



When Will the **Turning Point** Ever Come?

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What is “turning point”?

Also called “migration transition”
“migration hump”

-- happens when net emigration by nationals of a labor-sending country start declining in absolute/relative terms.

Examples: Japan in mid-1960s
SKorea in 1980s –
(in 1981, w/ 150,000 in ME,
in 1990, w/ 8,000 left in ME)

RP's “turning point” – when?

- 1970s – FM launched “manpower export” as “temporary program” while LIEO not taken off
- 1980s – post-EDSA I – CCA reaffirmed overseas employment as “interim program” while SAP-EOI not taken off
- 1995 – Gangayco Commission – MWL mandates phasing out of OE (Gov't solution: speed up SAP-EOI)
- New Millenium – PGMA – adopted “managing migration”; later, respect for migration as “legitimate option” for all
- 3 decades + + +



W/ no success in EOI...

OE grew & grew

Deployment/processing

| | |
|---------|-------------|
| 1975 -- | 50,527 OCWs |
| 1980 -- | 260,090 |
| 1990 -- | 661,997 |
| 1995 -- | 718,550 |
| 2005 -- | 988,615 |
| 2006 -- | 1,062,567 |
| 2007 -- | 1,070,192 |

Overseas Filipinos (Dec 2006)

| | |
|-----------|-----------|
| PERMANENT | 3,556,035 |
| TEMPORARY | 3,802,345 |
| IRREGULAR | 874,792 |
| TOTAL | 8,213,172 |

Outcomes of EOI

1970s – LIEO of Sicat & Co.

Outcome: **less than 10 % non-trads Xs**

1980s-1990s – SAP decades
(all-out liberalization)

Outcomes: **electronics up**
garments down
ISI industries down

2000 + -- **local industry/agriculture down**

Unemployment/ underemployment Rates (1970-2004)

| <i>Period</i> | <i>Unemployment</i> | <i>Underemployment</i> |
|---------------|---------------------|------------------------|
| 1970-75 | 5.33 | 11.76 |
| 1975-80 | 5.40 | 12.68 |
| 1980-85 | 9.93 | 24.88 |
| 1985-90 | 10.46 | 21.88 |
| 1990-95 | 8.57 | 21.02 |
| 1995-2000 | 9.68 | 21.28 |
| 2000-04 | 10.96 | 16.90 |

Source: National Statistics Office, various years.

Diaspora as economic “sector”

$$Y = C + G + I + (X-M)$$

does not capture OFWs' contributions

In the past, OFW contributions in reflected in
“errors and omissions”

OE - biggest dollar earner (US\$1
B/month)
biggest job generator
life support for a fifth of
population (20-25 M)

1991 – 3.3 per cent of GNP

2004 -- 10.8 per cent of GNP

Families with assistance from abroad as main source of income:

1991, 1997, 2000 and 2003 ('000)

| <i>Year</i> | <i>No. of families (‘000)</i> | <i>Growth Rate (%)</i> | <i>As % of total RP families</i> |
|-------------|---------------------------------------|----------------------------|--|
| 1991 | 775 | | 6.5 |
| 1997 | 881 | 13.7 | 6.2 |
| 2000 | 1,107 | 25.7 | 7.2 |
| 2003 | 1,310 | 18.3 | 7.9 |

Source: NSO



Remittances keep economy rolling

**Growth always consumption-led
But who is doing the consumption?**

Beneficiaries:

- Recruitment industry
- Remittance industry
- Malling industry
- Appliance industry
- Real estate industry
- Pre-needs industry
- Nostalgia industry
- Tricycle industry
- Etc., etc.



OFW-centered development blueprint?

1. *Yes to fuller development,
but No to SAP-based development*

**Success of Japan, Asian NICs & China
Due to balanced capacity dev't,
Not narrow SAP-type liberalization**

Key features:

**strong industrial policy
role of local champions**



Blueprint

2. Mobilize OFW savings For more productive undertakings

**NGO-OWWA initiatives on entrepreneurship –
Yes**

But study Guingona proposal

3. Address development downsides

**Brain drain, poaching of “mission-critical
personnel”**

“Dutch disease” syndrome.

Unused skills learned overseas.

Governance incoherence.



Conclusion

Turning/tipping point

requires successful transformation of economy into a dynamic and sustainable one.

In turn, this requires

Re-thinking existing dev't paradigm

We must address problems at home first.