INTERNATIONAL MIGRATION PAPERS

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Emigration pressures and structural change. Case study of the Philippines

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Foreword

This is a paper of the ILO's Migration Branch. The ILO's Migration Branch aims to contribute to (i) the evaluation, formulation and application of international migration policies suited to the economic and social aims of governments, employers' and workers' organizations, (ii) the increase of equality of opportunity and treatment of migrants and the protection of their rights and dignity. Its means of action are research, technical advisory services and co-operation, meetings and work concerned with international labour standards. The Branch also collects, analyses and disseminates relevant information and acts as the information source for ILO constituents, ILO units and other interested parties.

In 1994 the ILO, through its Southeast Asia and Pacific Multidisciplinary Team (SEAPAT), undertook case studies on emigration pressures in the Philippines and Indonesia. This report on the Philippines by Ashwani Saith examines the emigration pressures in a country that has undergone a severe and sustained economic crisis during the 1980s. The political turmoil in the *Philippines* which led to the downfall of President Marcos in 1986 merely precipitated the economic crisis which had been in the making for some years on account of mistaken economic policies that were particularly biased against agriculture. Unemployment statistics did not reflect the severity of the crisis but data on aggregate productivity did. Productivity levels plummeted, worsening the incidence of poverty and crowding the labour market. Filipinos responded by seeking employment opportunities abroad. Contract labour as well as permanent emigration from the Philippines reached unprecedented levels so that by the early 1990's it was estimated that 16 per cent of households in the Philippines were receiving remittances from abroad.

While questioning the validity of looking at the issue only from the standpoint of supply-side pressures, Saith goes to considerable length in evaluating the underlying demographic and economic conditions in the Philippines which could account for the huge outflows of labour. He argues that the undervaluation of capital and policy-bias against agriculture has reduced considerably the economy's capacity to absorb the large increments to the workforce. Emigration pressures are likely to persist for some time even with more rapid economic growth expected in the future. As the projections from the Medium-Term Development Plan suggest, the Philippine economy will have to grow at close to 9 per cent to bring down unemployment levels to target levels of 6.6 per cent. Non-economic factors are of course equally important. Given the strong migration propensities that already exist in the Philippines, it is possible that rapid growth alone may not suffice to bring about a migration transition as early as had occurred in neighbouring Asian NIEs.

The relationship between migration and development clearly does not go in only one direction. The paper illustrates how labour migration may, in turn, affect economic growth, income distribution and employment. In the case of the Philippines, Saith observes that gains from migration accrue disproportionately to the richer regions and to the higher income classes. But he can see no reason to justify proposals for a ban on future labour emigration. If growth is to be sustained the country will have to count on the continued large inflows of remittances sent by the migrants. It is also likely that the lowest income groups will be worse off without them.

The study does not yield a quantification of emigration pressures but focused attention on structural factors behind “push factors”. Saith asserts that a relationship exists between emigration pressures and what he calls the structural disarticulation of the rural production and distribution systems. The implications for policy that he draws are understandably addressed to remedying the structural weaknesses of the Philippine economy and not simply to reforming the Government’s policies on labour migration. The study makes it clear that once the migration processes get underway significant changes can take place in the structure of the economy which themselves impose new sets of variables for development and change.

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1. Introduction

The Philippine economy has been through an extended stretch of virtual stagnation. Unemployment levels rose steadily, and poverty increased, or continued to persist at high levels. There are signs that recovery is underway, and that the country is taking its first tentative steps on a trajectory of moderate growth. But there are also clear signals of the vulnerability and brittleness of this change. There are two dimensions to consider. The first concerns the very low rates of domestic savings and the correspondingly high dependence on external funds to meet the trade and current account balances. Given the weakness of the authorities on the fiscal side, and the scaring-away effects that any serious attempts at domestic resource mobilisation might have, this volatile gap is potentially capable of undermining the new growth process. The second concerns the employment outcomes of growth. Paradoxically, the past lengthy period of relative stagnation posted remarkably high figures for the elasticity of employment with respect to GDP growth. Labour force participation rates also rose. However, along with this, real earnings fell steadily, while the incidence of poverty increased. This pattern was somewhat involutionary in nature, with the poorer sections of the population offering themselves increasingly to work for relatively lower reward. Not surprisingly, these trends implied plummeting indices for labour productivity in virtually all sectors of the economy. These were expressions of survival strategies in the labour market. It is sobering to note that the rate of growth of the labour force, as well as the labour force participation rates are forecast to increase steadily in the foreseeable future. Against this, the likely employment outcomes of future growth, even on relatively optimistic projections, are at best only likely to keep up with the growth of labour supply. Both the external sector, as well as the labour market issues underscore the relationship of the migration phenomenon to sustained macro-economic recovery and growth.

This paper attempts to unravel some of the complexities of the Filipino experience of international migration. It addresses the question of whether "emigration pressures" are becoming stronger and, if so, for what reasons. It focuses specially on a vital, but unexplored, question regarding the relationship between international migration and poverty. The articulation of domestic and international migration circuits is analysed. The final section then identifies and evaluates various policy alternatives.

2. Migration and the unemployment problem

The employment targets of the Medium Term Philippine Development Plan (MTPDP) are the eventual outcomes of the planned growth path over the 1993-98 period. The plan provides for a sharp acceleration in macro-economic growth in the later years, which implies that the expected achievements on the employment front are crucially dependent on this expected surge of expansion. A few comments on this aspect might be relevant (see also Table 1).

First, consider the connection between the investment and growth rates. The required investment rates appear to be challenging but not entirely unrealistic, especially in light of the encouraging figure turned in for the first quarter of 1995 (28.64 per cent of GDP). The planned increase in this rate by 5 percentage points over the plan period would also appear to be reasonable. The high growth rates, therefore, owe their buoyancy to the very optimistic

Table 1. The employment plan (1993-98) and some actuals (1994-95)

	1993	1994	1995	1996	1997	1998	1994-98 av./av.gr %
Employment plan							
Annual levels							
Age ≥ 15"[1]	41004	42672	43925	45163	46431	47721	3.08
LFPR[2]	65.55	65.09	65.46	65.97	66.66	67.60	66.19
Active LF[3]	26879	27776	28754	29793	30950	32258	3.72
Employment[4]	24382	25240	26212	27299	30129	30129	4.32
Unemployment[5]	2497	2536	2542	2494	2129	2129	3.14
Unemployment %[6]	9.29	9.13	8.84	8.37	6.60	6.60	8.05
Change over previous year							
Age ≥ 15		1125	1253	1238	1268	1290	6274
Active LF		897	978	1039	1157	1308	5379
Employment		858	972	1087	1321	1509	5747
Unemployment		+39	+6	-48	-164	-201	-368
Actuals[8]							
Annual levels							
Age ≥ 15"	41004	42213	43444				
LFPR	65.55	65.51	64.88				
Active LF	26879	27654	28188				
Employment	24382	25032	25465				
Unemployment	2497	2633	2723				
Unemployment %	9.29	9.49	9.66				
Change over previous year							
Age ≥ 15		1209	1231				
Active LF		775	534				
Employment		650	433				
Unemployment		126	100				

(1) *National Employment Plan*, 1993; Table 3.21
(2) Implicit; LFPR = Active L.F. / Pop. Age≥15
(3) Equals Employment + Unemployment
(4) *MTPDP,* p.3-26, Table 3.3
(5) Implicit; derived from Plan “Employment” figure and Plan “Unemployment %”
(6) *MTPDP*, p.1-19, Table 1.2
(7) *MTPDP*, p.1-19, Table 1.2
(8) All figures from BLES/DOLE, *Current Labour Statistics, January 1994*; for 1995: (Jan.95/Jan.94)*Apr.1994

assumptions built in for the incremental capital output ratio, which is meant to drop to 3.0 by 1998. A great deal hangs on whether these ratios will be realized, or whether they will continue to hover in the 4 to 5 range.

Second, the overall employment-output elasticity assumed, 0.60 for the Plan period, does not raise any serious doubts and seems to fall in a plausible range. This further underscores the heavy dependence of the employment outcomes on the realisation of very low incremental capital output ratios in the Plan period.

A comparison of the Plan figures with what was actually achieved in 1994 and 1995 (the latter based only on the first quarter performance) is revealing. The investment rates do generally match up to those called for, but not the ICOR (as might have been expected); the result is a somewhat lower-than-Plan GDP rate for the first two years. This, combined with a low employment elasticity for the second year has meant that the first two years have seen an increase in the unemployment rate from 9.29 in 1993 to 9.49 in 1994 to a semi-projected 9.66 in 1995. There is a shortfall in the planned reduction of the absolute level of unemployment of 181,000, which means that to achieve the 1998 target, the performance in the last three years will have to be very much better.

This is worrying, since this additional demand arises from rather minor rates of underachievement in the first two years of the Plan which, as mentioned earlier, were in any event the less demanding and the more realistic ones. The implication is that the performance called for in the last three years moves from the highly optimistic into the unrealistic range.

In order to explore this dimension, two alternative projections have been made in Table 2. In the first notional series, the final High Growth targets for the rate of unemployment for 1998 are retained, and the required growth rates to achieve this, starting from the actual 1995 realized levels, are estimated. It transpires that for the last three years, there would have to be an average annual growth rate of employment of 5.0 per cent, of GDP of 8.95 per cent per annum. Assuming the Plan ICORs for these years, the required investment rate turns out at 30.1 per cent per annum on average. This means that the investment rate would have to be about 5 percentage points higher than that realized on average on the previous three (good) years; the GDP and employment growth rates would have to be more than twice as high. Should more realistic ICORs be built in, the final targets would slide even more out of reach.

The second notional series also starts from the actual figures for 1994 and 1995, but then projects the rate of unemployment for the remaining three years using the Low Growth variant of the Plan, while retaining the investment rate and employment elasticity figures assumed there. The outcome is sobering: it implies that the unemployment rate would continue to increase till 1996 when it would peak at 10.2 per cent, and then drop only slightly to a final level of 9.7 for 1998, or a good 3.1 percentage points above the Plan target; 0.4 percentage points above the base year of the Plan, and remain virtually unaltered from the average 1987-92 rate.

It is impossible to argue on this evidence that the employment problem will just go away even under reasonably favourable assumptions about macro-economic performance in the

Table 2. Investment, growth and employment - Some actual and notional series

	1987-92	1993	1994	1995	1996	1997	1998	1994-98
Actuals								
i [1]	21.10	23.34	24.64	28.64				
g [2]	3.30	2.14	4.28	4.79				
k [3]	6.39	10.91	5.76	59.98				
m [4]	3.90	2.90	2.67	1.73				
e [5]	1.18	1.36	0.62	0.36				
u [6]	9.80	9.29	9.49	9.66				
ADB Forecasts (ADB, 1995b)								
i				26.00*	26.5*			
g				5.00	5.5*			
k				5.20*	4.82*			
Project Link Forecasts (ESCAP, 1995:18)								
g				5.1*	4.0*			
Medium Term Philippine Development Plan 1993-98 (high growth variant)								
i	21.10 [7]		24.50	25.80	26.90	28.20	29.50	27.00
g	3.30 [8]		4.40	6.20	7.20	9.80	9.80	7.20
k	6.39 [9]		5.57	4.16	3.74	3.01	3.01	3.75
m	3.90 [10]		3.52	3.85	4.15	5.27	5.27	4.32
e	1.18 [11]		0.80	0.62	0.58	0.54	0.54	0.60
u	9.80 [12]		9.13	8.84	8.37	6.60	6.60	8.09
Notional Series I 1994, 1995 - actuals; 1996-98 revised to meet 1998 target for Unemployment %								
i	21.10	23.34	24.64	28.64	(30.07)			27.00
g	3.30	2.14	4.28	4.79	(8.95)			7.20
k	6.39	10.91	5.76	5.98	(3.36) [13]			3.75
m	3.90	2.90	2.67	1.73	(5.01)			4.32
e	1.18	1.36	0.62	0.36	(0.56) [14]			0.60
u	9.80	9.29	9.49	9.66	->	->	6.60	8.09
Notional Series II 1994, 1995 - actuals; 1996-98 MTPDP low growth variant; projections for Unemployment%								
i	21.10	23.34	24.64	28.64	26.90	28.20	29.50	
g	3.30	2.14	4.28	4.79	5.00	7.40	8.10	
k	6.39	10.91	5.76	5.98	5.38	3.81	3.64	
m	3.90	2.90	2.67	1.73	2.90	4.22	4.37	
e	1.18	1.36	0.62	0.36	0.58	0.57	0.54	
u	9.80	9.29	9.49	9.66	10.22	9.89	9.71	

i = investment as percentage of GDP for all "actuals" other than 1987-92;
investment as percentage of GNP for 1987-92 and for all "plan" figures
g = annual percentage rate of growth of GDP
k = incremental capital-output ratio
m = annual percentage rate of growth of employment
e = elasticity of employment with respect to GDP growth
u = percentage rate of unemployment

(1) NSCB, May 1995: *National Accounts*; For 1995, figures compare 1994Q1 and 1995Q1
(2) NSCB, May 1995: *National Accounts*; For 1995, figures compare 1994Q1 and 1995Q1

[Notes continued on next page]

(3)	Implicit; k = i / g (explanations continued on next page)
(4)	BLES/DOLE, January 1995: *Current Labour Statistics*; for 1995: (jan1995/jan1994)*av.1994
(5)	Implicit; e = m / g
(6)	See Note (6), Table 1.
(7)	*MTPDP*, p.2-18; Table 2.5
(8)	*MTPDP*, p.2-16; Table 2.4a
(9)	Implicit; k = i / g
(10)	*MTPDP*, p.3-26; Table 3.3
(11)	Implicit; e = m / g
(12)	*MTPDP*, p.1-19; Table 1.2
(13)	Simple average of implicit Plan values for 1995, 1997, 1998.
(14)	Simple average of implicit Plan values for 1995, 1997, 1998.
(15)	*MTPDP*, p.2-16; Table 2.4a

near future. This has direct implications for the policy stance adopted with regard to other supplementary interventions designed to raise the rate of labour absorption on the one hand, and for the role of overseas migration on the other. It is in this context that the figures for the outflows of overseas contract workers (OCWs) have to be inserted into the numbers game. The MTPDP labour supply-demand exercises do not antagonize the migration factor. Perhaps this needs to be done, even if to arrive at a realistic appreciation of the relative contribution of external labour demand to total off take. For instance, the Plan envisages generating approximately 1 million new jobs annually - a tall order, on which there is already some evidence, as discussed above, of significant slippage in the first two years.

How significant an impact does overseas migration make? The answer is easily told with a few key numbers. In 1994, an additional 775,000 persons joined the active labour force; the total deployments of OCWs for the year was 719,602. If one restricted the figure to only to land-based "new hires", international migration would account for 34.7 per cent of the total incremental active labour force for the country. Adding on the "new hires" for the seafarers would undoubtedly raise the percentage to forty or above. Additionally, the full impact might be felt if there was a return of the cumulative circulatory stock; this could lead to a doubling of the unemployment rate in the country, and to much more in the urban areas.[1]

3. Migration pressures: Supply-side push factors

As far as economic migration is concerned, two contending views exist: one would assert that large scale international migration is essentially demand induced; the other would insist that it arises instead from unbearable supply-side pressures in the sending economy. Causality is thus sourced in either the labour importing or in the labour exporting economy. Had there been no restrictions on the movement of labour, and should such movement have been relatively inexpensive and well-informed, such pressures could not have built up in the first place. However, the application of restrictions allows the intended market-induced flows to be dammed and thus to build up

[1] It should be pointed out here that Khan (1995:15-16) is rather far off the mark with both numbers and interpretation on this score.

pressure on the withholding system. But how acute is such pressure? This paper examines the two elements, and subsequently attempts a resolution. The argument is developed explicitly with regard to the Philippines.
In conceptualising supply-side push forces, it would be useful to distinguish between three aspects: first, structural dimensions which have the character of "stock" levels; second, flow indicators pertaining to the direction and rate of change of key indices which explain excess labour supply; and third, the nature of expectations of the future performance of key variables. Evidence from a wide range of relevant indicators is assembled below, and some processal and causal connections are identified. The story is a rather dismal one.

As usual, periodisation with respect to macro-economic performance poses a few controversial choices (Data used are drawn from the *Philippine Statistical Yearbook, 1994* and earlier issues). An optimistic way of telling the story would say: GDP grew annually at over 5 per cent between 1975 and 1982; dropped by about 15 per cent over the next two crisis years; grew again at about 4.5 per cent per annum between 1985 and 1990; and after a few hiccups, seems to have resumed this rate since 1993. But the cup certainly was (at least) half empty, and a different rendition, using a slightly different periodisation, would point out that the economy grew between 1982 and 1992 at under 1 per cent per annum. This has to be set against a population growth rate of 2.3 per cent per year; per capita GDP fell at 1.4 per cent per year, and was about 15 per cent lower in 1992 than in 1982. The 1980s could be labelled the Philippines' lost decade, except that this was when the political transition took place. It is also arguable that the stagnation and decline have much to do with the past regime's structures and policies. Some credence is provided by the first periodisation, where the villain of the piece is the crisis of the mid-1980s. However, the current signs of recovery will need to be sustained for longer before they can be described as a sustained recovery. Should this happen, indeed, the stagnation of the 1980s could be added to the balance sheet of the old regime; if the recovery remains fitful and obstinate in the future, the more structural and external conditions of the economy would be highlighted. Speculative arguments over statistical interpretation cannot, however, make the stagnation of the 1982-1992 period disappear!

On the side of labour, the starting point must be the population growth rate. At under 2.5 per cent per annum, it cannot be called "high," except that countries with the levels of income, urbanisation, female educational attainment and female labour force participation rates could have been expected to have moved to a rather lower growth rate by now. In part, this may be attributed to cultural and religious factors; in part, the effect of a past surge in fertility accounts for a ripple effect on the growth rate.[2] Before pinning the blame on this factor, it should be remembered that through much of the

[2] Proponents of strong population control policies could, as customary, argue that high population growth rates were dysfunctional in terms of GDP growth, and hence a lower population growth rate would have transmitted itself to per capita income growth. On the other side, arguments over free choice, respect for cultural and religious norms would no doubt be invoked by another kind of conservative opinion.

initial growth drive of the Republic of Korea and Taiwan (China), their population growth rates were much higher.

Against the population growth rate of 2.3 per cent, the labour force, i.e. population aged fifteen years or more, grew much faster at 2.9 per cent per year. Compounding this was a noticeable rise in the overall labour force participation rate, from 60.1 per cent in 1982 to 65.0 in 1992; this increase was more pronounced in the case of women. This implies an annual growth rate of the active labour force of 3.5 per cent per year for the reference decade. Should a "normal" figure be assumed for the elasticity of employment with respect to output, say 0.5, this would call for a growth rate of 7 per cent per annum. With stagnation, employment levels should have suffered as well.

In reality, employment grew even faster than the growth rate of the active labour force, i.e., at 3.6 per cent per annum which, given the 1.0 per cent per annum growth rate of GDP, yields a nonsensical actual figure for this elasticity.[3] Not surprisingly, aggregate productivity levels plummeted, falling at 2.6 per cent per year to a little over three-quarters the starting point. Alongside this, the rate of unemployment actually fell from 9.4 per cent to 8.6 per cent, and the rate of underemployment from 25.5 per cent to 19.9 per cent. The data seem to suggest that the average Filipino "worked" more in order to retain his or her claim to a shrinking pie. The increased labour participation and employment indices probably reflect the outcome of intense labour market survival strategies.[4]

Though the data for the incidence of poverty and the degree of income inequality are available for somewhat different benchmark years, and with the usual range of qualifications regarding comparability, it is arguable that the reference period saw a reduction in headcount poverty as well as inequality (Balisacan, 1991: Tables 4,5; Intal, 1994: Tables 1,2). If this is valid for the reference years as well, it would imply a parallel process of the sharing out of poverty; the fall in aggregate product would have fallen disproportionately on the upper income classes.

There can be little doubt that all this would have intensified labour market crowding. Real wages for Manila unskilled labour rose marginally by 0.8 per cent per annum. Rather against the trend, however, real wages for farm workers rose sharply by 3 per cent per annum, a puzzle that needs to be resolved.

While the share of agriculture in GDP remained stationary at 22.9 per cent between the two years, implying an identical growth rate for the agricultural component of the GDP, there was much turmoil beneath this deceptively becalmed surface. In contrast, agricultural GDP per person employed in the rural sector rose by 0.1 per cent per year (as against a drop of 2.6 per cent per year for all GDP including agriculture); this reflected the dramatically lower growth rate of the active labour force, at 0.65 per cent

[3] The interpretation of such elasticities should, but seldom does, take changing levels of productivity into account.

[4] Being recorded as "employed" might hide the drop in the amount of work being done per person. There is a limit to labour absorption, even in self-exploitation activities of a Chayanovian character. There is some survey evidence that this indeed was happening in rural Philippines. Sanchez (1994:21-22) cites research which shows that the average hours of work in agriculture during the period 1971-1985 declined from 42.1 hours per week in 1971 to 32.8 hours in 1980 and then to 25.6 hours per week in 1985, a staggering drop of 40 per cent.

per annum (against the national rate of 3.6 per cent). This contrast could have been even sharper for agriculture alone, since the period saw a sharp increase in the share of the rural labour force employed in non-agricultural rural activities; again, an aspect of income diversification reflecting the survival algorithms of rural households.

Agricultural output rose by 1.55 per cent per year or nearly a percentage point higher than the growth rate of the active rural labour force, which again contrasts sharply with the rest of the economy. The missing jigsaw piece is provided, of course, by heavy rural out-migration, partly into rural frontier areas, but substantially and increasingly into the urban sector, dominated by Manila. The differences in the trends in the real wage rates of unskilled workers in Manila and of farm workers is in fair measure due to this factor,[5] though some role must be ascribed to the pattern of technological and institutional change in the countryside.

Additionally, there are indications of diminishing returns in the process of agricultural intensification.[6] This, coupled with declining per capita availability of land for farm operators partially explains the declining share of the rural workforce in agriculture. Between 1980 and 1991, Census data show a decline in the average farm area per farm operator from 2.8 hectares to 1.4 hectares (Sanchez,1994: Table 2.10).

The sorry tale of the diverse forms of environment degradation which ran well into this period is well known and scarcely needs recounting. With the exception of Jamaica, the Philippines has the dubious distinction of having posted the highest annual rate of loss of natural forest cover during the 1980s, at 2.9 per cent (World Bank, 1994: 226-7, Table 33). The unsustainability of ecological and social unsustainability of agricultural intensification strategies in turn triggered off the heavy out-migrations. These took various forms. When intra-rural, they had frontier lands or uplands as their destinations; in the case of the latter, this meant only an extension of the process of degradation and migration. But increasingly, they came to be urban bound.[7]

Underlying this entire episode are two sets of fundamental causal factors, viz., first: anti-agricultural bias implicit in macro and sectoral policies; and second: the deep structural disarticulation of rural production and distributional systems. These need only be mentioned here, though it is difficult to over-emphasize their importance at an explanatory level. At the policy level, the anti-agricultural bias was manifest in the exchange rate and implicit tax regime designed to extract agricultural surpluses in favour of the protected industrial sector.[8] Additionally, the share of agriculture languished and declined from a low base in the decade leading up to the reference period. Cruz and Repetto (1992: 27, Table 2-12) provide an estimate of natural resource depreciation, which when deducted from the gross investment from gross

[5] Naturally, the higher rates for the farm workers did not mean that the static Manila rate was unattractive in absolute terms.

[6] This is evident from sharply declining incremental gains in physical yields to fertilizer applications in palay production (Sanchez, 1994:Table 2.8). For fisheries, this is reflected in similar falls in the catch per unit of effort (in metric tonnes per trawler HP) (Cruz and Repetto, 1992:24, Table 2-10).

[7] This aspect is discussed at greater length in a subsequent section, where its links to the overseas migration phenomenon are explored.

[8] On one calculation, the net resource transfers out of agriculture amounted to an annual average of 25 per cent of the agricultural value added during the period 1970-82 (see Bautista R.,1993:223, citing a study by Intal and Power).

domestic investment in agriculture yields a substantial net disinvestment over the 1970-83 period. This clearly shows the weakening resource base of the rural sector under the influence of governmental policies.

Another aspect of the undervaluation of capital was the heavily labour displacing mechanisation in agriculture. Alongside this were institutional changes in traditional labour and employment systems involving harvesting and weeding operations which also involved a displacement of "ordinary" rural labour in favour of fewer, more fully employed operatives who could be more easily supervised. Such operatives were paid higher wages, and this could also partly explain the higher growth rates of real wages for farm workers for this period of stagnation.

On the structural side, the extremely high degree of landlessness, at approximately 50 per cent, needs recording. Juxtaposed on this is a second layer of sharp inequality in the distribution of total cultivated farm land. The Agrarian Reform Programme of 1987-97, had fulfilled only a very minor proportion of its targets thus far.[9]

The second structural factor relates to agro-processing industry, with its massive bias in favour of large-scale, capital-intensive, mechanized, export oriented, multi-national plants. These reflect and further accentuate the powerful biases of the price and trade regime mentioned earlier, and effectively exclude the peasant sector both from the rural industrial policies, and simultaneously from the employment which such plants could generate had they been more labour intensive. Furthermore, these industries display extremely weak linkages with the rural sector apart from using the basic raw materials, and thus generate only limited developmental spread effects. Such size-structure and scale biases tend to be carried over into monopolistic market domination, which further accentuates the misallocation of resources, and the further exclusion of small-scale independent suppliers from lucrative markets in urban centres. The Philippines case provides a textbook case in this regard. Alternative development strategies designed for the country have often taken this as a key point of emphasis.[10]

There are several points to elicit from this extensive review of the rural sector and the analysis of the supply-side push factors generating "emigration pressures." The first is that the extended period of stagnation, while not fully expressed equivalently in un- or underemployment, has created a very depressed domestic labour market situation characterized also by low quality employment. The length of the period of stagnation has been such that the cumulative pressures created could have been very considerable. Second, the unsustainability of domestic agricultural exploitation processes has eventually led to heavy rural out-migration flows which have gravitated disproportionately to the National Capital Region. This in turn, has reinforced the squeeze on urban labour markets, with obvious consequences for the prospects, quality

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[9] During 1992, the achievements with respect to land area and the number of beneficiaries covered by the programme constituted 2.6 per cent and 3.7 per cent respectively of the total targets for the 10 year period. David (1992:11, Table2) shows that up to 1986, the total achievement of land distribution targets had been just 3.2 per cent of the planned scope of the programmes; between 1987 and 1990, with respect to the Aquino initiated programmes, the cumulative achievements were no more than 13.8 per cent.

[10] This problem has been thoroughly and lucidly analysed in Ranis, Stewart and Reyes (1989), where a comparison is made with Taiwan (China) where structural and policy features combined to generate a very different profile for the important export-oriented agricultural processing industry. In the case of Taiwan (China), this formed one of the planks of early, egalitarian growth.

and terms of employment for the "resident" urban workforce itself confronted by stagnant work opportunities.

It is necessary to register a few pertinent observations with respect to some urban labour market aspects of special relevance to the issue of emigration pressures. First, there is a clear inverse relationship between the rates of underemployment and unemployment across regions, and this is probably related to the degree of urbanisation; urban centres seem to record high unemployment and lower underemployment rates. This is true of the NCR where the rate of unemployment climbed in the first half of the period, before falling somewhat.[11] Second, this pool of unemployed included a significant section of educated young persons. In 1985, a bad year, those with at least some college level education formed a staggering 38.5 per cent of the unemployed, bearing simultaneous testimony to the failure of the economy and the success of the educational system. In 1990, the share had dropped, but remained over the 30 per cent mark (Orbeta. Jr. and Sanchez, 1995: Table 16). If an epicentre of high emigration pressure had to be located for that period in the Philippines, it would surely have been located in this vast pool of qualified, young, aspiring but frustrated section of urban Philippines.

The overall conclusion with regard to the supply-side factors must be that there is little likelihood that pressures emanating from this side of the equation will abate in the foreseeable future even in the face of moderately satisfactory macro-economic performance over the present plan period.

4. Migration pressures: Demand-side pull factors

Turning to the demand side of the equation, a range of factors can be identified. First, while the world economy as a whole is still struggling to climb out of its prolonged recession, and while such fresh growth that has taken place in the Western developed economies has usually been of the "zero-employment" variety, the second and third generation NICs of the East and South-east Asian regions have continued to post phenomenally high growth rates almost without a break.

Alongside this, the more mature of these economies, viz., Japan, Republic of Korea, Singapore and Hong Kong, have long crossed the Lewisian turning point in the domestic labour markets. In Japan, this corner is meant to have been turned by the end of the 1950, i.e., only a little short of a century since the Meiji Restoration; in Taiwan (China) and the Republic of Korea, the turning point came a decade or so later, i.e., after six to seven decades of modern economic growth, if the starting point is dated, as it should be, from the advent of Japanese colonisation.

[11] The rate rose by no less than 10 percentage points between 1982 and 1986; but then inexplicably dropped from 28.6 per cent to 18.3 per cent in just one year. This odd movement could have more than a little to do which the adoption of a new population series as from 1987. As such, both the sharply rising trend up to 1986, as well as the gentler decline from 1987 might retain statistical validity, though a comparison across 1986/87 would not.

All three economies have subsequently reached what has been called the international migration turning point, where domestic labour supplies need to be supplemented by an inflow of foreign workers. It is worth recalling that Japan in the post-War period, and the Republic of Korea until quite recently, were net exporters of labour. This turn has come about as a result of the sustained high growth rates of the domestic economy even after the Lewisian turning point was reached. The subsequent labour market and wage cost pressures then lead on to the absorption of foreign labour in a natural progression.

The second factor which accentuates the effects of the growth effect is the relative deceleration in the expansion of domestic labour supply. This phenomenon is a regular component of the third transition being experienced by mature developed economies, viz., the demographic one. Japan's Hypothetical Stationary Population is estimated at 108 million, or 13 per cent lower than its 1992 level; its growth rate of 1.1 per cent per annum for 1970-80, dropped to 0.5 per cent for 1980-92, and is expected to drop to 0.2 per cent for 1992-2000 (the data are from *World Bank, 1994*: Table 25), turning negative shortly thereafter. The Republic of Korea, with a younger population pyramid shows similar trends, though at a higher level; even here, the population growth rate for 1992-2000 is 0.8 per cent, and the labour force growth rate is expected to be 1.8 per cent per annum. In Singapore, the latter rate is expected to be 0.6 per cent.

To some extent, these effects have been mitigated by a structural tendency towards increasing capital intensity across the board, but especially in production related activities. However, the unremitting pressure of the growth process has meant that this effect has been too weak to prevent or overcome acute labour market shortages.

However, there are also several areas of economic activity which do not lend themselves readily to the absorption of highly capital intensive techniques. Furthermore, such structural, or long-term, correctives might also prove ineffective in the face of an opposing, more short-term micro-level reaction of employers confronted with the prospect of labour shortages, rising unit wage costs, and the implied loss of international competitiveness in industries which are not at the cutting edge of technological advance. The pressure to solve the immediate constraint, and postpone the decline, or demise, of competitiveness translates often into importing low-cost workers from the poorer neighbouring countries, whether through legal or other channels. Ultimately, industrial processes which do not derive their fundamental competitiveness from technological superiority remain vulnerable to supply-side cost-push pressures and, despite the success of such short-term tactics as labour importation, are prime candidates for eventual relocation; sooner, rather than later, they will be caught up by the chasing pack of would-be NICs snapping at the ankles of the leaders. Three stages can thus be identified: one, where capital intensity adjusts to absorb labour shortages and rising domestic wage costs; two, where cheap foreign labour is imported in order to prolong competitiveness; and three, where eventually the activity relocates overseas.

Not surprisingly, wage differentials are extremely wide. Table 3 provides some comparative data for the period since 1980.[12] Three sub-groups of countries may be distinguished. The first is the poor economies with near-Lewisian labour market

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[12] Obviously the figures need to be read only as orders of magnitude, since any operationally comparison would have to be far more specific with regard to the kind of worker, and the other non-wage costs incurred by employers.

conditions, viz., China, India and Pakistan. Here, the wage rates are the lowest, and there is little generalized evidence of a strong upward push.[13] The second set includes Malaysia and Thailand, both of whom might have been included in the first group at the start of the period, but which show rising trends and final levels in excess of US$ 1 per hour.[14] The third group are the first generation NICs, which show strong upward pressure, and final levels ranging from US$3-US$6. Here, it is likely that the pressure and possibility of relocating in South China has dampened up-ward wage pressures in Hong Kong.[15] The fourth cluster is the United States, Germany and Japan, the high cost economies. Here, the slow growing ones display growth rates of wages of 4.4 per cent and 4.9 per cent respectively, whereas Japan posts a rate of 12.7 per cent. In this profile, the Philippines is the odd one out: in terms of the level, it would belong naturally to the Malaysia-Thailand group, but in terms of stagnation (and decline over the 1980-91 period), it was heading in the Lewisian direction. It does imply, though, that given its far superior level of human (resource) development, as reflected in the educational, vocational, skill and linguistic capabilities of its young workforce, the Philippines would form a prime source for labour in all but the raw unskilled categories of labour.

Table 3. Labour costs in selected countries (US$ per hour)

Country	1980	1984	1988	1991	1994
United States	6.4	8.6	9.4	10.3	
Germany	10.2	7.5	14.7	17.3	
Japan	4.4	6.3	14.9	16.4	
Taiwan (China)	1.3	1.6	2.9	5.0	5.76
Rep. of Korea	0.8	1.9	2.3	3.6	3.85
Hongkong	1.9	1.7	2.2	3.4	3.56
Singapore					
Malaysia			0.8	1.0	1.50
Thailand	0.3	0.6	0.7	0.9	1.04
Philippines			0.6	0.7	0.78

[13] Clearly, these are broad generalizations, and carry fair validity at that level. But they hide very volatile intra-economic labour market conditions. For instance, coastal China, while still far cheaper than the neighbouring Republic of Korea, Hong Kong or Japan, has been experiencing labour market shortages and rising wage rates, pulling in droves of internal migrants from the hinterland provinces.

[14] In terms of its rising trend, though not its low levels, Indonesia might be included in this group, though it is probably still better placed in the first group for some time yet.

[15] See for instance, "Blue Collar Blues", *Asiaweek*,1994b:44, which refers to the labour disciplining role of the threat to relocate in China.

Indonesia			0.2	0.3	0.43
China		0.3	0.3	0.3	
India	0.6	0.7	0.8	0.6	0.56
Pakistan	0.3	0.5	0.4	0.4	

Sources: For 1980-91, Orbeta, Jr. and Sanchez 1995: Table 38.
For 1994, *Asiaweek*, 1994b: 41; citing "The World Competitiveness Report 1994" by *Asiaweek Research*

Usually, emigration pressures felt by would-be migrants are directly attributed to the vast differentials in per capita incomes between the importing and exporting countries. Indeed, this differential was cited earlier as a necessary, though far from sufficient, explanatory supply-side factor. But it should not be overlooked that this push is often connected to this pull force exercised by certain categories of employers in the importing countries; the differentials relevant here are in terms of wage costs per hour, and can be as alluring as the per capita income inequalities which are held to motivate the migrants. There is thus a symbiotic relationship between the push and the pull factors, between the migrant seeking a higher wage, and the employer wishing to offer a lower one. This relationship of mutual convenience often places the potential employer at odds with other sections of the host population, or with popular public sentiment. The Japanese case illustrates this well. To some extent, and for a limited period of time, a "solution" was found to give preference to the absorption of foreign workers of Japanese origin; under this policy, a significant number of Japanese Brazilians have entered relatively low wage employment in industrial production activities. There is evidence to confirm this conflict of interest between employers and other groups in Japan; similar situations exist in other countries as well.

With regard to services, it needs noting that most advanced economies are experiencing or are in transition to the stage of mature de-industrialisation, where the share of the industrial sector in the total output stabilizes, and sometimes even declines to a lower stable level, while the services sector rapidly overtakes it and continues to grow at its expense. Underlying this is a high elasticity of this sector with respect to aggregate expansion. Beyond this, however, the services sector does not lend itself to ready generalisation. Typically it displays a high degree of internal diversity, arising from the specific client-determined nature of most service activities. Though far from being non-tradeable as a category, many of them tend to be rather location-specific, since they cater to a resident population, and since most services are inherently produced and consumed simultaneously. It is useful to distinguish between a few categories of special Filipino interest, since they are likely to involve different client groups and thus face varied market demand conditions.

First, the kaleidoscopic process of relocation of industrial production activities within the regional, if not global, economy is also affecting the booming services sector. Several specific categories of services have successfully shifted base outwards from the core. For instance, various multinational companies, including some major airlines, have relocated their accounting and book-keeping, or other data management, or cargo handling systems to India, taking advantage of the cheap high-quality skilled labour available there. The computer software industry is another case of Indian success. Both are areas where the Philippines would also have a strong comparative advantage in relation to other countries in the region. These types of services are subject to the standard rules of the relocation game.

Second, there are the various non-stigmatized non-footloose services, e.g. transport, security, clerical, maintenance and lower level management services in hotels, restaurants, airports, etc. These are the more stable and standard services. Demand pulls here have been strong, but are unlikely to convert into dramatic opportunities,[16] unless it is wildly hypothesized that local employees might be displaced *en masse* by imported workers.

[16] The case of the sudden boom in the demand for such services in the Middle East provides an obvious exception. It is unlikely to be repeated, however, unless another desert-like area with exceptionally low human resource capabilities again encounters a windfall of similar magnitude.

The third source of demand constitutes the inferior and stigmatized so-called "3-D" jobs[17] which are vacated by the native workforce at first opportunity. Even though some jobs lend themselves to improvement through labour displacing technology, the costs of the latter could be prohibitive, and for the local population, the symbolic label could not be erased in any event. As such, this source of demand is likely to remain the preserve of the poor migrant “guest” worker.

A particular occupation which needs a brief comment here is that of "entertainers," as singers, bar hostesses and sex workers have come to be labelled.[18] The demand for such services would appear to be insatiable in Japan, which along with a short list of other destinations, seem to account for most of the total number of OCWs in this occupational category. However, the publicity it receives is disproportionate to the relative share of this category in the total number of Filipino migrants, except to these few destinations. It appears highly improbable that there will be any substantial legal widening of this market to other destinations; indeed, all indications are to the contrary as governments at both ends of the trade have taken a negative stance. However, more than in Thailand, this remains a classic example, in its origins, of a foreign demand-induced phenomenon.

Progressively, a new category of demand is beginning to emerge in the field of personal services, in particular those whose demand is derived from the needs of an ageing, rich population which works less, retires earlier, lives longer, spends more, and has fewer family members to look after it; health, personal care and maintenance, household management, travel and entertainment, problem-solving and back-up, personal security, financial management, are all areas of high elasticity expenditure, especially in an economic and political environment where the state is pulling back from the production and provision of such social needs, and where large-scale organized private sector services are extremely costly. To an extent, this is a natural development of the demand for cooks and maids at the earlier stages of the life cycle. In view of their qualifications, experience and advantage of prior access (even if at the lower level of nurses, maid, domestic helpers), Filipino workers and operatives could be well-placed to exploit this new market space, though proactive policies and organisational and

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[17] These refer to dangerous, dirty and demanding; the fourth “D” gives recognition to the demeaning nature of certain jobs. It has been suggested that "there is one more occupational”D”-- “dull”: young Japanese do not like to work in hotels and restaurants, but what should such places do? They cannot very well use robots" (JIL,1992:303). In Japan, the 3-Ds translate into the 3-Ks.

[18] The euphemism was given formal status by the Japanese embassy through the introduction of a special visa category “entertainer” in 1981. A few years later, the Philippine government "elevated the status of some 20,000 rest and recreation entertainers as well as 300,000 hospitality girls, hostesses and waitresses to the category of “professionals”, as enunciated in Art.138 of the Philippine Labour Code" (De Dios, 1989: 139).

institutional innovations would be necessary to create appropriate vehicles for the delivery of such services in overseas markets.

On the demand side, the story is rather more complex than that of supply-side pressures. The following conclusions emerge: one, the overall pace of economic growth of the major economies is crucial in keeping up the demand for external labour; two, to the extent that adjustments in domestic capital intensity cannot resolve internal labour supply constraints, the resultant pressure to import labour could in time transform itself into an irresistible pressure to relocate the activity, thereby cutting out foreign labour; third, the fastest incremental growth is likely to be in the services sector, part of which is also likely to behave like the industrial sector, thereby opening up the possibility of relocation of labour intensive service activities in poorer economies of the region which have appropriate levels of the specific human resource capabilities required; fourth, the traditional 3-D or 4-D cluster of services are likely to continue to demand foreign labour - there are few options here - but this growth might be less than spectacular since such labour displacement has largely already been achieved in the more mature economies; fifth, there are grounds to expect a boom in the sub-sector of personal services, in particular those catering to the burgeoning needs and demands of a rich but ageing population in the later stages of the life cycle.

In conceptualising demand pulls, the regional dimension has to be kept in mind. While the demand for work in the Middle East eases off, labour flows within the Asian region have intensified. But the types of flows to different Asian destinations display regular differences, depending upon the pattern of demands applicable to each particular host country. This has obvious implications for the prediction or planning of international migration flows.[19] In general, though, the demand side, varied as it is, presents a distinct contrast to the supply-side pressures discussed above in the context of the Philippines. A considerable mismatch implying substantial relative excess supply is likely to persist for the foreseeable future.

5. Migration: Supply-driven or demand-induced?

Emigration pressure in a developing economy has been defined "as an excess labour supply in the presence of a negative per capita income differential" (Bruni and Venturini, 1992: 4).[20] While it tries to include both supply and demand side factors, there are several problems with such an approach. First, since the excess labour supply refers to *stocks*, the numbers involved could be astronomical in the larger poorer countries, such as India and China. Second, it is not clear how this variable is to be measured; should underemployment be added to overt unemployment, the numbers would be all the greater. Third, there is no reason to limit the potential migration pool to these categories, since those in employment would also be prone - and perhaps better placed - to migrate as well so long as the second condition was satisfied. Should this be done as well, the numbers increase by a multiple, and the concept becomes even less meaningful.

[19] For a useful overview of the demand prospects for Asian labour exports in the Middle-East and within Asia, see Amjad, 1992:37-44.

[20] The former is in relation to the domestic capacity of labour absorption, and the latter, with respect to the countries of destination.

Fourth, it is difficult to make sense of the second condition at a macro level since this would apply to most of the developing economies. As such, these criteria will lead to the bizarre conclusion that the vast majority of the Indian and Chinese nations could be under pressure to emigrate. It is this type of conceptualising which incites the Northern panic over the prospect of migratory hordes from the South. This stock concept is unhelpful at an operational level.

Of greater relevance is the notion of the "propensity to migrate," which defines the rate of conversion of the stock of potential migrants into a flow per period of time. This introduces individual-level models of migratory behaviour, where the decision to migrate, viewed ex post, is related to a range of demand and supply side variables. Such models might “explain” why some did migrate while others did not.

However strong the supply side variable might be in such an explanation, what gets left out of the picture is the fact that even in the countries of the greatest absolute and relative magnitudes of "emigration pressure" or "migration potential," the actual incidence of migration is very minor indeed.

The deduction must be that in determining the actual flows of migrants between rich and poor countries, it is the demand and not the supply side factors which dominate the magnitude of flows. Prognosticating on the basis of recent trends, one specialist concludes that: "the overall picture clearly shows that the major labour surplus exporting Asian economies which had relied on migration as a safety valve to reduce domestic employment pressures in the late 1970s and in the 1980s will no longer be able to do so in the 1990s" (Amjad, 1992: 44). Implicit in this is the plausible premise that Say's Law is unlikely to hold in the case of international labour flows. The thrust of the argument developed here is that economic migrations have been, in general, demand-induced rather than supply-driven. As such, the panic in the North encapsulated in the term "emigration pressure" is somewhat misplaced.

On the whole, it is more plausible to regard major migrations as being demand induced. This would apply to the early Filipino contract labour migrations to the plantations in Hawaii, to the fruit-picking groups to the United States, to the British managed migrations to Sabah. These were clear cases of demand creating its own supply. But it would also apply to the Middle-eastern induction, a classic demand-pull illustration. It would equally explain much of the absorption of Filipino women as domestic helpers, entertainers etc. However, while the demand-side explanation is fundamentally valid, in any operational context it needs to be applied in a disaggregated and qualified manner taking into account a set of contextual features and constraints which hinder or facilitate the migration process not just at source but also in the receiving country.

First, the extent and nature of labour market segmentation in the two systems needs to be taken into account, and excess demand conditions in the host country identified at this disaggregated level. This would throw up profiles of categories of labour in potential demand at the receiving end.

Second, it is important to focus on the articulation of the two systems: how are labour market signals transmitted and flows generated at this disaggregated level. This points to the role of official agencies such as POEA, private contracting agencies, and informal migrants' information flows. All three have been highly active in the case of the

Philippines in actively linking external demand to potential domestic supply for specific categories of labour. The phenomenon of chain migrations confirms the efficiency of migrants' networks, while the Middle-eastern and East Asian migrations testify to the role of contract agencies, whether official or private. Here, the role of a pre-existing stock of migrants becomes crucial in facilitation.[21]

Third, the existence of specific occupational concentrations is also very relevant, since it would lead to a higher degree of reliability of market information, allow both sides to read the signals more accurately, and thereby reduce transaction costs and risks associated with the migration contract. This feature is hallmark of Filipino out-migrants, e.g., seamen, domestic helpers in Saudi Arabia, entertainers in Japan.

Fourth, it is important to examine a set of factors which explain the elasticity of supply response to expressed overseas demand. It is here that the Filipino context becomes particularly conducive to certain categories of migrants. To begin with, in terms of the cost and distance factors the Filipino migrant is relatively well placed. Bearing in mind the need to focus on the area of articulation between the economies, the high degree of urbanization, especially the concentration in the National Capital Region is especially relevant. The exceptionally high level of educational attainment of the urban work force and, regrettably, its high rate of unemployment also form significant contributory factors. The speed of communications, as exemplified by, say the indicator of telephone lines per 1000 persons, also places the Philippines at an advantage.

Fifth, the role of familiarity with the English language must be explicitly acknowledged. Even though current migrations are to systems which do not have English as their native language, its role as the universal *lingua franca* means that Filipino workers might be both more desirable from the demand end, and more able to exploit market opportunities from the supply side.

[21] While such a stock is clearly a major facilitator of information flows, it should not be forgotten that Filipino migration has regularly been discovering new pastures. Further, some countries with substantial cumulative “stocks” of Filipino migrants have ceased to be significant in term of absorbing OCWs today; the United States would be one such major case.

Sixth, a very important factor is the high rate of female labour force participation. This also has a cultural dimension which could facilitate the out-migration of young women to work in external labour markets. The explanatory power of this variable becomes apparent when the Filipino case is compared, say, with the South Asian countries.[22]

All these factors combine to provide the Philippines with a strong competitive edge and capability to effectively exploit particular segments of external labour markets. As would be clear, these conditions characterize the interface between the two systems and their segmented labour markets, the nature and efficiency of informational linkages, the degree of supply-side organisation in specific migration processes; these aspects of connectivity all speed up the transmission of specific demands, and induce swift rather than inertial supply responses, a process in which cumulative experience provides an intangible but invaluable input.

[22] The exceptions there provided by Sri Lanka and Kerala (in India) only confirm the argument, since women in both places display exceptionally high LFPRs and educational levels in contrast with the rest of the sub-continent.

Seventh, it is necessary to consider the broader context of the host economy and society. The role of the overseas employers in facilitating the recruitment process, whether legal or otherwise, must not be overlooked. This brings in the issue of official immigration policies, the nature and strength of public sentiment and prejudice with regard to the import of workers, the extent of direct opposition from local workers' organisations, all influence the final outcome of the migration equation as determined by the more objective factors mentioned earlier. The width of the gap between this official or social constraint, and the demands of the labour markets then act as a major frictional force. The current scenario of high unemployment rates in Western mature economies, with acute pressure on social services arising from usually self-imposed fiscal constraints contribute to a conflictual setting.[23] This conflict is highly visible and manifests itself in caning in Singapore, deportation in Japan, and is prone to media exploitation, feeding eventually into the "emigration pressure" scenario. However, on the above analysis, this reflects an inappropriate reading of the nature, dimensions, and internal limits of the migratory process.

How could a reduction in external labour demand be transmitted to the domestic labour market? It is possible here that outward flows could overrun such a downturn for a period of time since supply responses would carry a lag. If the cutback arises from objective market conditions, the lag could be remarkably short; on the other hand, if it reflects an official intervention and not market conditions, the supply response might take the form of switching to informal channels of labour outflow.

A final observation is necessary on the rooting of emigration pressures in the economic realm. It can be argued that the real pressure points emerge from political or systemic upheavals. The two are obviously linked phenomena, but these linkages are complex, and do not permit simplistic supply side conceptualisations of the type that occupy the field.

6. Dimensions of labour emigration

For the purposes of the this paper, there are two dimensions of labour emigration that need to be pegged down with finality of numbers: first, the regular outflow of labour in net terms from the Philippines; and second, the total stock of Filipino migrants outside the country at any point in time. Both numbers play a crucial role in strategising international migration in the medium term. Of course, the two numbers are directly related. If every outflow of labour had forever been recorded, as had every return, the cumulative balance of the annual differences between these outflows and returns would yield the outstanding stock of Filipino workers outside the country. But this is where the story begins, since there are no such series from the outset; there are no series at all for returning migrants of any kind; and though there are series for the annual outflows of Filipinos, they are partial in their coverage, and leave out of the reckoning some significant categories of external labour flows.[24]

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[23] It is often overlooked though that migrants usually wind up paying taxes, but not claiming their share of the social security and other benefits to which their contributions would have entitled them had they been permanent residents of the country.

[24] Such gaps in the data for such an important national economic variable are surprising. Indeed, the

It is against the backdrop of the complexity and incomplete enumeration of these migrations, that the problem of quantifying the flows, both outwards as well as return, has to be tackled. There are two separate tasks to accomplish: estimates of an overseas stock of Filipinos, and estimates of net outflows per year. Each is discussed below briefly.

Since a stock figure cannot be easily assembled from information from censuses from all receiving countries across the globe, estimates need to be made using fragmentary stock level data from earlier years, adjusted for incremental flows to the present. Three different streams of migrants need to be distinguished for this purpose. The permanent emigrants, the recorded (or documented, or official or legal) overseas workers, and third the unrecorded (or undocumented, unofficial or illegal) flows outwards. For each flow, both outward and return migrants would need counting. The present state of the art leaves something to be desired, since even for serious policy debate, attention is focussed almost exclusively on the figure for gross annual deployments of overseas contract workers, which constitute but one of the three pairs of flows listed above. These different flows (and stocks pertaining to them) are briefly discussed below, before returning to the question of an estimation of the total outstanding stock.

6.1. Emigration of labour for permanent settlement abroad

The first is the flow of labour planning to settle abroad, oddly almost always excluded from the discussion. From the labour point of view, it includes the most skilled migrants with high qualifications. It includes flows of students, a non-negligible proportion of whom might also become permanent emigrants. As such, they represent an important component of the Filipino brain drain, and need to be in the picture rather more. From the remittances angle, their role is disproportionately important as is made obvious in the discussion of that aspect. Estimation of these flows is relatively straightforward: the relevant data are provided in Tables 4 and 5. The total outflow since 1977 can be estimated. The need for figures for 1965-77 is removed by the availability of US Census figures for 1980 which provide the stock of Filipinos at 774,640. Between 1981 and 1993, another 534,663 emigrants left for the USA, which brings the total to 1,309,303. To this, an adjustment is necessary for natural increase. Applying a rate of 2 per cent

current Medium-term Philippine Development Plan (1993-98) as well as the National Employment Plan which purports to be an integral component of this Plan exercise, develop their argumentation, targets and strategies with respect to employment generation totally excluding international out-migration from the statistical or policy frame. This means, in fact, that the Plan's employment targets are not really consistent with reality.

per annum on the census figure, and 1 per cent on 1981-93, yields an approximately estimated increase of 291,280, which yields stock figure of 1,600,583 for the number of all Filipinos resident permanently in the USA in 1993. The data in Table 4 suggest that US bound emigrants have generally formed three-quarters of the total number of registered migrants; applying this rate would yield a figure of 2,134,000 Filipinos living outside the Philippines in 1993 as permanent emigrants. This is an overstatement to the extent that the students, which accounted for 21.6 per cent of the total emigrants in 1991, have all been treated as being permanent. Assuming half the students wind up staying on, the estimate drops to 2,059,000. It should be immediately pointed out that this stock would by now have a normal demographic profile, and that the number definitely does not represent a stock of workers. For instance, the 1991 profile reported in Table 5 shows the “employed” category to be only constituting 32.5 per cent of the total outflows for the year. Further, on the relatively safe assumption that permanent emigrants do not revert to a formal Filipino residential status, there is no "return" flow to take into account.

6.2. Temporary emigration of contract workers

The second is the regular flow of OCWs that dominate the migration flows, discussion and policy. At the outset, it should be clear that the vast majority of these workers are on fixed term contracts, and that even when the temporal limits of these (and their visas) can be extended or jumped, the prospect of becoming a permanent resident in these countries is

Table 4. Number of registered Filipino emigrants, by country of destination: 1977-93

Year	Total	United States	Canada	Australia	Others
1977	39,451	31,885	5,183	1,961	422
1978	38,345	27,573	7,229	2,703	840
1979	40,450	30,458	6,102	2,925	965
1980	45,500	36,455	4,713	1,632	2,700
1981	48,867	40,307	5,226	2,752	582
1982	53,953	44,438	4,898	2,931	1,686
1983	42,481	34,794	3,946	2,608	1,133
1984	41,551	34,682	2,463	2,915	1,491
1985	45,269	38,653	2,097	3,458	1,061
1986	49,338	40,650	3,206	4,374	1,108
1987	56,360	40,813	5,757	8,893	797
1988	58,066	41,397	6,608	9,341	720
1989	55,703	39,503	8,032	5,922	2,246
1990	63,208	43,816	8,409	5,855	5,128
1991	62,671	43,981	7,233	5,728	5,729
1992	64,172	46,707	7,454	4,104	5,907
1993	66,413	44,922	11,633	3,084	6,774
1977-93	871,788	661,034	100,189	71,276	39,289

Note for the United States of America:
1. 1981-91 data include Trusted Territories of American Samoa, Guam, Marianas Islands, Saipan and the US Virgin Islands.
2. 1992-93 data include Trusted Territories of American Samoa, Guam, Marianas Islands, Saipan, US Virgin Islands and the Commonwealth of Puerto Rico.

Source: *Textbook of Labour Statistics, 1991, 1994.* Original Source: Commission on Filipinos Overseas.

Table 5. Registered Filipino emigrants by occupation and destination, 1991

Occupation	United States		Australia		Canada		Others		Total	
	No.	%	No.	%	No.	%	No.	%	No.	%
Employed	13,501	30.7	521	44.0	2,840	39.3	1,513	26.4	20,375	32.5
Others of which:	30,480	69.3	3,207	56.0	4,393	60.7	4,216	73.6	42,296	67.5
• House-wives, Retirees, Minors	13,078	29.7	1,537	26.8	1,697	23.5	2,614	45.6	18,926	30.2
• Students	10,843	24.7	980	38.9	1,514	20.9	219	3.8	13,556	21.6
• Occupa-tion not reported	6,559	14.9	690	27.4	1,182	16.3	1,383	24.1	9,811	15.7
Total	43,981	100.0	5,728	100.0	7,233	100.0	5,729	100.0	62,671	100.0

Source of data: Commission on Filipinos Overseas. Reported in *Yearbook of Labour Statistics, 1991*: 251.

extremely marginal. As such, the nature of the "stock" concept takes on an somewhat intermediate character, and it is best to define this formally as a “stock of circulatory overseas contract workers”. Should the POEA have made as energetic usage of the gathered information on returning OCWs as they do of their deployments, the task might have been much easier. As it happens, there are no figures on the rates of return migration of OCWs to speak of, and hence, resort has to be made to other means.

There are two methods in evidence. The *direct* method is represented by two large scale surveys, the Family Income and Expenditure Survey (1991), and the Special Survey on OCWs conducted by the National Statistics Office (October 1991). The FIES-91 provides statistics on the number of families that receive income from abroad. For 1991, data are available not only for those for whom this is a "main source" of income, but for all families that are recipients of any income of this category. The Survey reports 16.6 per cent of all Filipino families as such recipients. Applied to the total number of families in the Philippines in 1991 generates a figure of 1.99 million receiving families.

Could this figure also be read as an estimate of the number of overseas Filipino workers? Obviously, this would be invalid *per se*. But some assumptions might help! If all those remitting were Filipinos, and were sending remittances to just one family, and if all overseas working Filipinos were remitting, and if no receiving family had remittances from more than one source during the year, this number could be read as estimate of the number of overseas Filipino workers. If one drops the assumption that all Filipino workers overseas remit every year, then a "remitting ratio" needs to be applied. The NSO Special Survey found that only 80 per cent of OCWs were remitting in 1991. Using this would increase the estimate to 2.49 million total Filipinos (of whom 1.99 million had remitted during 1991 to one family each in the Philippines). However, there could be more than one overseas worker from a family, which would lead to an underestimation of the stock; but even more, OCWs could be sending small sums of money to relatives and friends outside their immediate family, in which case the stock figure would be an overestimate.

The other direct source is the NSO Special Survey (1991) of OCWs. This provides a figure of 721,000 for the *circulatory stock* of land-based OCWs. This would be an underestimate to the extent that single-person “households” migrated out. But this is unlikely to raise the figure dramatically.[25] No detailed evaluation of this number (or the underlying methodology by which it was generated) is available. It has, however, been used by others extensively. The NSO Survey also provides a figure of 31,600 "non-contract workers" overseas; these should be included. Doing so, and extrapolating to 1994 (alternatively with an annual increase rate of 6 or 7.5 per cent) generates a range of 896,400 to 935,100. These still remain by far the lowest estimate for the circulatory stock of overseas workers. For instance, there were 565,226 land-based workers

[25] This number could be reconciled with that of the FIES-91 if it is assumed that each of the *remitting* 574,600 OCWs of the NSO-91 sent remittances on average to 3.5 families, without any overlap between these receiving families.

deployed in that year alone, including the “re-hires”; the total circulatory stock figure is just 60 per cent more than the total deployments for the year. Given the average length of contract of 3 to 4 years, the NSO-91 figure appears to be an underestimate.

This figure has been augmented by Tan (1993) to include an estimate for the stock of seamen for 1991; this number has in turn been adjusted in the present study (Table 6). The stock for the total number of OCWs in 1991 then comes to 1,147,000. This could be extrapolated to 1994 using a 6 per cent annual growth rate[26] to produce a figure of 1,366,000 for the stock of land- and sea-based OCWs.

The alternative, or *indirect*, method relies on constructing a series of cumulative stock levels using the annual data on the outflows of "new hires" provided by the POEA, and applying a particular "retention ratio", estimated independently from (small scale) survey data to these flows. The results of this method, used by Abella and Alburo (1992), are summarized in Table 7 where their estimate of 937,000 for 1989 is extrapolated to the 1990-1994 period on alternative assumptions drawn from their data. For 1991, this produces estimates of 1,053,000 to 1,230,000. This figure appears to be for land-based OCWs only; adjusting this for 1991 to include seamen along the lines in Table 8, this implies overall circulatory stocks for 1994 in the range of 1,523,000 to 2,057,000.[27]

6.3. Illegal and undocumented migrant labour

The third flow to consider is the so-called illegal workers. Governments of recipient countries tend regularly to produce alarmingly high figures. What has to be borne in mind is that the illegality arises not from the mode of exit from the Philippines, but at the other end. Indeed, a large part of those classified as illegal in importing countries are those who have over-stayed their visa limits, i.e., they were not "illegal" at the point or time of entry. The other part comprises clandestine entries. In attempting estimates, it must also be recognized that this problem affects only some of those countries where "normal" migration is or was not permitted. Of late, most such countries have relaxed their policies, in the face of tightening labour markets, and the issue of the regularization or "formal documentation" of such workers has arisen; this implies that the illegality label is to an extent a hangover of the past. Also not to be taken as an indication of the incidence of illegal entry are the number of persons who are *denied* entry formally. Even rough estimates could be problematic, and it is perhaps more judicious not to clutter the literature with another questionable number which could get a life of its own.

[26] See Table 7 and the corresponding textual discussion where this rate is justified.

[27] It is interesting to note that Abella (1991:87) seems implicitly to accept the much lower NSO-91 estimate of 721,000; in fact he refers to a round 700,000 as the total circulatory stock figure, presumably for 1991.

Putting these together, a range of estimates of the total circulatory stock, the total permanent emigrant stock, and the grand total stock of overseas Filipinos can be worked out. If some allowance were made for the existence of “clandestine” workers overseas (mostly in Japan[28], Taiwan (China), Singapore and Malaysia[29]), the overall number might not be too far from

[28] There is an extensive literature on this, and a body of it has been cited in this paper. See for instance the various contributions in JIL (1992) and Gooneratne, Martin and Sazanami (eds.) (1994).

[29] For an informative journalistic account of the substantial informal migrations of poor Muslims from south Philippines to Sabah, see Dharmalingam, 1994. "The Federal Government claims its 1991 survey found about 370,000 illegal immigrants in Sabah's total population of 1.7 million people" (p.35); however, police sources placed the figure at 600,000. Most of them were said to be from the Philippines, though a "sizeable" number was from Indonesia.

Table 6. Alternative estimates of OCWs' total remittances for 1991

Source/Method	Estimate for Stock of OCWs ('000s)	Estimate for Remittance per OCW (US$)	Estimate for Total Sum of Remittances (US$ M)	Index with 1500 US$M As Base
Direct Method				
ORB			1,500	100
FIES	1988		2,351	157
- SS/NSO				
• A-M	721	714	515	34
• ET	721	2,773	2,000	133
• ET (Corr.)	721	2,462	1,775	118
NAP			2,250	150
Indirect Method				
AaA	937(1989)	2,094	1,962	131
AaA (Adj.)	1,230(1991)	2,094	2,576	172
ET	947	3,475	3,491	233
ET (Adj.	1,147	3,695	4,438	296

This Table has to be read in close conjunction with the discussion in the text.

ORB = Officially recorded "bank" remittances
FIES = Family Income and Expenditure Survey, 1991
SS = Special Survey on OCWs by NSO, October 1991
NAP = National Accounts' "Practice;" See text.
AaA = Abella and Alburo, 1992 Survey findings as reported in Alburo (1993)
ET = Tan (1993); ET (corr.) uses exchange rate of $1 = P,=27.5 instead of P,=25.0
A - M = Abrera-Mangahas (1994a)

the figure of 4 million cited by President Ramos for the size of the Filipino diaspora, or the 4.2 million mentioned in the recent *White Paper*.

Table 7. Estimates of stocks of circulatory OCWs and permanent emigrants

Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1980	310						
1981	407						
1982	515						
1983	653						
1984	701	351	2.00				
1985	754	373	2.02				
1986	795	378	2.10				
1987	873	449	1.94				
1988	915	471	1.94				
1989	937	459	2.04				
1990		446		[2.0]*	892	993	1007
1991		615		[2.0]*	1230	1053	1083
1992		686		[2.0]*	1372	1116	1164
1993		461		[2.0]*	922	1183	1251
1994		697		[2.0]*	1394	1254	1345

Col (1) Source: Alburo, 1993: 279; derived by using assumed retention ratios derived from survey results on past deployments of "new hires." The figure for any year is the past cumulative stock plus the current year's "new hires."
Col (2) Source: POEA; the series begins with 1984 since data before then refer to "processed" not "deployed" OCWs.
Col (4) *This is an assumed figure based on the actuals in col (3).
Col (5) These figures are extrapolations, and could be spliced to the series in col (1) to get running series for the full period.
Col (6) For 1984-89, the series in col (1) shows a 6.0 per cent annual growth rate; this is used for the extrapolation in col (6).
Col (7) For 1989-94, the series of deployments in col (2) shows a higher rate of 8.7% per year; here a middle rate of 7.5 per cent is used for extrapolation.

7. The poverty nexus: Dual migration circuits

What is the relationship between migration and poverty in the Philippines? It is often argued that it is not the poorest that migrate. However, such a generalization would be too simplistic. The connection between migration and poverty has been inadequately studied, partly because it is taken as read that poverty must have driven the migrants out, and subsequently that remittances would make the receiving family much better off. There is much to this, but also much more. The following stylized points are made to stimulate some work on this theme. It is argued that the connection between patterns of overseas and domestic migration and their linkages need to be explored in order to identify the two-way mechanisms for the transmission of trickle-down, crowding-out, polarization and other effects through the overlapping labour markets.

7.1. Who goes, who gains?

First, overseas migrants come disproportionately from a few regions, most of them on the richer end of the scale. The statistical evidence is unambiguous. Table 9 provides data on the percentage of families who declared "income from abroad" as their main source in the Family

Table 8. Distribution of overseas workers by occupation and average annual remittance 1991 (millions of US$)

	Workers (000)	Average Remittance[1]	Total Remittance	Total Remittance[3]
Land-based[2]				
• Professional/managerial	123.5	4,590	566.9	
• Service workers	267.2	2,140	511.8	
• Agricultural/production/ transport	323.8	3,281	1,062.4	
• Other	6.8	3,090	21.0	
Seamen	225.7	4,736	1,068.9	
Total	947		3,291.0	2,000[3]
Remittances from permanent migrants			200.0	
Grand Total			3,491.0	

Notes: [1] Figures from ILS-OWWA Survey, Table 13.
[2] National Statistics Office, Special Survey of Overseas Workers, October 1991.
[3] The Special Survey gave total remittances as reported by the OCW families over the reference period of 6 months to be P,=24.5 billion or approximately US$ 1 billion at the prevailing exchange rate of about P,=25/$1. The figure is multiplied by 2 to get the annual.

Source: Tan, 1993, Table 3.12.A.

Income and Expenditure Survey of 1991. It reveals that the incidence of overseas migration is much more pronounced in four regions, viz. the National Capital Region (NCR), Ilocos (Region I with its historical links), Southern Tagalog (Region 4) and Central Luzon (Region 3). In sharp contrast, the regions of the Visayas (Regions 6-8) and especially Mindanao (Regions 10-12) have very low rates. This pattern is confirmed, being somewhat more pronounced in the two earlier rounds in 1988 and 1985.

Second, the same Table also shows that for the country as a whole, this percentage is very low for the lowest income classes, and rises sharply at the upper end of the income scale. The percentage for the richest class is more than ten times that for the poorest. For the latter, only 1.5 per cent, or one of every 66, of the families came under this category; for the riches, 15.8 per cent, or one in every six, did.

Third, this positive correlation with income level is also manifest across the regions (Table 9). The pattern is almost universal. It is also arguable on a careful reading of the data that the share of the poorer income classes is distinctly lower in the poorer regions than for the same income classes in the richer regions.

Fourth, Table 10 provides the same information, this time classified according to the sector of the economy. It reveals that at country level, the urban percentage is twice as high as the rural one, showing the greater involvement of the urban areas with international migration.

Table 9. Families with "Income from abroad" as main source of income, by region and size, 1991

Region	Percentage of Households with "Income from Abroad" as Main Source of Income by Size Class of Income								
	All Fami -lies	under 15000	15000-19999	20000 - 29999	30000 - 39999	40000 - 59999	60000 - 99999	100000 - 249999	250000 and over
Philippines	6.47	1.49	1.16	2.30	2.76	6.17	10.12	16.41	15.77
NCR	10.62	14.93	-	1.70	2.10	5.10	8.57	15.94	13.19
CAR	5.77	2.29	4.17	-	10.05	4.56	7.46	10.20	26.86
Region I	15.81	8.47	10.83	10.57	6.42	19.72	23.52	25.01	38.12
II	6.01	2.43	-	2.20	3.36	5.30	15.86	19.35	-
III	11.19	6.36	2.09	2.47	4.90	9.52	12.49	22.36	21.39
IV	8.13	2.92	2.10	1.99	2.70	8.17	12.74	15.80	16.57
V	3.29	0.86	0.72	1.52	1.54	2.87	10.67	19.23	4.20
VI	4.65	-	0.84	2.03	1.31	3.63	12.05	20.96	20.56
VII	4.12	1.83	0.33	1.40	4.05	2.46	8.28	18.61	21.98
VIII	3.51	-	-	3.21	1.43	9.37	4.39	15.40	14.60
IX	2.06	-	-	0.92	2.71	1.79	5.71	6.57	9.36
X	1.91	0.56	0.76	2.34	2.01	1.94	0.62	4.49	19.86
XI	1.89	0.42	-	1.00	0.41	2.08	2.50	7.28	15.53
XII	1.05	-	0.88	0.29	1.98	1.91	1.28	1.56	-
ARMM	2.16	-	-	-	1.66	3.75	3.66	5.17	46.86

Source: Calculated from FIES 1991, Vol. 2, Table 9.

Table 10. Families with "Income from abroad" as main source of income, 1988

	Percentage of Families with "Income from Abroad" as Main Source of Income by Size Class of Total Family Income									
Sector	All Families	under 6000	6000-9999	10000-14999	15000-19999	20000-29999	30000-39999	40000-59999	60000-99999	100000 and over
Urban	8.35	2.80	0.58	2.41	2.45	3.22	5.29	9.07	14.20	16.36
Rural	4.18	1.20	0.68	1.46	1.80	3.16	5.30	9.07	15.45	17.43
Both	5.76	1.39	0.67	1.59	1.94	3.18	5.30	9.07	14.60	16.58

Source: Calculated from FIES 1988, Vol. 2, Table 9.

N.B. The similarity of the sectoral profiles by size class may hide widely different patterns at the levels of provinces, and even regions.

With respect to the incidence by income class, a first glance shows that both the rural and the urban sectors conform to the positive association found above. But a closer look reveals another interesting feature of the comparative distributions. While the lower four income size-classes show the urban percentages to be noticeably higher than the rural ones, the difference is non-existent for the five upper size-classes; indeed for the richest two size-classes, the rural percentages are somewhat higher than the urban ones. This suggests that the difference in the overall sectoral percentages, viz., 4.18 for the rural and 8.35 for the urban, derive essentially from differences in the poorer sections of the population. The rural poor clearly come at the bottom of the ladder.

Table 11 compares the country-level total and sectoral percentages for 1985, 1988 and 1991. At first sight, there seems to be a basic stability. Within this, however, there is a suggestion that the percentage of participating families for the rural sector might be on a rising trend, with the percentage rising from 9.0 in 1985 to 10.5 in 1988 to 11.2 in 1991. However, this does not get translated into a corresponding rise in the percentage of income received from abroad, which remains stable.

Thus, there is clear evidence that, at least as far as the direct effect of migration is concerned, the benefits accrue disproportionately to the richer regions, sectors and classes. The idea that maids would be drawn from the poorest sections of society is somewhat misplaced; field studies show that maids in South-east Asia tend to be relatively better educated than the general female population in the corresponding age groups. No doubt there are exceptions to this pattern, which certainly needs qualification; but these are unlikely to be able to disturb the basic robust conclusion that it is not the poorer section of Filipino society which reaps the sometimes dubious rewards of overseas migration.

7.2. Poverty and internal migration pressures

There have been, of course, other large-scale migrations of the Filipino population; but these do not tend to receive the same attention since they concern the poorer sections of the poorer regions deciding to move to other locations within the Philippines. And when they do get studied, the focus remains on this other migratory process, per se; the research designs virtually never analyze the two processes within a larger macro-economic environment where their potential articulations might be explored. A first attempt is made here to fill this lacuna. Before considering these connections between the two migration processes, a few remarks on the nature of the internal migration are necessary.

In the recent past, internal migrations have been instigated essentially by changes in factors which determine the capability of agriculture to absorb the rural population at reasonable levels of productivity. It would be difficult to cite any powerful domestic demand pull from the Philippine non-agricultural sector. That there have in fact been very heavy domestic migrations, both intra-rural as well as inter-sectoral, testifies to the increasing non-sustainability - in economic, ecological as well as social terms - of strategies of agricultural intensification as well as natural resource exploitation followed by recent governments. It would be overly simplistic, particularly in the case of the Philippines to assign any significant role to the growth rates of population in this regard.

Empirical research provides evidence of three different types of flows. Prior to 1970, rural migrants shifted location within the sector itself, moving from stagnating regions to areas

Table 11. Families receiving income from abroad, 1985, 1988, 1991 (in per cent)

Year	% of Families Receiving Income from Abroad, and % of Income Received from Abroad					
	URBAN		RURAL		TOTAL	
	families	income	families	income	families	income
1985	22.5 (n.a.)	10.0	9.0 (n.a.)	6.4	14.1 (...)	8.4
1988	21.6 (8.4)	9.1	10.5 (4.2)	5.5	14.7 (5.8)	7.5
1991	22.0 (n.a.)	9.4	11.2 (n.a.)	6.2	16.6 (6.5)	8.4

Source: *Family Income and Expenditure Survey, 1991*, NSO, Manila; Volume II, Provincial/Key City Final Report, Table F, p. xxxiv.
Figures in ( ) are percentages of families with "income from abroad" as *main* source of income.

Table 12. Patterns of upland migration in the Philippines, 1970 - 1985

Region	Net Upland Migrants[a] (thousands)			Net Upland Migration Rate[b] (per cent)		
	1970-75	1975-80	1980-85	1970-75	1975-80	1980-85
1. Ilocos	30.3	-4.1	276.5	2.3	-0.3[c]	16.8
2. Cagayan	17.5	-3.5	152.9	1.8	-0.3	10.4
3. Central Luzon	14.8	104.5	93.9	2.0	12.4	8.5
4. Southern Tagalog	23.7	285.8	306.5	2.1	22.0	18.5
5. Bicol	-15.8	-2.3	-1.3	-1.1	0.2	-0.1
6. Western Visayas	-22.1	-66.5	-1.7	-1.6	-4.5	-0.1
7. Central Visayas	36.7	-50.1	-22.4	-2.2	-2.7	-1.1
8. Eastern Visayas	-19.0	-60.0	-32.6	-2.2	-6.4	-2.9
9. Western Visayas	93.1	-2.2	182.5	20.2	-0.4	24.0
10. North - Mindanao	51.3	175.6	174.8	4.9	14.0	10.8
11. South - Mindanao	94.7	238.3	405.5	6.3	12.9	18.3
12. Central Mindanao	43.4	173.3	225.6	6.4	23.6	23.7
Upland Urban Areas	152.1	575.0	785.3	3.1	6.3	7.2
Total	427.3	1,363.8	2,545.5	3.4	9.4	14.5

Notes:
a. Net migrant population, including low-land-to-upland and upland-to-upland movements, less upland-to-lowland transfers.
b. Net migration rate is the number of in- and out-migrants as a percentage of the total population in the uplands.
c. A negative figure indicates net outflow of population from the uplands.

Sources: National Census and Statistics Office, *Population Census*, 1970, 1975, 1980; *Barangay Census*, 1985; adjusted for uplands by Cruz, Zosa-Fernail and Goce (1986); Cruz and Rebetto, 1992: Table 4-7.

where agriculture was expanding rapidly. During the 1970s, the rate of migration increased, and the pattern diversified. More than half of the inter-regional migrants moved to Manila, but at the same time, there was an acceleration of migration to the uplands. The rate of net upland migration rose dramatically over the 1970-85 period, from 3.4 per cent in the sub-period 1970-75, to 9.4 per cent for 1975-80 to 14.5 per cent during 1980-85 (Table 12). The major movements were into the frontier regions of the north and of Mindanao. Costello and Ferrer (1994: 11-12) provide evidence of the rate and pattern of net migration for the period 1980-90, which shows these movements into the frontier areas weakened while the shift into the National Capital Region increased greatly in importance. The main direction and weight of the flow of migrants from the rural sector has tended towards Manila - and to a lesser extent, the other developed regions - over the entire period.[30]

An examination of domestic, or internal, migration shows some of the richer regions as the receiving areas, and some of the poorer regions as heavy send-out areas. Thus, the overall pattern provides a sharp reverse image of the overseas migration profile. This is indeed striking, in view of the fact that these regions are not represented seriously in the overseas migration flows. The evidence on income receipts from abroad, examined earlier, all tend to confirm this image. In sharp contrast, the receipt of remittances from *domestic* sources shows that these regions in general get a much higher proportion of their income from this source than the richer regions. Table 13 provides contrasting profiles of the relative importance in family income of contributions made by "income from abroad" and income from domestic transfer receipts. The data are available by income decile and reveal strikingly the diametrically opposite patterns of dependence of the poorer and the richer households on these two sources of income external to the family. Across the full range of regions, the poorer classes rely far more on domestic receipts, while the opposite is true for families in the upper income deciles.

This overall pattern is suggestive of a dualistic labour migration phenomenon, where domestic migration involves shifts of population from the poorer to the richer regions, but not abroad, and a separate one from the richer regions to overseas destinations. This is striking and highly significant.

However, it does invite the speculation as to whether the internal migrants to the NCR might not be using it as a staging halt, before moving on to an overseas destination themselves. As it happens, such a stepping stone, or staging-halt notion is belied by data. First, using the data already provided, it could be argued that had the internal migrants really been just in transit, this would eventually have been reflected in the poorer provinces receiving higher rates of income from abroad than they actually do. No doubt some transitions would certainly have occurred, but these were clearly not of a magnitude to seriously question the conclusion of dualistic migration circuits. Second, there is more direct evidence which effectively denies the staging-halt idea. This comes in the form of information on the regional origins of overseas migrants. Data from various sources have been assembled in Table 14. The conclusion leaves little room for doubt. The empirical evidence clearly shows overseas workers as originating disproportionately from the richer regions (with the occasional exception).

Indeed, this comparison of foreign and domestic sources of transfer income receipts further develops and supports the earlier conclusion that the gains of overseas migration go disproportionately to the richer sections of Filipino households. The results in Table 15 are remarkable in the extent of inequality that they reveal. The bottom five deciles account for a paltry 4.27 per cent of the total sum of "income from abroad" received by all Filipino

[30] For data and empirical analysis of the domestic migration process, see Cruz, Zosa-Feranil and Goce (1988), Cruz and Repetto (1992) and Costello and Ferrer (1994).

Table 13. Percentage of income received from abroad and domestic receipts by decile group, 1991

	Decile									
	1st	2nd	3rd	4th	5th	6th	7th	8th	9th	10th
Abroad	1.1	1.1	1.7	1.9	2.6	3.9	5.9	8.0	10.8	12.2
NCR	3.0	4.9	6.6	8.7	7.8	8.5	13.3	13.3	14.8	8.6
CAR	2.4	1.4	1.4	6.7	2.2	2.0	4.3	6.0	3.4	11.2
Region 1	7.0	6.3	5.9	5.7	5.5	10.5	1.5	12.8	18.9	21.4
Region 2	1.4	-	1.2	2.1	1.9	3.1	2.1	4.7	10.4	9.6
Region 3	2.4	2.1	3.6	6.1	7.2	7.5	8.7	14.8	17.6	15.9
Region 4	1.5	1.6	2.4	2.0	4.9	6.6	9.1	9.7	11.6	12.2
Region 5	0.5	0.9	0.3	1.1	1.5	0.5	1.8	3.1	4.3	10.9
Region 6	0.4	0.6	1.9	0.8	1.2	1.0	1.2	4.2	7.4	15.2
Region 7	0.8	1.4	0.3	1.9	0.7	2.4	2.7	2.0	5.0	14.1
Region 8	0.1	0.9	0.9	1.4	3.3	1.6	0.8	2.4	6.4	8.8
Region 9	0.3	-	0.1	1.7	0.1	2.3	3.5	2.4	5.2	6.0
Region 10	0.3	0.3	0.3	1.7	1.1	1.8	1.2	2.5	1.3	3.9
Region 11	0.3	0.3	1.5	0.6	0.2	1.5	0.8	1.3	3.0	9.4
Region 12	-	0.7	-	0.3	0.3	0.5	2.6	1.6	1.6	1.9
ARMM	0.3	0.7	0.5	1.4	2.2	0.6	2.3	3.6	3.6	8.4
Domestic	8.0	5.2	4.8	3.6	3.5	2.8	2.4	2.1	1.8	1.0
NCR	5.0	3.2	2.6	2.2	3.1	1.7	2.6	1.7	1.9	0.8
CAR	5.1	1.8	2.3	2.3	2.0	1.5	1.2	0.7	1.3	0.4
Region 1	9.9	6.1	7.1	3.3	3.7	2.6	3.0	2.5	1.6	1.3
Region 2	7.4	4.3	3.9	2.2	2.6	1.9	2.4	2.5	0.3	0.5
Region 3	9.5	5.3	5.8	3.4	3.5	2.5	2.5	2.4	1.7	0.9
Region 4	7.0	5.3	4.4	3.7	2.7	2.0	2.1	1.6	1.7	0.6
Region 5	10.7	7.7	6.7	5.7	3.9	4.7	4.4	3.9	3.7	1.9
Region 6	8.5	5.2	6.4	5.7	3.0	4.9	4.2	4.0	3.3	1.4
Region 7	16.5	9.5	8.1	6.9	5.8	3.7	4.5	2.6	4.0	0.8
Region 8	10.5	10.3	8.5	5.7	5.9	3.4	4.2	4.2	3.2	1.4
Region 9	3.1	1.6	1.8	1.9	1.0	0.9	0.6	2.2	0.4	0.5
Region 10	4.7	4.3	3.3	3.0	2.4	2.7	1.2	2.0	1.6	0.6
Region 11	4.6	4.1	1.3	2.7	3.5	2.1	1.2	0.9	0.8	0.5
Region 12	2.8	4.3	2.8	3.0	2.9	1.6	1.4	2.1	1.0	1.1
ARMM	0.5	0.9	1.4	0.7	0.5	0.2	0.7	0.5	0.1	

Source: Intal, 1994: 16, Table 7.

families; the top decile alone accounts for a staggering 55.71 per cent; if the top twenty percent of the families are considered, their share rises to 76.71 per cent of all receipts from overseas. In sharp, the share of the bottom five decile groups in the total sum of domestic transfer receipts is 39.27 per cent, while that of the top (and of the top two) deciles comes to 17.47 (and 30.87) per cent. The comparison could hardly be more sharp.[31]

[31] One factor which has to be borne in mind when interpreting these results is that the Family Income and Expenditure Survey classifications run in terms of size of family income, not of family income per capita. Intal (1994:9, Table 5) provides evidence from the survey for 1991 which shows the incidence of poverty rises with the size of the family, which suggests that these conclusions would not be destabilized if the other methodology had been followed.

Table 14. OCWs by region of origin

Region		1979 Study	FIES 1991	Males 1991	Females 1991	Maids in Italy	Maids
(1)		(2)	(3)	(4)	(5)	(6)	(7)
NCR		34.55	22.54	30.03	16.3	22.83	
CAR		-	1.70	1.3	4.9	-	
Region	I	8.16	13.70	8.5	19.2	11.96	23
	II	0.77	3.80	1.9	7.3	-	7
	III	23.31	17.25	16.7	12.0	9.78	16
	IV	26.20	16.95	21.8	15.9	45.65	17
	V	0.68	3.49	2.5	2.6	1.09	
	VI	2.15	6.41	5.5	6.1	-	10
	VII	1.23	4.81	3.9	2.9	1.09	
	VIII	0.32	3.00	2.1	2.6	4.35	
	IX	0.15	1.27	1.4	3.1	-	
	X	1.27	1.69	0.7	1.0	2.17	
	XI	1.20	2.02	1.8	2.5	1.09	
	XII	-	0.50	0.5	1.6	-	
	ARMM	-	0.87	1.2	1.9	-	
	Total	100.00	100.00	100.00	100.00	100.00	100.0

Sources: Col (2): Jayme, Rebecca B., "A Study on the Effects of Temporary Worker Outflows from the Philippines", M.A. Thesis, University of the Philippines, 1979, pp.56-57; cited in Arcinas, 1986:270. The study reports on 18140 respondents.
Col (6): LIFE, 1991. The study covered 92 respondents in Rome and Milan.
Col. (7) Incomplete data on regional origins of OCWs working as maids, as cited in DOLE. *White Paper:* 1995:36.
Col (3): FIES, 1991. The figures refer only to the percentage of families which receive "income from abroad" as their *main* source of income. It is implicitly assumed that no OCW sends remittances to more than one such family, and that no such family has more than one OCW from its members; and that such cases do not include any cases where the sender and recipient are from different regions.
Cols. (4) and (5): NSO Survey of OCWs, October 1991.

7.3. Trickle-down?

While there might never be enough of it to achieve factor price equalization, a priori, migration could claim to be regarded as a "trickle-down" mechanism operating through labour market effects. In the case of the heavy migration overseas, it is arguable, in counterfactual terms, that in its absence, the labour market in the sending regions would have been (even) more depressed. The same argument could be made with respect to domestic migration. This makes the urban labour market for unskilled and low-skilled labour the arena for transmission of such trickle-down effects that the overseas migration might have generated to the domestic in-migrants. Indeed, it is arguable that the internal migration might have been helped along by the tighter urban labour market conditions generated by the withdrawal of the overseas contract workers. This might be questionable, since the domestic migrations, as seen above, were very powerfully push-driven rather than pull induced. Nevertheless, even though the rural poor migrants might have joined at the bottom of the urban labour market ladder, some gains of the international migratory process would eventually accrue to some of them. There

Table 15. Family income from overseas and domestic sources, 1991

		Abroad			Domestic		
Income Decile	Total Family Income	Family Income Received from Abroad	Share of Total Family Income	Decile Share of Total Income Received from Abroad	Family Income Received as Domestic Transfers	Share of Total Family Income	Decile Share of Total Domestic Transfers
	m. pesos	m. pesos	%	%	m. pesos	%	%
lowest	14294.743	157.242	1.1	0.24	1143.579	8.0	6.77
2nd	22969.071	252.660	1.1	0.39	1194.392	5.2	7.07
3rd	29580.142	502.862	1.7	0.78	1419.847	4.8	8.41
4th	36461.705	692.772	1.9	1.07	1312.621	3.6	7.78
5th	44558.371	1158.518	2.6	1.79	1559.543	3.5	9.24
6th	54823.754	2138.126	3.9	3.31	1535.065	2.8	9.09
7th	68366.880	4033.646	5.9	6.24	1640.805	2.4	9.72
8th	88870.631	7109.650	8.0	11.00	1866.283	2.1	11.05
9th	125659.032	13571.175	10.8	21.00	2261.863	1.8	13.40
highest	295048.143	35995.873	12.2	55.71	2950.481	1.0	17.47
Total	780632.472	64612.524	8.28	100.00	16884.479	2.16	100.00

Source: Calculated from data from *Family Income and Expenditure Survey*,1991, Table 5; and Intal, 1994:16, Table 7.

are virtually no studies which analyse the urban labour market from this angle for the Philippines. It is most probable, though, that these trickle-down gains could not have been more than modest, and then only for some.

Two other observations are necessary. The first of these concerns the possibility of a gender bias in the overseas migration profile of origin by region. The Special Survey of overseas contract workers carried out by the National Statistics Office (NSO, 1991) provides systematic data, for the first time, on the regional origins of OCWs separately for males and females. The data are reported in Table 14 (cols. 4 and 5). They provide a fresh insight. While the overall pattern still reveals the OCWs as coming from richer regions, the profile of female OCWs is less heavily weighted in this direction than that for males. Indeed, NCR accounts for as many as 30.3 per cent of the male OCWs but takes up only 16.3 per cent of the female OCWs, or just over one-half the percentage. A similar contrast also holds for the South Tagalog and Central Luzon regions, both heavy outflow areas for OCWs in general. On the other side, the female shares from the poorer regions are systematically higher than those for males, though the percentages are low for both sexes. If one builds in the fact that male OCWs tend to have a higher education-skill profile than women, the above data are suggestive of a gender specialization, or polarization - with women from poorer regions in inferior categories of overseas employment and men from richer regions rather more in superior ones.

Table 16. Comparative distribution of overseas contract workers, by region, Philippines, October 1988 - October 1991

Region	1988		1989		1990		1991		Increase 1991 over 1989 (%)	Share of Increase 1989-1991 (%)
	No.	%	No.	%	No.	%	No.	%		
Philippine	4	10	486.	10	51	10	7	10	38.37	100.
s	7	0.0	0	0.0	8.	0.0	2	0.0	11.62	00
NCR	7.	0	159.	0	2	0	1.	0	109.4	7.87
CAR	3	29.	2	32.	15	30.	1	26.	7	4.42
	1	27	9.5	76	8.	51	1	64		
Region I:	3	1.9		1.9	1	1.5	7	2.7		
Ilocos	9.	3		6	7.	1	7.	6	72.52	16.5
	7		53.5		8		7			0
Region II:	9.						1			
Cagayan	2	13.		11.		12.	9.	12.		
Valley		45		01	65	64	9	8	59.78	
			18.4		.5					4.68
Region	6									
III:	4.						9		55.46	
C. Luzon	2	3.3	68.7	3.7		3.1	2.	4.0		16.2
		3		9	16	6	3	8		1
Region					.4				35.20	
IV:			103.							
S.	1	16.	7	14.		14.		14.		15.5
Tagalog	5.	66		14	72	07	2	81	132.5	3
	9				.9		9.		0	
Region V:			8.0				4			
Bicol		16.		21.		21.		19.		4.51
	7	82		34	11	81		44	83.93	
Region	9.		22.4		3.		1			
VI:	5				0		0			8.00
		1.3		1.6		2.4	6.	2.5	82.48	
W.Visayas		0	13.7	5		1	8	8		
	8				12					4.81
Region	0.				.5				175.0	
VII:	3	7.9	6.0	4.6		5.1	1	5.7	0	
C. Visayas		6		1		5	4	1		4.47
					26		0.			
Region	6.		8.3		.7		2		81.93	
VIII:	2	2.3		2.8		2.5		3.4		2.89
E.		5		2		7		7		
Visayas			2.5		13		1		132.0	
	3				.3		8.		0	1.40
Region	8.	0.4		1.2		1.7	6	2.2		
IX: W.	0	6	3.5	3		9		9		
Mindanao					9.				322.8	4.81
					3		4		6	
Region X:	1	1.6	8.6	1.7		1.1	1.	2.0		
N.	1.	6		1		8	2	9		0.81
Mindanao	2				6.				22.09	
					1					

Region XI: S. Mindanao	2.2	1.05	0.51	2.8	0.54	25.0	0.84
Region XII: C. Mindanao	7.9	1.59	0.72	4.9	0.95	16.5	2.05
ARMM	5.0	2.16	1.77	9.1	1.76	15.1	0.93
	7.6			-		5.8	1.53
	10.3					14.8	
	-					6.7	
						11.0	

Note: Details may not add up to totals due to rounding
Source: National Statistics Office, 1991 Survey of Overseas Workers

The second refers to the possibility of a subtle shift in the profile of the regional origin of all OCWs between 1988 and 1991, based on data from the NSO Special Survey. The data are reported in Table 16 and show that for 1988 and 1989, the profile was as discussed earlier; indeed the share of the richer regions increased over the year. During this period, the total stock of OCWs rose from 477,300 to 486,000, or by just 1.8 per cent. This is in sharp contrast to the next three years. The data have been used to estimate the share of the different regions in the increment between 1989 and 1991. This reveals that with some exceptions, the incremental share of the richer regions was much lower than their average share; this is reflected in the much faster growth rates of OCWs in the poorer regions than the richer regions for these years. It is noteworthy that this difference in behaviour is for years when the total number of OCWs rose from 486,000 in 1989 to 721,100 in 1991, or by 21.8 per cent per year. This allows the speculation that the much faster expansion of numbers pushed the contours of recruitment into the poorer provinces.

This shift could be tied in to the earlier finding of the gender difference in regional profiles. If the additional demand for OCWs was disproportionately for, or met disproportionately by, females, both results would obtain simultaneously as observed. In fact this conforms to the increasing share of females in the total number of OCW deployments for the period. This rising female share was indeed on account of an increase in the domestic help and entertainer categories. There are independent reports also that during this time, recruiters for the entertainer category of female OCWs were having to go further into the hinterland to find fresh candidates (De Dios, 1989). All this evidence is very consistent with the gender-region specialization and polarization hypothesis suggested earlier.

It must be emphasized that the differences are marginal in relation to the total aggregates, but when compared with the increment, they might suggest a new embryonic tendency, which is important in its own right and which, if continued, could develop and alter the bigger picture. One should remember that these are responses induced by an external demand pattern which is itself highly volatile, so one should not expect steady secular transformations of the big picture, but rather abrupt changes in speed and direction from time to time. One has to focus not just on the totals but also on the increments and the marginal shares, and also to monitor the short term changes qualitatively through active field reports about such changes. This makes policy responses both necessary and difficult, since by the time the policy lags run through, the phenomenon itself is likely to have altered shape size and substance. These however are new tendencies, which have so far not destabilized the main pattern of differentiation analysed above.

Finally, a comment in the policy sphere which pertains to the hypothetical scenario of a ban being imposed on overseas migration. The above analysis would suggest that such a ban would have a greater effect on the non-poor regions and families in the first round. Such effects could be highly concentrated in specific migration-pockets. However, to the extent that the ban persisted, these enforced returnees, or pre-empted migrants, would be obliged to become active on the local labour market. This would in turn begin to transmit the impact on to the domestic in-migrants in the rich regions, which in turn would be transmitted through lower remittances to the poorer provinces. In due course, the migration process would act as the conduit for transmitting the negative effects of a restriction on overseas migration to the poor as well. Independently of this, the negative impact of the reduction of remittance flows on macro-economic growth would directly influence the overall employment balance, and this would have a quicker more direct effect on the incidence of poverty.

8. A strategy of selective interventions

It is useful to distinguish between three different areas of potential policy intervention. The **first** is essentially short-term, and focuses on administrative action designed to improve the ability of the overseas-employment agencies to monitor and guide the process, and also to set up the institutional framework and mechanisms to enhance the economic, contractual and legal capabilities of overseas workers. These types of measures are crucial irrespective of the geographical or occupational pattern of the outflows, and have formed the traditional agenda of the Philippine Overseas Employment Administration. The **second** set of issues is medium-term in nature, and identifies strategic interventions designed to reorient the comparative advantage of the economy so as better to exploit and match the emerging needs of potential labour-importing economies, both globally and regionally. This is a complex and critical task, calling for an accurate charting of the shifting contours of competitive comparative advantages between potential labour-recipient and competing labour-sending economies. The **third** cluster of policy interventions is long-term, and directs attention to macro-economic and structural reforms necessary for generating egalitarian growth. This is meant to attack the structural roots of emigration pressures and ultimately to push the economy through the so-called turning point.

8.1. Short-term steps

While a generalized ban on labour exports could only be self-destructive, considerable negotiating leverage could skillfully be exploited through the enforcement of more narrowly focused prohibitions. Two such possibilities suggest themselves. The first could involve intervening to stop labour outflows to specific countries with bad records with respect to the treatment of overseas workers. Leaving aside Saudi Arabia, the next most important labour-importing countries account for approximately 10 per cent of the total annual outflows of deployed workers. This implies that the economic consequences for the Philippine economy could be marginal. The second possibility could be a total ban on specific most-vulnerable occupations, e.g. domestic help and "entertainers." In 1994, the total number of deployed "entertainers" was 10,491, or just 1.86 per cent of total deployments for the year; for domestic helpers, the percentage was substantially higher, at 13.58 per cent, but still a small fraction of the total. (Or there could be more targeted bans based on occupation-country combinations, or conditional ones, where workers below a certain age might be stopped.) The Philippine government has in the past successfully utilized this tactical form of diplomacy to extract concessions and commitments for labour-receiving countries.

8.2. Medium-term strategic realignments

The fundamental premise underlying the medium-term policy stance must be that overseas migration does contribute significantly to macro-economic growth, and could speed up economic transition. The objectives should therefore be partly to maximize the external scope of migration, in the form of labour outflows, remittances, skill enhancement etc., and partly to enhance the linkages of these flows with respect to domestic economic expansion. A two-point agenda emerges.

The *first issue* which follows is: what steps could be taken to augment the contribution of this migration process on domestic economic growth? This could involve steps directed at maximizing the formal remittances into the economy, but also schemes for the productive reabsorption of labour, skills and savings of returning migrants through a range of well-directed mechanisms. The *second issue* that the medium-term strategy must address is: how could international labour migration be restructured in terms of its skill profile, and redeployed in terms of its geographical pattern, so as to take maximum advantage of the shifting regional and global contours of comparative advantage and the pattern of incremental labour demand thrown up by them? Both issues are discussed briefly in turn.

8.2.1. Enhancing domestic productive linkages

There are three dimensions to this conventional or traditional side of the policy agenda, viz., re-absorption of unskilled labour, or workers with relatively scarce skills, and making the most of remittance flows. With regard to the first, assuming that domestic labour markets function reasonably well, no special policy intervention appears necessary. However, this might not be applicable to the case of skilled returnees; neither potential employers, nor the returnees might be able to make a match. There could be advantages in devising a placement service for this category of worker, especially in view of the fact that skills acquired outside the country could erode and lapse from lack of use within the space of a year or two. It needs to be borne in mind, though, that often the domestic economy might still be relatively well stocked with respect to the skills of returning workers, or in some cases, be unable to utilize them on account of the existence of fundamentally different technological or organisational regimes.

Potentially the most fruitful area is the linkage with remittance flows. This is the aspect of the international migration phenomenon that governments have most, unfortunately sometimes almost exclusively, been interested in. A considerable body of knowledge is available in this regard, based on the research and practical experience obtained from the Persian Gulf connection of South and South-east Asian economies. The first question concerns how to maximize the remittance flows. It is known that, in addition to the regular remittances to families back home, migrants accumulate a tranche of savings overseas with the intention to bring it back at the time of their return; these sums could be quite substantial. In the period prior to the liberalization of trade regimes and capital markets in South and South-east Asia, overvalued exchange rates and other disincentives dampened such inflows, and governments were obliged to develop a range of instruments and schemes specially targeted at the would-be migrant remitter. In the current environment, however, the need for such steps has been much reduced by market and exchange rate reforms. Once the exchange-rate disincentive is removed, the flows become highly sensitive to market conditions, opportunities and relative returns. In the case of the Philippines, as in India for instance, these policies could act as a powerful bait not just for the accumulated savings and regular remittances of the pool of circulatory migrant labour overseas, but could also catch the big fish in the form of the much heavier capital assets of highly paid, professional and skilled workers who have taken up permanent residence outside the country, but who still retain a link and a desire to return to the country "one day." However, apart from generating political stability and confidence in the performance of the economy and in the continuity of the open market regime, there are few special policies required or justified.

The next issue concerns the utilisation of these remittances, another dimension which has generated a great deal of discussion and policy intervention. The general tendency has been to develop a lengthy list of specific schemes into which the migrant could be directed, usually as a direct investor. The emphasis has been on providing informational, technical and institutional support to encourage the returnee to place his or her savings into "productive" investments. Such a concern is not always relevant, for instance, in a demand-constrained situation. Further, there has been a tendency to treat the returnee almost exclusively as an investor, ignoring the possibility that the returnee might be better off as a renter-saver. Indeed, given the high rate of attrition in new ventures in small scale trade and industry, the latter channel might be far more appropriate. This invites particular attention to devising reliable and investor-friendly mechanisms and instruments which allow migrants (and other small scale savers) to invest in the capital market without undue exposure to high risk. Such schemes could also be made more purposive, where such finance is directed to such sectors as housing, for instance. Such measures could generate strong backward and forward linkages in the domestic economy. Another measure suggested is the widening of the "duty free shops" to include a full range of articles produced in the domestic economy.

8.2.2. The needs of external market realignment

The insufficiency of short-term options becomes evident when one considers migration in strategic terms within the dynamic regional and global economic environment. In the medium term, the game of shifting comparative advantages would make it questionable for the Philippines to continue to emphasize cheap labour exports. Much has been made of emigration pressures operating on poor countries. But these have always been there. The big migrations have been demand-induced, and display a skill-occupation and regional pattern which reflects the nature of this demand impulse. In the past, the tendency has been towards a spontaneous, opportunistic exploitation of market openings as they emerged, a process aided and accelerated by official agencies for recruitment and placement. However, in view of the volatile dynamism unleashed by globalization, especially within the Asian region, it is vital to shift the emphasis on a capability to anticipate developments in this regard. What is called for is a reading to the nature of the international labour-market pressure points and key shortages emerging in the present and potential labour-importing countries.

A basic tenet of medium-term realignment has to be the progressive dovetailing of the Philippine economy into the emerging regional and global division of labour on as advantageous terms as possible. This implies that human resource development strategies in the Philippines cannot be devise independently of the demand patterns at the international level. The future potential and profile of international migration from the Philippines needs to be viewed as being determined simultaneously, if not as a residual, of this matching of domestic supply with domestic and external demand. Present policy judiciously treats future migration as a residual, rather than as a strategic target variable in the medium and long term.

The first requirement is to be able to anticipate external labour demand patterns. Several tendencies may be identified here. The first is the relative decline in the labour absorption in Persian Gulf countries. This is partly because of conscious policies to withdraw, or discourage, domestic helpers from problem countries; but it also reflects the slowing down of the expansionary pull exerted in earlier times by the Middle-eastern construction boom and the subsequent wave of derived demand for services. The growth areas are the old and the emerging NICs.

The second point to note is that the demand for production-related workers in Asia arises from acute labour shortages, and wage-cost pressures threatening the international competitiveness of a range of industries in these NICs. This implies that such demand for migrant labour could extend the life of these industries in their own national locations. The question arises however, for how long? There is a distinct likelihood of such industries, which are usually not in the "advanced technology" category, to relocate overseas. In such a situation, such demand for migrant labour could be short-lived. Indeed, the Philippines could attempt to identify and target such industries - ideally at a firm and enterprise level - for encouragement to relocate in the Philippines. This would *ipso facto* obviate the need for out-migration. Some of these relocations could involve chain effects where, say Taiwanese industry relocates in Malaysia, while the latter climbs up the ladder by shedding some of the lower rung industries to the Philippines and Indonesia. Proactive policies could be devised to tilt the balance in this competitive game in favour of the Philippines. An example is provided by the worker training schemes in small enterprises whereby Philippine labour is trained on-site in the Republic of Korea or Japan, and then absorbed into the firm's relocated plants in the Philippines. Such tie-ups would have to be innovatively enlarged as cheap-labour based manufacturing industries begin to relocate *en masse*. This conversion of demand for migrant production-related workers into the demand for similar labour in the Philippines via relocated direct foreign investments is likely to become increasingly important in the future.

In this connection, the Philippines needs also to continually look over its shoulder, since its cheap-labour based competitive edge is fast being eroded by the South Asian economies and China, which are now also being able to put the other elements of a successful competitive strategy into place. Thus, the Philippines might need to shift increasingly (and rather quickly) from the production of garments into higher value-added activities in the same industry, e.g. computer aided garment designing, production for superior markets, etc. Similarly, assembly-line production warehouse operations might also begin to lose their edge: instead of assembling electronic machines, the need might be to move aggressively into computer software production on an increasing scale. Also indicated might be a move for production workers to shopfloor and plant managers, accountants, sales and public relations professionals. Many of these are areas where the Philippines have a traditional head start, but active educational restructuring policies are necessary to reorient the pattern of skills generated to these emerging needs. Doing so could lead to higher quality migration, but also to an expansion of industrial activity at home - both through foreign and domestic investments - which could preempt the traditional migratory flows by providing meaningful domestic opportunities for the absorption of skilled labour.

The third element on the demand side concerns trends with respect to services. It is clear that as more labour-intensive industries move out of the maturer industrial Asian economies, the relative demand pattern shifts in favour of services. In part, these are the unpalatable 3-D jobs vacated by the host workforce. This category of demand is likely to rise in the foreseeable future as the replacement effect also takes hold in the younger generation of industrializing countries. The two major categories in the public eye are domestic helpers and entertainers. It is here that the traditional regulatory role of the official agencies needs to be maintained, indeed streamlined.

However, there is considerable potential for proactive policy formulation and reorientation with regard to services; the attitude has thus far been far too passive, reflecting perhaps the nature of the Middle-eastern connection which emphasized competitive horizontal market expansion rather than quality improvement. A revised strategy would have to begin from recognising and responding to the powerful twin sources of demand for high quality personal services: the first emanating from the dramatically rising living standards in Asian economies, and the second arising from the changing demographic structures of maturing Asian industrial societies. The combination of these is likely to open up large spaces in the area of personal services quite distinct from the stereotyped domestic maid or entertainer. Thus, high demand sectors could be created by a rich ageing population where traditional family structures begins to give way, for instance in personalized health care, professional household management, organized entertainment and holiday services, social and community services. This new space could provide major openings for Philippine labour, already privileged by a disproportionately level of educational and linguistic attainment. But even such extensions could call for extensive educational, vocational and training reorientations. No doubt other areas of potential demand, especially those concerning occupations and skills outside production work, could be identified.

This development invites policy interventions for gaining maximum advantage. The key issue concerns the mode of organisation and delivery of these services. One model could be where the market is left to individuals to explore and exploit. This is implicit in the declaration of intent in the *White Paper* to deregulate the migration process and increasingly withdraw from the field. The alternative route would be for official agencies to enter into a dynamic and constructive engagement with private agencies both in the Philippines as well as in the host countries to set up service sector companies which cater to such demands on an organized basis. Some such institutional mechanisms were developed and used effectively by companies from the Republic of Korea in the Middle-east in their labour-exporting phase, and also by China. Indeed, following the Korean example, the Philippines also made a brief effort with respect to construction companies. Some reflection should make it obvious that the former, passive approach would probably result in a major opportunity lost. The latter approach calls for institutional innovation and experimentation, for active market analysis and research, and for a suitable feedback into domestic training and vocational policies. It is worth remembering here that this demand is likely to absorb skills which are likely to remain in over-supply in the Philippines for perhaps a decade or more. Further, such a corporate mode of service delivery could remove the stigma attached to some of these personal services by enhancing the dignity of the worker; they could provide a contractual framework where abuses could be curtailed, and where client accountability could also be monitored; and where in the case of difficulties, the worker would have a strong insurance, legal and organisational cover provided by the parent company. Such organized service exports could also be brought under the international umbrella of trade in services. The Philippines is almost uniquely placed to make a foray into this potentially lucrative domain, which has the advantage of dovetailing smoothly with the prevalent reform and recovery strategy adopted by the government.

8.3. The long-term: Structural reforms and macro-economic re-orientation

In the base year of the Medium-term Plan nearly one-third of the workforce was either openly unemployed, or under-employed. The phenomenon is ubiquitous, and the problem could not be more acute. Supply-side pressures on the labour market are unlikely to abate noticeably in the medium term. Even if macro-economic recovery was quick, robust and sustained, the time taken to come within sight of the Lewisian turning point in the domestic labour market might have to be measured in decades, not years. Against this backdrop, it would be futile to expect overseas migration to balance the employment equation. However, it would be counterproductive to block this outlet. Doing so would only push the long-awaited encounter with the domestic turning point further beyond the horizon. There are good grounds for believing that external migration would accelerate the movement of the Philippine economy towards both the twin turning points in the domestic and the international labour markets. That said, the relative magnitudes must not be lost sight of; even a cursory glance would confirm the inability of this external outlet to serve as a prime mover in this transition process. Its role can but be supplementary to the mainstream process of economic growth. Beyond the short-term, therefore, attention has to be focused squarely on the speed, and on the labour-absorptive capacity of the domestic growth process. Two areas of policy action need to be distinguished.

First: how could the domestic economy be placed securely on a path of sustained economic recovery? This puts the spotlight on a programme of macro-economic measures designed to realign the economy in order to take full advantage of the opportunity and spaces opened up by the regional pattern of growth in Asia. *Second*: on the basis of the argument developed earlier, viz., that even rapid economic growth might be incapable of generating widespread entitlements for the poorer sections of the population, what additional interventions might be devised in order to enhance the labour-absorptive capacity, as well as the social and regional "spread" effects of such economic growth as might be generated by macro-economic reforms? This could call for policies of deep structural reform and institutional change designed to reduce the acute inequalities in income and asset-ownership, and increase the human, but also the material, asset base of the poor; and also specific tailored investment strategies targeted on a regional, sectoral or social basis.

A detailed review of such measures falls outside the purview of this paper. However, any such strategy would need to include:

> an accelerated implementation of a meaningful agrarian reform programme; this is critical both from a growth and as distributional point of view, given the poor utilization of land and rural resources, as well as the exceedingly high incidence of functional landlessness in rural areas;
>
> an emphasis on agricultural growth and diversification; this would involve the removal of biases in pricing policies (already a component of the macro-economic reform package), but also in public investment outlays; growth would have to be made more labour-absorbing, and not labour-displacing as in the past;
>
> a special focus on the development of rural non-farm manufacturing, service and agro-processing enterprises; this is vital to absorb the rural underemployed labour force and to retain a higher share of value-added in the agricultural regions; also required would be policies which contend with the stranglehold of capital intensive,

large scale, monopolistic industrial processing enterprises which have tended to minimize the employment and spread effects of agro-processing;

infrastructural development programmes for increasing the linking up with the core growth centres; this would be necessary in order to bridge the chasm between the industrial heartlands and the agricultural hinterlands;

human development programmes focused on the poor; these are intrinsically desirable and would functionally raise the level at which the poor could enter the labour market;

programmes aimed at stemming the cascading processes of natural and urban environmental deterioration; such programmes would have to be compatible with the spontaneous endeavours of the poor to seek out their precarious livelihoods; their success would thus depend not just on technological interventions but on the overall ability to generate egalitarian rural development on a secure basis.

It is self-evident that such measures will require a concerted effort at resource mobilisation in order to finance an extensive investment programme; whether this task can be left to domestic and international capital markets is worth careful reflection. Short-term anxieties for the welfare of the migrants need to be converted into long-term efforts for developing strategies for rapid labour-absorbing relatively egalitarian growth. This might induce the retort: *in the long-run we are all dead*; to which an appropriate rejoinder might be: *the long-run starts now*!

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