

**Export
of
Filipino
Manpower**

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I. Issues

In search of employment and higher incomes, Filipinos travel all over the world offering their services to foreign employers. They may be found in 83 countries doing a large variety of jobs, from playing the piano to performing brain surgery. Their numbers are difficult to ascertain because their movements out of the Philippines have been closely monitored only during the last few years while their movements back to the Philippines are not known at all. One estimate places the number at 1.3 million but this is questionable because the estimate is based solely on outflows and does not allow for those who return. Nevertheless, the international movements of Filipino workers are undoubtedly large and are becoming larger and larger as new migration areas are discovered and as information about them is spread.

Expectations of the continued outflow of Filipino workers in large numbers have led to serious questions regarding the desirability of promoting or even permitting such movements. Should the government intervene in the international movement of its citizens? Some sectors believe that some controls are necessary if only to prevent the loss of skills necessary for our own development. Others argue that we have a surplus of many skills anyway and to stop them from leaving the country amounts to a violation of their basic human right to pursue a better life in other countries.

Our intention is to examine the implications of these massive flows of Filipino workers overseas in the hope that better policies can be designed to cope with the problems and opportunities they present. At the outset, it should be made clear that we do not seek to provide an exhaustive treatment of all issues involved. That task

requires a great deal more research and information than can be offered at this juncture. What we hope to accomplish is to identify issues that are of immediate relevance to policy-making, and present all information now available that can shed better light on the directions that our government should follow.

Although information on other kinds of emigration flows will be presented, our main interest is the outflow of workers. This of course does not significantly limit the issue since most emigrants are workers, or those who would otherwise be members of our labor force. We also focus on temporary emigrant workers — those who leave the country under temporary work contracts with foreign employers — and not on those who leave the country under immigrant visas with the intention of settling down permanently in other countries.

Our concern for temporary emigrant workers is prompted by the fact that there is now a fast growing market for the services of temporary migrant workers in many parts of the world particularly the oil-rich countries of the Middle East. There has also been very little attention paid to the complex issues that arise from such emigration flows in contrast to the amount of research that has already been devoted to the consequences of permanent emigration. Equally relevant is the fact that many problems surround present approaches to the export of manpower which are peculiar to the temporary nature of emigration.

The term "export of manpower" has already gained currency; hence, we shall use it interchangeably with the temporary emigration of workers for the purpose of employment. In a sense the term is unfortunate for it is both inappropriate and misleading. Human beings cannot be exported in the same sense as goods for obvious reasons. To limit the concept of employment abroad to a simple trade transaction is also misleading since the former involves the transfer of a factor of production while the latter involves the transfer of products. But the term does have an advantage over temporary emigration. It implies purposive and deliberate effort to put workers in foreign jobs, which is exactly what the government is trying to do at present. It also immediately implies the earning of foreign currency for services rendered in the same manner that the export of goods involves a return flow of money.

Since the enactment of the Labor Code, the government has become actively involved in promoting the export of manpower. Three new institutions were established to undertake this activity, namely, the Overseas Employment Development Board, the National Seamen Board and the Bureau of Employment Services. The OEDB and the NSB were empowered to enter into contracts with foreign employers for the supply of Filipino manpower. The Bureau of Employment Services, on the other hand, was given responsibility for the operation of the public employment offices and for the regulation of private employment agencies.

Direct government involvement in recruitment has raised a number of issues which require careful consideration. Assuming that it is desirable to export manpower, should it be done through the government or through private employment agencies? The answer to this question would be obvious if the objective of maximizing the number of Filipino workers abroad is the sole criterion of policy. However, equally important is the need to protect workers against "exploitation" by unscrupulous recruiters or employers. These two conflicting goals — maximizing employment and guaranteeing protection — are at the heart of the most important controversies in the field of manpower export and indeed in the whole area of employment policy.

Government involvement in the export of manpower has largely been prompted by past experience. Many workers have been victimized by unscrupulous recruiters who promised non-existent jobs abroad in exchange for substantial monetary considerations. Many accepted jobs abroad on the understanding that they would receive satisfactory remuneration only to find out that working conditions are far less satisfactory than what they were led to believe. In efforts to protect workers against such practice the government imposed strict controls on recruitment and adopted a policy of the gradual phase-out of licensed agencies. Certain quarters allege, however, that this policy militates against the objective of promoting employment abroad. The need to balance these conflicting goals raises many questions. Who should decide the acceptability of the terms and conditions of employment? Should we allow Filipino workers to accept any compensation rate as long as it is better than what they can obtain in the Philippines? If standards must be imposed, what should be the basis of such standards?

The licensing of the private fee-charging agencies and the establishment of minimum standards for contracts are the two main instruments currently employed by government to regulate the activities of the private recruitment industry. But these instruments are only operative in the case of recruitment transactions that pass through legal channels. Since potential returns are very high and the initial investments required to get into the trade is minimal, a large "black market" for jobs has been created which escapes government regulations completely. Are there better instruments of regulation that can be devised to minimize if not eliminate the black-marketing of jobs? If there are none, should the government consider the adoption of more liberal policies on recruitment which will reduce the temptation to engage in the illicit trafficking of jobs?

The eventual nationalization of the recruitment trade as provided for in the Labor Code similarly raises a number of important issues which require serious thought. Some people have opined that the OEDB and the NSB cannot be expected to perform as efficiently as private agencies. Like other government agencies, they are constrained by too many rules and regulations to effectively break into new markets for Filipino manpower. Can they equal the performance of the private employment agencies in generating job offers when they do not enjoy the same flexibility as these agencies? Another issue that requires some consideration is the question of whether the government should be in the trade at all. Some people fear that the government may be unnecessarily exposing itself to problems that are frequently created by those workers who fail to live up to their contracts.

The export of manpower involves the loss, even for a temporary period, of many highly skilled and experienced workers. Some sectors in industry have complained of productivity losses due to the emigration abroad of their experienced employees. Even government ministries such as the Ministry of Health and the Ministry of Agriculture have complained of difficulties in getting enough doctors, nurses, agriculturists and irrigation technicians for assignment to the rural areas. While it is the policy of the Ministry of Labor to restrict the outflow of scarce skills there are many ways by which workers can be "smuggled out" of the country by recruiters. Also, the affected workers argue that they are not receiving fair wages from local companies, and therefore, it is not right for the government to prevent

them from going to better-paying jobs abroad. From the standpoint of employers, the problem is seen as the heavy cost of training new workers and the temporary dislocations that can be caused by the departure of many experienced workers all at once.

Looking at the domestic labor market, it is also interesting what impact the export of manpower has on local wage and salary rates for the skills being demanded abroad. It may be expected that the expansion of the job market will push wage rates up for skilled worker categories since the supply of these skills is also limited. To what extent has this happened and in what categories? To what extent do workers change occupations as a result of the availability of jobs abroad or the increase in local wage rates for certain skills as a result of emigration? To what extent is the supply of skills responsive to these developments in the job market? These are only some of the many questions that are raised when we look at the impact of manpower export on the domestic labor market.

Aside from remedying unemployment, the export of manpower is expected to benefit the country directly in the form of foreign exchange earnings and the acquisition of new skills and experience by the overseas worker. Measures have already been adopted by the government to monitor closely remittances of earnings by our workers. The Ministry of Labor also requires seamen to remit at least 70 percent and for other workers at least 30 percent of their earnings through authorized banks of the Central Bank. Current estimates place the amount of yearly remittances of about \$100 million. The question this raises is whether the export of manpower is an efficient way of generating foreign exchange income. Do we have a comparative advantage in producing this kind of exportable service? Is the export of manpower competing with our export of goods? Can we earn more foreign exchange in other ways?

There has been very little attention paid so far on the possible benefits to the country in the form of new skills acquired by our workers abroad. In the case of permanent migration, a net loss in technology is claimed to result from brain drain. But with temporary migration, the same need not be true. Our workers come back bringing with them knowledge of methods and techniques employed in other countries. Can we treat these as benefits? What evidence is available that our returning workers do acquire new skills abroad? How do we evaluate the value of these new skills?

The other side of this issue is the cost to the Philippines of supplying foreign countries with educated manpower. Filipinos are offered jobs abroad because they possess knowledge and skills not available elsewhere, or if available, are much more expensive to hire. The country invested resources in the education and training of these workers which could have been used for other purposes. It is therefore legitimate to ask if the country recovers these costs eventually in the form of workers' earnings. What is the value of this "human capital" embodied in the workers we send abroad? How can we insure that this investment is recovered? Can we devise a system whereby the cost of training is passed on to the foreign employer?

An important objection to the policy of exporting workers is the argument that it perpetuates and even worsens the distortions in our labor market. Private decisions regarding investments in education are in turn greatly influenced by these "distortions." Hence we have a situation where people go for the study of medicine not because doctors are greatly in demand at home but because they are in demand abroad. According to this argument, this by itself may not be objectionable. What is objectionable is that the government subsidizes the study of medicine and hence imposes a burden on the rest of society while the returns accrue only to private individuals. Is this argument valid? What does it imply with respect to policies on educational investments?

If we can assume that there are substantial net advantages to exporting our manpower, there are many interesting questions as to how best we should go about doing it. What skills should we send abroad and which skills should we restrict? Who should do the selling and the recruitment? To which countries should we send our workers? Are our present regulations sufficient to protect our workers?

The foregoing is an attempt to summarize the many issues that are raised by our policy on manpower export. Some of them will be treated extensively while others will be left for other researchers to explore in depth. We shall attempt to present as much information as is possible to obtain in order to shed light on these issues. It is hoped that this can contribute to a meaningful discussion of the subject and to the design of better policies in the future.

II. Trends in External Migration

As a people, Filipinos historically have displayed a relatively high rate of geographical mobility. Within the country's borders, massive flows of people have occurred since the Spanish time, becoming more intense as population density began to be felt particularly in the north. The 1960 census revealed that nearly one in six Filipinos had changed his province of residence since he was born. Similarly, there have been significant foreign out-migration of Filipinos searching for better opportunities in other lands. By 1920, some 21,031 Filipinos had already found their way to Hawaii. A decade later, it was reported that the number of Filipinos in the whole United States (including Hawaii) had already risen to 108,260. Today it is estimated that there are no less than 490,000 Filipino immigrants in the United States, about 50,000 in Canada, and several thousands scattered in smaller concentration in various other parts of the world.

In recent years, a very significant development in the pattern of foreign out-migration has been receiving some attention. This is the growth in the number of Filipino emigrants who are leaving the country for temporary employment abroad. Their significance began to be noted during the latter half of the 1960s when Filipino loggers were brought in large numbers to Indonesia to work in logging camps in Kalimantan. At the same time, many construction workers were recruited to work in Vietnam, Thailand and Guam as the war in Vietnam escalated. In more recent years, they were followed by entertainment groups who performed in Japanese cities, in Hong-kong, and in neighboring capitals of Southeast Asia. Today, large numbers of professionals and skilled workers are leaving for the

Middle East and Africa to undertake a large variety of jobs, from building harbors to teaching in elementary schools.

Our principal interest in this paper is in this new wave of temporary migrant workers who leave the country not to settle permanently abroad but to earn small fortunes by working for a few years in other countries. This form of temporary migration deserves closer study because of its significant impact on the economy and its serious implications for policy. It is also likely to grow in importance in the future as we pursue an aggressive strategy for the placement of Filipino workers abroad.

Growth of Temporary Migration

The rapid growth of contract workers' migration is reflected in Table 1. Official Ministry of Labor statistics indicate a huge jump in number of contract workers placed overseas between 1970 and 1973. Although it is almost certain that the data for the earlier years are grossly understated, the fact remains that this type of temporary migration is increasing by leaps and bounds. The growth, for example, between 1975 and 1976 is a hefty 32.5 percent and the first quarter figures for 1977 already represent a 52 percent increase over the figure for the same period in 1976.

Table 1. *Overseas Placement of Filipino Contract Workers*

<i>Year</i>	<i>Number</i>
1969	3,694
1970	1,859
1971	1,863
1972	14,366
1973	36,418
1974	32,764
1975	36,022
1976	47,754
1977 First Semester	25,105

Source: Selected Labor Indicators
Ministry of Labor

Since there are no available estimates of the extent of illegal or extra-legal migration of contract workers, it is difficult to provide more accurate information regarding the size of actual flows. Unverified reports from some foreign countries indicate that there are many Filipino workers now employed abroad whose contracts were never seen by the Ministry of Labor. They may have left the country under other pretext or maybe by using fake passports. In any case it is difficult to ascertain their number.

In 1973, contract workers represented 47 percent of all Filipinos who emigrated abroad compared to only 5.6 percent of total emigration in 1970. Because the limit to permanent migration to the United States has already been reached, this component of migration is not likely to increase much more in the future. On the other hand, the size of temporary migration is expected to rise even higher in the future.

Destination of Temporary Migrant Workers

During the last six years alone, there have been very marked shifts in the relative importance of each region as places of employment for Filipino manpower. Table 2 shows the distribution of all contract workers other than seamen by region of destination. During the three-year period, 1969-1971, Filipino workers went to 25 countries but over 80 percent of them went either to Guam or to neighboring Asian countries, principally South Vietnam. Carpenters, masons, electricians, mechanics, and clerical workers were brought to South Vietnam in large numbers to build roads and construct office buildings as well as military installations during the war. To Guam went construction workers, telephone linemen, and related skills.

Since 1975, the Middle East has become the most important absorber of Filipino manpower with 13 countries providing jobs for 15,383 workers. The principal country of destination was Saudi Arabia which absorbed some 11,533 workers from the beginning of 1975 till the first quarter of 1977. These were mostly construction workers hired by large construction companies operating in that country. Iran took in 2,794 workers who were mostly professionals such as medical doctors, nurses, engineers and highly-skilled mechanics. Bahrain, Iraq and the United Arab Emirates recruited a smaller number of construction workers.

Table 2. *Distribution of Contract Workers Other Than Seamen by Region of Destination*

<i>Region</i>	<i>1969-1971</i>	<i>1975-1st Qtr 1977</i>
Africa	nil	847
Asia	2,801	11,485
Europe	829	6,782
Middle East	nil	15,383
Oceania	135	668
Americas	3,182	5,440
Trust Territories	469	836
TOTAL	7,416	41,441

Sources: OEDB and BES

Equally significant is the large number of workers who found employment in Europe between 1975 and 1977. From a small number of 829 workers, the number of recruits for Europe jumped to 6,782. About 62 percent of those who went to Europe found employment in Britain where they were given jobs as student nurses, waiters, hotel clerks, and househelp. Italy was the next most significant destination mostly of unskilled workers such as househelp. The Federal Republic of Germany and Austria, on the other hand, provided jobs for 886 professionals most of whom were nurses.

The latter period was significant not only for these shifts in the geographic distribution of Filipino contract workers but also for the addition of many new countries which provided Filipinos with employment. Filipinos found work in 83 countries during the latter period compared with the 25 countries reported for the previous period. Among the new additions, aside from those already mention-

ed, are several African countries, notably Nigeria which took in 656 workers and others like Liberia, Zambia, and Algeria which absorbed only a few. In Europe, aside from Britain, Germany, Italy and Austria, Filipinos found work in 13 other countries including Spain, Greece, Sweden, Switzerland and Denmark.

Other Asian countries continued to absorb a large number of Filipino workers. During the last two years, some 11,485 workers representing 27.7 percent of total contract workers placed abroad found jobs in Japan, Indonesia, Hongkong, Singapore, Malaysia and ten other states. Japan accounts for 66 percent of the recruitment for Asia and these are mainly entertainers. Indonesia continues its recruitment of logging personnel while Hongkong provides jobs mostly for domestic helpers.

We have separated seamen as a distinct category because the nature of their job makes it impossible to determine in what parts of the world they will be working at any given time. Indeed, it is not entirely appropriate to treat them as migrant workers since they do not enter other countries for purpose of employment, but merely to work in vessels that travel from one continent to another. Nevertheless, they constitute an important segment of Filipino manpower who leave the country for purposes of employment.

The National Seamen Board has records of the nationality of the shipping companies that recruited 44,464 seamen starting from the middle of 1976 to the first quarter of 1977. Table 3 shows the distribution of these seamen by country of registry of the shipping companies that employed them. The table shows that Asian registered ships, principally Japanese, account for the largest number of recruits. European registered vessels primarily German and Greek account for the second largest number of recruits.

We do not have comparable data for the 1969 to 1971 period so it is difficult to say anything about the trend in the flow of seamen workers. According to some well-informed authorities, Filipino seamen have only recently found employment in European vessels although they have for a long time been manning Asian registered ships.

Table 3. *Distribution of Seamen by Country of Registry of Shipping Company (June 1976-First Quarter 1977)*

ALL REGIONS	44,464
ASIA	
Hongkong	4,806
Japan	9,840
Malaysia	36
Pakistan	19
Singapore	1,842
X Taiwan	277
EUROPE	
Belgium	410
Denmark	439
Britain	1,296
Federal Republic of Germany	3,777
Greece	3,059
Italy	801
Netherlands	618
Norway	553
Switzerland	266
MIDDLE EAST	
Bahrain	103
Dubai	8
Iran	522
Israel	185
Kuwait	23
Saudi Arabia	63
OCEANIA	
Australia	39
AMERICA	
United States	2,759
OTHER COUNTRIES	12,723

Source: NSB

Occupations of Migrant Workers

A large variety of skills is involved in the flows of temporary migrant workers. The skills range from electrical linemen, to bartenders, to chemical engineers. The OEDB counted no less than 150 skills that have been requested by foreign employers since it started operations. The most important group of skills in terms of numbers is construction because of the construction boom in Saudi Arabia, Iran, Kuwait, Bahrain and the Arab Emirates. Also significant is the number of entertainers and artists who are brought to neighboring Asian capitals in order to perform in clubs and restaurants.

Table 4 shows the distribution of contract workers according to the kind of jobs they obtained abroad. Note that it is possible that the job obtained abroad is not the same or even similar to the worker's previous occupation in the Philippines. But although this happens, the incidence is not very high in the skills that are very much in demand abroad as for instance in the case of carpenters, pipefitters, physicians and nurses. The distribution of workers according to the jobs they obtained is therefore not likely to differ significantly from their distribution according to previous occupation.

Table 4. *Occupational Distribution of Contract Workers Other than Seamen
1975 - 1977**

<i>Occupation</i>	<i>Number</i>	<i>%</i>
Professional, Technical and Related Workers	7,569	16.5
Managerial, Executive and Administrative Workers	196	0.4
Clerical and Sales Workers	1,170	2.5
Artists and Entertainers	9,124	19.8
Craftsmen, Construction and Production Process Workers	18,041	39.3
Transport and Communication Workers	949	2.0
Farmers, Loggers and Miners	239	0.5
Service Workers	8,658	18.8
All Occupations	45,946	100.0

*Data on OEDB placements cover the period from January 1975 to March 1977.

Data on placements of private fee-charging agencies cover the period from January 1975 up to end of June 1977.

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