

**A
Survey
of the
ASEAN
Countries'**

**Employment
Programs
and
Strategies**

A Survey of the ASEAN Countries' Employment Programs and Strategies

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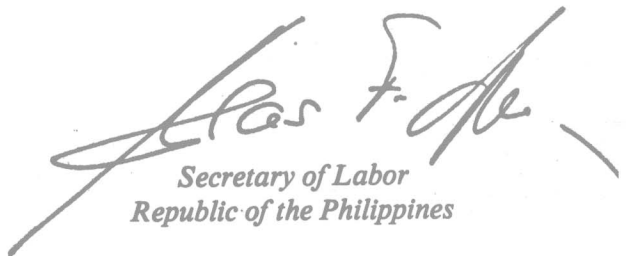
REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF LABOR
Manila

P R E F A C E

This comparative study of the employment strategies of ASEAN-member nations was independently undertaken by the Philippine Institute of Labor and Manpower Studies and does not therefore reflect any official endorsement on the part of the ASEAN governments.

The survey covers the five (5) ASEAN countries, namely: Indonesia, Malaysia, Philippines, Singapore and Thailand. In writing this survey, the ILMS relied on official government publications and other authoritative sources of data and information.

This study, it is hoped, will prove useful in the interim to the ASEAN Ministries of Labor as a material for ready reference on employment policy.



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S U M M A R Y

There are many ways of attacking the problem of employment. In fact, national employment strategies differ depending upon the dissimilarities in the socio-economic, cultural and political milieu upon which the problem exists even as the strategies have themselves to fulfill the national needs which in turn determine the development objectives. Nonetheless, because the problem of employment has also been recognized as having resulted from certain variables particularly consistent among the political systems of the Third World like the steady and increasing population growth and a low level of development strategies. An examination of the national employment strategies of the ASEAN countries will illustrate the convergence and departure on the basic emphasis of employment strategies.

INDONESIA. The problem of employment in Indonesia is largely determined by a huge and increasing population. The broad features of this problem are: (1) an acceleration in the growth of the labor force at the average of over 1 million workers a year; (2) the increasing problem of open unemployment of the more educated young as they enter the labor force; (3) the extreme concentration of the population in Java where about half of the total increase in the Indonesian labor force is expected to take place and where agriculture is expected to absorb only a small portion of the increment; (4) heavy reliance of the labor force on agriculture; and (5) the relatively low rate of urbanization and the somewhat precarious rural-urban balance.

Given these dimensions the Government adopted the following strategies:

1. a national family planning program to arrest increasing population growth:

2. a transmigration policy to rationalize the distribution of labor supply and provide manpower to scarcely populated regions;
3. a rural works development program designed to create employment for the poor even as they are also aimed to rehabilitate rural infrastructures;
4. a manpower development program to supply the needs of priority sectors for quality manpower;
5. the re-direction of the educational thrusts to supply the needs of science and technology; and
6. other developmental programs like agricultural development, mining and industrial development, power and infrastructure improvements.

MALAYSIA. The employment problem of Malaysia is in the nature of high youth dependency ratio, low productivity, underemployment and an imbalance in employment opportunities among the races. The latter presented a serious challenge that the five-year economic development plan covering the period of 1971-75 took for its main objectives the eradication of poverty and the restructuring of the Malaysian society by promoting the economic progress of the *bumiputras* (sons of the soil).

The strategies adopted to achieve these were:

1. land development program designed to bring fuller employment to the underemployed farm labor as well as augment their income;
2. expansion and establishment of high employment growth industries such as textile, wood products, footwear, etc.;
3. expansion in teacher-training tertiary educational facilities especially in the fields of science and technology to meet manpower shortages that exist in engineering, agricultural research and extension, science and technical education, medicine, health and management;
4. providing an efficient system of labor market information and placement services for more effective employment promotion;
5. youth employment programs; and

6. a program designed to enhance the skills of the Malays and other indigenous people through appropriate education and training programs to ensure that the skill requirements of a modernizing society are met.

THE PHILIPPINES. Increasing pressure by a steadily growing population upon the labor supply is the core of the employment problem in the Philippines. In the five-year period (1970-75) alone, the labor force increased by 16% with 69 per cent concentrated in the rural areas. Thus, the usual dimensions of the problem like unemployment and underemployment prevail in more serious proportions. There is, however, one interesting feature in this problem— the educated unemployed.

The Comprehensive Employment Strategy Mission of the UNILO to the Philippines proposed a two-pronged approach to the problem, namely: (1) mobilizing the rural sector in a balanced and sustained fashion, and (2) allowing the industrial sector to turn outward. Taking these into consideration, the goals of development were formulated giving highest priority to the attainment of full employment by attacking both the demand and the supply side of labor. The strategies adopted are:

1. increase in the rate of investment to raise the capital needed for industrialization, agricultural expansion and infrastructure;
2. encouragement of labor-intensive techniques in industries;
3. rural development through land reform, regional dispersal of industries and the establishment of export zones;
4. infrastructure projects like roads, irrigation, rural electrification and improved communication;
5. manpower exportation;
6. expansion of manpower training programs;
7. restructuring of the educational system; and
8. a national family planning program.

SINGAPORE. The employment problem of Singapore is unique in the sense that the worry is not about the surplus in labor supply

but about its possible shortage. Projections show that by 1978 the country will be short of manpower in the order of 180,000. Yet, only in 1965 Singapore was faced with an acute problem of unemployment and underemployment.

The problem of the mid-sixties was solved through the establishment of a strong industrial base. The Economic Development Board was created to oversee the details of planning and implementation of the program which was divided into two categories:

1. the short term or crash program concentrated in the development of infrastructures like communication, transport facilities and industrial estates to alleviate the employment situation; and
2. the long term industrial program which started with the passage of Economic Expansion Incentives Act in 1967 to attract foreign investments to fill the huge capital outlay needed for industrialization, the establishment of a network of overseas promotion offices to make the country as the base for multi-national companies and the establishment of export-oriented industries in manufacturing.

All these resulted into the reduction of the unemployment rate by one half and it is projected that the sustained economic growth will create a manpower shortage by 1978. To militate against the forthcoming shortage and still maintain economic growth, the following strategies were adopted:

1. intensification of efforts to attract modern manufacturing industries like petro-chemicals, machine tools, precision engineering, sophisticated electronics, office equipment and machinery, etc.;
2. assistance to industries to upgrade their skill and technological level by allowing training expenses to be amortized for tax purposes;
3. a manpower development program to optimize utilization of existing manpower;
4. dispersal of industries to peripheral areas to induce more women to work in industries;

5. liberalization of work entry permits for foreigners; and
6. a new strategy in industrial promotion was initiated: industries are no longer encouraged merely on the consideration of the large number of jobs created but on their capability to attain progressive growth in technological content as well as in their capacity to contribute towards the development of modern skills at all levels.

THAILAND. The employment problem of Thailand results from the fact that the country is largely agricultural with roughly two-thirds of the labor force engaged in it, a high population growth and an imbalance between the qualitative and quantitative supply and demand for particular skills and expertise. Recognizing the fact that 85% or more of the population live in the rural areas, special emphasis is given to the rural employment strategy. Among the measures undertaken are:

1. development of an integrated approach toward agricultural manpower and promotion by encouraging family type of farming, modern labor-intensive methods and improved cropping patterns and rotation supported by intensified research and expanded extension efforts;
2. rural employment promotion in non-agricultural sectors particularly in small and medium-scale agro-based industries;
3. development of agricultural vocational schools to provide Thai farmers with vocational and pre-vocational training; and
4. a national plan for educational development which will tie up the educational system with the manpower development efforts. Under this plan the government hopes to train graduates of the secondary schools for employment in occupations that will benefit them and their country. Embraced in this program also are the out-of-school youths.

From the foregoing, the similarities and differences in the national employment strategies of the ASEAN countries are obvious enough to be belabored further. It may be pointed out, however, that there seems to be a common agreement among the ASEAN countries of the need for the re-orientation of development strategies to eliminate employment problems and to improve the level of living of the

countries' poor. Perhaps, it can also be said that there is, among the ASEAN leaderships, a realization that economic growth per se is not after all a panacea in development. More than anything else, economic growth must bring an improvement in the levels of living of the poor. It must provide more jobs for the population but those kinds of jobs which are socially productive and will assure the people of an adequate income that will guarantee them a decent standard of living.

INTRODUCTION

“Of all evils, worklessness is the worst.”

Unemployment is demoralizing. To feel unwanted and not to be able to make any contribution to society lowers a man's morale and makes him lose his self-respect.

Ironically, unemployment is what plagues millions of people in the world today. It has hounded political leaderships out of power as it has acidly tested the mettle of the best development planners.

Certainly, unemployment is present in any society, whatever its economic system and stage of development are. But its manifestations are no more precise and its effects more telling than on the poor developing nations: So much so that unemployment has emerged as the most striking symptom of under development.

Studies indicate that where the level of unemployment is high, the problem of poverty is great; where the rate of unemployment is rising, the gravity of poverty increases by so much more. From all indications therefore, the issues of poverty and unemployment are joined and any discussion of unemployment as a symptom of underemployment cannot be separated from the consideration of the problem of poverty. In fact, in a country where the rates of unemployment and underemployment are high and rising, achieving a high level of employment is one way of achieving income distribution. As an ILO study* affirmed:

... it is in fact almost the only way of providing the poorest groups of the population with the opportunity to obtain a larger share of the total. A policy of full employment is the first and most effective component of a programme to eliminate extreme poverty.

**Towards Full Employment: A Programme for Columbia*, prepared by an inter-agency team, ILO, Geneva, 1970, p. 139.

This brings us the problem: How is full employment achieved? What strategies may a Government adopt to realize full employment and equitably distribute income?

This paper is an inquiry into the national employment strategies of the ASEAN countries. It is not the purpose to compare and judge which country has the best policies and programs. The objective is mainly to examine what are being done about the problem in these countries to gain an insight on the many ways by which the problem can be solved under situations and conditions not essentially similar.

THE ASEAN REGION

Some observations regarding the ASEAN Region in general are in order before the discussion of the individual national employment strategies takes place.

1. The problem of unemployment in the ASEAN Region is partly due to the increase of population growth which is 1.3 times the world rate. Population of the region in 1974 stood at 124.9 million which is 5.7% of the total world population of 3,890 million. Three countries of the region figure prominently in the list of the 20 most populated countries, namely: Indonesia (5th ranking), the Philippines (16th ranking), and Thailand (17th ranking).

Table 1. Population of ASEAN Countries, 1974

	Million	Percent
World Population	3,890	100
ASEAN Countries	224.9	5.7
Indonesia	121.59	3.3
Philippines	41.46	1.1
Thailand	41.02	1.0
Malaysia	11.90	0.3
Singapore	2.21	0.05

Source: 1974 UN Demographic Yearbook through DATA ASIA, March 1-7, 1976.

2. ASEAN unemployment level is quite high, amounting to 6.1% of the total labor force of the Region. This is significant because it means that ASEAN unemployment rate is 1.4% more than the estimated unemployment in developing countries which is only 4.7%; it is, in fact, 2.2% more than the estimate for Asia. It is recognized though that the comparison may be defective and the figures may not reflect the real situation because of the absence of a common definition of such concepts as labor force, employed, unemployed, etc.

Table 2. Labor Force of ASEAN Countries, 1975

Country	Total	Employed	%	Unemployed	%
ASEAN	84,091,000	78,882,000	93.9	5,209,000	6.1
Indonesia	44,800,000	40,700,000	90.8	4,100,000	9.2
Malaysia	4,020,000	3,785,000	94.1	235,000	5.8
Philippines	14,286,000	13,768,000	96.3	518,000	3.6
Singapore	836,000	803,000	96.0	33,000	4.0
Thailand*	20,149,100	19,826,000	98.4	323,000	1.6

Source: Data Asia, Feb. 23-29, 1976

*Figures for Thailand are from the ILO Asian Regional Project for Strengthening Labor Administration (ARPLA), Information Circular No. 3, August 1975. Data Asia figures for Thailand are much lesser, namely: 13,755,000; 13,645,000; and 110,000 and do not approximate to the projections in the Second Development Plan of Thailand. Hence, the resort to the ILO figures.

Table 3. Estimates of Unemployment in Developing Countries, by Region, 1975
(in millions)

Region	Number	Percent
Asia	18	3.9
Africa	10	7.1
Latin America	5	5.1
Total	33	4.7

Source: ILO Bureau of Statistics through *Employment, Growth and Basic Needs*, Geneva: ILO, 1976.

3. In terms of level and growth of real output, ASEAN GDP Growth is slower than the world's rate by 10%. Compared with the Asian average, ASEAN GDP growth and GDP per capita growth registered marked increases with ASEAN GNP per capita being \$123.4 more than the Asian average in 1971 (US Dollars).

Table 4. Level and Growth of Real Output, Asia, 1968-73

Country/Area	GNP Per Capita	Growth of GDP	Growth of GDP Per Capita
Asia	302.6	5.32	3.16
ASEAN	426.0	7.28	4.36

4. In terms of industrial development, and using the World Bank approach of measuring the levels of industrialization through the size of the manufacturing sector relative to total commodity output, it can be assumed safely that the ASEAN Region is well on its road to industrialization. In fact, the Region is industrializing.

Table 5: Levels of Industrialization: ASEAN Countries in 1971

	Value Added in Manufacturing, 1971 (Million US Dollars)	Share in Commodity (per cent)	Levels of Industrialization*
Indonesia	858	14.9	Non-industrial
Malaysia	599	25.5	Industrializing
Philippines	1,506	31.0	Industrializing
Singapore	487	70.0	Industrialized
Thailand	1,138	28.6	Industrializing
ASEAN	4,588	26.3	Industrializing

From: Center for Research and Communication: *The ASEAN Prospects in Economic Integration* (A monograph).

Source of basic data: UN Statistical Yearbook for Asia and the Far East, World Bank Operation.

* In this Classification countries with less than 20% shares of manufacturing in total commodity production of net service are classified as NON-INDUSTRIAL; those with 20% to 40% shares, INDUSTRIALIZING; those with 40% to 60% shares, SEMI-INDUSTRIALIZED; and those with more than 60% shares, INDUSTRIALIZED.

5. With a total land area of 3,051,203.20 square kilometers the Region makes up 2.3% of the total World. Its arable area is about 1.7 million square kilometers or only 38.28% of the total while 49% is forested. The land resources of the region, if properly put to productive use, can instigate the problem of