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Forced Labor in Hong Kong

By Kylan Rutherford,
Gregory Hutchins, and Harrison Riehle

EVERY FOUR SECONDS, ANOTHER PERSON IS ENTRAPPED IN FORCED LABOR.

Forced labor denotes a situation in which the persons involved—women and men, girls and boys—are made or coerced to work against their free will. This form of modern-day slavery can be exacted through violence or threats of violence, but commonly relies on more subtle means such as accumulated debt, retention of identity papers, or threats of denunciation to immigration authorities.

Domestic workers are among the most exploited groups, composing 24 percent of the estimated 45.8 million forced laborers worldwide. The market for domestic workers has expanded especially rapidly in the Asia-Pacific region; in Hong Kong alone, approximately 10 percent of Hong Kong's workforce are domestic workers originating from the Philippines and Indonesia (about 360,000 workers) (Hincks 2017). Ninety-four percent of these workers show signs of exploitation or forced labor (Kang 2017). The nature of their work in a foreign country limits their access to government protection, forces them to comply with illegally high recruitment fees, and can push them to submit to abuse in fear of losing employment or their visa if they complain.

This article examines the domestic worker market in Hong Kong, the sources of debt bondage and abuse, and the present landscape of the issue.

SUPPLY AND DEMAND

The exchange of labor between Hong Kong and the Philippines exists and thrives because it fills various needs for the individuals of both nations. As the dynamics of the traditional Chinese family changes and more women enter the workforce, hiring help in the home is becoming more of a necessity than a luxury (Cheng, 31). In addition, Hong Kong has an aging population, and the HK government—in part because of the ready availability of Filipino caretakers—has done little to directly address public geriatric needs (Constable, 449).

Foreign domestic work has also become a pillar of the Filipino economy, both nationally and for individual families. Filipina women can earn up to six times more doing household work abroad than they can as professionals in the Philippines (Chang 2000). Remittances from overseas workers represent 10.25 percent of the nation's GDP. As development and economic growth in the Philippines continues to stall, exporting labor provides needed currency. At a household level, mothers and daughters feel obligated to go abroad when no one else in the family has access to promising employment. Their income often becomes the primary source of income for not just immediate, but also extended family members. The heavy familial and financial pressures Filipina women carry with them into foreign employment often push them to take out loans to start work or accept exploitative contracts.

RECRUITMENT AGENCIES AND DEBT BONDAGE

The high supply and demand for foreign domestic workers (FDWs) has led to the creation of thousands of recruitment agencies in both Hong Kong and the Philippines. These agencies match Filipina workers with employers, charging a placement fee to both. Legally,

employment agencies can charge workers up to 10 percent of their first month's salary (Bell 2017). However, the majority of these agencies charge more, often the equivalent of several months' salary, up front.

Because Filipina workers can't afford these fees, they are referred to as "loan officers" who often have personal connections with the agencies. These lenders tend to charge the highest legal interest rates, around 60 percent, and have been known to approach illegally high levels up to 120 percent (Clifford 2017). The large loan in relation to the worker's salary and the insurmountable interest rates create a cycle of debt bondage. Because Filipinas face no other promising source of income, they continue to renew contracts—even in abusive situations—and often take out additional loans simply to cover expenses, severely diminishing their income. Workers have little access to training on financial literacy, so most workers enter this spiral unaware.

Government restrictions exist both in Hong Kong and in the Philippines, which try to prevent this exploitative cycle. However, because of the international nature of the labor exchange, agencies in both countries are able to coordinate with each other and dodge restrictions. They fraudulently bookkeep by writing off fees as though they were charged and processed in the other country, preventing either government from litigating.

The cycle of debt bondage makes the consequences of quitting or getting fired detrimental, which effectively removes a worker's ability to complain, leave, fight back, or negotiate for better conditions. Because of this, abuse is especially prevalent. Physical and emotional abuses in the home include intimidation, beating, humiliation, restricting mobility, withholding food, confinement to small living quarters, and sexual exploitation. Agencies

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have been known to abuse Filipina women by punishing them for quitting jobs, including retaining their passports and occasionally deceiving them into sex trafficking.

Public opinion of Filipina women is often negative. They are seen as promiscuous, disrespectful, and lacking self-control (Constable, 540). Female employers often feel the foreign domestic worker is a threat in the home both sexually and as a surrogate replacement to motherly responsibilities and status. These fears spur some of the harshest abuses. Employment agencies have little motivation to consciously pair employers and employees to avoid conflict because the agency gets a fee from employers every time a new worker is placed. Thus, Filipinas often find themselves unprepared and living in hostile homes.

bondage. As they gain awareness of the issues, many employers respond by researching and being more selective of recruitment agencies.

The 24-Hour Club approaches the issue by gaining publicity and finding advocates among students. Their main catalyst for this has been hosting a twenty-four-hour endurance race to raise awareness. These races draw exposure to the issues facing foreign domestic workers and provide a venue for donations and activism. By focusing on students, this approach influences the rising generation, helps them understand these issues, and teaches them how, as future employers, they can ensure ethical employment.

The Mekong Club is an organization working to fight forms of modern slavery like debt bondage by "engaging, inspiring and supporting the private sector" (Mekong). It initiates conversations among businesses to share experiences and to work together to fight the issue. A powerful example is The Mekong Club's progress with the financial sector; the organization has been helping banks identify criminal patterns, catch "red flags" in the bank's data, and track activity to help law enforcement fight modern slavery.

WORKER SAFETY AND WELL-BEING

Several groups currently work to alleviate specific abuses that persist in the foreign domestic worker market. Many organizations (and all recruitment centers are required to) have established safe houses—places

SOLUTIONS LANDSCAPE

Because this exchange of labor serves a theoretically beneficial purpose and provides needed employment opportunities, programs, and approaches to alleviate the issue center on improving, not destroying, the exchange. Current approaches center on the following three aspects.

PUBLICITY AND AWARENESS

Most employers, especially expatriates, have no idea they are involved in maintaining a system of debt

ABUSE

where domestic workers can stay if they are kicked out of their employer's residence.

Pathway is an organization which deals specifically with pregnant domestic workers. Although firing a worker for becoming pregnant is illegal, this often happens. Pregnant workers have limited access to medical care while in Hong Kong and face stigmatization and accusations of promiscuity. Pathway seeks to provide medical assistance and counsel for these vulnerable individuals.

Lack of financial literacy enables exploitation and leads to a lack of agency and freedom once in employment. Enrich is an organization which seeks to teach financial literacy to domestic workers before and during their time in Hong Kong. Enrich's hope is that an increase in financial literacy will decrease the number of workers trapped in debt slavery.

MARKET SOLUTIONS

Another promising approach is to directly influence the market for foreign domestic workers by entering it. Fair Employment Agency (FEA) has set itself up as an alternative to exploitative recruitment agencies. FEA acts as any other recruitment agency, except it does not charge workers a placement fee. In addition, FEA has created a "Fair Pledge," which businesses can sign stating that they encourage all their employees to hire domestic workers fairly. Because FEA and other organizations like it are much more appealing to potential FDWs, their very existence is pushing other agencies to adopt ethical practices to stay competitive. Thus, FEA and others are able to do through the market what governments have not been able to do through regulation.

This model adopted by FEA and similar agencies has the additional effect of motivating effective training and employer-employee matching. Before, agencies received money each time they placed a worker. This incentivized these agencies to place ill-prepared workers and create a high churn rate in the workforce. Without that incentive,

agencies are more motivated to invest in employee training to secure renewed and sustained contracts instead of a high number of placements. These agencies also provide job training before placement, teaching workers how to complete required tasks and navigate potential issues. These shifts have caused the first decrease in churn rate in this industry in decades. Last year, 24 percent of contracts were renewed—an increase of about 89,000 to 110,000—meaning workers are staying with the same employers longer. This indicates an increased level of satisfaction of both employer and employee (Chor 2016).

GAPS

Despite the significant progress made in the past several years, many areas remain to be addressed in relation to domestic workers. One of these areas is government enforcement. Because of interdependency, both the Hong Kong and the Philippines governments have struggled to find effective ways reduce forced labor and improve worker conditions. And because foreign domestic workers are critical to the Philippines' GDP and Hong Kong's society, neither government wants to negatively impact these workers' opportunities.

In Hong Kong, lawmakers have made limited progress protecting Filipina workers, in part because the workers are not citizens. As visitors to the country, Filipina workers do not enjoy citizenship rights. Although the Hong Kong government has recently raised the fines charged to unethical agencies sevenfold and added obligatory jail time to violators, the Hong Kong and Philippine governments have struggled to enforce punishments and regulate unethical recruiting agencies. Working together to monitor these agencies and catch fraud is an important next step.

Lack of information and awareness continues to be an issue for both workers and employers. In the Philippines,

presidents and leaders have historically praised foreign domestic workers, calling them national heroes. Filipina women enter employment opportunities believing they are doing a service to their family and country, and the allure of relatively high earning potential overshadows the debt cycle. Employers often are still ignorant of the exploitation in which they play a part.

Because of the nature of domestic work, almost all the abuse Filipina women face takes place when they are isolated and behind closed doors; law enforcement has a difficult time preventing or even learning about the abuse. Further, because these workers are abroad, isolated, and often do not reside in Hong Kong for too long, Filipina women have struggled to make changes through collective action. Only recently was a group of domestic workers able to organize and secure acknowledgement from The International Labor Organization that they have a right to decent work (Boris, 411). Continued progress will require increased international coordination among workers.

THINK LOCAL, ACT GLOBAL

Despite the abuse and debt, Hong Kong remains the country of choice for many Filipina women. Hong Kong is seen as the standard for how to treat domestic workers through the Asia-Pacific region and the mistreatment of workers in Hong Kong is replicated in other countries (Kuo 2014). Thus, as solutions in Hong Kong take effect, other

countries with large foreign domestic worker populations will be able to replicate these approaches.

Over 27 million people worldwide are trapped in some form of forced labor. Forced labor due to poor training and high recruitment fees spans across many geographies and various industries including the fishing industry in Thailand, the hospitality industry in Singapore, and the factory industry in Taiwan. Implementing solutions in the foreign domestic worker market in Hong Kong has implications for all of these industries and has the potential to motivate and inspire solutions that can positively affect these other markets.

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