

The Fiscal and Employment Situation as Continuing Crisis^φ

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Abstract

A review of the Philippine fiscal and employment situation reveals the increasing magnitude of debt and unemployment. Under conditions of slow or moderate income growth, the situation suggests a continuing crisis in economic management. What kind of decision is needed to arrest and reverse this trend? The accumulation of public debt necessitates the increase in public revenues, which largely depends on the people's prosperity. However, a low level of education afflicts the majority of the labor force. Further, the informal sector continues to dominate the domestic labor market. These limit the income generating capacities of both the state and the people. Absent structural changes, political turbulence stemming from such unfavorable conditions could be expected to increase in frequency in years to come. The paper argues for 1) the development and modernization of enterprises and 2) the expansion of the formal sector in the strategic effort of relieving debt and unemployment problems.

Introduction

Some people regard politically turbulent periods in the Philippines as random events that involve transient rulers. They believe that once presidents are replaced, Philippine economy and society could start moving forward. Others, while recognizing "random" events, situate turbulent periods in an otherwise deterministic system. In other words, the occurrence of political turmoil in time is more or less predictable. This owes largely to unresolved structural issues in the country's political economy. Not necessarily pessimistic, they see economy and society in a progressive path of deterioration.

The current political turbulence derives from at least two major sources. The first comprises the set of political scandals that have weakened legitimacy and public trust in the presidency as well as in government. These scandals include allegations of

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questionable deals (e.g., Venable contract) as well as election manipulation involving the president, her family, and political allies.

Political economists have described the Philippines as a rent-seeking society and a patrimonial state. This leads to the second but more fundamental source of political turbulence: serious structural deficiencies in the Philippine political economy. That structural problems exist could be supported by a historical review of the fiscal and employment situation. Adam Smith has proposed that the goal of political economy is the enrichment of the sovereign (government) and of the people. This proposition reduces a methodological bias in selecting the fiscal management and employment situation as a basis for a tip-of-the-iceberg assessment of the Philippine economy. But perhaps more important than Smith's proposition is the fact that these are two key areas where economic management matters—they directly concern the economic well-being of the state and of the people.

This paper is divided into three parts. The first part reviews the fiscal and debt problem. It reflects on the crises caused by chronic fiscal deficits, which virtually constitutes the dominant paradigm in Philippine fiscal management. Recent trends in fiscal management point to the “uncontrollable” expansion of public debt. The second part describes certain trends in and approaches to Philippine labor. It underscores the fact that the majority of the employed are less-educated and do not belong to the formal, “more-protected” labor market. In the context of the present character of the political economy, strong welfare demands contribute to increased public indebtedness. The third part provides the conclusions and recommendations for future economic management.

1. Fiscal Management Paradigm in Philippine History

I use the word “crisis” as part of the paper's title to emphasize the role of *decisions*. Last year, a debate raged concerning whether or not the Philippines was in a fiscal crisis. I have argued that the economy has always been in a fiscal crisis (Batalla, 2005) though differences exist in fiscal crises then and now. Before going into these differences, dictionary definitions of the word provide further illumination.

The Western definition of *crisis* refers to a “decisive moment.” It also means an “unstable condition...that involves an impending abrupt or decisive change.” In these definitions, stress is laid on *decision*. This element is not lost even in the etymology of the term. The Greek word, *krisis*, is derived from *krinein*, which means to judge or separate.

We are often told that “crisis” in Chinese is written with two combined characters, danger and opportunity. This is read as *wei jihui*. The insight offered is opportunistic, that is, in times of danger, there is opportunity. Chinese experts like Victor Mair correct this misuse and state that the Chinese equivalent for crisis is *weiji* meaning a dangerous situation. In fact, according to Mair, the term *jihui*, which is adopted to denote opportunity, is not traditionally used in Chinese. *Ji* is a neutral term that assumes a meaning only when combined with other characters. There are other terms in Mandarin used to mean opportunity rather than *jihui*.

At any rate, combined, the ancient Western and Chinese concepts of crisis provide the important insight that *decisions* matter. Our decisions during unstable situations could lead to perilous results or could usher in a renewal. State and society should thus seriously consider decisions of public relevance.

That said, a fundamental difficulty in managing crisis lies in recognizing the existence of the crisis itself. Many organizations and societies are endangered because of failure to accept the danger that existed in their midst. In the case of the Philippines, there seems to be a hard time accepting the fact that a fiscal deficit is a crisis in itself. The attitude appears as a perpetual pattern, which might as well reflect a paradigm of fiscal policy and management. Fiscal deficits are rolled over such that increased deficit spending in the backdrop of moderate economic performance threatens a larger and impending economic disaster. In the words of Rosario Manasan (1994:1), “Fiscal mismanagement undeniably contributed to the series of balance of payments/economic crises...”

1.1. Fiscal Deficits in History

Table 1 shows the trend in rising average annual fiscal deficits among the different political administrations since national independence. Though arrested temporarily from 1994-97, the trend has continued in succeeding political administrations (see Table 1). It is interesting to note that during the last sixty years, the Philippines experienced only 12 years of fiscal surplus. Four of these surplus years have been realized during the Ramos administration.

One might argue based on these statistics that Philippine fiscal management is plagued by populist politics. However, one must also realize the low level of public revenues, which is largely based on a small revenue base. It is apparent that a strategic approach to raising public revenues was not adopted in the past. It has been relatively easier to secure debt, which starting in the mid-1960s helped shelve the problem.

Table 1. Fiscal Performance of Political Administrations Since 1946

Political Administration	Average Annual Fiscal Surplus (Deficit) in PhP million	Average Annual Fiscal Surplus (Deficit) in US\$ million
Roxas (1946-48)	(30)	(15)
Quirino (1948-53)	(2)	(1)
Magsaysay (1953-57)	(76)	(38)
Garcia (1957-61)	(107)	(53)
Macapagal (1961-65)	(113)	(40)
Marcos (1965-72)	(397)	(85)
Marcos Authoritarian (1972-86)	(6,648)	(537)
Aquino (1986-92)	(24,242)	(1,030)
Ramos (1992-98)	(7,261)	(181)
Estrada (1998-2001)	(111,193)	(2,408)
Macapagal-Arroyo (2001-04)	(186,171)	(3,439)

Note: All figures are rounded. Deficit figures during the Estrada period from 1998-2000 only and for Marcos authoritarian period up to 1985 only.

Source: International Financial Statistics, Bangko Sentral ng Pilipinas, Golay (1961), and Hartendorp (1958).

Golay (1961: 203) observed that prior to the Magsaysay administration, social investment “took place at relatively modest levels.” In fact, the Quirino administration observed a balanced budget policy. Then under Magsaysay, there was a major change in public investment policy in which the principle of a capital budget financed by proceeds of government borrowing was introduced” (Golay, 1961:204). The rise in investment expenditures more than doubled, and so did the budget deficit. Yet, according to Golay, the rise of expenditures due to the capital budget was saddled by inefficiencies particularly arising from the 1) annual public works appropriations bill, otherwise known as the pork barrel and 2) failed investments by public corporations. This period started the rising trend in deficit spending.

From around US\$50 million during the first five presidential administrations, the average fiscal deficit roared up during the Marcos period. The average annual fiscal deficit doubled to US\$80 during 1965-72, from an average of US\$40 million during the Macapagal administration. During the authoritarian period, the fiscal deficit grew from PhP1.36 billion in 1975 to PhP11.1 billion in 1985. This translated to an average of US\$537 million a year. The succeeding administration of Corazon Aquino sustained deficits averaging PhP24.2 billion a year (or about US\$1 billion a year).

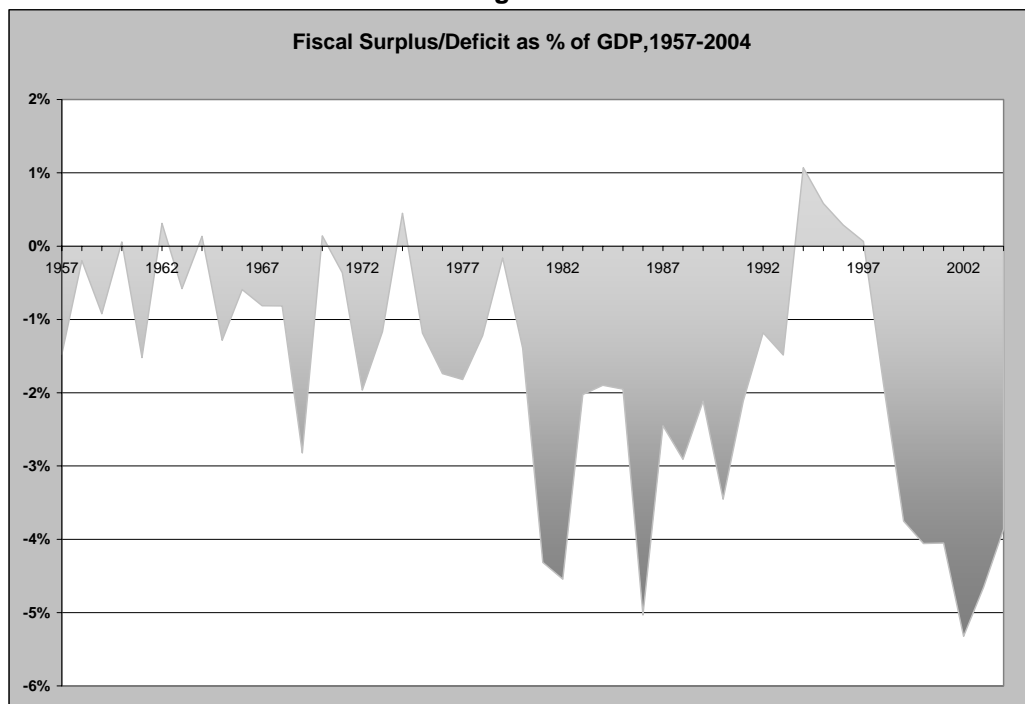
As implied earlier, a reversal in the trend in Philippine fiscal performance was occurred during the Ramos period. However, it should be noted that revenue

generation was already slowing down starting in 1995. In July 1997, the Thai baht depreciated, signaling the start of the Asian financial crisis. The Ramos government barely managed a fiscal balance.

The trend of rising deficits resumed during the Estrada administration. This time however the deficits were much larger both in absolute and relative terms. From a surplus of PhP1.5 billion in 1997, the government suffered year-to-year deficits. In 1998, the deficit amounted to PhP50 billion. Later on, annual fiscal deficits amounted to an average of PhP165 billion. By 2002-2003, the average annual deficit was PhP200 billion. In fact, the highest deficit was recorded at PhP210 billion in 2002.

The worsening fiscal situation could be related not only in terms of peso magnitude and but also in terms of share to GDP. The deficit rose from -2 percent of GDP in 1998 to -5.2 percent in 2002. From 1999 to 2004, the fiscal deficit averaged 4.2 percent of GDP (see Figure 1). From 2001 to 2004, the Arroyo government maintained an annual deficit averaging US\$3.4 billion, a level higher than all previous administrations. The average share to GDP for this period was negative 4.5 percent.

Figure 1



Source: International Financial Statistics

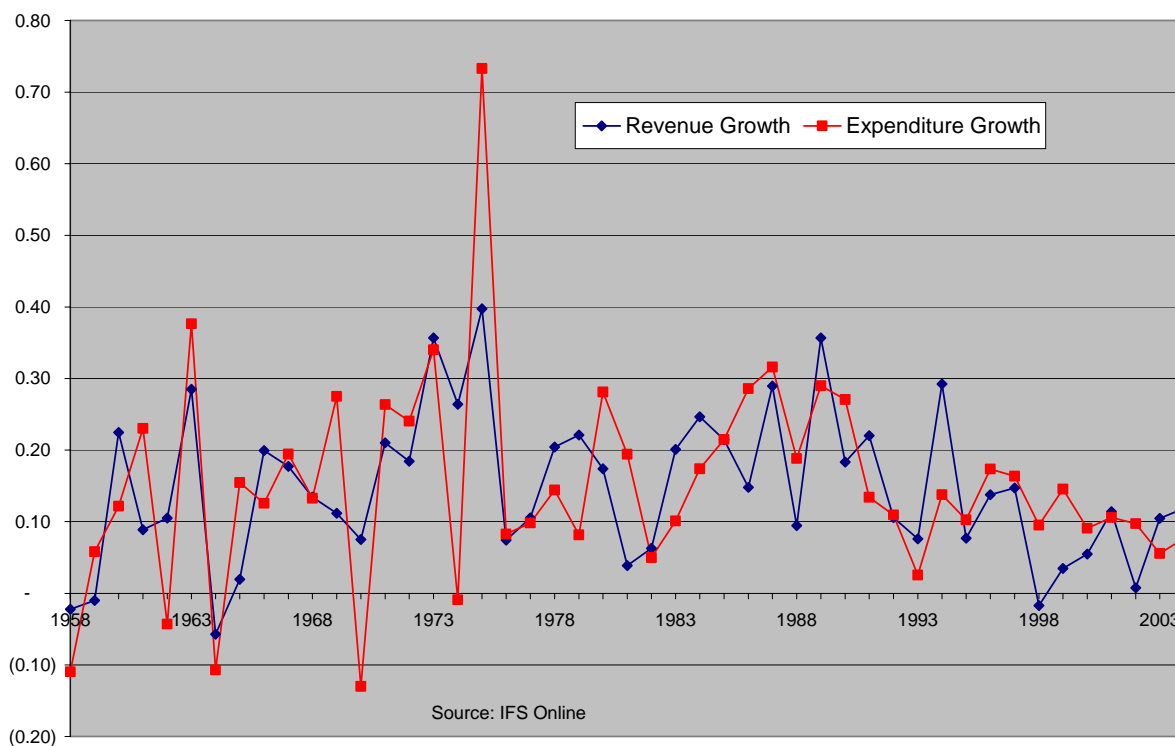
Attempts to bring down the deficit-GDP ratio during the last three years have not been successful. Revenue performance has been erratic during the period 2001-03. Thus in her 2004 state of the nation address, President Arroyo admitted that the fiscal deficit is the most urgent problem her administration faced.

1.2. Declining Revenues, Rising Expenditures and Debt

The period 1995 to 2002 is remarkable in Philippine fiscal management history. The period 1995-2000 marks a sustained faster annual expenditure growth rates vis-à-vis revenues in succession (see Figure 2). Revenues since 1998 have been affected first by the Asian financial crisis and later by China's entry into the World Trade Organization (WTO).

Figure 2

Growth in Revenues and Expenditures, 1958-2004



Source: International Financial Statistics

However, according to Sicat and Abdula (2003:132), "...the Estrada administration plunged the country into further, self-afflicted, pain through numerous mistakes that served to undermine investor confidence." They point out the increase in the consolidated fiscal deficit (the central government deficit plus the financial deficits

of off-budget public enterprises) from 1997 to 2000. The financial deficits of public enterprises have been “hidden” and only “partially captured in the budget as “net lending.”

Revenue growth actually lagged behind those of expenditures. Then in 2002, it suddenly stagnated, leading to a wide fiscal deficit. This stagnation was principally associated with reform-related problems encountered at the Bureau of Internal Revenue. According to the Asian Development Bank’s (ADB) Development Outlook 2003:

“The principal reason for the wider deficit was a shortfall in tax collections. The lack of incentives for tax officers to monitor and follow up with taxpayers, a complicated tax system, the effect of unexpected low interest rates on withholding tax, and a noninflation-indexed rate for excise tax were among the main reasons for the revenue shortfalls.” (ADB Development Outlook 2003, <http://www.adb.org/Documents/Books/ADO/2003/phi.asp>)

On the other hand, the faster rate of expenditure growth during the period 1997-2002 is attributed to two major items. The first item comprises of local government unit (LGUs) allotments. The second item is increased debt servicing (interest payments and principal amortizations).

LGU allotments have increased significantly since the Estrada period. However, this has become more pronounced in the succeeding administration. For the year 2002, the ADB provides an account:

“Disbursements of the central Government for the whole of 2002 grew by 8.2% from the 2001 level. Public expenditures are estimated to have remained at about 19.0% of GDP during 2002, with the wage bill and other mandated expenditures, such as interest payments and allocations to local government units (LGUs), accounting for a large part of total central government expenditures. However, personal services and maintenance expenditures in general contracted in 2002 due to government expenditure-reduction measures. During the year, internal revenue allotment to LGUs grew by 16.4%, largely due to the need to support LGUs in their poverty reduction and peace and order programs. Capital outlays likewise continued to increase, by 29.9%, as a result of the faster implementation of foreign-assisted projects. The disbursement rate of foreign loans against the target disbursement rate rose to 80% in 2002, compared with 74% in 2001.” (ADB Development Outlook 2003, <http://www.adb.org/Documents/Books/ADO/2003/phi.asp>)

The other major factor to high expenditure growth is debt-service outlays. In 1995, national government (NG) debt service was 38 percent of total NG revenues. After dropping to 26.6 percent in 1997, debt-service payments rose significantly. From 48.7 percent in 2001, the debt burden jumped to 75 percent in 2003 and 86.2 percent in 2004.

Similarly, as percentage of GDP, the debt burden has risen to record highs in recent years. Following the 1983-85 financial crisis, the Philippine debt-service ratio was around 9 percent of GDP. Subsequently, from 1992, the ratio was reduced to a little less than 7 percent. Since 2001, debt-service payments increased to an annual average of 10 percent of GDP. The highest record since 1983 was achieved in 2004 when debt service payments reached 12.4 percent of GDP (see Figure 3).

The debt problem has worsened (see Appendix 1). The 2004 outstanding national government debt approaches a ten-fold increase since 1983 (from PhP395 billion to PhP3.81 trillion). The country's external indebtedness, which was US\$ 24.8 billion in 1983, has more than doubled in 2004 (to US\$54.8 billion). The public's share of external debt ranges from 47 to 55 percent during the period 1983-2004. The increase in use of NG foreign bonds as a debt instrument is noticeable since 1992. From PhP84 billion in 1992, NG foreign bonds amounted to PhP963 billion in 2004. In fact, since 2000 the government has substantially relied on foreign bond issuances (Figure 4).

The sheer magnitude of accumulated debt meant that principal amortizations would increase at a higher level sometime in the future. This occurred in 2002 when amortization grew by 72 percent and which continued to grow at a rate of about 40 percent for the next two years (Figure 5). Principal amortization in 2004 amounted to PhP340 billion, more than thrice the 2001 level.

Such unfavorable debt-service management trends have led de Dios *et al* to raise alarm signals. They stated that by the end of 2003, the primary surplus (normal fiscal balance minus debt service payments) was down to 0.6 percent of GDP whereas in the mid-1990s this surplus was 6 percent of GDP. De Dios *et al* (2004) believed that unlike the debt crisis of 1983-84, the current debt problem could be attributed to government conduct rather than to some external factor.

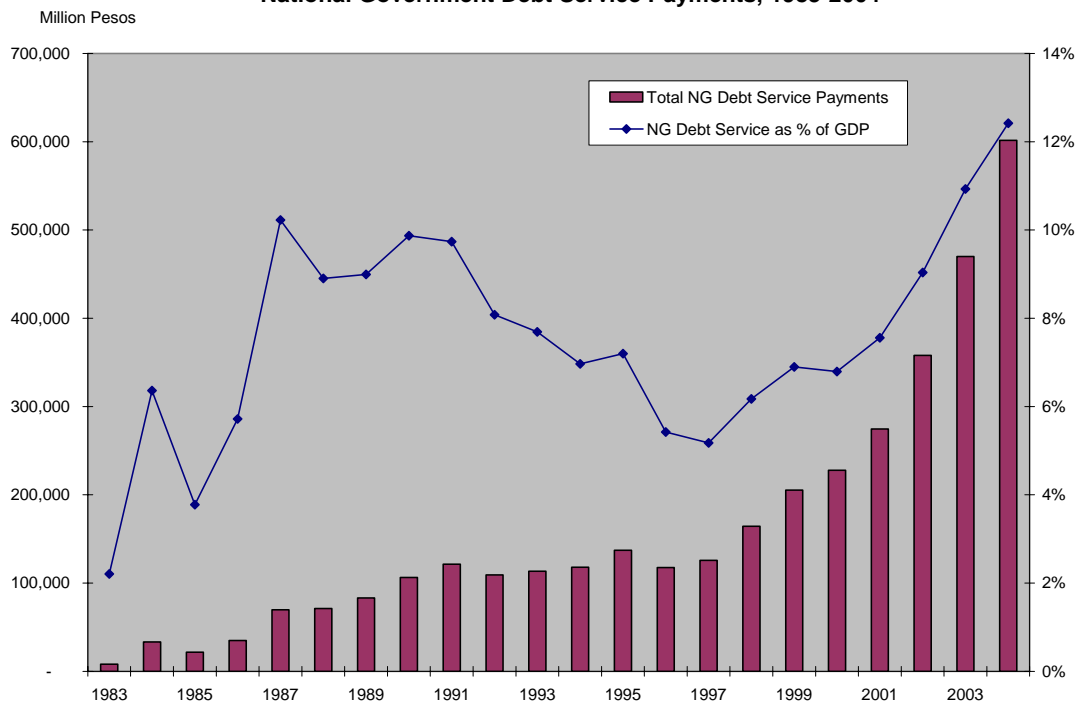
These authors contend that public debt grew uncontrollably between 1997 and 2003. The bulk of the PhP2 trillion debt increase was due to the national government deficit (42.6%). Remarkably, assumed liabilities and corporate lending accounted for

21.3% while the depreciating peso, a sign of a weakening economy, triggered an 18.8% increase in public debt. Public debt increase due to non-budgetary accounts was 16%.

The current Philippine fiscal and debt problem reflects accumulated political neglect. Because of this, the current situation necessitates intense revenue generation and debt renegotiation. Increased tax revenues undeniably comprise an important component of any fiscal and debt alleviation strategy. However, the issue is whether to add new taxes or to apply old ones to a larger base. This leads us to a review of the labor market.

Figure 3

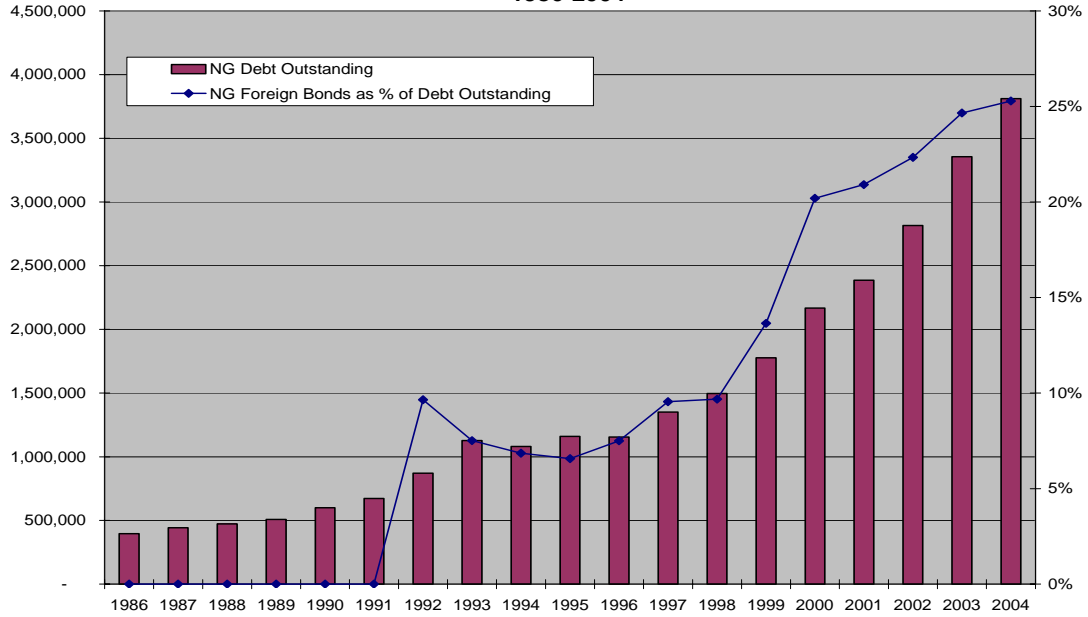
National Government Debt Service Payments, 1983-2004



Source: Bangko Sentral ng Pilipinas Selected Financial Indicators, Bureau of the Treasury

Figure 4

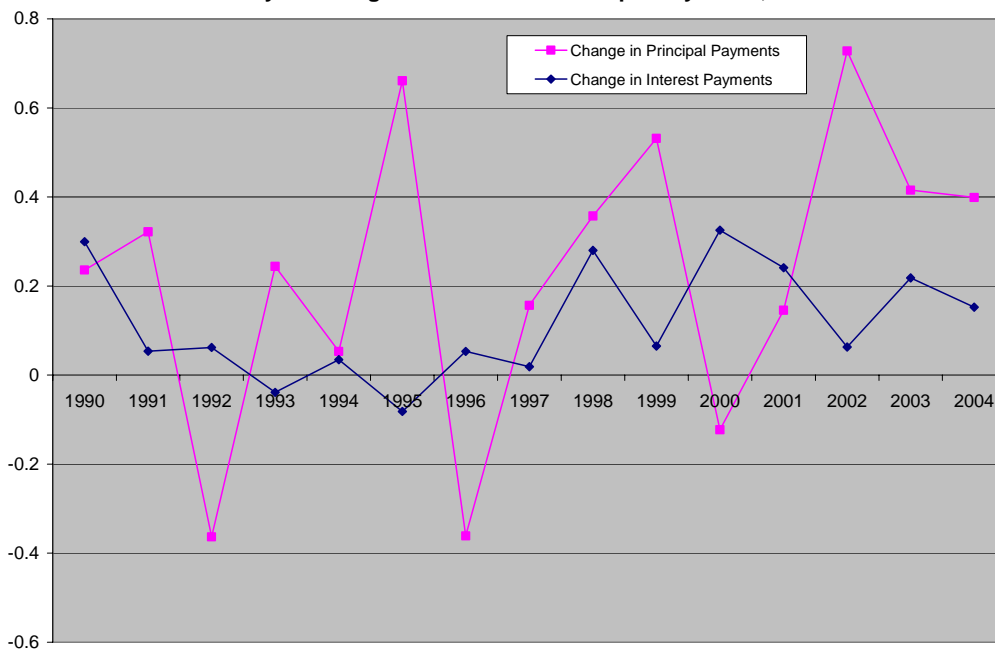
National Government Debt Outstanding and Use of NG Foreign Bonds, 1986-2004



Source: Bureau of Treasury

Figure 5

Year-on-year change in Interest and Principal Payments, 1990-2004



Source: Bureau of Treasury

2. The Philippine Labor Market

In reviewing certain trends in the Philippine labor market, I use Orbeta (2003) Sicat (2004a, 2004b), and Herrin and Pernia (2003) as base studies. These studies highlight the need to improve the social, legal, and policy framework for the development of Philippine labor. I also attempt to update relevant tables using the latest official statistics from the relevant agencies.

The general trend in the Philippine labor market is not an encouraging one. *Ceteris paribus*, rapid population growth and the economy's poor labor absorptive capacity lead to a huge mass of underemployed and unemployed labor. New employment depends largely on opportunities coming from the outside, either through foreign employment or outsourcing industries.

2.1 The Labor Force and the Structure of Output and Employment

The size of the Philippine labor force expands at a fast rate, which is a function of rapid population growth. Since 1950, the Philippine population has grown at the rate of 2.63 percent a year. From 19.9 million, the population is estimated at 81.1 million in 2003. Similarly, from an estimated 9.2 million in 1956, the Philippine labor force has grown to 35.86 million in 2004, or at a compounded rate of 2.7 percent a year.

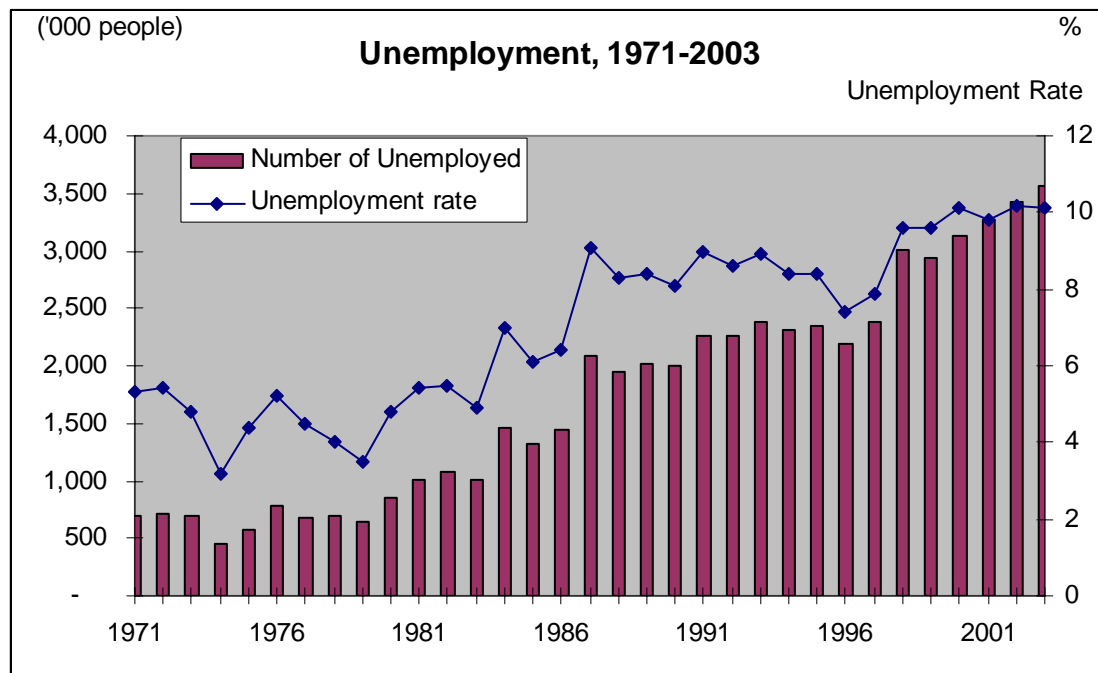
Labor force participation rates (LFPR) are increasing. From 49 percent in 1970, the LFPR has climbed to 65 percent in 2000 (Herrin and Pernia, 2003; Orbeta, 2003). It has been observed that many women have joined the labor force. This sharply contrasts the situation a few decades ago when women stuck to traditional household roles. From about 40 percent in the 1970s, the LFPR of women rose to close to 50 percent in 2000.

Sicat (2004b) estimates that 1.5 million new members would join the labor force each year. This exceeds President Arroyo's desire to provide 1 million jobs a year. If one were to use 1983 as the base year, the rate of growth in the labor force would be 3.1 percent, or an annual increase of 793,000. Data from 2000 however would provide a steeper upward trend with an annual increase of 1.1 million at the rate of 3.5 percent a year. Obviously, there is increased pressure for the economy to absorb the fast growing labor force. Particularly, during the last two decades, the size of unemployment has grown remarkably.

Until the 1970s, the unemployment level was kept below 1 million (Figure 6). The average unemployment rate from 1972 to 1983 was 4.6 percent. By the late-1980s, the

unemployment rate averaged over 8 percent. This meant that about 2 million were out of work. The highest unemployment rate during the post-Marcos era was achieved in April 1991 at 14.4 percent. The unemployment level hit the 3 million mark in 1997 and for the period 2003-04, unemployment ranged from 3.5 to 5 million.

Figure 6



Source: ILO up to 2001, BLES/DOLE for 2002 up.

The growth in size of the unemployed could be partly accounted for by an analysis of the structure of output and employment. Table 2 shows output and employment shares by industry from 1978 to 2004. The usual analysis points to the structural "shifts" of agricultural labor and output to the services sector. As well, industry's share of output and employment has been practically stagnant from 1985 to 2000. It is precisely since 1985 that we also find the historic rise in the unemployment level to 2 million. Thereafter, the share of industrial output to GDP declined to 31 percent.

In the late 1970s to the early 80s, industry shared 40 percent of total output and 11 percent of total employment. Manufacturing's share in output declined in 1985. From 28 percent of GDP in 1978-80, manufacturing output decreased to 25 percent.

Table 2. Distribution of Output and Employment (in %)**As Percentage of GDP**

Economic Sector	1978	1980	1985	1990	1995	2000	2003	2004
Agriculture	24.3	23.5	24.6	22.3	21.5	19.9	18.40	15.32
Industry	39.9	40.5	35.2	35.4	35.3	34.4	30.96	31.83
Mining & Quarrying	1.3	1.5	2.1	1.5	1.3	1.1	1.53	1.09
Manufacturing	28.1	27.6	25.2	25.5	25.3	24.9	22.52	23.04
Construction	8.7	9.4	5.1	5.8	5.5	5.0	3.89	4.49
Electricity, Gas & Water	1.8	2	2.8	2.6	3.2	3.4	3.02	3.21
Services	35.7	36	40.3	42.2	43.1	45.7	43.18	43.8
Transportation, Storage, & Comm.	5	4.8	5.5	5.7	5.9	7.1	7.51	7.64
Wholesale & Retail Trade	12.6	13	14.5	14.9	15.4	16.1	15.44	14.05
Finance, Real estate, & bus. Services	9	9.1	8.6	9.7	9.7	10	8.84	8.12
Community, social, & personal services	9.1	9.1	11.7	11.9	12.1	12.5	12.03	13.99

Source: Orbeta, 2003; BSP and NSO for 2003; ADB for 2004

As Percentage of Total Employment

Economic Sector	1978	1980	1985	1990	1995	2000	2003	2004
Agriculture	52.3	51.4	49	45.2	44.1	37.4	36.6	36.0
Industry	14.7	15.55	14.17	15	15.6	16.02	15.8	15.8
Mining & Quarrying	0.4	0.6	0.6	0.6	0.4	0.4	0.3	0.4
Manufacturing	10.8	11	9.7	9.7	10	10.1	9.6	9.7
Construction	3.2	3.6	3.5	4.3	4.8	5.1	0.4	0.4
Electricity, Gas & Water	0.3	0.35	0.37	0.4	0.4	0.42	5.5	5.4
Services	32.9	33	36.8	39.7	40.2	46.5	47.6	48.2
Transportation, Storage, & Comm.	4.3	4.5	4.7	5	5.8	7.3	7.5	7.7
Wholesale & Retail Trade	10.1	10.1	13.2	14	14.6	16.5	18.3	18.6
Finance, Real estate, & bus. Services	2.2	2	1.7	2	2.1	2.4	3.1	3.2
Community, social, & personal services	16.3	16.4	17.2	18.7	17.7	20.3	18.7	18.7

Source: Orbeta, 2003; NSO for 2003 and 2004

Manufacturing's share in total employment dropped from 11 to 10 percent during the period. It appears that that level of manufacturing employment is insufficient in the face of a rapidly increasing labor force. This is unfortunate since, theoretically, industrial latecomers like the Philippines could take advantage of technological advances in other countries to develop and expand their manufacturing sector. In turn, the manufacturing sector could absorb a large portion of excess labor.

Stagnant performance by the industrial sector from 1985 to 1995 was somehow offset by the rise of the services sector. Particularly, trade, transportation, communication, and storage, and other services captured larger shares in output and employment. From 1978 to 2004, the services sector's share of GDP increased from 35.7 to 43.8 percent. Similarly, the share to total employment climbed from 32.9 to 48.2

percent. Despite these positive developments, labor productivity in the services sector is known to be poor (Herrin and Pernia, 2003: 298).

The trends in the structure of output and employment leads to the observation that past industrialization attempts have not succeeded in raising output and employment. Although official statistics indicate that the employment level grew as fast as those of the labor force and population, it is interesting to note the differences in the magnitude of unemployment. In 1956, employment was between 8.2 and 8.9 million (an average of 650,000 unemployed people during the year). By 2004, employment averaged 31.6 million against a labor force of 35.86 million. Of this, 11 million are further underemployed.

The difference in the magnitude of unemployment in 1956 and 2004 is 3.6 million. In fact, the highest average unemployment record in Philippine postwar history was achieved in 2004, with 4.25 million. Note that the April round of the labor force survey (LFS) hit a 5 million unemployment level as new graduates entered into the picture. More remarkably, for the past seven years, the unemployment rate has not gone below 9 percent.

2.2. The Education of the Labor Force

From Orbeta's (2003) compilation, one could notice several improvements in the education level of the labor force from 1976 to 2000 (Table 3). First, the unschooled portion of the labor force has declined from 6.39 percent in 1976 to 2.65 percent in 2000. Second, the portion of those with grade school education has likewise gone down from 53.3 percent to 36.9 percent. Third, the portion who had some high school education increased from 21.85 percent to 35.6 percent. Finally, the portion receiving some college education rose from 17.6 percent to 24.3 percent.

A continuing disappointment is that the bulk of the labor force continues to achieve a low level of education. Between 70 and 76 percent of the labor force reached either grade school or high school only. This situation immediately puts them at a disadvantage. Either they join the ranks of the unemployed or the informal sector.

The low level of education holds true even for the employed sector of the labor force. In 2000, the highest educational attainment of about 73 percent of the employed was either grade school or high school. College graduates and those who received some college education only constituted 23.5 percent of employed people. This situation

offers negative implications to the general quality of the workforce, especially in organizations' capacity to develop and expand businesses.

Table 3. Distribution of Labor Force According to Education Level

Employed						
Education	1976	1980	1985	1990	1995	2000
No Grade Completed	6.62	6.61	4.90	3.66	3.21	2.72
Grade School	54.26	52.56	49.96	45.13	42.29	38.40
High School	21.19	27.18	27.18	30.69	33.06	34.98
College	17.16	17.92	17.92	20.45	21.27	23.50
Not Reported	0.77	0.19	0.04	0.07	0.17	0.40
Total Number	14,238	17,154	20,327	22,532	25,697	27,775

Unemployed						
Education	1976	1980	1985	1990	1995	2000
No Grade Completed	2.31	3.42	1.34	2.81	2.18	2.01
Grade School	36.92	27.86	22.56	27.20	26.08	23.70
High School	33.85	38.07	36.43	39.04	40.08	41.53
College	25.90	30.08	39.54	30.51	31.07	31.55
Not Reported	1.03	0.57	0.13	0.45	0.60	1.21
Total Number	780	856	1,316	1,993	2,343	3,135

Labor Force						
Education	1976	1980	1985	1990	1995	2000
No Grade Completed	6.39	6.46	4.68	3.59	3.13	2.65
Grade School	53.36	51.39	48.29	43.67	40.93	36.91
High School	21.85	24.90	27.74	31.37	33.64	35.64
College	17.61	17.04	19.23	21.27	22.09	24.32
Not Reported	0.79	0.21	0.05	0.10	0.21	0.48
Total Number	15,018	18,010	21,643	24,525	28,040	30,910

Source: Aniceto Orbeta, Jr. 2003.

In terms of occupation, agricultural occupations still comprise 37 percent of total employment, although the share is down from about half during the 1980s. This decline suggests their absorption in other occupations particularly, production and transport equipment-related jobs, sales, service, and clerical positions (Table 4). Likewise, employment in administrative and executive positions has slightly expanded.

By class of worker, there was a general rise in salaried workers by 5 percent from 1976 to 2000. The share of self-employed workers fluctuated between 31 and 36 percent. The employer class accounted for less than 5 percent of total employment since 1985 (Table 5). Note the decline in own-account workers in 1980 and the increase in 1985. As

shall be discussed later, this period represents a labor market response to exogenous shocks during the period 1976-85.

Table 4. Distribution of Employed By Occupation, 1976-2000

Type of Occupation	1978	1980	1985	1990	1995	2000
Professional, Technical Workers	5.7	6.0	5.6	6.2	5.6	5.8
Administrative, Executive, and Managerial	1.0	1.0	1.0	1.2	1.6	2.3
Clerical	4.0	4.4	4.3	4.4	4.3	4.6
Sales	10.6	10.5	12.8	13.4	14.0	15.5
Service	7.6	7.8	8.5	9.2	9.0	10.8
Agricultural/Rural	52.0	51.3	49.1	44.5	43.7	37.0
Production, Transport Equipment	18.9	18.9	18.7	20.6	21.7	23.7
Others not adequately defined	0.2	0.1	-	0.4	0.1	0.1

Source: Orbeta (2003)

Table 5. Distribution of Employment by Class of Worker

Class of Worker	1976	1980	1985	1990	1995	2000
Total Number	14238	17154	20327	22532	25698	27775
Wage and Salary	45	42.4	44.8	45.7	45.6	49.8
Private	35.8		36.6	37.2	37.5	41.5
Government/GOCC	9.2		8.2	8.5	8.1	8.3
Own Account	38	36.9	38.7	38.3	39.2	37.7
Self-employed	31.5		36	35.1	35.4	33.1
Employer	6.5		2.7	3.2	3.8	4.6
Unpaid Family Workers	16.2	20.7	16.5	16	15.2	12.5

Source: Orbeta (2003)

Table 6. Change in Distribution of employed college graduates by major occupation

Education	1980-85	1985-90	1990-95	1995-2000	1976-2000
Professional	-5.6	-4.5	-2.3	-3.5	-23.0
Administrative	-0.7	0.4	0.8	1.7	3.9
Clerical	1.4	-1.3	-0.3	-0.3	-0.7
Sales	1.6	2.7	0.4	1.7	10.3
Service	1.2	0.2	0.1	1.2	3.1
Agriculture	1.6	0.6	0.8	-0.9	2.0
Production	0.6	1.2	0.8	0.3	4.3
Not adequately classified	-0.1	0.8	-0.2	-0.9	0.2

Source: Orbeta 2003

College graduates constitute a minority in the labor force (12.6 percent in 2000). Nevertheless, even their status has deteriorated over the years. Orbeta (2003) observes this deterioration in the quality of jobs held by college graduates. Less college graduates are entering the professional and technical category. More and more are taking on sales, service, agriculture, and production-related jobs (see Table 6). From about 61 percent in

1976, professional occupations accounted for 37.7 percent of employed college graduates in 2000.

From the statistics, the story of the unemployed that could be drawn is different from that of the employed. Here, those reaching college- and high-school levels of education are increasingly jobless. More than 40 percent of the unemployed have reached high school while 31 percent have gone to or graduated from college. On the other hand, there is a declining trend in the share of college and high-school graduates and dropouts.

Workers who received college education were the most affected during the period 1976-85. The jump in unemployment from 26% in 1976 to 40% in 1985 point to the difficulties obtaining during the first half of the 1980s. After 1985, the share of unemployed college-educated workers settled down to 31 percent.

It is frequently pointed out that the underemployment rate is higher than the unemployment rate. Based on official estimates as well as those of Sicut's (2004b), underemployment is usually between 15 and 20 percent of the employed. In 2003 and 2004, underemployment ranged from 10.2 to 11.2 million.

The trend in the education of the underemployed resembles those of unemployment, with high school and college level shares increasing and grade-school level shares decreasing. From 59.4 percent in 1976, the share of underemployed who received grade school level education declined to 44.8 percent in 2000. Still, the trend in education of the underemployed is unfortunate because more than half of them are high-school and college-educated.

2.3. Approaches to the Labor Market

Professor Gerardo Sicut (2004a, 2004b) keenly identifies the existence of three types of markets for Philippine labor. These are the mainstream (or formal) domestic market, the low-income informal market, and the foreign labor market. Sicut characterizes the mainstream market as being a pro-employed labor and in which the regulatory environment discourages flexibility in hiring and firing of workers. Likewise, he said that wages have started from a high level, which makes the country less competitive in terms of production-oriented foreign investments.

Sicut's (2004b) observations allow us to reflect on Philippine labor market regulation as evidence of the existence of what Hamza Alavi calls an "overdeveloped

state.” Accordingly, ideas in the post-colonial state have been largely inherited and continue to be influenced by trends in the colonizing country. Philippine minimum wage legislation and later settlement could be seen as a product of New Deal era thinking that have influenced postwar legislators. (The minimum wage was first introduced in 1951 upon the recommendations of the Bell Mission. Then in 1965, Liberal Party stalwarts pushed for a new legislated minimum wage). This arrangement does not adhere to notions of price competitiveness that is crucial to stimulating domestic and foreign investments in developing countries. Table 7 shows Philippine wages being higher than more advanced Thailand.

Table 7. Comparative Wage Rates in Selected Asian Countries/Cities

Country/City	Daily Minimum Wages		Monthly Wage		Exchange Rate Per US\$1*
	In Country Currency	In US\$	In Country Currency	In US\$	
Vietnam (Dong)	14,666 - 14,683	0.90 - 0.90	440,000- 440,500 5/	27.12 - 27.15	16,227.0000
China/Beijing (Yuan Renminbi)	2.60 - 10.633 10/	0.31-1.28	78 - 319 6/	9.41 - 38.50	8.2865
Indonesia/Jakarta (Rupiah)	13,000 1/	1.38	390,000 7/	41.52	9393.1000
Thailand/Bangkok (Baht)	133.00 - 168.00 2/	3.40 - 4.30	3,990 - 5,040 7/	102.13 - 129.00	39.0690
Philippines/ Metro Manila (Peso)	300.00 3/	5.31	9,000 7/	159.35	56.4800
Malaysia (Ringgit)	16.10 - 34.567 10/	4.21 - 9.04	483 - 1,037 4/	126.34 - 271.25	3.8231
South Korea (Won)	18,200	17.38	514,150 8/	490.88	1,047.4000
Singapore (Singapore Dollar)	25.00 - 70.00	15.32 - 42.88	750 - 2,100 9/	459.47 - 1,286.58	1.6323

Notes:

1/ Median Wage Rate of Production Workers Under Supervisory Level by Sector, September 2000

2/ Minimum Daily Wage Rate, Phuket, Bangkok, and other provinces, based on Labor Cost 2001, effective January 1, 2002

3/ Includes Emergency Cost of Living Allowance (ECOLA) of P20.00, effective July 10, 2004

4/ No Minimum wage; Average basic monthly salary for unskilled workers of selected non-executive positions in the manufacturing sector 2001

5/ Monthly salary for workers in Dong Nai (Dong Nai Confederation of Labor)

6/ Minimum living standard for workers in Beijing, Shanghai, Guangdong, Shenzhen, and other provinces, 2002.

7/ Monthly equivalent of DMW computed using 30 days.

8/ Minimum wage level September 01, 2002 to August 31, 2003.

9/ Median monthly commencing basic wages of selected occupations in all industries, June 2003

10/ Daily equivalent of MW computed using 30 days

Source: NWPC/DOLE

The second labor market is characterized by low-paying jobs and often in informal enterprises. My own observations regard labor in this market to include the underemployed and the overworked. This would account for the majority of the employed labor force. From a rights-based perspective, one may call this the “less-protected” labor market. The size of the less-protected labor could be estimated roughly by deducting from total employment the protected or “mainstream” labor.

Given official statistics, a crude way of estimating the size of the less-protected labor is through the use of data from the Bureau of Labor and Employment Statistics (BLES) Integrated Survey of Establishments (BITS). The BITS covers non-agricultural enterprises with 20 or more workers. These enterprises could be regarded as mainstream establishments or more accurately formal enterprises that regularly remit taxes, social security payments, and fulfill other obligations to the government. Since the BITS uses payrolls records for June 2003/2004, the July LFS is also used to estimate the total number of employed workers in the country.

Workers in the surveyed enterprises are classified into working owners, unpaid workers, managers and executives, supervisors and foremen, non-regular employees and agency-hired/contracted workers. The major industry groups indicated in the survey does not include public administration, defense, and compulsory social security. The BITS data do not include a breakdown of regular and non-regular government workers. Hence, we could only estimate here the size of the less-protected, private labor.

Based on the June 2004 BITS, total employment is 2.41 million in establishments with 20 or more workers. This excludes the 1.41 million government workers recorded in the July 2004 LFS. The establishment employment survey also excludes companies engaged in the manufacture of coke, refined petroleum, and other fuel products because of the low response rate.

The mainstream non-agricultural private labor (those regularly employed within establishments and including working workers and unpaid workers) number 1.78 million. Non-regular workers total 628,495, or 26 percent of total employment in establishments with 20 or more workers. The estimated size of the less protected, non-agricultural labor is about 17 million (total private employment of 30.21 million less 11.45 million agriculture, fishery, and forestry workers less 1.78 million mainstream labor). Total private employment is the difference between total number of employed persons (31.63 million in July 2004) and the government workers (1.41 million).

Private households with employed persons totaled 1.49 million in June 2004. The figure was subsumed under less protected labor. If one were to assume further that the bulk of employed agricultural labor is also not governed by mainstream labor policies, then the size of the “less-protected” labor market would be about 28.4 million or 94 percent of total private employment (i.e., excluding the 1.4 million government workers) in June-July 2004 (see Appendix 2 for calculation). This is about 80 percent of the labor force in July 2004.

The figure is higher than the previous year’s because of the absolute increase in employment. In 2003, non-regular workers accounted for 25 percent of total employment in the BITS. The estimated size of the June-July 2003 less-protected sector of the privately employed is 26.2 million or 92 percent of total private employment.

Attempts at estimating the underpaid segment of the labor force are not new. For example, in the course of criticizing minimum wage legislation, Sicat (1972) estimates that 60 percent of the labor force did not receive minimum wage income. In 2002, the estimate was 34 percent of the employed received less than the minimum wage.

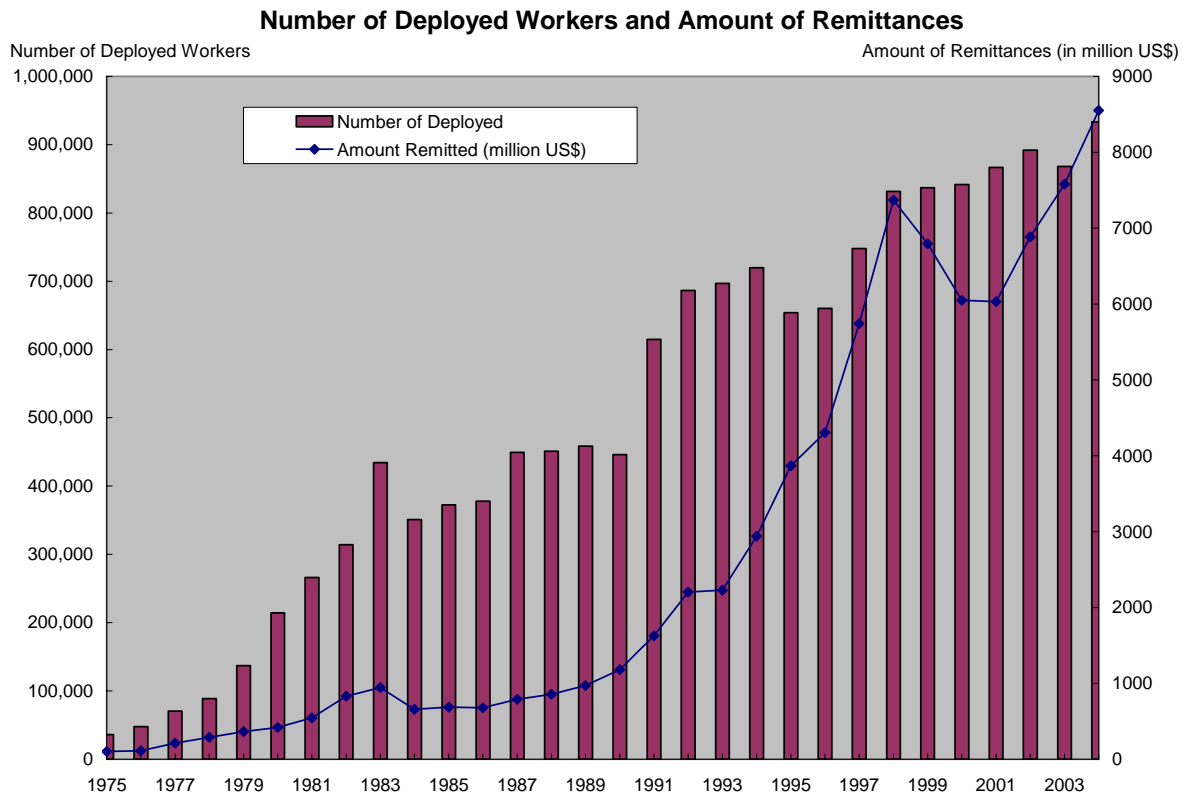
This and the foregoing estimates reinforce views of the need for structural reform to address the problem of poverty and unemployment (e.g., Lanzona, 2004). Particularly, the exercise threshes out weaknesses in Philippine economic management. A very large portion of the informal labor market likely does not regularly fulfill obligations that their formal counterparts do. These obligations include among others remittance of taxes and social security payments.

The structural weaknesses of the domestic labor market and the economy compel many Filipinos to increasingly rely on foreign labor markets. This is the third approach to Philippine labor. Though employment in foreign labor markets represents a small portion of total employment, its economic contribution in the face of a weak domestic economy could not be discounted.

Statistics from the Philippine Overseas Employment Administration and the NSO start the number of deployed workers at 36,000 in 1975. By 2004, the number of officially deployed workers was approaching a million people (over 930,000). This comprises about 3.2 percent of total domestic employment. Yet, Filipino overseas workers annually remit foreign exchange that relieved serious economic pressures. These remittances, amounting to \$103 million in 1975, rose to \$8.55 billion in 2004 (Figure 7). The economic significance of remittances induced the government to hail

overseas workers as modern heroes. Government also sought greater protection of overseas workers and liberalization of foreign labor markets.

Figure 7



Source: NSO/POEA; remittances for 2002-2004 from Bangko Sentral ng Pilipinas

Many Filipinos, not content with simply finding overseas employment, seek migration options in other countries. Statistics of registered Filipino emigrants from 1981 to 2001 indicate that between 10 and 30 thousand Filipinos migrate each year (Appendix 3). The cumulative total of Filipino emigrants during the period is 330,722. The actual figure may be greater than this.

The data further show that there were more emigrants who were unemployed than employed. They accounted for 66 to 75 percent of emigrants. The bulk of these unemployed emigrants were students and housewives. These occupational groups accounted for 24 and 21 percent of total migrants during the period. Of the employed emigrants, the largest share belonged to professional, technical, and related workers (10.5 percent). Over 115,000 of such workers migrated to other countries during the period.

We could gather from this review of the three prevailing approaches that efforts at promoting the domestic labor market have not been effective. Even in the 1950s and 60s, Frank Golay (1961) observed the looseness by which Philippine society and economy were loosely organized. Even at present, this looseness does not augur well for the country's future.

3. Conclusion and Recommendations

The previous sections show the increasing magnitude and apparent uncontrollability of fiscal and employment problems. The accumulation of the fiscal problem worsens public indebtedness given slow economic performance. Employment problems drag the economy's growth potential while raising demand for public order and welfare expenditures. Such demands exert pressure for increased public indebtedness.

The crisis in Philippine economic management continues because the crucial decisions have yet to be made in order to arrest the upward trend in debt and unemployment levels. Millions of Filipinos are still caught in a daily struggle for survival, often living in a harsh and violent world where the laws of the jungle govern.

It has been said that approaches to Philippine economic management are usually piece-meal and reactive. Such is and has been the problem of governance.

For more than fifty years, economic management worked little to expand the tax base and generate enough internal resources to cover rising expenditures. It ignored the idea that a larger tax base would in the long haul lower the effective tax rate per taxable person. This could be achieved if the domestic labor markets were dominated by formal economic organizations, and so regulated as to develop, and not hinder, the growth of formal businesses. Formal taxes should replace street and back-alley taxes.

Yet, the formal sector did not expand as fast as the informal sector's expansion. The informal sector continued to dominate the domestic labor market, nurtured by powerful interests that privately benefited from such arrangements. Whatever structural employment shifts that occurred, the larger portion of the labor force joined less formal establishments. The manufacturing sector, rising for a brief time then later stagnating, failed to absorb the growing labor force. Instead, the low-productivity services sector was taking in a larger share of the pool.

The statistics show the obvious neglect of public education. Our historical experience shows that a low level of education hounds the majority of the Philippine labor force. This bears upon not only the potential for wage employment but also the quality and competitiveness of economic organizations.

Years of fiscal mismanagement have eroded macroeconomic and price stability. More, public debt continues to pile up under conditions of low or moderate income growth. Given a burgeoning population and slow employment growth, an unemployment level of 5 million or more could be expected in the future.

The predictable character of the Philippine economy draws from historical patterns that unravel the logic of its management. The logic betrays those who believe that a liberal policy environment could be sustained even in an adverse setting of warlordism and political capriciousness as well as bureaucratic inefficiency and malleability. It betrays those who believe that piece-meal and reactive reforms could be successfully undertaken without a strategic road map for the entire economy.

The prevailing management logic of the present Philippine political economy is nevertheless clear. It is beneficial for privileged authorities who, at the expense of the general public, thrive in an environment that nurtures confusion and disorder. Likewise, public resources are "booty" for victors of electoral contests (Hutchcroft, 1998).

The alternative logic makes our economics political. It demands clarity and order from the system. It seeks a socially meaningful purpose and a broad consensus of this purpose. It aspires to achieve full employment and to explain how and why this goal is not being achieved. In short, the alternative logic serves the public purpose more than it serves vested private interests. Should this logic dominate public affairs, certain additional recommendations could be considered to address the problem.

Theoretically, the key to growth or getting out of a vicious circle lies in quality investments in all economic sectors at all levels. There are two types of investment. The first is generally targeted towards specialization and efficiency. In the past as well the present, many entrepreneurs and business owners have neglected the importance of human capital and technology as part of their strategic investments. Instead, the goal of competitive activity is to enlarge shares if not capture the market through rent advantages. The lessons of economic history draws us to the crucial roles played by human capital and technology acquisition in bringing down prices and costs as well as

improving the quality of goods and services. Investments in these areas reflect a forward-looking desire for sustainable business growth.

The second type of investment relates to entrepreneurial undertakings. Already, there are indications of a growing army of entrepreneurs since the 1980s. However, the goal of enterprise should be to earn rates of return higher than prevailing rates of interest and inflation. Of course, this is easier said than done. Actively seeking areas for reallocating resources for greater productivity and return takes a great deal of talent, experience, and perseverance. The stories of the Filipino taipans and of the Zobel-Ayalas demonstrate that conglomerates could grow stronger in the face of severe economic adversities.

Smaller non-conglomerate enterprises may have less flexibility before and during economic downturns. Many of them do not possess enough sophistication and resources to diversify. In this regard, certain intermediary agents could play an important role for the spread of quality entrepreneurship. The historical experience of the Japanese trading companies (*sogo sosha*) in initially raising business sophistication among small and medium suppliers provides inspiration.

The potentials for small and medium enterprises are great both for domestic and export markets. However, their operations are often inadequate to adjust to modern requirements. Modernization of operations could be aided by government and other development actors by way of providing greater access to highly affordable debt/equity funds, technical expertise, and information.

Of course, the “success” of a model favoring an investment-led growth would depend largely on macroeconomic and price stability. To an important extent, this stability draws from the fiscal situation. What is being done? Already, the government is trying to cut down on expenditures by declaring an austerity program last year. It is also working hard on the revenue side by raising taxes. This is unpopular but necessary to a certain extent. Likewise, an aggressive program of debt renegotiation should be pursued to reduce debt-service payments to a certain percentage of GDP.

A more decisive action appears necessary against corrupt actors in government and the private sector. This approach may be called revenue generation through sequestration. Handled well, this approach could raise confidence and trust in government.

If public trust and confidence in government is high, another avenue for resource generation could be explored. This is related to the duality of debt and equity. Instead of paying extra taxes, people are obliged to invest in zero- or low-interest government bonds with long maturities. The idea is that each taxpayer wagers on the future strength of the economy (or future buying power).

Instead of nurturing highly discretionary environments in the bureaucracy that tend to discourage entrepreneurship and growth, government should level the playing field. It would also do well to remove existing obstacles that tend to raise the costs of doing business in the country. Many of these obstacles are found in the conduct of government and of informal but well-established private groups. Moreover, government should commit itself to reallocating resources in order to create a more stimulating environment for private sector development.

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Appendix 1
National Government Debt Outstanding, 1986-2004
(In Million Pesos, unless otherwise indicated)

Year	Total NG Outstanding Debt	% Change	Domestic	% Share	Foreign	% Share	Foreign in billion US\$	FX Rate	NG Debt billion US\$
1986	395,509	-	210,427	53%	185,082	47%	9,015.20	20.53	19,264.93
1987	442,536	11.9%	229,542	52%	212,994	48%	10,240.10	20.80	21,275.77
1988	472,801	6.8%	264,427	56%	208,374	44%	9,766.77	21.34	22,160.82
1989	507,586	7.4%	287,606	57%	219,980	43%	9,803.03	22.44	22,619.70
1990	600,205	18.2%	300,441	50%	299,764	50%	10,658.28	28.13	21,340.62
1991	672,788	12.1%	337,890	50%	334,898	50%	12,709.60	26.35	25,532.75
1992	870,814	29.4%	497,917	57%	372,897	43%	14,858.82	25.10	34,699.31
1993	1,125,892	29.3%	676,867	60%	449,025	40%	16,210.87	27.70	40,647.39
1994	1,081,155	-4.0%	664,978	62%	416,177	38%	17,043.86	24.42	44,276.97
1995	1,158,622	7.2%	718,395	62%	440,227	38%	16,793.58	26.21	44,198.60
1996	1,155,237	-0.3%	742,057	64%	413,180	36%	15,717.44	26.29	43,945.41
1997	1,350,574	16.9%	749,608	56%	600,966	44%	15,033.55	39.98	33,785.47
1998	1,496,222	10.8%	850,931	57%	645,291	43%	16,524.74	39.05	38,315.54
1999	1,775,356	18.7%	978,404	55%	796,952	45%	19,800.05	40.25	44,108.22
2000	2,166,710	22.0%	1,068,200	49%	1,098,510	51%	21,992.19	49.95	43,377.58
2001	2,384,917	10.1%	1,247,683	52%	1,137,234	48%	22,082.21	51.50	46,309.07
2002	2,815,468	18.1%	1,471,202	52%	1,344,266	48%	25,339.60	53.05	53,071.97
2003	3,355,108	19.2%	1,703,781	51%	1,651,327	49%	29,726.86	55.55	60,397.98
2004	3,811,954	13.6%	2,001,220	52%	1,810,734	48%	32,190.83	56.25	67,768.07

Source: Bureau of Treasury

Appendix 2
Crude Estimation of Less-Protected Private Labor, June-July 2004
(in thousands)

	2004	2003
Total employment	31,632	29,858
Less: Total number of workers in public administration, defense, and social security	1,414	1,355
Total private employment	30,218	28,503
Total employment in non-agricultural establishments with 20 or more workers	2,413	2,919
Less: Total number of non-regular workers	628	651
Total number of mainstream private labor	1,785	2,268
Total private employment	30,218	28,503
Less: Total number of agricultural, fishery, and forestry workers	11,450	10,384
Less: Total number of mainstream private labor	1,785	2,268
Total non-agricultural, less-protected labor	16,983	15,851
Add: Total number of agricultural, fishery, and forestry workers	11,450	10,384
Total number of less-protected private labor	28,433	26,235
Less protected private labor as percentage of total private employment	94.10%	92.04%

Notes:

1. Protection here pertains to rights of workers.
2. Total employment is based on July 2004 LFS. Employment in establishments with 20 or more workers as of June 2003 and 2004.
3. BITS did not include employment in the manufacture of coke, refined petroleum, and other fuel products because of low response rate.

Source: Bureau of Labor Employment Statistics

Appendix 3
Number of Registered Filipino Emigrants by Major Occupational Group, 1981-2001

OCCUPATIONAL Grouping	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	TOTAL	% Distribution
A. EMPLOYED																							
Subtotal	16,632	19,095	13,910	13,167	13,430	14,300	16,555	17,487	15,927	18,185	19,677	18,265	18,366	18,416	15,528	16,231	14,892	10,261	10,117	14,855	15,426	330,722	
% of Total	34%	35%	33%	32%	30%	29%	29%	30%	29%	29%	32%	28%	28%	29%	28%	27%	28%	26%	25%	29%	30%	29%	
Professional, Technical and Related Workers	4,821	5,509	3,928	3,791	3,869	4,147	4,899	7,689	6,861	7,858	7,635	7,299	7,225	6,369	5,416	6,315	5,522	3,425	2,521	6,154	6,932	118,185	10.50%
Managerial, Executive, and Administrative Workers	451	360	324	320	366	369	420	678	480	430	461	548	823	800	613	635	687	621	740	791	932	11,849	1.05%
Clerical Workers	2,475	3,992	2,796	3,131	2,972	3,394	4,605	2,157	1,681	1,807	1,928	1,789	2,079	2,153	2,270	1,600	1,646	1,357	1,339	1,625	1,480	48,276	4.29%
Sales Workers	1,628	1,865	1,414	1,326	1,819	2,109	2,825	2,184	2,251	2,715	2,878	3,031	2,116	2,681	2,524	2,704	2,695	1,862	1,793	2,324	2,291	47,035	4.18%
Service Workers	2,381	2,213	1,614	1,075	1,037	1,038	874	956	1,028	1,331	1,965	1,755	1,724	2,436	1,230	1,026	1,103	752	1,129	964	992	28,623	2.54%
Agri, Animal Husbandry, Forestry Workers & Fishermen	2,238	1,894	1,787	1,475	1,483	1,389	1,105	1,227	1,081	1,283	1,412	1,177	1,409	1,294	1,020	1,189	1,003	739	693	899	965	26,762	2.38%
Production Process, Transport Equipment Operators & Laborers	1,780	2,758	1,951	1,992	1,848	1,822	1,754	2,281	2,236	2,476	3,113	2,507	2,906	2,616	2,407	2,721	2,204	1,487	1,545	2,025	1,695	46,124	4.10%
Members of the Armed Forces	858	504	96	57	36	32	73	315	309	285	285	159	84	67	48	41	32	18	357	73	139	3,868	0.34%
B. UNEMPLOYED																							
Subtotal	32,235	34,858	28,571	28,384	31,839	35,038	39,795	40,533	39,818	44,964	42,787	45,889	48,024	46,115	40,714	44,682	39,167	28,748	30,390	36,176	36,928	795,355	
% of Total	66%	65%	67%	68%	70%	71%	71%	70%	71%	71%	68%	72%	72%	71%	72%	73%	72%	74%	75%	71%	71%	71%	
Housewives	11,202	12,469	9,025	8,730	9,247	8,695	9,315	9,720	9,929	11,520	12,248	15,076	15,850	14,800	12,863	14,549	13,377	9,545	10,146	11,000	11,561	240,867	21.39%
Retirees	1,718	2,056	1,327	1,022	1,103	1,399	1,691	1,417	1,716	1,855	2,107	1,948	2,236	2,241	1,670	2,069	1,897	1,326	1,706	1,898	2,288	36,690	3.26%
Students	10,486	10,374	9,773	8,872	9,575	11,439	13,409	14,811	13,429	13,641	13,722	15,324	17,725	16,954	14,760	17,019	14,572	10,552	10,903	12,908	12,731	272,979	24.24%
Minors (Below 7 years old)	3,625	4,419	3,826	3,919	4,348	4,750	5,382	5,683	5,114	5,051	4,783	4,913	4,642	4,315	4,216	4,342	3,523	2,497	2,594	3,286	4,060	89,288	7.93%
Out of School Youth	0	0	0	0	0	0	0	132	222	213	270	325	201	3	6	2	0	0	0	163	371	1,908	0.17%
Refugees	0	0	0	0	0	0	0	1	1	0	1	0	0	0	0	0	0	0	0	0	0	3	0.00%
No Occupation Reported	5,204	5,540	4,620	5,841	7,566	8,755	9,998	8,769	9,407	12,684	9,656	8,303	7,370	7,802	7,199	6,701	5,798	4,828	5,041	6,921	5,917	153,620	13.64%
TOTAL	48,867	53,953	42,481	41,551	45,269	49,338	56,350	58,020	55,745	63,149	62,464	64,154	66,390	64,531	56,242	60,913	54,059	39,009	40,507	51,031	52,054	1,126,077	100.00%

Source: Commission on Filipinos Overseas (CFO); POEA Overseas Employment Statistics