Politics of Foreign Labor Policy in Taiwan

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I. Introduction

Taiwan has recently become a major destination for international migrant workers. Similar to the experience of West European countries that resorted to the guestworker policy between the late 1950s and early 1970s, the influx of foreign workers to Taiwan was preceded by rapid economic growth and a corresponding labor shortage. Unlike these West European countries, however, Taiwan had the chance to learn from the mistakes made by pioneer guestworker countries and the labor importing countries in Middle East. Equally important is the fact that Taiwan introduced foreign labor at a time when scholars of international migration were finding that the gap between the goals and results of migration-control policies in the industrialized countries was widening.

The bulk of current literature on foreign labor policy in Taiwan analyzes this issue from an economic point of view and focuses on the supply and demand of unskilled workers, or “push and pull factors,” using the terminology from international migration literature. According to the push-pull theory, Taiwan’s foreign labor policy can be explained by the severe shortage of labor in the domestic market and the readily available cheap labor from Southeast Asian countries.

Alternatively, one could borrow from studies of migration policies in liberal democratic countries that introduce politics as a factor. Going beyond the economic variables of labor supply and labor demand, the collective action theory takes into account the mechanism through which preferences of different domestic actors are aggregated and transformed into policy output. Given the significant impacts of immigration on a society, shortage of labor does not automatically translate into a liberal immigration policy. According to the logic of collective action, however, when the costs of importing foreign workers are diffuse while the benefits concentrate on employers of labor-intensive industries with abundant resources for influencing government policies, vote-maximizing lawmakers are likely to produce relatively liberal immigration policies.
Both push-pull and collective action theories are instrumental in explaining the way foreign labor policy developed in Taiwan. However, once one takes into consideration the variation between Taiwan on the one hand, and Japan and South Korea on the other, with regard to their attitudes towards formally opening the door to unskilled foreign workers, the limitations of both theories in explaining different policies of receiving states become apparent.

Without dismissing the importance of current theories, this article focuses on the specific question of why Taiwan has adopted a much more liberal foreign-labor policy than its East Asian neighbors have. It emphasizes that importation of labor should be viewed as one of several options a government could choose when the domestic market is faced with a problem of labor shortage. To explain Taiwan’s choice of formally importing unskilled foreign labor against other options, one must take into account the broader political context that constrained Taiwan from opting for alternatives. In the late 1980s and early 1990s, when the issue of foreign labor was being fiercely debated in East Asian countries, what distinguished Taiwan from neighboring countries (with labor-shortages) was the transformation of its relationship with Mainland China, combined with the process of democratization on the island.

It must be emphasized that the aim of this article is not to answer the normative question of whether Taiwan should import foreign labor. Rather, this article examines, from the angle of comparative public policy, the reasons that policy makers came to perceive of foreign labor as indispensable for Taiwan’s economy when alternative policy options seemed available, particularly in view of the choices made by Japan and South Korea. Since the strong labor movement in South Korea makes it a less comparable case, I will use Japan as the main reference point of my discussion in this article.

In the following sections, I will first delineate the development and consequences of foreign labor policy in Taiwan. Then I will discuss current literature on foreign labor policy, followed by a discussion of the applicability of current theories on the case of Taiwan. The framing of the issue of foreign labor during the policy debate is then described. Explanations for the lack of appeal in alternative policies such as structural reform and overseas investments are provided in tandem with an analysis of the implications of the political context in the late 1980s and early 1990s for Taiwan’s foreign labor policy.

II. Research Problem: Taiwan’s Choice

Since foreign workers were first allowed to work in Taiwan in 1989, the number of legal foreign workers has grown exponentially, reaching 280,000 in 1999 (see Figure 1). While the intention of the policy to recruit foreign labor was to remedy the problem of labor shortage, formally opening the door to unskilled