo-liberal strategy of targeted and means-tested social entitlements and deregulation of labor markets in order to adapt to global competition. Viewed in this manner, there might be a greater degree of collusion than collision behind the rhetoric of free trade, anti-entitlement and anti-labor discourses or so-called ‘productive welfare’ (Schmidt 2000: 68-69).

The neo-liberal policy advice and foreign ownership

The nature of the IFIs conditionality was controversial and much debated in the aftermath of the crisis (Schmidt 2000: 133-156). Critics point to the harsh nature of the tight fiscal and monetary policies without consideration of the social and political consequences; unwillingness to allow controls on capital flows; imposition of full guarantees for creditors; imposition of stringent financial standards and corporate restructuring as well as privatization of state-owned enterprises (Chalongphob 1999). This 'one size fits all' package came with a number of important strings: Opening up for foreign capital to ownership of domestic companies; privatization of health and education; targeted social policy measures and labor market deregulation.

The advice of the IFIs also reflected a fear of social chaos and a real 'angst' that the situation could lead to unforeseen social transformations and thus put private and foreign investments into jeopardy. The WB itself formulated it this way: "It is vital that the economic and institutional reforms being designed in the crisis countries serve to mend and repair the social fabric in those countries and support equitable growth when the recovery occurs. Separating economic policy making and social development is a recipe for failure." (Atinc and Walton 1998: 2)

Connected to the IFIs fear of social havoc Cronin (1998) noted that, "one of the most important non-economic impacts on U.S. interests could be a rise of political instability in countries whose leaders have largely based their legitimacy on promoting rapid economic growth and an expanding economic 'pie.' If growth continues to decelerate, existing social class, regional, ethnic, and religious fissures may widen … These developments may be exacerbated by austerity and economic reforms required by the IMF in return for financial rescue packages, leading to a nationalist backlash against economic globalization as well as a rise in anti-American feeling."

As response to the crisis, the Thai government of the pro US Chuan Leekpai took immediate fiscal and monetary measures and followed strictly the IMF's advice for painful stabilization and adjustment. These politics led to fear of social and political instability, which became a self-fulfilling prophecy as representatives of the elite and big capital soon turned against the increased influence of foreign take-overs of Thai companies. Although reliable statistics are hard to get this increased influence could be seen in the electrical sector where 3 out of the 7 listed companies on the SET (Stock Exchange of Thailand) and 69.5% of the sector's shares were foreign-controlled. Similarly in the electronics sector, foreign interests controlled 3 out of the 10 listed companies and 53.6% of the shares. By far the most striking expansion of foreign ownership was in banking where, by the end of 2002, 38.0% of the shares were foreign-owned, while the sector represented 27.3% of capitalization and 50.6% of foreign share ownership of listed companies (Dixon 2004). Some estimates show that 30% of the shares of the biggest companies are owned by foreign capital.

The anti-foreign backlash translated into solid backing for the nationalist administration of Thaksin Shinawatra in 2001. He was elected president on an anti-IMF platform against austerity." This set the stage for dramatic reversals of economic and political reforms that had encouraged transparency and probity in both the public and private sectors. Populism became the leitmotif of post-financial-crisis politics in Thailand, a blend of economic nationalism and cronyism that allegedly supported spreading the wealth to the masses, but in reality created bigger markets for a select few businesses owned by the ruling party and its cronies" (Vatikiotis 2007). Thaksin attempted to pump credit into the grassroots and the SME sector in order to gain popular support. Numerous schemes were initiated, such as the 1 million baht village fund, people's bank, SME promotion, small-medium-large village fund, and uncounted number of subsidized products and social welfare schemes. The state-owned banks and financial credit institutions were utilized as key instruments as they provided state-directed lending to serve these policies (Chalongphob and Pakorn 2007: 115). Rural debt was frozen and a government-financed universal 30 Baht health plan introduced. Despite dire predictions from neo-liberal economists, these policies turned the economy into a moderate growth path. However, critics argue that in reality the Thaksin government did nothing to promote any viable social welfare system and that the focus was only to increase domestic demand and the populist programmes were "implemented as a means of increasing the governing party's popularity" (Hassarungasee et al. 2006).

Thailand was the second country, which attempted to break with neo-liberalism. Thaksin propelled countercyclical, demand-stimulating neo-Keynesian policies to get the economy back on track (Bello 2007). The first country was Malaysia where the Mahathir administration rejected the IMF's policy prescriptions and instead imposed capital controls as a means of controlling foreign capital. Malaysia's response to the Asian crisis was denounced by the Clinton administration and the IMF, but has since been acknowledged to have been effective and left Malaysia better off than its neighbours who followed IMF prescriptions more closely (Gershman 2002).

The opposite seemed to happen in Korea where the Kim Dae Jung government attempted to establish a national compromise. As Walden Bello (2007) notes, once the classic activist developmental state that a report of the US Trade Representative characterized as the 'most difficult place in the world' for US enterprises to do business in, "Korea under IMF management has become a much more liberal economy... Denationalization of Korea's financial and industrial firms has taken place with 'appalling speed' … with foreign ownership now accounting for over 40% of the shares of Korea's top chaebols. The share of foreign ownership of Korea's publicly held stock increased from 15% in 1997 to 43% in early 2004. The foreign ownership share of the ten firms with the largest market capitalization has risen to an astounding 54%. The infestation of 'shareholder capitalism' has significantly constrained investment spending (Crotty and Lee 2006: 383).

The question about the dramatic increase in foreign ownership of national assets and property became a major determinant influencing both political power and stability, as well as autonomy and choice of macro- and sectoral economic policy-making. Some observers claim that Kim Dae Jung in Korea later on followed a Keynesian economic policy, which was a reversal of the original IMF package (Shin and Chang 2005: 413). But it is questionable whether this change included income policy and income distribution and sectoral regulation of labor markets. In fact, inequalities have continued to widen and labor markets were further deregulated in order to increase flexibility.

Growing Inequalities

The main question is how the financial crisis and the collusion between pro neo-liberal elites in South Korea and Thailand and the IFIs have affected different segments of society. How did the recovery take place and what are the long-term effects of the crisis and the impact of the intervention of the IFIs concerning income distribution, unemployment, and poverty?

Most observers agree that in the wake of the crisis inequality of income and consumption has increased in Thailand and South Korea (Cornia et al. 2003: 10). According to the WB a key factor has been the expansion in wage inequality. Contrary to the evidence the WB claims that: "Arguably, as the modern sector continues to grow and absorb ever larger proportions of low-productivity labor from other sectors, the disparities will eventually decline" (Brahmbhatt et all

2007: 35) while the IMF admits that growing inequalities are a direct consequence of the financial crisis (Burton and Zanelli 2007), but does not admit its own role in this regard.

The effect of the financial crisis on poverty in Thailand was immediate (Ammar 2005: 92-93), due to a sharp output contraction. The impact on inequality, however, increased quite dramatically due to the recession induced by the crisis, the stringent stabilization measures introduced to combat it and the greater impact of price rises on the poor. The Gini coefficient, similarly, rose significantly. Moreover, while the bottom 80% of the income group experienced a sharp decline, the income of the top 20% increased during the same period. It is also important to pay attention to the fact that the income share rate of the middle class declined more than the lower class. In particular, the weight of middle and low strata among the middle class was significantly reduced (Yim 2003: 32).

When the crisis hit Thailand less than 15% of the population was regarded below the poverty line. There were three important channels through which the crisis and the conditionality of the IFIs impacted on the poor in Thailand: 1) The depreciation of the baht raised food prices, which was beneficial to farmers, including poor farmers, but very harmful to the poor who are dependent on food purchases. 2) Unemployment and underemployment rose, especially among women, and the real wage deteriorated. According to conservative estimates between 1997 and 2000 more than 650.000 regular workers were laid off and more than 14.000 companies went insolvent and went bankrupt (Ammar and Srawooth nd). Other observers have much higher estimates. 3) Declining government revenues, under the terms of the IMF agreement, led inevitably to falling government expenditures. However, this channel had little impact on the poor, for the simple reason that there had been no significant transfer programs or subsidies of which they were recipients, and thus nothing to cut back (Ammar and Sobchokchai 1998).

As mentioned previously poverty in Korea also rose sharply, from 3.0% of the population in 1996 to 11.6% in 2006 and the Gini coefficient that measures inequality jumped from 0.27 to 0.34. As a consequence, social solidarity is being eroded, with emigration, family desertion, and divorces rising alarmingly, along with one of the highest suicide rates in the world.

The overall evidence from both countries reveal that the distributional consequences of the crisis in 1997 created more inequality, polarization and poverty in Thai and Korean societies and that the family still is more important than the state. Even though levels of public expenditures on health and education increased, levels of private spending are even higher. In 1998, private expenditures as a share of total expenditures on education were 43.9% in Korea and 42.6% in Thailand (Croissant 2004: 513), and this causes enormous strain on private household’s budgets.

Labor market regulation and social policy

Besides the enlargement of the unemployment insurance, and of existing active labor market programs (vocational training, wage subsidies, job placement), the Korean government introduced a public workfare scheme, expanded a temporary non contributory means-tested livelihood protection program, and created a social pension scheme for the elderly. A public work program was enacted in May 1998 because most of the jobless did not benefit from the unemployment insurance despite the expansion of the scheme. The wage subsidy program paid up to two-thirds of a worker’s wage, and covered 800,000 workers in 1998 (Gazier and Herrera 2000: 328). However, these programs only reached about 7% of the poor while employment-based welfare was not distributed evenly across the population but concentrated on core workers in large enterprises (Croissant 2004: 513).

Unemployment benefits have a very low effective coverage. While more than four-fifths of regular workers are covered by worksite-based pension, health and employment insurance, two-thirds of non-regular workers are not covered by any of these programs, reflecting weak compliance with the law. This helps to explain why only one in four unemployed persons receives unemployment benefits (OECD 2007: 8-9). The recent changes to expand the coverage, in particular by including more non-regular workers are a reflection of the unstable industrial relations, which appear to be one of the obstacles to a sustained economic recovery. However, the OECD wants the Korean government to deregulate even more to enhance what they call "harmonious industrial relations."…. More cooperative industrial relations may facilitate more employment flexibility, while it is also necessary to reform the labour law" (OECD 2004: 172), but it is questionable whether this will lead to more stability for average workers. The irony of this story is that Korea's membership of the OECD in 1996 became a blessing in disguise.

The proportion of non-regular workers in the wage earners category is very high at around 35%. In terms of wage level, the proportion of low-income workers whose income are lower than 2/3 of the average income is still high at around 26%. Wage gaps between workers of large companies and SMEs and between regular and non-regular workers are also being widened. At the same time, employment insecurity felt by workers is also estimated to be very high. Compared to other countries in East Asia, Korea shows the highest proportion (55%) of workers who feel their employment unstable. It is considered that this is partly due to lack of active labor market policy and low levels of social safety net for the unemployed (Cheon 2007).

Further, South Korea has comparatively speaking very long work hours. Korea is second on the list with 49.5% and Thailand ranks third with 46.7% of people working more than 48 hours per week and its manufacturing workers have longer hours than anywhere else in the world. In addition, the minimum legal entitlement for annual holidays in Thailand is also among the lowest in Asia, at 10 days or less. (Nation 9 June 2007)

Such an adverse coexistence of the socalled labor market rigidity, extremely long work hours, and employment insecurity is attributable to the deregulation measures induced by the IFIs and the pro neo-liberal elites in both countries. Increasing uncertainty due to globalization and market opening intertwined with shareholder capitalism make both workers and employers take short-term strategies. Companies tend to possess cash instead of making long-term investment. They have expanded labor saving management by outsourcing the workforce by means of increasing subcontracting and the use of non-regular workers, reducing the size of recruitment, and encouraging workers to retire earlier than scheduled. They have also reduced their investment in training for employees. Workers demand higher wages for their current jobs. As a consequence, stopgap strategies by workers and employers have strengthened the labor market rigidity of large companies and have weakened the Korean economy's capability for job creation (Cheon 2007).

These problems can also be interpreted as a reflection of the overall ideology of social welfare. "Today the main thrust of government policy in Korea emphasises an approach to public support described as 'productive welfare'. Productive welfare is based on an integrated balance of economic growth and welfare, sustainable over the long run by a guaranteed standard of living and opportunities for work. Productive welfare is similar to 'welfare to work', 'workfare', and 'work first' approaches in the industrialised countries – a kind of 'third way' strategy for Korea that relies heavily on social investment" (Kim 2003: 67).

The experience of Thailand was similar to that of Korea. With the onset of the crisis wages and salary employment was most affected, with 1.2 million workers immediately losing jobs (Sarkar and Kumar 2002: 10). The Thai government obtained loans from the IFIs for social investments, to mitigate the social impact of the crisis. It covered three social policy areas: the labor market and social welfare, education and health (Ammar and Srawooth nd: 173-184). It was based on targeting and should create social opportunities and in the long run social capital – very much along the lines of the neo-classical thinking of the WB. Later in 1999, a pension programme was included in the Social Security Act but still in 2000 only 17.0% of the labor force was eligible to benefits from the Thai Social Security Organization (Croissant 2004: 512).

Women accounted for 53% of the lay-offs and one of the central observations here is the fact that one of the immediate casualties of the crisis has been the feminization of poverty and informalization. Underemployment among women increased, reaching 13.7% of the labour force in 1998, and real wages declined, particularly for women in urban areas. Reverse migration occurred from Bangkok and adjacent prosperous areas to rural areas, placing competitive pressure on available rural jobs. While job losses were concentrated in construction, manufacturing and financial services, farm unemployment also increased (Sarkar and Kumar 2002: 10-11). The rapid increase in unemployment was accompanied by a massive rise in underemployment and most important in terms of poverty. There was a belief that the agricultural sector would act as shock absorber but it did not happen and this was a major contributor to the growth of informalization of employment.

The economic crisis in Thailand led to a radical move away from the formal sector and paid employment in an attempt to find opportunities for work in the informal economy and self-employment. At the same time, the proportion of women employed as contributing family members increased. However, after the economic crisis, the share of paid employment continued to increase, while that of contributing family members resumed its long-term downward trend (ILO 2007b: 18).

Labor market regulation in Thailand was marked by too little too late. The tough deregulation measures which may have been partly necessary in Korea were unnecessary in the Thai case. Employers right to abolish contract-based regular employment was already in place and it was already quite easy to hire and fire. Trade unions were also quite weak and the minimum wage was artificially low.

In both countries the adverse coexistence of the so called labor market rigidity, extremely long work hours, and employment insecurity is attributable to the deregulation measures induced by the IFIs and the pro neo-liberal elites. Increasing uncertainty due to globalization and market opening intertwined with shareholder capitalism make both workers and employers take short-term strategies. Companies tend to possess cash instead of making long-term investment. They have expanded labor saving management by outsourcing the workforce by means of increasing subcontracting and the use of non-regular workers, reducing the size of recruitment, and encouraging workers to retire earlier than scheduled. They have also reduced their investment in training for employees. Workers demand higher wages for their current jobs. As a consequence, stopgap strategies by workers and employers have strengthened the labor market rigidity of large companies and have weakened the Korean economy's capability for job creation (Cheon 2007). The fear of social chaos led to introduction of ministries of social welfare and tripartite negotiations
in both countries without which investments could be in jeopardy but in accordance with 'the market-friendly approach' social policy rely on a targeted means-tested social policy (no granting of

entitlements). This specific type of social engineering was a way to control the outcome of the crisis but has no real resemblance of neo-Keynesianism.

Informalization

One of the most important outcomes of the crisis and the deregulation pressures from the IFIs to enhance flexibility of the labor markets has been the increased informalization and casualisation of employment. This is further exacerbated by serious increases in inequality and uneven development and the growth of both traditional types of informal employment but also "informal jobs" within the formal enterprises. "Many countries in the region have witnessed increases in either/both types of informal employment, making it more difficult to find and even define formal employment. The normal or standard employment is becoming a misnomer" (Lee and Eyraud 2007).

The dramatic growth in informalization of the labor markets can be discerned by the rise of contingent workers especially temporary workers while the incidence of part-time employment have increased only slightly. Major concern in Korea has therefore been about deteriorating security in employment, as temporary employment has tended to replace permanent employment. A high proportion of this can be attributed to the increasing share of casual workers.

Although the statistics on informalization are disputed estimates from the ILO are probably closest to the real figures as they illustrate a much higher proportion of informalization. The share of own-account workers and contributing family workers in total employment ranges to 53% in Thailand (ILO 2007a: 20). As far as own-account workers, the ratio has been fairly stable though there has been an increase in the share of paid employees. Such increases have been made thanks to considerable reduction in 'contributing family workers', especially in the agricultural sector. In Thailand, for instance, the share of paid employees increased by 6% for the last ten years (Lee and Eyraud 2007). The labour markets in Thailand have changed from large companies looking for employees in the labour markets to SMEs. Some of those that were laid off from the financial sector have established their own business and became self-employed. Since most of the employers focus on cost reduction and do not employ direct employees, employment agencies have increased in numbers. This in effect has enlarged the informal sector, as there is no direct employer. The employment contract is short-term and there are no benefits packages.

Deregulation efforts have focused on the legal recognition of non-standard employment and/or lifting constraints of their use, which resulted in the effective reduction in the coverage of labour regulations. In this way, it appears that deregulation is the cause for, not result of, the expansion of informal employment (Lee and Eyraud 2007).

Closely connected to the increasing levels of informalization in both countries is the downward trend in trade union density and the continuing IFI promoted attacks on the very notion of having a labour law. The rapid increase in Korea's wages before the crisis was a direct outcome of the explosive rise in labor disputes. The Korean government failed to pay adequate attention to the increased demands from workers for higher wages and better working conditions (Tcha 1998: 312). This confirms the important aspect of the success before the crisis of both Thai and Korean workers "as wages rose faster than productivity during the early 1990s, the rate of profit fell. This preceded the financial crisis by several years" (Bell 2001: 452).

In contrast to the claims of the IFIs it seems that one of the most important outcomes of the financial crisis in 1997 has been increased unease and unpredictability at the labor market through the loss of job security and increased flexibility. “The time is gone by when job was secure; now, the *casualisation of labor* prevails. As a matter of fact, many workers shifted from higher wage indeterminate–term jobs to lower wage determinate–term jobs” (Gazier and Herrera 2000: 332). ”Labor shedding was the most crucial measure for rescuing South Korean firms. Even after the breathtaking moments were over, most of the major firms continued to undertake organizational and technological restructuring in an employment minimizing manner, and thereby got reborn as globally competitive exporters” (Bello 2007). The result is an increasing dualism of the labor market between the formal and informal - 3D industries – dirty, dangerous and difficult.

Conclusion

The 1997 financial crisis, which saw millions of Thais and Koreans drop below the poverty line in a few short weeks, turned the Thais against neo-liberal globalization. Even as the Thai government refocused on stimulating domestic demand through income-support for the lower classes, popular sentiment went against free trade. In Korea, popular sentiment in the beginning was more favourable in terms of the desire to see the break-up of the monopoly of the chaebols’ grip of the Korean economy. However, sentiment has turned in Korea as well to a more sceptical response towards the unforeseen consequences of the IFIs intervention and neo-liberal globalization (Shin & Chang 2005: 409-433). The bailout loans were finally paid back in 2001 well ahead of the original debt service timetable set for May 2004 but it seems as if the crisis continues despite efforts to curb its impact.

In the aftermath of the crisis Thailand and Korea introduced or expanded a host of labor market interventions and social protection programs. This was a re-active response to the massive layoffs of regular workers. Another effect of the crisis was a significant shift from contract-based regular employment to non-standard or informal work. The informalization of the labor force was probably aggravated by the bailout conditionalities attached to the intervention of the IFIs with the intention, not to rescue their economies but to rescue foreign creditors. Another dramatic outcome of the crisis was a radical change in ownership structure where foreign capital has taken over a significant share of banking and large companies with devastating consequences for investment, employment and political stability.

That the situation is precarious is illustrated by data from the Economist Intelligence Unit. It is noticeable that on ‘policy towards private sector enterprise’ and on ‘financing’, EIU ratings get worse in both countries. Political risk has almost doubled and economic risks have in some cases also doubled. If these perceptions were widely shared, it would suggest that the environment for investment in the post crisis period is now less favourable than before the crisis (ADB 2007: 58-59).

The continuation of anti labor-policies can be traced back to the anti-social welfare attitude of the elites. It was the poor, badly educated, least experienced, young, and female workers who suffered the most and who are still bearing the brunt of the crisis on their shoulders and this situation does not appear to change in the near future.

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