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Labor in a De-Industrialized Philippines: Rebooting Manufacturing Towards Sustainability

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Introduction:

Labor in development planning

In 2003, Dr. Josef Yap raised the urgent need to have a stock-taking on the existing economic orthodoxy given the “lingering economic malaise” and the failure of Philippine manufacturing to grow compared to the success of Japan and other East Asian countries, including the late-comer China. Dr. Yap later became the President of the Philippine Institute for Development Studies (PIDS). In 2011-2012, he organized in coordination with the Department of Trade and Industry (DTI) a program to revive Philippine manufacturing through a series of industry “road mapping”. But back to 2003, Dr. Yap wrote:

“Mainstream economics has been at the forefront of Philippine development policy for nearly 31 years. While the first major tariff reform program began in 1981, the actual paradigm shift in Philippine development policy occurred as early as 1972. Two pillars of the orthodox school became the economic managers at that time: Cesar E. A. Virata and Gerardo P. Sicat. The greater part of the reform effort was concentrated in the Philippine trade sector, with programs revolving around tariff reduction, elimination of import quotas, and phasing out of subsidies. The explicit goal of these measures has been “export-led industrialization” in contrast to the earlier strategy of protectionism cum import-substitution.”

In 2012, or ten years after Yap raised the need for stock-taking on the existing economic orthodoxy, another maverick economist, Norio Usui of the Asian Development Bank (ADB), came up with an equally blunt assessment of Philippine industrialization: “stagnant” through the decades. And in a marked departure from the usual IFIs’ prescription of deepening economic liberalization as the growth panacea, Usui pointed out that the economy is not sustainable if it is simply dependent on two legs: the migration remittances and the booming call center industry. Instead, he called the need for government to be more decisive in promoting industrial upgrading by targeting the development of what Usui calls as “nearby products” or higher value-adding products in the electronics and other industries. Surprisingly, the ADB gave wide publicity to Usui’s book *Taking the Right Road to Inclusive Growth: Industrial Upgrading and Diversification in the Philippines* (Usui, 2012) and even organized public forums based on the foregoing recommendations of Usui.

The above observations by Yap and Usui are not new to the trade unions and civil society organizations (CSOs), which have been railing through the decades against the narrow EOI program of the National Economic Development Authority (NEDA) and the accompanying structural adjustment program (SAP) devised by the International Monetary Fund and the World

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Bank in support of the EOI. SAP seeks a greater opening of the economy through trade liberalization (tariff reduction and elimination of trade restrictions), deregulation of different sectors of the economy and privatization of government corporations and services. Trade union criticisms of the EOI were made as early as the 1970s because the EOI, called then as the “labor-intensive export-oriented” (LIEO) industrial strategy became the official economic program of the martial-law government, which banned strikes and reduced the power of the unions to conclude collective bargaining. The late labor law professor Perfecto Fernandez called the martial-law labor policy as “regimentation of labor in an open economy” (Fernandez, 1982).

After the EDSA People Power Revolt in 1986, a number of CSOs and trade unions formed the Freedom from Debt (FDC) coalition, whose mission is to expose and denounce the unjust debts incurred and accumulated by the government in pursuit of its EOI program, including the structural adjustment loans supportive of the SAP. And yet, the succeeding post-EDSA governments have all maintained the EOI program and the neo-liberal SAP policies despite the glaring failure of industry and agriculture to grow under this EOI-SAP policy environment. As documented by Bello (*The Anti-Development State*, 2004) and Fair Trade Alliance (*Nationalist Development Agenda*, 2006), Philippine **de-industrialization** in the last four decades has been accompanied by **de-agricultural development**. Table 1 from Usui’s study speaks volumes on the wide gap between the promise of EOI-SAP and the actual economic outcomes for the country.

This paper is a fresh inquiry on the failure of the EOI-SAP development program, which has been in place for nearly two generations and yet has not been subjected to a critical official review. The paper also inquires on the impact or consequences of this failure on the labor market, especially on the most vulnerable among the Filipino working population.

Using the framework of political economy, this paper tries to answer the foregoing inquiries by examining key policy differences in the EOI drive of the successful East Asian countries vis-a-vis the Philippines. The author also analyzed the structure of the labor force based on the statistical data provided by the National Statistics Office (NSO) and DOLE’s Bureau of Labor and Employment Statistics (BLES).

Brief background on Philippine policy switch from ISI to EOI

After acquiring political independence from the United States in 1946, the Philippines pursued industrialization as a national economic goal by instituting a program of import-substituting industrialization (ISI) in the early 1950s. The ISI measures consisted mainly of “controls” – a ban on imported finished products and a strict rationing of foreign exchange earnings (mainly US dollars). These measures were in response to a serious balance-of-payments crisis during the early post-World War II rehabilitation period, 1946-49. However, the government, through the leadership of Central Bank Governor Miguel Cuaderno, used the controls to promote “new and necessary industries” at home (Ofreneo, 1993; Constantino and Constantino, 1978). The growth of these ISI industries was rapid. By the early 1960s, the Philippines, as pointed out, was hailed by the World Bank as second to Japan in Asia in the industrialization process, ahead of the Asian NICs. A World Bank report in 1962 summed up the changes in the 1950s as follows:

“The major structural change since the war has been the growth of domestic manufacturing. Organized manufacturing (5 workers and over), which was limited to the processing of agricultural products before the war, expanded more than 10% per year during the 1950’s. By 1960, it had become a significant segment of the economy, accounting for 12.7 % of the net domestic product that year. A vigorous entrepreneurial class has emerged and the nucleus of a skilled labor force has been formed.”

In the 1960s, the “controls” were lifted, on the pressure of the International Monetary Fund (IMF) on then President Diosdado Macapagal. However, the ISI regime remained firmly in place when the latter replaced the protection measures with new ones: high tariff walls and a long list of restricted imports (Ofreneo, 1993; Constantino and Constantino, 1978). Still, positive and substantial growth was somehow sustained by the economy in the 1960s and 1970s (see table 2), although at a lower rate compared to the initial ISI period of the 1950s. See Annex A in the 1960s on the debates on controls vs decontrols, ISI industrialization vs EOI liberalization and the theoretical issues raised by both sides.

In 1972, then President Ferdinand Marcos declared martial law to consolidate and centralize political power unto himself. At the same time, he instituted a new economic program dubbed as the labor-intensive export-oriented (LIEO) industrial strategy spearheaded by the then newly-created NEDA. The justifications for the switch from the old ISI to the new EOI, initially baptized as LIEO, were two-fold: one, the ISI program was unable to mop up unemployment due to limited expansion of ISI industries, and two, the ISI program was unable to cure the recurring BOP problem because the country was largely import-dependent (on oil, machinery, industrial raw materials, etc.) and its export base was limited, confined to traditional export crops (sugar, coconut) and minerals consisting mainly of gold and copper (Ranis Mission Report, 1974; Ofreneo, 1993).

In 1973, the United Nations Development Programme (UNDP) and the International Labor Office (ILO), on the request of NEDA, organized an economic mission to inquire on the employment implications of the LIEO shift. The UNDP-ILO Mission Report, more popularly known then as the “Ranis Mission Report” because it was headed by Gustav Ranis of the Yale Growth Center, criticized heavily the ISI policy regime for its weaknesses, namely: unsustainable economic development, weak employment generation and unequal economic distribution (Ranis, 1974). The Report proceeded to justify the need for an industrial shift towards the export market and the “mobilization” of the rural sector through agricultural modernization. The latter essentially meant the propagation of the “Green Revolution” or high-yielding rice technology developed by the International Rice Research Institute based in the Philippines. The Ranis Report described the post-war Philippine economy as “dualistic”, consisting of a small “organized sector” and a large “unorganized sector. In a way, the Ranis Report amplified further the criticisms raised earlier by the study of Hicks and McNicoll (1968) – the dualism in a “labor-surplus” economy and the poor employment generation under the “excessive ISI” policy regime.

To make the EOI/LIEO program work, the government and the World Bank launched “development financing”, a borrowing program in support of infrastructure development, especially infrastructures for EOI/LIEO enterprises such as the establishment of export processing zones (EPZs) and modernization of ports and airports. These EPZs initially attracted investors engaged in the assembly and exportation of labor-intensive products such as garments, footwear, toys and fashion accessories; in the late 1970s, these EPZs became attractive destination for electronics investors-assemblers (Ofreneo, 1993).

However, the World Bank was unhappy with the limited growth of the EOI industries in the 1970s. It nudged the government to deepen the EOI program by pushing for a series of “structural adjustment loans” (SALs) in support of a “structural adjustment program” (SAP). The SAP consisted of policy measures aimed at the deeper and wider liberalization of the economy through the lowering of tariffs, the elimination of trade restrictions, the liberalization of the investment regime, the deregulation of major economic sectors (finance, industry, services and agriculture), and the privatization of government corporations, services and assets (Fair Trade Alliance, 2006).

In 1986, a “People Power” revolt ousted the Marcos dictatorship and ushered in a new government headed by President Corazon C. Aquino. However, the change in political governance did not alter the directions of economic governance. The implementation of the three intertwining SAP programs of privatization, deregulation and trade/investment liberation was even intensified (Fair Trade Alliance, 2006). In particular, the Aquino Administration and the succeeding Administration of Fidel Ramos deepened the privatization program through the creation of a Cabinet Committee on Privatization and an Asset Privatization Trust, accelerated the tariff reduction program at a rate much lower than the Philippines’ bound commitments to the World Trade Organization (WTO), and liberalized the foreign investment policy regime by simply coming up with a short negative list of areas foreign investors cannot enter .

De-industrialization and de-agricultural development

What has been the performance of the Philippines under the EOI/SAP policy regime? As can be gleaned from Table 2, the Philippines posted the lowest growth in the EOI/SAP decades of the 1980s, 1990s and 2000s. It was also in these decades when the late industrializers in Southeast Asia – Indonesia, Malaysia and Thailand began overtaking the Philippines by posting higher growth performance in manufacturing (see Table 3).

The Philippines recorded the lowest growth in the industrial sector, with manufacturing registering almost a zero growth rate in the 1980s. One direct outcome of this faltering industrial growth is the declining share of the sector, particularly its manufacturing sub-sector, in total employment (see Table 4). This declining share of industry to total employment is a clear indication of de-industrialization. And since there has been a proliferation of garments firms in the 1970s-1980s and electronics and auto parts manufacturers in the 1980s-1990s (Ofreneo, 1993), the industrial/manufacturing stagnation can only be explained by the collapse of the ISI industries, most of which cannot compete in a globalized and liberalized home market.

The stagnation of industry has been accompanied by the faster stagnation of the other “real” or productive sector of the economy, the agricultural sector. The Philippines has become a net agricultural importing country beginning in 1995. The country has also become the world’s biggest importer of rice and an importer of a whole range of agricultural products such as corn, coffee, meat, milk, wheat, onion, garlic, vegetables, etc. The value of its exports (sugar, coconut, banana, pineapple and a few agricultural products) cannot equal the value of its agricultural imports. For example, in 2010, the total value of its agricultural exports was US\$4.097 billion while the total value of its agricultural imports was US\$7.331 billion, resulting in a deficit of US\$3.234 billion (NEDA, *Philippine Development Plan 2011-2016*, 2011). In a way, the declining agricultural sector explains why rural insurgency in the Philippines, Asia’s longest running, has persisted.

Bright segments of the economy

The only bright segments of the formal economy are the CC/BPO sector and the service industries such as retail/distribution that are booming due largely to the spending by OFWs and families. However, as pointed out by Usui (2012), these segments of the economy are not enough to make the economy sustainable in the long run.

Both the OFW-driven economy and the CC/BPO sector were never imagined by the EOISAP economic planners to become the country's life savers and GDP boosters. In the case of the OFW phenomenon, the Marcos Administration justified the "manpower export" program crafted in the mid-1970s by the then Ministry of Labor and Employment (MOLE) to be a "temporary" one, that is, to ease unemployment while the LIEO program had not taken off fully. But since the LIEO and its later version, SAP-EOI, has never taken off, the temporary manpower export program has become permanent and has expanded tremendously, from over 20,000 contract migrant workers processed by MOLE in 1975 to several millions today.

As to the CC-BPO sector, its phenomenal growth in the last ten years was fortuitous and unplanned. It was not even reflected in NEDA's economic blueprint of 1999-2004 (NEDA, 1999), although the first offshored call center was established in the Philippines by the America Online in 1997 at the former US air base, at Clark. The CC-BPO sector has developed on Philippine soil because providers of customer service for America's top 500 companies have found it cheaper to offshore such service in a country with a good supply of English-speaking, ICT-literate and American-aculturated work force who are paid a fraction of what American call center agents would normally get. Of course, advances in modern communications, e.g., internet and VOIP, have served as facilitating factors. In 2010, the CC-BPO sector employed over 530,000 workers (from a mere 3,000 or so in 2000) and earned around US\$9 billion (NEDA, 2011). Although this job figure still constitutes less than two percent of the country's 40 million work force, the dollar earnings of the sector have a relatively bigger multiplier impact compared to the leading EOI industry (electronics) because these earnings all go to wages, building rentals, interests and profits of Filipino CC-BPO corporate partners. In contrast, dollar earnings in the electronics industry amounting to US\$22 billion in 2012 is reduced by the hefty import content valued at US\$16 billion (NSO, Foreign Trade Statistics).

Why has the EOI growth model failed the Philippines?

Now back to the original question: how come the Philippine industrialization drive has faltered? This paper argues that the EOI growth model implemented by the country's economic technocrats, from the Marcos regime to the present, is narrow and simplistic. It differs radically from the export-led industrialization drive pursued by the Asian NICs and other successful Asian countries.

EOI's limited domestic linkages and discriminatory treatment of home-grown producers

One of the early analysis of the weaknesses of the Philippine EOI program was done in the early 1980s by a member of the ILO Asian Regional Team for Employment or ARTEP, M.K. Datta-Chaudhurri (in Lee, 1984). Datta-Chaudhurri observed that most of the EOI factories or investments established in the 1970s and 1980s were producing garments, footwear, toy and fashion

accessory producers as part of the global value chains of the investing multinationals which set up these factories in the newly-established Philippine EPZs to take advantage of the generous fiscal incentives and cheap labor in the country. It was an “enclave” export-oriented economy with limited domestic linkages and limited job creation for the host country, he concluded.

Datta-Chaudhurri added that the design of the EOI program was discriminatory or damaging to the domestic industrial sector. It ignored the potential leadership role of the local entrepreneurial and industrial class in the export and industrialization drive. This feature is distinctly different from the experience of the Asian NICs, which tried to build up both their export and domestic industries. The success of the EOI program in Japan and in the Asian NICs can be seen in the rise of the big global but home-grown industrial champions such as Samsung of South Korea, which started in the 1970s as a mere electronics assembler for Sanyo. Japan and the Asian NICs did not promote export orientation in a one-sided manner, meaning it was promoted alongside the development of the domestic market, with foreign investors complementing, not easing out, the locals. The literature on the Asian NICs also shows that both the export and domestic industries even enjoyed government protection, although such protection is often hidden in a labyrinthian manner (Ha-Joon Chang, 2006).

The anti-ISI orientation by the proponents of the EOI-SAP program pushed them to design and implement measures that are even discriminatory and harmful to the home-oriented Philippine industries, most of which were simply labelled as “rent-seeking” based on the high tariffs imposed on competing imported goods. The statistics on the decline of manufacturing can only mean a steep decline in domestic manufacturing since the policy regime was overwhelmingly slanted in favour of EOI manufacturing. Many ISI-nurtured industries wilted under the EOI/SAP program due to a business environment hostile to the locals. For example, under SAP, the Philippines adopted a program of unilateral trade liberalization that was ahead or advanced compared to the big Asian exporting countries such as China and Thailand (Bello, 2004; Fair Trade Alliance, 2006). This was compounded by corruption, the most venal expression of which was the inability of the government at the national and local levels to stop the widespread smuggling of products competing with the locally-produced goods such as shoes, vegetables, textiles, paper, steel, cement, petrochemicals, plastics, ceramic tiles and vehicles of various shapes and sizes (Francia and Ramos, 2011). And since smugglers and ecozone exporters pay minimal or no taxes, the full burden of taxation in the Philippines falls hardest on the unprotected domestic industrial and commercial sectors and the consuming public.

Another burden to the domestic-oriented producers is the relatively higher cost of doing business in the Philippines, which has the highest power cost in Asia today. The latter is blamed by the public on the wholesale privatization of the generation-transmission-distribution-marketing of electricity, which benefited a few oligarchic families and foreign power corporations (Tanada and Malaluan, 2011). Thus, even the multinationals that set up manufacturing subsidiaries in the Philippines during the ISI decades of the 1950s and 1960s such as the drug, home appliance and pharmaceutical firms, shut down their local production facilities in the 1990s in favor of production consolidation in nearby Thailand and Indonesia (Fair Trade Alliance, 2006). They have reduced their Philippine operations into import-and-distribute business just like what Ford Philippines did in 2012, when it closed down its assembly plant in the country.

Also, the EOI/SAP-obsessed economic technocrats failed to consult and flesh out with the local business community and affected industries on what are the appropriate transition measures needed

in anticipation or preparation for a more liberal trade and economic regime as a consequence of full SAP program implementation. In the first place, ISI industries clamoring for protection or at least, an even playing field, are seen by the neo-liberal economic technocrats as rent-seekers bent on capturing extra profits through higher tariffs. The Fair Trade Alliance and the Federation of Philippine Industries (FPI) have stories on how official explanations were being made by the SAP implementers or government officials only after the injuries to the domestic producers had already been inflicted. Worse, there is even no active government support to cases filed by domestic industry against dumping and unfair trade practices, e.g., on dumping of tiles and cement, committed by some countries such as China, Thailand and Malaysia.

Banking on FDI with no long-term plans to remain in the country

With their investments focused on segments or parts of their global production, e.g., sewing garments, assembling toys, a big number of FDIs which came under EOI turned out to have no long-term plans, much less programs to deepen and upgrade production, in the Philippines. Some are literally footloose investments, flying in and out of countries. This is exemplified by the labor-intensive garments industry, which had a million or so workers in the 1980s and 1990s and which now has fewer than 100,000 workers today, primarily because many garments investors relocated to China, Bangladesh and other cheaper global sites in the 1990s and early 2000s in anticipation of the end of the quota system under the Multi-Fibre Arrangement or MFA (Ofreneo, 2011).²

In the 1990s onward, garments was eclipsed by the electronics industry as the country's leading export-led manufacturing industry. The industry employs around 500,000 workers and the 700 or so electronics firms can be found virtually in all the four government-run EPZs, two special economic zones (Clark and Subic), and in the various private industrial parks registered with the Philippine Export Zone Authority (PEZA). Lately, however, the industry, which accounted for two-thirds of the country's annual export earnings in the 1990s and 2000s, has been declining. Its share in the total export earnings today is now less than 50 per cent of the total (Ordinario, 2013).

Will electronics, therefore, follow garments in the exit door? After electronics, however, there is no other major export industry comparable to electronics and garments in size, either in terms of employment or export earnings.

Missing programs of technology scaling up and industrial deepening

Sustained industrialization growth requires a dynamic spiral of innovation, learning and technology upgrading. And yet, this was literally absent in the design and implementation of the EOI program for the Philippines. There is the naive expectation by the technocrats that FDI, in an open economy, would eventually help raise the technological base of the country. In the meantime, the focus of policy attention is how to generate jobs through the promotion of the "labor-intensive" export industries, which literally means assembly work in the garments industry, electronics industry, footwear industry, stuffed toy industry and auto parts industry. Very little programs are developed or being developed in support of innovations on new products, new designs, testing of

² Ironically, the garments industry, engaged in re-export manufacturing based on imported materials, contributed to the early demise of the country's ISI textile industry, which employed around 300,000 workers in the 1970s. There were limited linkages between the two sectors. But there were widespread accusations that EOI garments producers over-imported duty-free textile materials, which eventually found their way in the domestic market.

materials (in the case of electronics), and, yes, value-adding linkage formation through the development of upstream and downstream industries.

The absence of scaling up through innovation and learning is amply illustrated by the electronics industry, which got stuck in the assembly work, from the mid-1970s to the present. In contrast, the electronics industry of South Korea, Malaysia and Singapore zoomed upward at the higher stages of electronics processing and value-adding product application because of continuous efforts in technology and skills upgrading (ADB, 2003). In the case of the supposedly “liberal” Singapore, the government set up special technical training institutions and even engineering and polytechnic universities (Nanyang Technological University, Singapore Polytechnic, Ngee Ann Polytechnic, Temasek Polytechnic and Nanyang Polytechnic) just to address the requirement for engineering and technical people needed by electronics and other industries being nudged by the government to go higher up the value chain (Goh, 1996).

The reality is that the role of the government is crucial in industry upgrading processes and in developing a strong domestic science and technical base, which allows an economy to be creative, flexible and responsive to changing market situations. Doane (2004) wrote that Japan and the Asian NICs have pursued innovation and technology development in varied ways but all focused their efforts on 1) moving the country up the technology ladder and developing “high-tech industries and technology clusters”, and 2) encouraging “low and medium tech” areas through the preservation and transformation of indigenous skills and technical skills (“technology blending” and clustering). There is no space to discuss the specific details of the experiences of each of these countries in scaling up the technology laddering. But what is clear is that in each country, the role of a strong, visionary and developmental state is central. Japan and the Asian NICs single-mindedly pursued a program of industrial policy, which entailed government support in capacity building in strategic industrial areas (both domestic and export) which have the potentials of pushing industrialization at a higher and faster level even if initially these industries had no comparative advantage, for examples, car-making in Japan during the 1950s and steel making in South Korea in the 1970s. In a way, what China has done in the last three decades is a replication on a grand scale of the industrial policy experience of Japan and the Asian NICs.

In the case of the Philippines, the visionary and developmental state was sorely missing. Armed with martial-law powers, Marcos expressed some interest in developing a strong industrial base through the launching of 11 “major industrial projects” (MIPs), which are similar to some of the industrial projects pursued by the Asian NICs in the 1970s such as a petrochemical complex, integrated steel, copper smelter, diesel engine manufacturing and so on. However, he allowed his economic technocrats and their IMF-World Bank backers to dictate the economic priorities under the narrow DFO/EOI growth model. When he tried to make a strong push for his 11 MIPs in 1981, the economy was already facing a debt crisis and the World Bank itself quickly shot down the MIP idea by pointing out that these MIPs are “highly capital-intensive and energy-intensive” (Ofreneo, 1993).

A few years after the 1986 People’s Revolt, Limqueco, McFarlane and Odhnoff (1989) observed that the Filipino economic technocrats and foreign consultants such as Gustav Ranis totally neglected the development of the Philippine “capital goods industry” in the name of a “purely export-oriented strategy”. According to Limqueco, McFarlane and Odhnoff, a “capital goods sector development” could have contributed to a more balanced and broadly-based industrial structure, increased agricultural productivity and surpluses, generated a pool of skilled workers and assured the country

of sustained growth through a balanced inter-sectoral growth among the sectors. Unfortunately, Limqueco, McFarlane and Odhnoff were not at the economic saddle of the Philippines.

Incoherence unlimited

In sum, the Philippine industrial debacle is directly traceable to the narrow EOI growth strategy framework promoted by the economic technocrats. ***The issue is not whether to go export-oriented or not.*** Japan and the Asian NICs all elected to go export-oriented. The overarching issue really is how export orientation was pursued in the context of the overall need of the country to push industrialization at a higher and faster level. As outlined above, the EOI framework of the Philippines is not exactly the same EOI framework pursued by Japan and the Asian NICs. Moreover, Japan and the Asian NICs have a more holistic view of how overall industrialization through technology scaling up should be pursued.

In this regard, Rasiah (2007) has come up with a “systemic quad” model incorporating what he sees as the necessary upgrading or capacity-building elements in a successful industrialization process for a developing country. He pointed out that scaling up the industrialization-technology ladder involves an integrated approach involving four pillars: one, basic infrastructure to promote systemic stability and efficiency; two, institutions to provide systemic support for learning and innovation; three, network cohesion to provide the systemic price, technological and social relationships necessary to drive interactive and interdependent coordination; and four, integration in the globalized production production system (e.g., value chains, competition, etc.). In short, it is not a question of whether to go global or not but to qualify the terms of global integration. Of course, in all of this, the role of government is central, especially in clarifying the vision of industrial development and in fostering cohesion through positive coordination and cooperation among public and private institutions and actors in what Rasiah calls as “network cohesion”.

On FDI and the coordinating role of the government, Rasiah (2008) explains that governments of host countries have three major policy tasks: understanding the dynamics of FDI-local interface in the host country production site; understanding the motives of multinational production establishment or relocation, especially in the context of a host country’s domestic and export markets; and framing strategies to nudge the multinationals to drive learning and innovation in the host sites. In short, the government should and must provide the directions on how to deepen and broaden the industrialization process in a globalized economic environment dominated by the global corporations or multinationals. Of course, for the government to be able to do all this, it must not only have a clear industrial development vision but must also have the political will to pursue consistently this vision.

It is abundantly clear that the Philippine EOI growth model, as fleshed out and pushed by the Philippine economic technocrats and foreign consultants such as Gustav Ranis, hardly fits into the Rasiah systemic quad model. Nor does the Philippine EOI growth model fits with the usual Asian EOI model based on the experience of Japan, Asian NICs and now, China.

Employment and poverty outcomes under a failed growth model

What are the economic, employment and poverty outcomes under a failed growth model? The official statistics and data speak for themselves. The most significant developments include the following:

Rise of a remittance-driven economy

Because of the failure of the local economy to produce good quality jobs, workers with marketable skills have applied for overseas jobs. The Philippine “manpower export” program, originally launched in the mid-1970s as a “stop-gap” employment program, has become huge and permanent (Ofreneo, 2010). This is because the EOI/SAP program, meant to solve the problem of lagging growth never took off. The total number of OFWs and other “Overseas Filipinos” was over 10 million in 2011, or roughly 10 percent of the total resident population. OFW remittances, which exceeded US\$20 billion or some 10% of GDP in 2011 (Bangko Sentral ng Pilipinas, 2013), are the reason why growth in the country has been described as increasingly consumption-led. The OFWs and their families have disposable incomes that they spend on consumption goods like home appliances and services like education. Some one-fifth of the country’s population is directly dependent on the OFWs for its daily needs.

Tremendous expansion of the services sector; Both formal and informal

The Philippines has become a services-led economy without having experienced an industrial revolution and without the benefits of agricultural modernization.

The sector has two major sub-sectors: formal and informal. On the formal side, the most prominent is the CC/BPO industry, which employs young, English-speaking and tech-savvy workers who enjoy entry wages at least twice the mandated minimum wage in Metro Manila. But the bulk of employment in the formal service sub-sector is in the traditional service industries such as food, education, real estate, distribution and entertainment, where many of the workers are often low-paid casual workers. These industries are also remittance-driven industries, buoyed up by the spending of families of overseas Filipino workers (OFWs).

The informal side of the service sector is huge. It is composed of numerous micro and informal income-generating activities undertaken by the poor, such as hawking, vending, unregistered repair and personal services, home-based outwork, and similar activities. But the informal economy is not all services. One must add here the informal work done by industrial home workers, unregistered construction activities, small-scale mining, agriculture work done by landless rural poor (those without any land rights), coastal or municipal fishing and so many other similar “non-service” activities. Overall, the informal economy covers a large part of the services and agricultural sectors; however, it also covers the informal segments of industry.

How big is the informal economy? The Department of Labor and Employment (DOLE) has been publishing statistics indicating that the size of the informal labor sector is fluctuating between 41 to 58 per cent of the employed labor force (see table 6). It does this by simply adding up the total of the unpaid family workers (12.7 per cent in 2005) and the non-employer own-account workers (36.9 per cent in 2005). However, the Employers Confederation of the Philippines (Ortiz-Luis, 2008)

gives a higher estimate – a whopping 77 per cent of the employed, or 25 million out of the 36 million employed in 2006 (see table 7)!

High unemployment and underemployment

The growth of the informal economy is directly related to the high rates of unemployment and underemployment in the country.

In 2010, the labor force participation rate was registered at 64.3 per cent, meaning 39.9 million out of the 62 million working age population are in the active labor force. About 37.1 million (or 92.9 per cent) of the LF are employed, meaning the remaining 2.8 million are unemployed or have no jobs (see table 8). The statistics also show that there are 7.1 million underemployed, or with jobs but are still actively looking for additional jobs. There are 3.97 million “unpaid” family workers. And there are 12.65 million who are working at less than 40 hours a week. What all these figures tell is that more than half of the employed

The problem is that this seems to be the pattern in the last 30 years or so and that there are no visible signs of improvement. For example, unemployment was recorded at a low rate of 4.9 per cent in 1980 but increased to 7.3 per cent in 2010. In between, it soared at 11.2 per cent in 2000 (see table 9). It was reduced to a single digit in 2005, when the NSO survey question was modified, making it terribly taxing for a respondent unemployed to answer if he/she is unemployed.

As to underemployment, the rates are virtually the same over the last three decades. Although underemployment dropped below 20 per cent in 2010, about 2.6 million still expressed desire to have additional hours of work or additional jobs.

The persistence of massive and chronic unemployment and underemployment are at the roots of the persistent and chronic poverty in the country. They are also the reasons why the informal economy has become a huge phenomenon in the Philippines.

Chronic mass poverty

The growth of informal employment and the high unemployment/underemployment rates are also reflected in the massive and persistent poverty in the country. Officially, one out every five Filipinos (and one of every four families) in 2009 was considered poor (see Table 10). However, per assessment by this author, the ratio is more one to one.

The official poverty data, worrisome as they are, are understated. This is especially true in Metro Manila or the National Capital Region (NCR), which has a population of 11.5 million and yet got a very low poverty record for 2009, officially placed at only 2.6 per cent. This meant only 54,949 NCR families (or less than 300,000 people) were considered poor. And yet, any visitor who visits the NCR can not fail to notice the large colonies of slums all over the metropolis (Abad, 2011) In particular, a memo of the President Management Staff revealed that a 2010 census by the Metropolitan Manila Development Authority of informal settlers shows that there is a total of

³ To be unemployed, one must be of working age, have no work, seriously looking for work, and should job be available today, prepared to assume the said job. If the answer is uncertain, some unemployed respondents are likely to be placed under the category “not in the labor force”.

556,526 informal settler families or households in the metropolis. At a conservative ratio of five (5) members to a household, this easily translates to close to three (3) million people. As is well known, informal settler houses have uncertain legal status, as they usually squat on private or government lands. Most of these houses are made of light materials like cardboard boxes, which are easily washed away when giant floods hit the city. And most of these informal settlers are poor and belong to the large informal sector of the metropolis.

A deeper scrutiny of the NSO 2009 data on poverty also shows why the estimate is very low. The poverty threshold per individual Filipino was set at P46.00 a day (or roughly a little over US\$1.00 a day). In Metro Manila, this amount will not be enough to buy a poor person two simple meals, let alone three meals plus a certain amount for transport, utilities and all. A more realistic figure for poverty threshold should be the World Bank's US\$2.00 a day global standard. At this level, half of the population, based on the NSO data, shall fall under poverty.

Social and economic inequality: Unchanged after 25 years, 50 years

Social and economic inequality is also disturbing. Per a study by Dr. Tomas Africa (2011), former NSO Director, the income of the top one per cent of the families in 2009 was equivalent to the aggregate income of the bottom 30 per cent. Africa observed that the present situation on inequality is virtually the same as it was in the 1960s. Further, he wrote that there is “no visible middle class” in the Philippines.

The level of inequality in the country, from the 1980s to the present, can be seen in the Gini coefficient curve (see Figure 1). The curve has fluctuated within a narrow band, between .44 to .48, in the last three decades. With 1 as complete inequality and 0 as complete equality, the foregoing coefficients for the Philippines clearly indicate a highly unequal society.

Informalization of the “formal”

Now what is happening on the narrow formal side of the labor market? The quick answer is that the expansion of the informal sector or economy is complemented by the “informalization” trend in the formal labor market. This trend is aided by the reality of jobless growth in the organized sector due to the weak agro-industrial base of the economy and, yes, the availability of a large reserve army of flexible labor from the informal sector. This informalization is dubbed by trade unions as “contractualization” or “casualization”, which generally means short-term and unprotected temporary hiring arrangements. A popular slang used for a short-term worker is “*Endo*”, whose employment contract has ended or bound to end in a short time.

The Philippine trade union movement, which is badly divided on many issues such as the minimum wage, is consistently united on their uniform denunciation of the flexibilization phenomenon that finds expression in various forms of flexible job hiring arrangements such as the outsourcing or subcontracting of work, deployment of agency-hired (third-party-managed) workers within the company's work premises and/or direct hiring of workers under short-term employment contracts.

⁴ An indie film maker even produced a movie entitled “*Endo*”, showing the employment saga of a contractual employee hopping from one job to another.

Unfortunately for the unions and many workers, the realities in the labor market are not too kind on them. Informalisation or “flexibilisation” is widespread in the formal side of the services, industry and agriculture sectors.

Flexibilization also takes varied forms. But the common underlying thrust is to put workers under short-term employment arrangement, with the job contract ranging anywhere from one week to less than three years. The latter (three years) is the usual length or duration of a collective bargaining agreement (CBA), which explains why trade unionists complain that they have less and less workers to organize for collective bargaining purposes. Moreover, under the existing jurisprudence, non-regular workers are usually excluded from the scope of the CBA coverage. The following are the most forms of labor flexibilization:

- ✓ Hiring workers as temporaries or probationaries with no intention of regularizing them. Under the Labor Code of the Philippines (LCP), a company is allowed to subject workers to six-month probation, beyond which he/she is entitled to regularisation if the job is “regular and necessary” to the business. But what happens is that some companies and placement and manpower agencies are doing is to put short-term workers on a “5-5 arrangement”⁵, meaning they are hired for only five months without any intention of regularizing these workers.
- ✓ Hiring workers as “project employees”. Under the law, the tenure of project employees is co-terminus with the project they are assigned to, for example, developing a cell site for a telecom company, whose completion is bound to happen on “a day certain”. In the booming CC/BPO sector, most of the jobs are now under project-hiring arrangement.
- ✓ Hiring of trainees. Under the law, companies can hire trainees, anywhere between six months to two years, at compensation rates of 25 per cent below the minimum wage. In one big electronics company with around 20,000 workers, the ratio of the apprentice-trainee is 19:1, meaning 19 apprentices-trainees for every one regular employee (Ofreneo and Hernandez, 2010).
- ✓ Utilization of job/service contractors. Job contracting within company premises is the most common route these days towards flexibilization. The unions complain that agency workers, hired and deployed by third-party service contractors or “manpower agencies”, often outnumber the direct hires, especially in the retail, hotel and restaurant, and labor-intensive manufacturing industries.

There are other flexible work and compensation arrangements (Kapunan and Kapunan, 2006). They include the following: work on a commission basis, meaning workers are paid based on a percentage of the sales they make; “boundary” system, which is common in the transport sector (drivers are supposed to turn over a fixed daily amount or “boundary” to the transport owner (e.g., taxi) and appropriate to himself/herself whatever is the surplus; and piece-rate system, meaning workers are paid on the basis of results (quite common in the heyday of the garments industry).

⁵ The term “5-5 labor market” was coined by Dr. Ofreneo in his report on the labor market situation in the garments situation in 1999. The report was part of the evaluation report by the Independent Monitoring Group on the “Terms of Engagement” of the Levi Strauss with its contractor-producers in the Philippines. See Abrera-Mangahas et al, 1999.

There are also seasonal workers, or those hired during peak demands for business, e.g., production of Christmas decorations for the Christmas season.

Summing up

Overall, the Philippines is suffering from the multiple problems of massive unemployment, underemployment and poverty due to weaknesses in the quality of growth – industry-less, agriculture-less and jobless. Development has been segmented and even aimless. There are good quality jobs for a few in the shrinking formal or organized sector of the economy. However, majority of the jobs are of poor quality and can be found in the ever-expanding informal economy. The limited opportunities for career and income advancement at home have, in turn, pushed millions to seek greener pastures overseas. The resulting OFW remittances are what keep the economy growing – despite the limited job outcomes from the narrow EOI/SAP program, aggravated by bad economic policies at home such as the model debtor program. The real sectors -- industry and agriculture – have not been growing and generating jobs for the growing labor force. Yes, there is growth but it is a remittance-driven consumption-led growth. And yes, it is jobless growth.

Industrial Policy for the Philippines – now!

In the wake of the global financial crisis (GFC), the term “Industrial Policy”, associated with a strong or activist government providing a guiding role in the upward upgrading and promotion of select industries or whole sectors of the economy, has become part of the vocabulary in the development circles. The Keynesian-style stimulus spending by the United States, United Kingdom and other developed countries to boost their depressed economies and save some big national industries that are “too big to fail” show that, when confronted with a crisis, developed countries themselves are only too willing to cast aside their supposed belief on and compliance with free market rules. Today, governments worldwide, led by the United States and China, are trying to implement in one form or another an Industrial Policy for their respective countries. They have all become born-again Keynesian interventionists, ignoring the Washington Consensus on the all-out privatization of government corporations and services through non-government intervention in the market and the auctioning of government corporations to the private sector.

In short, Industrial Policy collides with or is the opposite of neo-liberal economics. Worshipping on the altar of free market rules, neo-liberal economists assume that untrammelled or unrestricted competition under a free-trade environment makes industries and labor markets efficient. Those unable to survive under free market competition are simply allowed to die on the wayside, just like the Philippine ISI industries that were left struggling in coping with the impact of SAP liberalization in the 1980s-1990s.

What is the policy scope of Industrial Policy? The World Bank-supported Donor Committee on Enterprise Development (DCED) gives a terse summary of how Industrial Policy (DCED, 2014) is understood globally:

“UNCTAD defines industrial policy as a ‘concerted, focused, conscious effort on the part of government to encourage and promote a specific industry or sector with an array of policy tools’. The World Bank considers industrial policy as ‘government efforts to alter industrial structure to promote productivity-based growth’.

Pack and Saggi provide a more detailed definition: ‘any type of selective intervention or government policy that attempts to alter the structure of production toward sectors that are expected to offer better prospects for economic growth than would occur in the absence of such intervention, i.e., in the market equilibrium.’”

All the foregoing definitions of Industrial Policy point to one general conclusion – Industrial Policy refers to the effort of a government to build up capacity in an industry or sector to promote structural change, for example, from an agrarian to an industrial economy or from a low-technology manufacturing base to a high-tech manufacturing base. Neo-liberal economists are against Industrial Policy because they see it as a subversion of the free-market model and a derogation of the Ricardian concept of “comparative advantage” in trade, which assumes that nations are better off producing goods which they can produce more cheaply or more efficiently, for example, a labor-surplus developing economy can focus on the production of cheap garments for export. They add that pursuing Industrial Policy means some sectors are discriminated because of the subsidy given to select sectors; hence, the charge that Industrial Policy is a formula for crony capitalism. Further, they argue that picking winners can be costly if these winners floundered in the market or if the selected “infant industries” remain infant and dependent on government support.

There is no space here to go into a lengthy refutation of the neo-liberal critique, which, to a certain extent, may have some basis if Industrial Policy is pursued in an arbitrary and capricious manner sans public debate and consultation, research and analysis, and without any clear vision of industrial development that can benefit the most number of people and the whole society. What is important to point out here is that a glimpse at the history of most of the developed countries today shows that Industrial Policy played a decisive role in the transformation of their economies from one dependent on low-value-adding agrarian production to high-value manufacturing (see the historical review made by Ha-Joon Chang in *Kicking Away the Ladder*, 2002).

Also, in Asia, Industrial Policy has been given life at varying levels and forms by Asia’s major and fast industrializers, beginning with Japan after World War II, followed in the 1970s-1980s by the Asian NICs or newly-industrialized countries of South Korea, Singapore and Taiwan. Subsequently, Indonesia, Malaysia and Thailand adopted some form of government-led industrialization. Of course, the biggest and the fastest industrializer today is China, which aggressively participates in the global market by unabashedly maintaining a managed currency to promote exports and keep imports at bay and supporting in myriad ways the upgrading of its own domestic and export industries just like what Japan and the Asian NICs did earlier.

In contrast, the Philippines, as summarized earlier, has embraced a neo-liberal framework of development since the 1970s, when it followed the neo-liberal dogma of market opening without a clear and accompanying State-supported industrial upgrading. This dogma was reinforced in the 1980s and the 1990s with the World Bank’s SAP prescription of wholesale trade and investment liberalization, deregulation of finance and other sectors, and privatization of government corporations and social services. The result, however, is the cataclysmic collapse of both industry and agriculture. Ironically, today, both the ADB and the World Bank have been calling for a revival of Philippine industry, manufacturing in particular, because they argue, correctly, that growth is unsustainable without an industrial base.

Framing Industrial Policy in the Philippines

Now, given the history and structure of the economy, how should Industrial Policy be pursued in the Philippines?

First, this paper takes the position that the overall focus of Industrial Policy should be on building up the overall competitiveness of the economy and nudging Philippine-based industries to go up the higher rungs of the industry ladder through a scaling up of technology, R&D, and providing an enabling environment – such as availability of cheap power and efficient infrastructures, among others.

Rasiah (2007) put all the upgrading and capacity-building elements together in his “systemic quad” model. He pointed out that scaling up the industrialization-technology ladder requires the basic development of skills capacity and scientific-technical knowhow in the targeted industries. In turn, building up such capacity and knowhow requires an enabling environment made possible not only by basic supporting infrastructures (e.g. communication, utilities, customs, etc.) and integration in a globalized production system (e.g., value chains, competition, etc.) but also, and more importantly, the presence of institutions to drive learning and innovation (e.g. R&D, training, etc.) and the positive coordination and cooperation among public and private institutions and actors in what he calls as “network cohesion”.

From the foregoing, the role of government, with its coordinative power, is primordial. It should provide the leadership in the industrial visioning process. In particular, it should lead in strategizing, together with the private sector and the country’s intelligentsia, the position of the country in the globalizing world economy. The reality is that the Philippines is part of a globalized world economy. However, it should not get stuck in low-value-adding spots in the global economic order by passively waiting for the market forces to play out freely and show the country’s so-called “comparative advantage”. The growth and collapse of the garments industry (and before it, the textile industry) shows the terrible consequences of the absence of a forward-looking industrial strategy. And so is the lack of value adding development in the assembly and export of electronics and auto parts, as discussed in the ADB book of Norio Usui (2012).

The DTI, NEDA, DOST and other concerned economic agencies should draw up a program of scaling up for existing industry and agriculture – in terms of value addition, technology upgrading, skills development and general modernization – so that ***industries and jobs can be nudged to evolve into higher stages of development and do not merely become transition industries and jobs.*** Such scaling up means helping local industry and agriculture develop strong muscles to withstand competition at home and overseas (hence, the importance of calibrating trade, investment and production policies in a coherent manner). It also means R&D, strategic market niching, affordable enabling infrastructures (power, communication, transport, etc.) and supporting institutions that make the cost of doing business competitive. This is what Industrial Policy is all about!

Overhaul the existing development framework

Unavoidably, the Industrial Policy entails an overhaul of the existing development blueprint, or the *Philippine Development Plan 2011-2016*. NEDA keeps repeating that the PDP is socially inclusive.

Inclusiveness, however, is interpreted in a rather narrow manner—that is, accelerating the growth of the economy through freer market rules so that more jobs can be created.

But how to grow? NEDA's answer is also rather narrow—encourage foreign and domestic corporations to come in under the country's liberalized economic environment. In particular, NEDA has been marketing the program of public-private partnership (PPP) as a means of attracting these investments, especially in infrastructures. Accordingly, the PPP shall help solve the country's huge social and physical infrastructure backlogs (e.g., roads, bridges, airports, hospitals, etc.). Under the PPP program, big corporations are encouraged to invest in infra projects, usually under a 25-year “build-operate-transfer” (BOT) scheme with government-guaranteed returns on investment.

In short, the present PDP, although relatively thick compared to previous Medium-Term Philippine Development Plans (MTPDPs), is essentially another SAP-oriented privatization blueprint. The social and economic outcomes under the SAP program are neither inclusive nor empowering for the poor. Nor has the economy been sustainable, as reflected in the declining industrial and agricultural base of the country.

On strengthening industry and agriculture, the PDP is not short in positive rhetorics. In Chapter 3, the PDP seeks a “globally-competitive and innovative industry and services”. Nobody can quarrel about this goal nor in the various components of the strategic framework such as “improved business environment”, “increased productivity and efficiency”, “enhanced consumer welfare” and so on. The chapter also harps on the Philippine success in the BPO sector, which it says must be sustained. The problem, however, is that the chapter has no strategic framework on how the Philippines shall position itself in the global market in terms of industries it can develop as well as in terms of existing industries that it can preserve against the onslaught of competition, especially unfair competition practices such as dumping by other countries. The PDP is not clear on how it shall address the three leading stumbling blocks to the growth of manufacturing: one, the atrociously high cost of power, which is equal to or even higher than Japan; two, the untamed smuggling scourge, which has transformed the country into an archipelago of “ukay-ukay” from rice to cars; and three, the obvious lack of a system of collaboration between industry and the science/intelligentsia community, which explains why the country lags behind in innovation.

Mobilize society

A vision of sustainable development requires the all-out mobilization of society. If the poor are excluded in the process by their poverty and the government's failure to empower them through meaningful and sufficiently-funded social reform programs, the resulting growth pattern will remain uneven, unequal and exclusionary. There will be no reliable constituency for a Green Industrial Policy.

As it is, there is no shortage in the Philippines of social reform programs aimed at liberating the poor from poverty—from agrarian to urban reform, from coastal to ancestral domain reform, and from health insurance coverage to varied livelihood assistance programs. The problem is that there is a big gap between rhetorics and implementation, and between declared targets and budgetary allocations. For example, agrarian reform, 25 years old (in June 2014), is still unfinished. The implementors have also neglected the task of transforming the landless beneficiaries into modern agribusiness ecology-minded producers. Thus, despite land transfer, most of the lucky agrarian reform beneficiaries have remained poor.

Mobilization should include the educated youth, the small middle class and the professionals/intelligentsia. The experience of the successful industrializers shows that the spiral of industrial innovations can only happen in a country able to mobilize the brain power of its people and harness the talents of the best and the brightest. How can Taiwan's Hsinchu City, with less than half a million people, is able to make itself the center of high-tech production in the world, attracting around 360 high-tech companies, including its home-grown Acer, if the City has not positioned itself in the global high-tech map, if there is no fruitful partnership between Hsinchu University and Hsinchu Industrial Park, and if there is no program to bring home to Taiwan the Taiwanese engineers working at California's Silicon Valley? Here in the Philippines, the problem of industry is the steady outmigration of the best and the brightest, which poses a problem even for existing industries requiring skilled professionals and manpower.

Of course, mobilization should also include the local industrialists and entrepreneurs. They should be challenged to join the industrial revolution based on a workable national blueprint they can identify with. The problem, however, is precisely the absence of a workable national blueprint.

Conclusion

The narrow EOI growth model pursued doggedly by the neo-liberal technocrats in the last five decades has focused mainly on liberalizing the economy SAP-style sans a clear industrial and agricultural vision. The outcome has been disastrous for the economy and the Filipino working people. The growth model has failed to grow the jobs and welfare needed by a growing population. Mass poverty and inequality have persisted a quarter of a century after EDSA I and over a century after the Philippine Revolution for nationhood.

It is time to overhaul the existing growth model and clarify the industrial vision, if the Philippines wants to catch up with Asia. For this, we need a more activist approach in rebuilding industry and agriculture as well as a clearer vision of how rebuilding can be done, in particular how to put job creation and agro-industrial upgrading in the macro-economic framework. We have to strategize Philippine position in the global and regional markets (not just open up) to maximize gains, minimize losses. Of course, we need to mobilize the entire society, especially the poor in building up national capacity. For this, empowerment programs, e.g., access to land and capacity building programs, are clearly a must.

Tables

Table 1
Sectoral Composition of Economy, Output and Employment
(Percentage, 1980 and 2009)

Sector	1980	2009
Output Share		
Agriculture	25.1	13.1
Industry	38.8	31.7
<i>Manufacturing</i>	25.7	21.3
Services	34.3	55.2
Employment Share		
Agriculture	51.8	35.2
Industry	15.4	14.5
<i>Manufacturing</i>	10.8	8.9
Services	32.8	50.3

Source: Extracted from Table 2-1 of Norio Usui, ADB, 2012.

Table 2.
Philippine GDP and Sectoral Growth
(1950s to 2000s)

Average growth rate	1951-60	1961-70	1971-80	1981-90	1991-00	2001-2010
GROSS DOMESTIC PRODUCT	6.2	4.8	5.7	1.7	3.0	4.7
Agriculture	4.6	4.2	3.9	1.1	1.8	3.0
Industry, <i>of w/c, Manufacturing</i>	7.1	5.5	7.6	0.3	3.0	4.2
Services	9.4	5.7	5.9	0.9	2.5	4.1
	6.7	4.7	5.2	3.3	3.6	5.8

Source: NSO and BLES

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Table 3
Share of Manufacturing in GDP and employment,
select Southeast Asian Economies, 1980 and 2009

	<i>1980</i>	<i>2009</i>	<i>Change</i>
<u>Manufacturing percentage share in GDP</u>			
Indonesia	13.0	27.4	14.4
Malaysia	21.6	25.5	3.9
Philippines	25.7	21.3	(4.4)
Thailand	21.5	34.2	12.7
<u>Manufacturing percentage share in employment</u>			
Indonesia	9.0	12.4	3.4
Malaysia	16.1	18.3	2.2
Philippines	10.8	8.9	(1.9)
Thailand	7.9	13.7	5.8

Source: Usui (2012)

Table 4
Share of employment by sector, 1970-2010

	<i>1970</i>	<i>1975</i>	<i>1980</i>	<i>1985</i>	<i>1990</i>	<i>1995</i>	<i>2000</i>	<i>2005</i>	<i>2010</i>
Agriculture	53.7	53.5	51.8	49.6	45.2	44.1	37.1	26.0	33.2
Industry	16.5	15.2	15.4	13.8	15.0	15.6	16.2	15.6	15.0
Manufacturing	11.9	11.4	10.8	9.7	9.7	10.2	10.0	9.5	8.4
Services	28.2	31.8	32.8	36.5	39.7	40.3	46.7	48.5	51.8

Source: National Statistics Office

Table 5
Stock Estimate of Overseas Filipinos and Overseas Filipino Workers
2000-2011 (in millions)

Year	Permanent	Temporary	Irregular	Total
2011	4.86	4.51	1.07	10.44
2006	3.55	3.80	.87	8.23
2000	2.55	2.99	1.84	7.38

Source: Commission on Filipino Overseas, DFA.

Details may not add up due to rounding.

Permanent - Immigrants or legal permanent residents.

Temporary - Persons whose stay overseas is employment-related and who are expected to return at the end of their work contracts.

Irregular - Not properly documented or without valid residence or work permits or overstaying.

Table 6
BLES-DOLE count of formal and informal sector in the total employed, 1980-2010

Year	Formal Sector	Informal Sector		
	Wage & Salary Workers	Own Account Workers	Unpaid Family Workers	Total Informal Sector
1980	42.4	36.9	20.7	57.6
1985	43.8	39.7	16.5	56.2
1990	45.5	38.8	15.7	54.5
1995	46.2	39.0	14.8	53.8
2000	50.7	37.1	12.2	49.3
2005	50.4	36.9	12.7	49.6
2010	51.8	29.8	11.7	41.5

Source: Labstat Updates 15, 19 (August 2010)

Table 7
ECOP's Estimation of the Number of AS workers
2006 (in '000)

Indicator	2006
Underemployed	7,467
<i>Underemployment Rate</i>	22.7%
Own-Account Workers	12,134
<i>Employer</i>	1,467
<i>Self-Employed</i>	10,667
<i>% of employed</i>	32.3%
Unpaid Family Workers	4,038
<i>% of employed</i>	12.3%
TOTAL	25,151
<i>As % of Employed</i>	77%

Source: Sergio Ortiz-Luis, *Philippine Employer*, May 2008.

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Table 8
Select Labor Force Statistics, 2010

	<i>Number</i>	<i>Percentage</i>
Working age population (15 years old and above)	62 million	
Labor force	39.9 million	64.3% of working age population
Employed	37.1 million	92.9% of labor force
Unemployed	2.8 million	7.1% of labor force
Underemployed	7.1 million	19.1% of employed
Unpaid family workers	3.97 million	10.7% of employed
Working less than 40 hours a week	12.65 million	34.1 % of employed

Source: National Statistics Office

Table 9
Unemployment and Underemployment Rates
(in per cent, 1980-2010)

Year	Unemployment	Underemployment
1980	4.9	21.7
1985	6.8	21.8
1990	8.4	22.4
1995	9.5	20.0
2000	11.2	21.7
2005	7.7	21.0
2010	7.3	18.8

Source: National Statistics Office, Labor Force Survey, various years.

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Table 10
Official Poverty Statistics: 2003, 2006, 2009

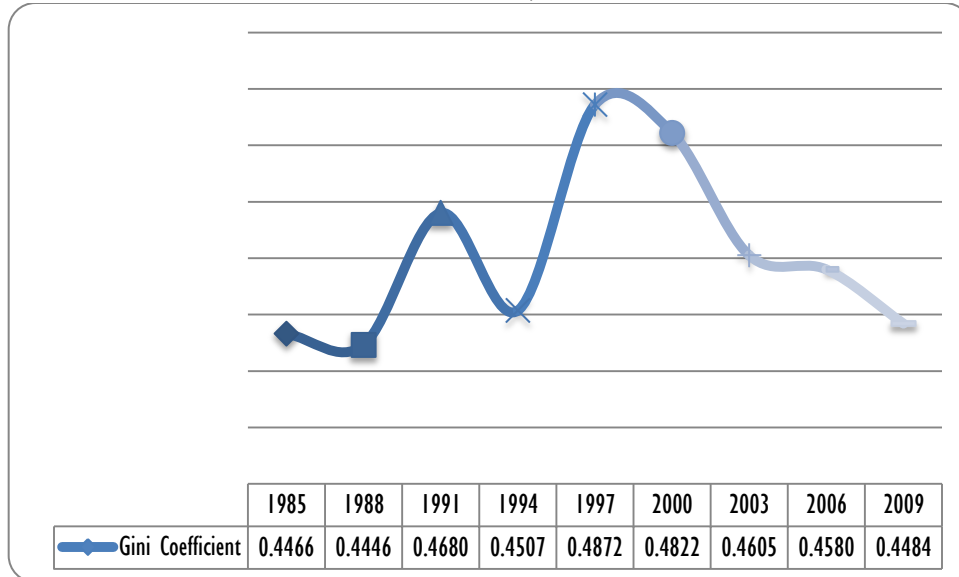
<i>Indicator</i>	<i>Year</i>		
	<i>2003</i>	<i>2006</i>	<i>2009</i>
<i>A. Among Families</i>			
Poverty incidence (%)	20.0	21.1	20.9
Subsistence incidence (%)	8.2	8.7	7.9
Magnitude of poor	3,293,096	3,670,791	3,855,730
Magnitude of food poor	1,357,833	1,511,579	1,433,843
<i>B. Among Population</i>			
Poverty incidence (%)	24.9	26.4	26.5
Subsistence incidence (%)	11.1	11.7	10.8
Magnitude of poor	19,796,954	22,173,190	23,142,481
Magnitude of food poor	8,802,918	9,851,362	9,440,397
<i>C. General indicators</i>			
Income Gap (%)	27.7	27.2	25.7
Poverty Gap (%)	5.6	5.7	2.7

Source: National Statistical Coordination Board

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Figures

Figure 1
Gini Coefficient, 1985-2009



Source: National Statistics Office

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