Emigration as a Silver Bullet and Public Policy in the Philippines

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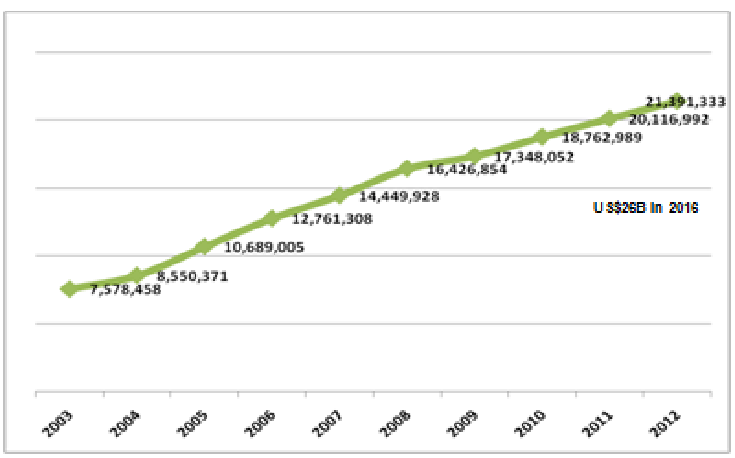
Introduction

International migration is a complex and historical phenomenon. Perhaps in no other country does this truism apply more than in the Philippines. Estimates vary but there are today millions of Filipinos living and working outside the Philippines. The highest estimate is that roughly 10 percent of the country's population is now situated overseas. These emigrants include not just the temporary migrant workers (mostly in West Asia and East Asia and known as overseas Filipino workers or OFWs) but also the permanent immigrants (mostly in the US, Canada, and Australia). These days, more than a million Filipinos leave the country each year to seek out better fortunes elsewhere. Around one in three of the OFWs are laborers and service workers. One in five seafarers in the world today is from the Philippines.

These emigrants send back a significant portion of their income earnings back to their families. In 2016, Filipinos abroad remitted around US$ 26 billion back to the Philippines – an amount that far exceeds the combined foreign aid and investments the country receives each year. For many Filipinos, emigration seems to be the only viable and long-term solution to poverty and unemployment. There is a strong push that drives them to seek greener pastures and since the 1970s, the Philippine government has managed to institute mechanisms and programs to facilitate their departure. Not a few destination countries are suffering from the problem of a declining population and reduced entrants to the labor force.

Annual Remittances of Filipino Migrant Workers (2003 – 2012 in US$000)



Source: Bangko Sentral ng Pilipinas

The Philippine overseas employment program has been considered the gold standard when it comes to managing emigration for employment. The official policy of the Philippine government to engage in contractual or temporary overseas labor migration began in 1974 through the Philippine Labor Code. The program began mainly as a “stop-gap” or temporary measure to alleviate the country’s balance-of-payments deficits (by way of remittance generation) and unemployment problem (by generating employment overseas).

Since that time up to now, however, such a policy has been virtually unchanged. Indeed, what has happened since the 1970s has been an intensification of the promotion of labor export by way of the virtual monopoly and control of private recruitment agents and a paradigm shift in the social discourse concerning migration and migrants from being displaced persons and “itinerants” to being modern-day heroes. They are embraced as the saviors of the Philippine economy. Their substantial income remittances are the primary motivation for the government to allow them to vote *in absentia* and for granting many of them who lost their citizenship to reacquire it by law.

But while they have become celebrated champions of prosperity in the country, their absence also compels a reexamination of the conditions that made their departure possible such as persistent unemployment / underemployment, poverty, as well as social and political insecurity. That such a large number of Filipinos choose to flee than to stay is a reflection of a growing sense of hopelessness in the country’s long-term socio-political and economic future. Paradoxically, the stated interim policy has had the opposite effect. Over the years, the labor export program has become more and more institutionalized. In 1995, the Migrant Workers and Overseas Filipinos Act mandated the state policy to protect and promote the rights of OFWs. Indeed, such a mandate has become one of the three pillars of Philippine foreign policy: the preservation and enhancement of national security; the promotion and attainment of economic security; and the protection of the rights and promotion of the welfare and interest of Filipinos overseas.

For a lot of Filipinos migration has become a sort of cure-all for them. The high dependence on the remittances of migrants can and does lead to a “Dutch disease” that makes the country’s other export products less competitive. Indeed, much of the economic prosperity that the country has experienced over the decades has been due mainly to the income remittances of migrants. Under such circumstance, a key question arises: Can labor emigration be beneficial to the country in the long-run, or is it only expected to merely lead to short-term benefits?

The State of Filipino Emigration

Emigration occupies the Filipino popular mindset. Around one in ten Filipinos would want to migrate to another country and live there (Dizon 2010). A sense of optimism pervades the people despite the fact that about a quarter of the country population remain poor (Dizon 2010; Yap 2016). Migration (or the prospect of emigrating) cannot be ruled out as a possible contributor to this popular sense of optimism.

The 2014 survey of overseas Filipinos (SOF), conducted by the Philippine Statistics Authority (PSA) since 1982 to collect data on Filipinos who have left the country in the last five years, estimates that there are 2.3 million overseas Filipino workers. The Commission on Filipinos Overseas (CFO), an agency attached to the Office of the President, estimates the current (2013) stock of Filipino migrant workers (temporary) to be around 4.2 million worldwide in addition to another 1.1 million Filipinos found in irregular situations and 4.8 million as permanent immigrants. The CFO figure would make the size of the migrant worker population equal to 10% of the country's labor force. A survey conducted by an independent organization – Social Weather Stations (SWS) – found that 10% of the total households in the country (equivalent to 22.2 million) had at least one family member working abroad.

Since the 1990s, women have come to dominate the annual overseas worker deployments. Since 2006, over a million Filipino workers have been deployed in over 180 countries worldwide facilitated by over a thousand private recruitment agencies. In 2007 there were more than 3,100 private recruitment and manning entities licensed to operate in the country and over 9,500 accredited foreign principals or employers. In 2006, these private recruitment agencies deployed over a million Filipino migrant workers abroad. These labor deployments have been characterized by the substantial employment of workers in low- to medium-skilled occupational categories – domestic servants, factory workers, service workers, construction workers, among others.

The watershed moment for the overseas employment program (as labor migration has come to be known throughout the Philippines) came in 1974 with the promulgation of the New Labor Code. Presidential Decree 442 (otherwise known as the 1974 Labor Code) signed by Ferdinand Marcos formalized and institutionalized the overseas employment program. No other previous government program on labor migration comes close to the wide-ranging impact and comprehensive institutional nature of the 1974 Labor Code. Previous enactments were piecemeal and short-sighted. The Labor Code institutionalized labor migration and placed it within a more proactive and strategic setting.

The aim of embarking on the overseas employment program was initially to ensure the efficient and effective utilization and market development of the country's human resource without neglecting the need to secure the best possible conditions for them for the sake of protecting "the good name of the Philippines" as provided in the Code. As such, in the beginning at least, all Filipino emigrants were considered goodwill ambassadors of the Philippines. As well, the intent initially was to make the program operate on a government-to-government basis so as to ensure the maximum benefits not only for the workers but also for the state. However, the demand for migrant labor then (as now) far exceeded the capacity of existing government institutions such that by the late 1970s, the participation of the private sector was encouraged.

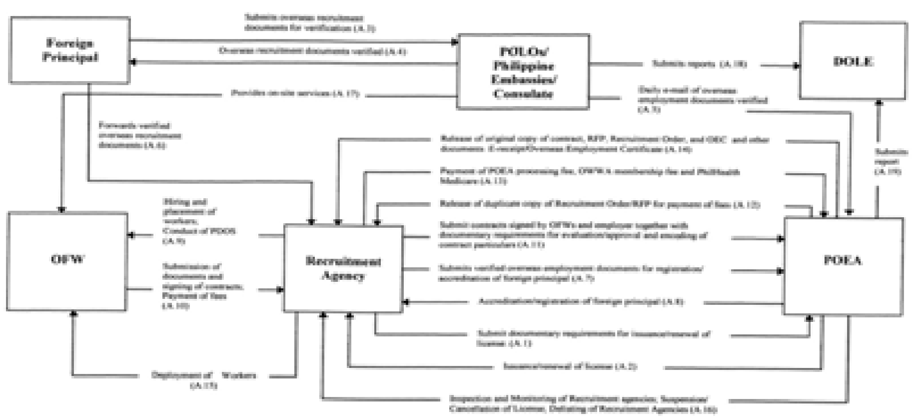
Today, in addition to the 1974 Labor Code, numerous other laws specify provisions that pertain to the management of labor migration from the Philippines. These include the Overseas Filipinos and Migrant Workers Act of 1995 (RA 8042) and its subsequent amendments – RA 9422 (strengthening the regulatory functions of POEA) and RA 10022 (strengthen the protective mechanisms for migrants). In addition, there are other related enactments that seek to empower overseas Filipino migrants socially as well as politically: RA 9189 (providing for overseas absentee voting beginning in 2004) and RA 9225 (or the dual citizenship law) as well as RA 9208 (the anti-trafficking in persons act of 2003).

On paper, several basic features can be discerned about the labor migration management system obtaining in the Philippines particularly as it relates to low-skilled labor migrants. One key feature is that, as the system acknowledges the vulnerabilities of low-skilled migrants, it is heavily rights-based in principle. RA 8042 provides that the Philippines can only deploy its workers to "countries where the rights of Filipino migrant workers are protected" in terms of establishing sufficient safeguards and guarantees such as providing for "labor and social laws protecting the rights of migrant workers;" being a "signatory to multilateral conventions, declaration or resolutions relating to the protection of migrant workers;" being able to conclude "a bilateral agreement or arrangement with the government protecting the rights of overseas Filipino workers;" and "taking positive, concrete measures to protect the rights of migrant workers." The laws and mechanisms in place lean heavily towards adhering to established international conventions and standards and to make the receiving countries do so as well.

Another characteristic of the country's labor migration management system is its continuing efforts to strengthen and consolidate its bureaucratic mechanisms. Through the years, the country has evolved a peculiar "division of labor" among its myriad of agencies. The POEA is primarily tasked with licensing private recruitment entities and regulating their operations as well as certifying the labor contracts of migrants in terms of being up to acceptable standards. The Overseas Workers Welfare Administration (OWWA), its predecessor (the Welfare Fund) established in 1977, is tasked to provide much-needed welfare and related-services to migrants in crisis and in vulnerable situations. The original mandate of the CFO in 1977 was to assist emigrants (as the Office of Emigrant Affairs). By the 1980s its mandate had expanded to provide for policy guidance to promote the welfare of all Filipinos overseas (including migrant workers). In addition, the Department of Foreign Affairs (DFA) is also mandated by law to provide on-site services and interventions especially during times of crises. Such intervention programs are brought to bear under the so-called one-country team approach (OCTA) under the leadership of the ambassador or chief of mission.

Another main feature of the overseas employment program in the Philippines is the existence of welfare and redress as well as monitoring and oversight mechanisms. Prior to departure, migrants are required to attend a pre-departure orientation seminar (PDOS) where they are informed about the situation in their respective countries of destination as well as other government and social mechanisms in place to assist them in times of emergency and crisis. The POEA and OWWA, both being under the Department of Labor, would also have mechanisms for migrant redress and complaints against local recruitment agencies and foreign employers. The POEA is also empowered to conduct inspections of recruitment and manning agencies to check if their facilities and procedures conform to government standards. An important aspect of this redress and grievance mechanism is the joint and solidary liability provision in all migrant labor contracts (Orbeta 2013 and Orbeta and Abrigo 2011). This provision assumes that local recruitment entities are jointly liable with the foreign employer for anything that happens to the migrant. Both administrative agencies would also be in a position to deploy welfare and labor attaches at different overseas posts to address the problems of migrants on-site. In addition, overseas posts are mandated to set up overseas Filipino centers as well as emergency contingency plans. Finally, upon return, government is mandated to provide for a reintegration programs to assist returning migrants through the National Reintegration Center for OFWs (NRCO) also under DOLE. Monitoring of the status and number of migrants is done through the POEA and OWWA as well as to the reports and updates given by these agencies to the Senate that acts as the oversight body.

Overseas Migration:
State-Enabled and Market-Oriented



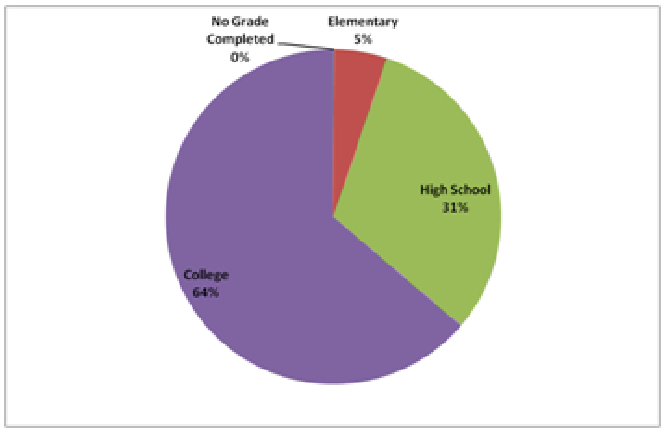
Source: Commission on Audit

As systematic as the program has become for the Philippines, numerous difficulties and challenges have emerged. A major concern for many migrants is the growing number of reports of abuse and exploitation of, as well as discrimination against, Filipino migrants. While government has done its best to address or minimize them, these migration-related problems are simply too much for public institutions to handle prompting the need for non-governmental organizations (NGOs) to step in.

These migrant advocacy NGOs constitute a diverse group (Oishi 2005). While most are established by young and compassionate activists with high educational backgrounds, there are also NGOs established by migrants themselves. Many of these NGOs are concerned with protecting and helping migrants directly through specific interventions such as legal and psychological counseling, pre-departure orientation, shelter and financial assistance, among others. There are also those NGOs that seek to protect and promote the rights of migrants and other migration-related issues such as gender and labor issues. They often get involved in policy debates and policy advocacy.

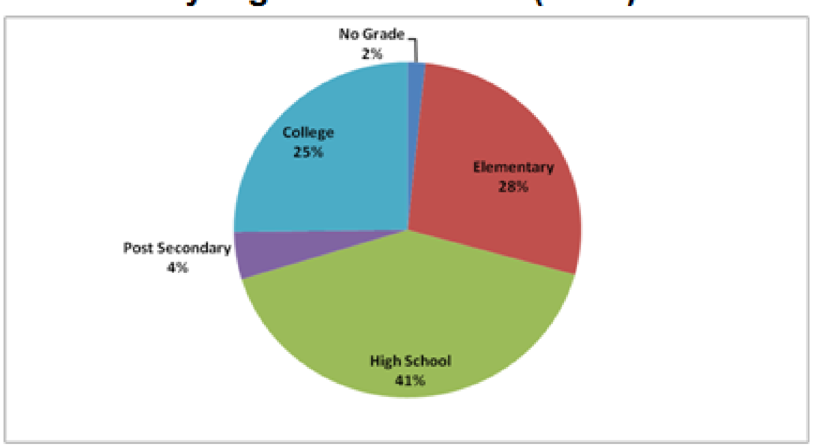
Some of the other serious problems in the Philippines concerning its burgeoning emigrant population are brain / brawn drain and brain waste. The highly selective and demanding nature of labor emigration allows only the best and brightest to go abroad. One survey found that twothirds of overseas emigrants are either college graduates or have had some college education. In contrast, only one in four Filipinos in general (i.e., non-emigrants) has had the same level of college education. The Philippines has nearly 500 nursing schools nation-wide producing no less than 100,000 nursing graduates (Lapena 2013). Yet many of them are likely to end up as domestic servants and factory workers overseas. Studies show that young and highly educated Filipino applicants for overseas jobs apply for low-skilled positions such as factory and domestic work (Asis and Battistella 2013 and Battistella and Sun Liao 2013).

Percentage Distribution of Filipino Migrants by Highest Education (2002)



Source: 2002 Labor Force Survey

Percent Distribution of Employed Filipinos by Highest Education (2014)



Source: Philippine Statistics Authority, January 2014 Labor Force Survey

Emigration, poverty, and public policy

For those affected by the phenomenon, emigration is seen as a popular way out of poverty. According to studies that have been done in the Philippines, the estimate is that migration contributes to poverty reduction by about 3 percentage points through the remittances sent by emigrants back to their families. This means that without remittances there would be 26 million poor Filipinos in 2003. But with remittances, there are only 24 million poor Filipinos in that year. Emigration can be a poverty-reduction strategy but it is not an entirely effective one. Economists also point out the need to promote investments in the country as a way to generate meaningful employment and reduce or reverse poverty. Unfortunately, the Philippines ranks low among countries in terms of facilitating investments. The high cost of doing business in the Philippines continues to be a barrier to the influx of investment. According to the World Bank, the country continues to lag in terms of its ease of doing business. It ranks 99 out of 190 countries worldwide. The investment challenges are found across all fronts in terms of doing business such as enforcing contracts (136 out of 190); paying taxes (115 out of 190); and getting credit (118 out of 190).

Spending for education can be seen as investing in human capital. However, it still remains to be seen whether such human capital investments are truly beneficial to the country or merely pursues the intent of furthering overseas employment (and hence constitute a loss for the sending country). The education system in the country is one that is largely oriented towards addressing the demands of overseas markets rather than domestic needs. For instance, despite having a large number of graduates in the health professions, many young Filipinos still choose to enter this field in the hopes that they might get the opportunity to go abroad. It has been reported that "every year 35 medical colleges produce 2,000 doctors; 129 schools produce 1,500 midwives; 35 pharmacy colleges produce 1,500 pharmacists; and 95 physical therapy and occupational therapy colleges produce about 1,000 physical therapists and 200 occupational therapists" (Lapena 2013).

Too many Filipinos look upon emigration as a silver bullet to all of the country's ills. However, no country in the world has developed by solely relying on its overseas migrants. Japan, Taiwan, South Korea, and even Thailand, all became newly industrialized countries (NICs) because they pursued a domestic economic policy that was in favor of exporting commodities and not people. Ironically, many of these developed countries managed to become what they are now because they are receiving migrants. Labor emigration is not a sound strategic development policy. In the Philippines case, although emigration is never a declared development policy, it has become a de facto economic development strategy. Inasmuch as the declared policy began (and continues to be) a temporary (stop-gap) measure there is little evidence to indicate in the current emigration system / industry that has emerged over the last four decades, that it is still a temporary arrangement. Perhaps without intending to, the Philippine government has relied on its temporary emigration program as a key pillar of its development strategy in the absence of any meaningful alternative.

Migration policies fail because they do not take into account the complexity of the migration process and its varied impacts and implications on the society, politics, and economy of a country. Extensive emigration policy failure is brought about by incoherent policy and short-term (ad hoc) outlooks. Emigration policies are likely to fail if they are based on short-term perspectives or a constrained / myopic view of the migration process.

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