

## Rethinking Philippine Labour Export

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## **Rethinking Philippine Labour Export**

*By Arunajeet Kaur*

### **Synopsis**

*The Philippines has a culture of politics-induced labour migration. It relies heavily on labour export and remittance money but that has resulted in many negative consequences for the country's economic and social development. Notwithstanding President Rodrigo Duterte's pronouncement on changing this situation, no imminent change is expected.*

### **Commentary**

DESPITE HIS declared interest in changing Filipino attitude on overseas employment, it does not look like President Rodrigo Duterte is making inroads on this front. Indeed, it does not look like the policy on Philippine labour export will change in the foreseeable future. So far President Duterte is making headlines more for his foreign engagements with China, Japan and the United States than following through with his declared interest on reversing the overseas employment policy.

Since the 1970s, the Philippines has supplied skilled and low skilled workers to the world's more developed regions. By 2050, the Philippines, projected to be the tenth most populous country in the world, will also be the fifth largest supplier of emigrants to OECD (Organisation for Economic Cooperation and Development) countries. This Filipino culture of migration entails the outflow of the young (55 percent from age group 25-39 years); highly educated (64 percent college graduates); highly skilled (nurses, IT professionals, teachers); and predominantly female service workers (caregivers and domestic helpers).

### **Enter Duterte**

Rodrigo Duterte was elected President of the Philippines in May 2016. He is

predicted to act differently from his predecessors as he is the first Filipino President not from the traditional land owning elite with a power-base in Manila. Duterte's administration has been portrayed as a fresh break from past governments. His electoral campaign was focused on domestic concerns; progressive social ordinances and the crack down on drugs. He promised change on a national scale. On the issue of Overseas Filipino Workers (OFW), Duterte has pronounced that working abroad should become 'optional not a necessity'.

Duterte's position on OFW is a marked change from the attitude of former Filipino presidents, beginning with Ferdinand Marcos in 1974. Marcos issued the Labour Code which was to promote overseas contract work and reap whatever economic benefits could be gained from the outflow, especially in terms of foreign exchange and employment. Through the presidency of Marcos and his successors the Philippines was to become a specific case study whereby labour export was adopted as a government policy.

During President Corazon Aquino's era, in the 1980s, the Filipino government began to legislate social justice and human rights for local and overseas labour. The 1995 trial and execution of the Filipina domestic worker, Flor Contemplacion in Singapore, turned the protection of migrant worker's rights into a burning political issue. This was to spur the official Philippines Overseas Employment Administration (POEA) to focus further on migrant worker welfare and rights which nonetheless failed to satisfy many of the government's critics in the civil society.

### **Remittances and its Social Dimension**

Within the scale of the family unit in the Philippines, those who have family members sending remittances back home have a more elastic spending ability on higher education, health care, housing, recreation activities, durables, and transport and communications. Labour migration for the Philippines is a crucial means in alleviating poverty and inequality. However, it has an adverse impact on human capital gain and social dimension.

Brain drain has remained a major concern for the Filipino employment and education sector. Due to limited domestic job opportunities, the educated may choose to withdraw from the Filipino job market and instead embark on a protracted job search process to secure a foreign job. Percentages whereby Filipino graduates fail to find local jobs are high and incidence of Filipino graduates finding jobs abroad below their skill expertise and educational qualifications is indicative of the de-skilling of labour.

Over-education is the over investment in higher education fuelled by the expectation of a higher return in foreign jobs. Since the objective is to land a foreign job, the investment will be made regardless of the job situation in the domestic economy causing a mismatch between the skills training of higher education graduates and actual skills required by the Philippine industry.

The Filipino nursing sector is an apt example of this phenomenon. The steady supply of Filipino nurses abroad is assured by the sustained enrolment in nursing programmes, the opening of more nursing schools and the local nursing labour

market which serves as training ground for future overseas employers. As a result, the Philippine health care system is characterised by the high turnover rate of nursing personnel, acute shortage of skilled nurses, declining standards in nursing education and health care and under remuneration of nurses and nursing educators in the country.

The social dimension of labour migration issues in the Philippines consists of the breakdown of traditional family life, high divorce rate, single parenthood, infidelity and wayward children. For the migrant workers themselves, unexpected working conditions that compromise on health, basic human and women's rights result in a state of psycho-social stress. The need for psycho-social intervention is necessary as many migrant workers return home with enduring depression and pessimism having undergone low pay, long working hours and oppressive contracts.

### **What the OFW Expect from Duterte**

'Kabayan4Change' was launched in the United States with Filipino migrant workers presenting their aspirations for change under the first 100 days of the Duterte government. Through 'Kabayan4Change', overseas Filipinos are joining with progressive organisations, sectoral groups, indigenous people and the struggling majority back home in demanding an economic transformation that makes it unnecessary for Filipinos to seek work abroad to survive.

Initiated by 'Migrante International', the platform calls for the implementation of a national industrialisation programme and genuine land reform to end the current and unsustainable import dependent and export oriented economy of the Philippines.

The 'Kabayan4Change' movement also calls on the Duterte government to address the socio economic roots of armed conflict, social injustices and forced migrations. In early 2016 it was reported that a fall in oil prices and the general slowdown in global trade might render the OFW sector as a sunset industry that the Philippine government needs to get rid of. This requires Duterte to continue keeping his eye on the domestic front and implementing robust measures to lay the foundation for a strong capital intensive domestic industry that fuels an appetite for entrepreneurial venture.

However, this is not realistic. Most accounts on the Philippine economy see OFW remittances and business processing operations as the two dominant contributors to national GDP (US\$26 billion and US\$23 billion respectively) for many years to come. At the moment, the development of other revenue generating and job creating sectors is not yielding the outcome desired by the policy planners. Therefore, reliance on the contributions of the OFW will remain critical.

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