

Economic Contribution of Migrant Workers to Thailand

Piriya Pholphirul and Pungpond Rukumnuaykit*

ABSTRACT

In the past decade or two, an increasing number of migrants from countries neighbouring Thailand have moved to Thailand temporarily or permanently in search for jobs and life security, causing an increase in the labour supply in the Thai labour market. This paper attempts to find the economic contribution of these migrant workers to Thailand using various data sources and a collection of related findings. We find that capital gains from migrant workers show an increasing trend from around 0.03 per cent of the real national income (880 million baht) in 1995 to around 0.055 per cent of the real national income (2,039 million baht) in 2005. Using the adjusted labour share, the net contribution of migrant workers is on average 0.023 per cent of the real national income per year, or around 760 million baht per year.

INTRODUCTION

In the past decade or two, an increasing number of migrants from countries neighbouring Thailand have moved to Thailand temporarily or permanently in search for jobs and life security, causing an increase in the labour supply in the Thai labour market. Most of these migrants are known to be of working age and have low skills and low education. The wages paid to these workers are known to be lower than those for Thai workers, which might have contributed as a benefit to Thailand in terms of their “cheap” labour cost. Although the positive contribution of these migrants are not yet clearly known, discussions among policymakers and various stakeholders involved increasingly focus on the negative impacts these migrants might have caused, especially on the unskilled

* Graduate School of Development Economics, National Institute of Development Administration, Bangkok, Thailand.