

Made for Export: Emigration and Higher Education in the Philippines



Neil G. Ruiz

(Ph.D. candidate, MIT)

Research Fellow in Global Economy & Development

The Brookings Institution (Washington, DC)

nruiz@brookings.edu

I. The Problem

- Development scholars:

- Human Capital Accumulation is key for sustained rapid growth

But not in the Philippines

GDPs and School Enrollment Ratios in Selected Countries, 1960

Country	GDP/Capita (US\$)	Primary Schools	Secondary Schools	Higher Education
Philippines	175	91	29	10.8
Ecuador	216	81	11	2.6
Egypt	129	58	16	4.7
India	—	61	17	1.2
Iran	—	39	11	0.9
Iraq	216	51	19	2.0
Korea	155	96	29	4.7
Morocco	164	39	5	0.5
Pakistan	68	34	9	1.4
Paraguay	164	62	10	2.6
Peru	208	81	18	4.1
Thailand	—	84	13	1.9
Turkey	190	67	14	2.9
Venezuela	1,043	100	23	4.0

Instead of Development, education led to Educated Unemployment

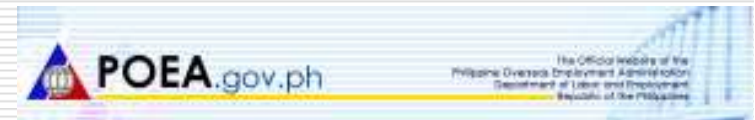
Unemployment Rate by Educational Attainment, 1980-1983 average

Total	5.4
No grade completed	2.8
Elementary	2.7
High School	7.5
College	9.3
Not Reported	6.3

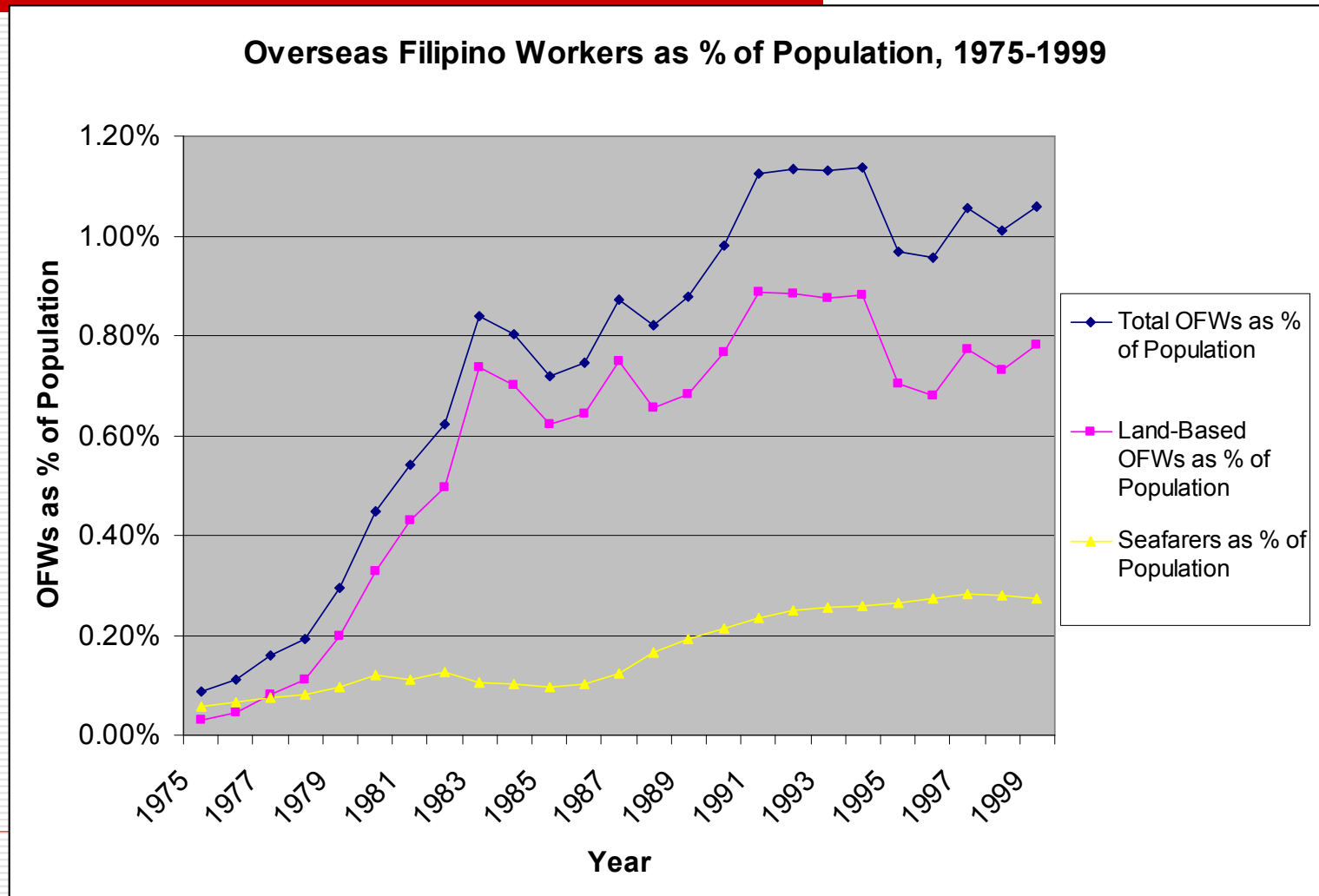
Labor Export Institutional Development (1974-present)

- Stage 1: 1974 (Recruitment)
 - Labor Export Policy with creation of Overseas Employment Development Board

- Stage 2: 1995-2003 (Representation, Regulation of Private Recruitment and Protection)
 - Republic Act 8042: Migrant Workers and Overseas Filipino Act of 1995
 - Absentee-Voting and Dual Citizenship Laws of 2003

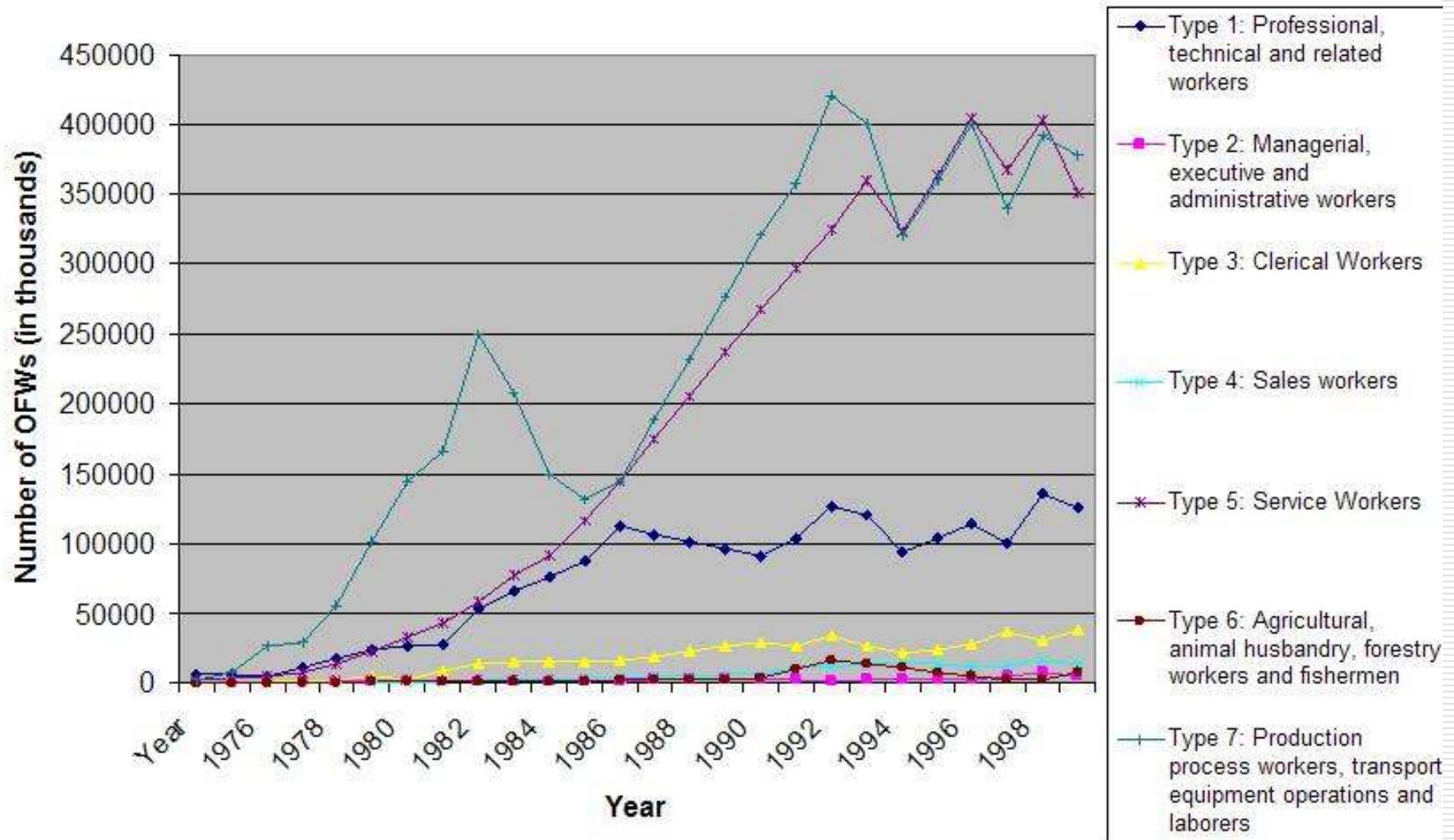


Enormous exodus of labor, facilitated by the state



Source: Philippine Statistical Yearbook 1975-2003 editions

OFWs by Occupational Type Abroad, 1975-2000



Source: Survey on Overseas Filipinos, 1993-2001 and Philippine Statistical Yearbooks, various years 7

II. Question

Why did labor export become part of the development policy of the Philippines?



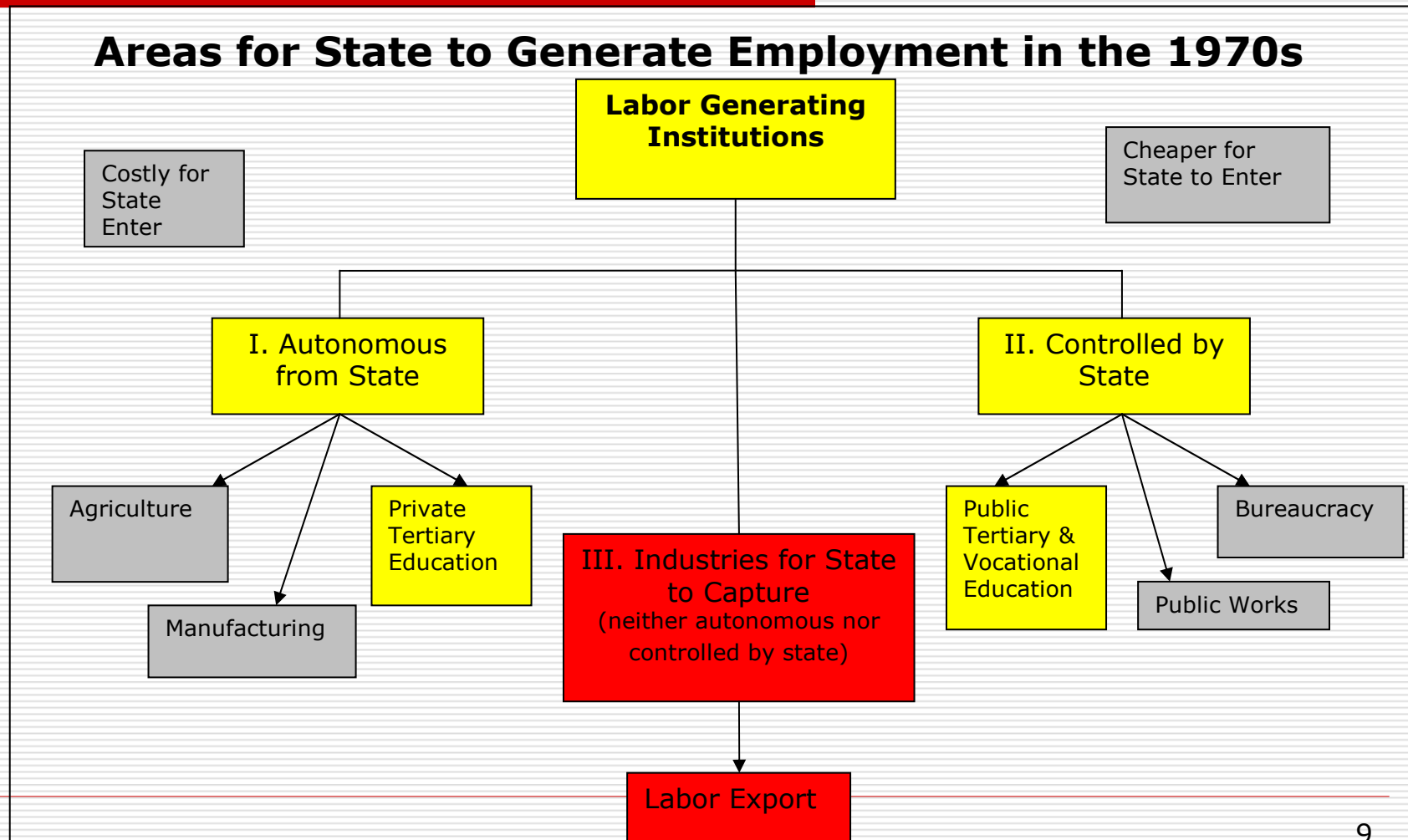
Filipina domestic workers on Sunday in Hong Kong



Filipino men waiting in Manila for potential job as a seafarer

III. Broad Argument

Areas for State to Generate Employment in the 1970s



IV. Too Much Autonomy from State

Autonomous Private Employment Generating Industries:

- ❑ Has been no comprehensive land reform (under Spanish hacienda system)
- ❑ Family conglomerates pushed for contradictory macroeconomic policies that they benefited from
- ❑ Had promotion of exports but at the same time protection of ISI firms that led to debt-driven growth
- ❑ No real growth in manufacturing (stayed stagnant at 10% of labor force working in sector since 1950s)

Dominance of Private Tertiary Education

□ 1917 Private School Law

- 2/3 of Private Schools classified as for-profits, with several traded on the Philippine Stock Exchange

Share of Private Higher Education (% Total)

	1955	1965	1975	1985	1995	1999
Institutions	93	94	83	72	79	81
Students Enrolled	96	89	86	85	75	75

Source: Commission on Higher Education and Richard K. Johanson, "Higher Education in the Philippines" (Manila: Asian Development Bank, 1999)

Inability to Absorb Human Capital

Ratio of College Graduates to Growth of Employment

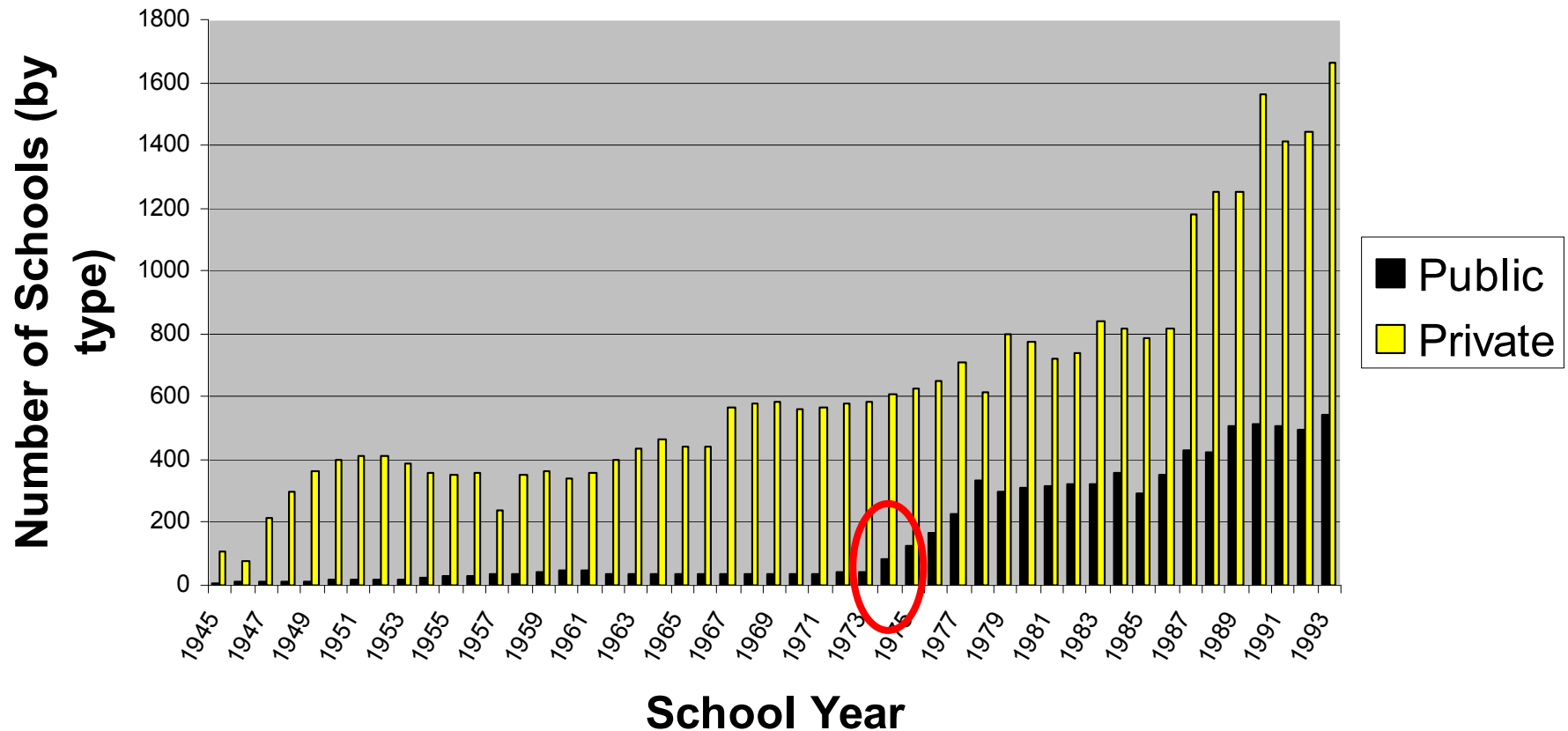
	1961-65	1976-81	1981-86	1986-91	1991-95
Graduates					
Δ Employment in professional administrative and executive Graduates	1.35	2.53	9.83	3.86	3.85
Δ Employment of college graduates	1.1	1.21	1.87	2.6	3.43

2. Areas controlled by State

- ❑ Expansion of public projects (roads, government buildings)
- ❑ Expansion of bureaucracy
- ❑ Expansion of Public Tertiary Education and Vocational Education

State's Attempt to Expand Public Universities/Vocational Schools

Number of Post-Secondary Schools in Philippines



Technical Education and Skills Development Authority (TESDA)

- ❑ Vocational education designed by government for skills needed in domestic economy (targeting specific industries like agriculture)
- ❑ TESDA graduates have higher absorption rates in domestic labor market than those attending private schools

VI. Areas of Opportunity for State

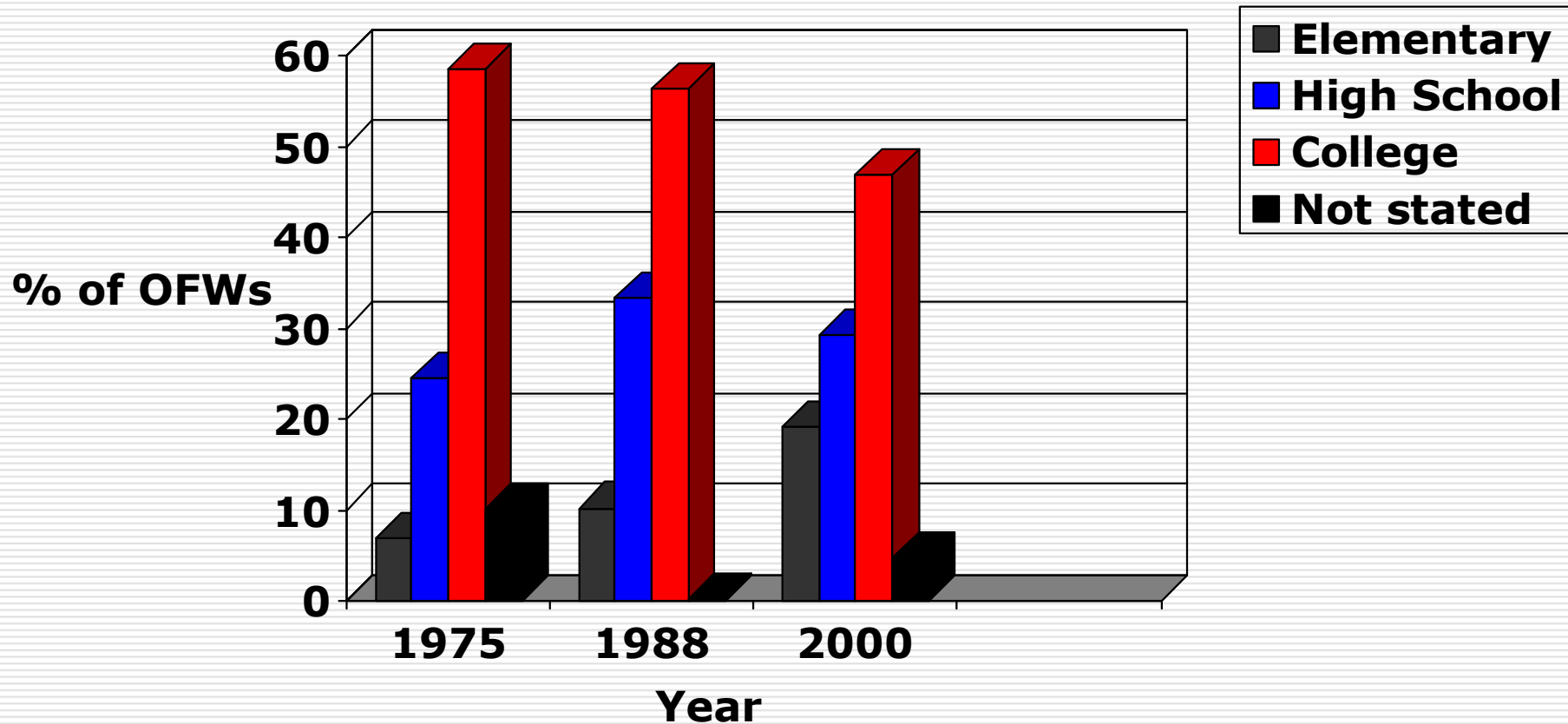
State Control of Labor Export:

- The 1974 Labor Code (The Labor Export Policy)

- Labor Export Institutions:
 - Overseas Employment Development Board (OEDB) and National Seamen Board
 - Marketing the “Filipino” abroad and seeking jobs for the overseas labor market
 - Control of Recruitment
 - Mandatory Remittances

Educational Attainment of OFWs

(as percentage of total OFWs)



High correlation between Tertiary Education and Overseas Filipino Workers per capita

- ❑ Panel dataset from 10 years with cross-regional data across the Philippines
- ❑ Suggests for every percentage increase of enrollment in tertiary education, the percentage of OFWs increase by 0.20% on average per region
- ❑ More significant for non-urban regions

VII. Conclusion

- Labor Export became part of Philippine development policy since state could not generate enough employment because:
 - Expensive for state to regulate areas with too much autonomy (manufacturing, agriculture/land issues and private tertiary education)
 - Easier for state to generate employment and “match” skills between education and labor market needs in areas it can control (government bureaucracy, public education/vocational training)
 - Labor Export was an opportunity for state to exploit given its skilled labor force and educated unemployment problem

Thank You!



Neil G. Ruiz

The Brookings Institution

1775 Massachusetts Avenue NW

Washington, DC 20036

Email: nruiz@brookings.edu

Website: www.brookings.edu/global

