Mutual Empowerment?
Examining the Power Relationship Between Overseas Filipino Workers and the Motherland

Audrey Wozniak

The relationship between overseas Filipino workers and the Philippine government is often portrayed as one of “mutual empowerment.” However, the comparison of the effectiveness of recent policies intended to enfranchise overseas Filipino workers (OFWs) and the economic consequences of reliance on OFW remittances questions the validity of this depiction. Rather, the relationship between OFWs and the Philippine government is best described as one of “mutual enabling.” The political measures intended to benefit OFWs are often ineffective or may even limit OFWs’ civil liberties, while a remittance-based economy fuels massive consumption spending and entrenches a culture of political inertia that impedes long-term sustainable development at the national level.

Superficially, the Philippines seems to be thriving economically: the national economy grew 7.2 percent in 2013, and in the last decade the country’s gross domestic product (GDP) growth has closely mirrored trends in prosperous South Korea. However, a closer look reveals a country struggling to stay afloat, where poverty affects one in four citizens and weak government and infrastructure inhibit industrialization. In fact, such tremendous overall growth would be impossible without the nearly 15 million Filipinos residing overseas, whose reported remittances ($25.1 billion in 2013)

contribute approximately 10 percent to the national GDP.³

Throughout the most recent wave of Philippine labor migration, the Philippine government has implicitly and explicitly presented conflicting stances on whether sending Filipino workers abroad is a provisional or permanent economic measure. Philippine presidents’ declarations of their intentions to guide the economy away from a remittance-based system indicate that the government views Filipino labor migration as a temporary phenomenon. Nonetheless, the establishment of agencies, policies, and laws apparently intended to protect the rights and benefits of overseas Filipino workers (OFWs) displays the Philippine government’s engrained reliance upon an exported labor force. In fact, indicators such as pervasive human rights violations of OFWs abroad and low OFW voter turnout suggest that the Philippine government’s efforts to support OFWs are extremely ineffective. Moreover, the economic benefits the Philippine government derives from OFW remittances engenders political inertia in creating and implementing domestic reforms for poverty and unemployment alleviation.

The relationship between OFWs and the Philippine government is widely portrayed to be one of “mutual empowerment,” in which OFWs’ remittances stabilize the Philippine economy and the Philippine government in turn enfranchises OFWs through rules and regulations on labor migration. However, given that empowerment can be understood as the increased ability to advance one’s status or position, this paper suggests that the relationship between OFWs and the Philippine government is best described as one of “mutual enabling”: political measures intended to benefit OFWs are often ineffective or may even limit OFWs’ civil liberties, while a remittance-based economy fuels massive consumption spending and entrenches a culture of political inertia that impedes long-term sustainable development at the national level.⁴ This paper’s first section provides an overview of the scholarship on labor migration and remittances in relation to the Philippines, and the second section explains the historical legacies of overseas Filipino workers and the current situation of Filipino labor migration. The third section contends that the Philippine government’s apparent efforts to promote the rights and benefits of OFWs are inadequate. Specifically, this section surveys recent rules and regulations on OFWs, noting disparities between their stated intentions to serve the interests of migrant workers and their shortcomings in practice. The fourth section explains the long-term economic implications of a remittance-based economy, and the final section concludes by reviewing the detrimental effects of the present system.


Spring/Summer 2015 [99]
Literature Review

Scholars have examined labor migration and remittances in the Philippines from various angles. E. San Juan argues that the neocolonial global diaspora of Filipino workers has impeded the formation of a cohesive Filipino nation-state outside of the Philippines. Filipinos working abroad are thus outsiders in the societies they enter: they are disenfranchised, vulnerable to rights violations, and without a unified system of support. He attributes this cycle of exploitation to the Philippines’s colonial legacies left by Western powers, and in particular the United States, which created a “retrogressive regime of comprador-bureaucratic (not welfare-state) capitalism articulated with tributary/semi-feudal institutions and practices.” He writes that the “Philippine state-machinery (both sending and receiving states benefit from the brokerage transaction) is viewed in fact as a corrupt exploiter, not representative of the masses, a comprador agent of transnational corporations and Western powers.” San Juan asserts that the oligarchic Philippine state directs the continued “commodification” of Philippine citizens, which buoys unsuccessful trickle-down economic initiatives and the chronic underdevelopment of infrastructure, particularly in the countryside.

Mark Rupert and M. Scott Solomon also discuss this theme of OFW commodification in their discussion of the wave of Filipino migration to the Middle East in the 1970s. They describe former President Ferdinand Marcos’s strategy for stabilizing the country’s balance-of-payments as a literal exchange of workers for oil. Nonetheless, they write more optimistically than San Juan about the prospects of what they term Filipino “deterritorialization,” or the lack of a unified front in the global Filipino diaspora. They consider the creation of the Migrant Workers and Overseas Filipinos Act of 1995 (Republic Act 8042) following the outrage over the human rights abuses of overseas domestic helpers in the 1980s and 1990s an indication of overseas Filipinos’ ability to form a “global polity.” Rupert and Solomon also praise the passing of the Absentee Voting Bill in 2003 as an opportunity for overseas Filipinos to take significant formal political action, despite acknowledging the numerous barriers for OFW voting and consistently low voter turnout rates.

R. Rodriguez considers the nationalism and identity of OFWs and discusses the social and political implications of OFWs’ official representation as part of the Philippine

---

6 Ibid., 117-118.
7 Ibid., 104.
9 Ibid., 87.
10 Ibid., 102.
11 Ibid., 102.
nation. She notes that with the Philippine government’s economic reliance on OFWs’ remittances, OFWs have become a critical component of the Philippine national identity (for example, OFWs are portrayed as “new national heroes”). She argues that in response to their valorization and incorporation into the Philippine national identity, OFWs have come to expect full citizenship rights from the Philippines, which in turn inhibits their ability to assert their rights in their host countries. She writes:

“Because they must file labor complaints in the Philippines, Filipino workers’ citizenship, and the rights and obligations it implies, becomes in effect a source of labor control as workers’ contracts provide mechanisms by which workers avoid confronting their employers or even their host states...because the Philippine state intervenes in accepting responsibility for its workers rather than demanding that host governments extend increased rights to foreign nationals it, in effect, helps to facilitate the disciplining of Filipino labor as foreign states import workers who lack the political, economic and social rights that their own citizens enjoy.”

Rodriguez also describes the alternative notion of Filipino citizenship perpetuated by migrants and represented by organizations such as Migrante International, which seeks to promote the rights of OFWs and advocate against their exploitation. This alternative nationalism portrays the state as an agent in forcing Philippine emigration and thus uniting overseas Filipinos in a shared desire to extend citizenship rights beyond the Philippine national borders.

More generally, there has been significant study of the microeconomic and macroeconomic effects of labor migration and remittances on receiving countries. Hillel Rapoport and Frédéric Docquier explain that remittances can aid poverty reduction when used to invest in education and development of human capital, and can bolster overall economic growth if coupled with “sound government policies”; however, remittances can also de-incentivize development of the labor market and foster “Dutch disease,” which strengthens the domestic currency to the extent that it undermines the receiving country’s competitiveness as an exporter. Veronica Bayangos and Karel Jansen explore this topic further, developing a macroeconometric model that uses the Philippines as a case study to assess how remittances affect the economy and

12 Robyn Magalit Rodriguez, Migrants for Export: How the Philippine State Brokers Labor to the World (Minneapolis: University of Minnesota, 2010), 75-79.
13 Rodriguez, Migrants for Export, 75, 79.
15 Rodriguez, Migrants for Export, 76.
Based on their findings, they validate the view that remittances can have a positive effect on consumption, investment, labor productivity, and economic growth, but also hinder the production and export of traded goods, potentially causing even greater reliance on remittances. They also confirm that labor migration and remittances reduce the labor force while increasing the unit labor cost (an effect they attribute both to Dutch disease as well as nominal exchange rate appreciation and the central bank's monetary policy response).

This paper seeks to contribute to the existing scholarship through synthesizing the social and economic implications of Philippine labor migration and juxtaposing analysis of the effectiveness of recent policies intended to enfranchise overseas Filipino workers with the economic consequences of reliance on OFW remittances. By analyzing the shortcomings of the political measures meant to serve the interests of OFWs as well as the problems arising from Philippines’s remittance-based economy, this paper aims to demonstrate that neither the Philippine government nor the OFWs on which it relies are substantially benefitted by the current Philippine labor migration system. Instead, this process, which has been falsely described as “mutually empowering,” enables a cycle of human rights violations and economic stagnation.

Filipino Migration: History and Current Situation

External migration of Filipinos as foreign labor is a centuries-old phenomenon that harkens back to Spanish colonization of the Philippines. During the Spanish Manila-Mexico Galleon trade, which began in 1565, Spanish colonizers forced Filipinos to work as seamen for trade ships to the New World. In the last century, there have been three waves of Filipino migration, the first two primarily to the United States. After annexing the Philippines in 1899, the United States became the most accessible destination for Filipinos in this earliest wave of migration. Amongst labor migrants, most migrated to pursue agricultural and service-related work. Even after the Immigration Act of 1917 severely limited the flow of foreign laborers from Asia to the United States, exceptions permitted continued Filipino migration (if not naturalization). By the 1930s, around 50,000 Filipinos had left the Philippines to work on crop farms in Hawaii and on the West Coast; by the end of the decade there were 108,424 Filipinos in all fifty states working in jobs ranging from fruit packing to kitchen and hotel service. The aftermath of World War II and recognition of the Philippines’s independence in 1946 spurred a second wave of Filipino migration. Of the migrants at that time, 45 percent were skilled professionals, predominantly in military and medical fields, while 55 percent migrated through newly established family reunification policies (which especially affected military personnel who had married abroad and wanted

---

19 Ibid., 26-31.
to bring back their foreign wives). After the 1972 establishment of martial law under then-Philippine president Ferdinand Marcos, concern about massive economic instability grew, and applications for out-migration from the Philippines increased by 671 percent.20

The most recent wave of Filipino migration was triggered when many oil importing countries, including the Philippines, experienced major economic setbacks as a result of increased oil prices in 1973 and 1978. Companies across sectors shut down operations, and thousands of Filipinos lost their jobs in the cutbacks. Conversely, oil producers in the Middle East used this capital influx to expand production and infrastructure. Rapid expansion in the oil industry created a labor market on which Marcos was keen to capitalize, especially in light of the enormous national debt, which grew from $360 million in 1962 to $28.3 billion in 1986.21 Marcos went so far as to issue Executive Order 857 in 1982, which required overseas Filipinos workers to remit 50 to 70 percent of their earnings; however, the policy was quickly retracted after major protest.22

Currently, of the approximately 10.44 million Filipinos living abroad, 47 percent are permanent migrants: immigrants, dual citizens, or those who legally have permanent residence abroad. The remaining migrants are classified as either temporary migrants (43 percent) whose residencies abroad rely on work contracts, student status, et cetera, or irregular migrants (10 percent), known as tago nang tago (TnTs), who are overseas illegally.23 OFWs leave the Philippines at the rate of 4,624 per day in the hopes of making higher wages and escaping the shortage of domestic employment.24 Approximately one in three of these 2.3 million workers is unskilled; notably, over half of female OFWs are unskilled workers between the ages of 25 and 34. Nonetheless, men remit nearly twice as much as women, on average sending back 103,000 pesos (approximately USD $2,300) for every female OFW’s 58,000 pesos (approximately USD $1,300) in 2013 (see Table 1).25

Saudi Arabia, the United Arab Emirates, Singapore, and Hong Kong employ the largest numbers of OFWs, though OFWs seek employment in over two hundred countries (see Table 2). Household service workers, professional nurses, and caregivers are

23 Commission on Filipinos Overseas, “Highlights of the 2011 Stock Estimate of Filipinos Overseas.”
25 Ibid.
the most common occupations of land-based OFWs, while almost 340,000 OFWs hold seafaring positions. Unskilled laborers make up 30.8 percent of all OFWs, predominately working in service professions such as childcare and sales. In 2013, they provided the largest aggregate remittance of all OFWs at 22.9 billion pesos (approximately USD $515,600) or 19.2 percent of total OFW remittance; however, they have the lowest average remittance per worker at 38,000 pesos (approximately $850) per worker annually.26

Table 1. Breakdown of OFWs by Sex

<table>
<thead>
<tr>
<th>Ages Between 25 and 34 (percent)</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unskilled (percent)</td>
<td>10.4</td>
<td>51.4</td>
</tr>
<tr>
<td>Total OFW Population (percent)</td>
<td>50.3</td>
<td>49.7</td>
</tr>
<tr>
<td>Average Remittance per OFW (percent)</td>
<td>103</td>
<td>58</td>
</tr>
</tbody>
</table>

Source: “2013 Survey on Overseas Filipinos,” Philippine Statistics Authority

Table 2. Top Ten OFW Destination Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of OFWs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saudi Arabia</td>
<td>316,736</td>
</tr>
<tr>
<td>United Arab Emirates</td>
<td>235,775</td>
</tr>
<tr>
<td>Singapore</td>
<td>146,613</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>129,575</td>
</tr>
<tr>
<td>Qatar</td>
<td>100,530</td>
</tr>
<tr>
<td>Kuwait</td>
<td>65,603</td>
</tr>
<tr>
<td>Taiwan</td>
<td>41,896</td>
</tr>
<tr>
<td>Italy</td>
<td>31,704</td>
</tr>
<tr>
<td>Bahrain</td>
<td>18,230</td>
</tr>
<tr>
<td>Malaysia</td>
<td>16,797</td>
</tr>
</tbody>
</table>


Government Policies on OFWs: Intention vs. Consequence

Since the beginning of the most recent wave of OFW deployment, the Philippine government’s official stance on its reliance on OFW remittances has been ambiguous, coupling outright support for OFWs with non-endorsement of labor migration. Perceiving the demand for laborers overseas as both a potential solution for national retrenchment as well as an opportunity for the country to demonstrate the value of “human” natural resources inherent to many developing countries, Marcos issued Presidential Decree 442, amending the Philippine Labor Code to establish the Overseas Employment Development Board, the Bureau of Employment Services, and the National Seaman's Board. The creation of these agencies, which were later combined into a single entity called the Philippine Overseas Employment Administration (POEA), signified a national reorientation toward labor export. Between 1979 and 1980, the number of Filipino overseas contract workers grew nearly 76 percent. This pivot toward labor exportation was intended as a temporary measure to alleviate the Philippine debt, which was 37 percent of the national budget in 1988, but as domestic underemployment continued to inhibit economic reform, Marcos’ successors have sustained the campaign by encouraging Filipinos to find work overseas. Philippine presidents Corazon Aquino, Fidel Ramos, and Joseph Estrada reiterated Marcos’ assertion that official promotion of overseas employment would be provisional, and pledged that the Philippines would avoid long-term reliance on remittances. Current President Benigno Aquino declared in 2013, “Soon, our people will no longer have to suffer separation and loneliness just to make ends meet; we shall strive so that overseas work becomes an option and not a perceived necessity to move forward in life.”

On the other hand, Corazon Aquino’s designation of December as “The Month of Overseas Filipino Workers” in 1988 and Ramos’ ratification of the Migrant Workers and Overseas Filipinos Act of 1995 only signaled a deeper entrenchment of labor export orientation. In 2001, President Gloria Macapagal-Arroyo acknowledged that the national economy would continue to heavily rely on overseas Filipino workers’ contributions “for the foreseeable future” until it stabilized, and hailed migrants as “investors” abroad. This official attitude prevails to this day; indeed, the government celebrates overseas Filipino workers as the country’s bagong bayani (“new heroes”). Despite apparent government efforts to regulate and protect Filipino migrant workers, some doubt the legitimacy and intention of these measures. Critics charge that these measures are an obligatory formality, representing and serving OFWs in name

---

27 Rodriguez, Migrants for Export, 12.
28 Bayangos and Jansen, “Remittances and Competitiveness,” 1836.
30 Quoted in De Guzman, “Overseas Filipino Workers.”
Republic Act 8042 indicates the ambiguity, and perhaps unwillingness, of the Philippine government to take full responsibility for OFW welfare. Sections 2c and 2i of the act demonstrate a seemingly contradictory stance on the Philippines’s commitment to overseas employment:

Section 2c: “...the State does not promote overseas employment as a means to sustain economic growth and achieve national development. The existence of the overseas employment program rests solely on the assurance that the dignity and fundamental human rights and freedoms of the Filipino citizen shall not, at any time, be compromised or violated.”

Section 2i: “Nonetheless, the deployment of Filipino overseas workers, whether land-based or sea-based, by local service contractors and manning agencies employing them shall be encouraged.”

This ambiguity illustrates the Philippine government’s preference that OFWs remain seen but not heard. On one hand, political leaders are keen to take advantage of the financial relief remittances would provide for an ostensibly indefinite period of time. Yet the encouragement of deployment of Filipino overseas workers, despite non-promotion of overseas employment for sustaining economic growth and further national development, implies that overseas employment is merely an interim measure. The language of the act is effectively a non-endorsement of export migration that positions the government to both take credit and deny liability for OFWs’ employment process and welfare.

Despite the economic cushion that OFWs’ remittances provide the Philippines, the Philippine government does not explicitly endorse migrant labor policies. However, it has taken apparent political steps to protect the rights and benefits of Filipino labor migrants. As mentioned above, Marcos pursued “development diplomacy,” promoting overseas employment as an interim measure for addressing Philippine unemployment and debt. Issuing Executive Order 857 in 1982, Marcos went so far as to mandate that overseas workers remit 50 to 70 percent of their earnings, withholding passports or denying contract renewals for noncompliant workers. His successors continued to refer to overseas employment as a temporary measure. Subsequent president Corazon Aquino attempted to ban labor migration outright, while President Fidel Ramos aimed for the Philippines to reach newly industrialized country status so as to provide a domestic alternative to labor migration; these policies failed in implementation and thus did little to improve the labor market in the Philippines. As the number of overseas

migrants rose, so too did reports of abuses of OFWs by employers, including contract violations, poor working conditions, and sexual assault. In 1988, after a series of exposés in the Philippine and international media of Filipino maids escaping households in which they faced physical abuse and sexual violence, Filipino President Corazon Aquino announced a prohibition on citizens going abroad to work as maids until other countries took measures to protect these workers. However, this only prompted Filipino maids seeking work overseas to obtain tourist visas, sidestepping the pre-departure orientations the Philippine government offered to OFWs and thus causing many to experience shock or difficulties as they acclimated to working abroad.\(^{35}\) In the case of Singapore, amidst accusations that Filipino workers there frequently faced injustice or danger to their well-being in the workplace, the Philippine government in the late 1980s declared that a larger share of the burden of regulating and protecting foreign workers fell on the government of their destination country.\(^{36}\) The Singaporean government in turn argued that private recruiters of OFWs should bear the greatest responsibility for OFWs’ welfare, which demonstrated how it regarded foreign workers as a transient and temporary workforce.\(^{37}\) Despite bilateral efforts to regulate labor export, the number of cases of illegally recruited and abused Filipino workers continued to rise.\(^{38}\)

In 1995, the steady stream of news describing abuse of OFWs reached a crescendo with the execution of Flor Contemplacion in March of that year, which ignited public outrage. Contemplacion, a Filipino maid in Singapore, was tried and hanged abroad for allegedly killing another Filipino domestic helper and the child of that helper’s employer. Filipinos condemned the harsh capital punishment the Singaporean government dealt Contemplacion given the evidence challenging her guilt, and demanded the Philippine government take greater measures in safeguarding the well being of its workers abroad. After the rights of overseas Filipinos became a major focus during that year’s political elections, as well as the subject of numerous protests, incumbent Philippine government officials pushed for new steps to assure the welfare of OFWs. The result was the Migrant Workers and Overseas Filipinos Act of 1995 (RA 8042), which for the first time specified the rights of overseas workers, condemned illegal recruitment and abuse, and pledged to provide basic services including health centers, repatriation support, and legal services to migrant workers. Later amendments (including RA 10022 in 2010, which amends RA 8042 and reiterates that “the State does not promote overseas employment as a means to sustain economic growth and achieve national development”) have made provisions for government-sponsored training, recruiting, and education programs, as well as checks against corrupt government officials who approve labor migration to dangerous destinations.\(^{39}\)

---

Although the stated intentions of such political measures as the Migrant Workers and Overseas Filipinos Act of 1995 and the Overseas Absentee Voting Bill are to enfranchise or “empower” Philippine citizens abroad, in practice such policies fall short and may even infringe on the rights of OFWs. Official statistics and publications of non-governmental organization (NGO) report a pervasive disparity between the rights and benefits that the Philippine government guarantees OFWs and those they actually receive. This is largely due to the government’s disproportionate reliance on outside agencies and organizations (including the over 1,000 government-licensed private recruitment services) as well as reliance on receiving countries to execute the policies it has enacted. The POEA facilitates two government-sponsored direct recruitment programs: the “Name Hire” program and the Government-to-Government Hiring Program. The former is a general job placement service, while the latter organizes direct OFW recruitment to specific countries via official bilateral agreements, such as with Saudi Arabia, Japan, South Korea, and Taiwan. Republic Act 10022 in 2010, which amended the Overseas Filipinos Act of 1995, declares that the Philippines will only allow migration of OFWs to countries where their rights will be protected. The agreements with Saudi Arabia and the Taipei Economic and Cultural Office pledge that the receiving countries will promote the rights of OFWs, while the agreement with the United Arab Emirates declares that any disputes between employers and OFWs will be settled by UAE authorities. As bilateral agreements and RA 10022 tend to shift the onus of safeguarding OFW rights onto private recruiters and receiving countries, the POEA thus takes on the role of a referee rather than a defender.

Furthermore, while the 2010 POEA Annual Report lauds the administration for being “in the forefront of helping our countrymen find gainful work in foreign lands,” it later acknowledges, “Admittedly, the number of OFWs under the Government-to-Government placement program is miniscule.” In 2010 the Government-to-Government Hiring Program served 6,519 Filipinos, less than 2 percent of that year’s new hires. The Name Hire program similarly found overseas jobs for a minority of 2010’s new Filipino migrants, serving less than 2 percent. The POEA’s in-house job placement service assisted 1.3 percent of new land-based OFWs (a decrease of nearly 10 percent from the previous year), which the POEA attributed to “temporary suspension of recruitment for medical workers for the Ministry of Health–Kingdom of Saudi Arabia.”

Under Philippine law, recruiting agencies cannot charge placement fees exceeding one

42 Memorandum of Understanding (MOU), Philippines-Employment Placement Service Korea, POEA, July 26, 2011; MOU, Philippines-United Arab Emirates, POEA, April 9, 2007; Agreement on Domestic Worker Recruitment, Saudia Arabia and Philippines, POEA, 2013.
44 Ibid., 11.
month’s wages, but many overseas Filipino migrants pay more, knowing that there are more applicants than foreign jobs. 46 Given the fees for recruiting and placement, transportation, and government health and travel documents, OFWs often incur large debts in the overseas employment process, and the cost-prohibitive nature of labor migration conceivably contributes to the significant number of Filipinos who work abroad illegally. The POEA also mandates that OFWs obtain exit clearances, and immigration officers in the Philippines often require Filipinos leaving the country to produce their income tax returns, bank accounts, and employment certificates to determine whether they are “legitimate tourists.” 47 Former Philippine Ambassador to Greece Rigoberto Tiglao voiced concern in a 2011 op-ed about the mandatory exit clearances for OFWs, asserting that exit clearances are an unnecessary hardship and a violation of the human right to leave any country. 48 Tiglao cited the United Nations Convention on Human Rights of 1948, the International Covenant on Civil and Political Rights of 1966, and the Philippines’s own Bill of Rights, which states, “Neither shall the right to travel be impaired except in the interest of national security, public safety, or public health, as may be provided by law.” 49

Mandatory exit clearances are not the only contentious demand of OFWs. Currently, debate over House Bill 3576, now pending in the Philippine House of Representatives, has also called into question the constitutionality of the requirements that the Philippine government places on migrant workers. If passed, HB 3576 would require OFWs to “remit regularly a portion of their foreign exchange earnings to their family or legal dependent recipient in the Philippines.” 50 Additionally, HB 3576 would authorize “Ambassadors, Consul Generals, Chiefs of Mission, or Charge d’ Affaires…to withhold the renewal or approval of the passport of an erring OFW unless proof of compliance of the remittance requirement of his financial support is submitted” and prohibit noncompliant OFWs from future eligibility for overseas work. 51 Representative Roy Señeres, who filed the bill, asserted that its aim is to prevent OFWs from financially neglecting their dependents in the mainland, as “the bill recognizes the responsibility of the state to protect the welfare of families or dependents of OFWs who have been neglected and abandoned by their OFW families.” 52 However, critics, including chairperson of Migrante Sectoral Party Connie Bragas-Regalado, have compared the bill to Marcos’ 1982 mandate that OFWs remit 50 to 70 percent of their salaries, which sparked massive

48 Section 6, Article III, Bill of Rights, Republic of the Philippines; as quoted by Rigoberto Tiglao, “OFW ‘Exit Permits’: Unconstitutional?”
49 Tiglao, “OFW ‘Exit Permits’: Unconstitutional?”
51 Ibid.
Research

backlash from migrant workers. Bragas-Regalado said the Marcos remittance requirement was “draconian” and “further drove OFWs into deeper debt. It gave rise to the proliferation of loan sharks and lending institutions that fed on the desperation of OFWs.”

She recalled that Señeres had previously opposed Marcos’ mandate, but with the filing of HB 3576, “Señeres is toeing the line of the BS Aquino regime in institutionalizing state exactions and more taxes on OFWs to salvage the ailing economy. Like Marcos, BS Aquino is now banking on revenue from OFW remittances to cope with alarming fiscal deficits and huge external debt, alongside the government’s incapacity to generate much-needed income due to massive corruption and misgovernment.”

The ongoing debate over the bill highlights concerns that rules and regulations on overseas labor migration presented as protecting the rights of Filipinos are in fact thinly veiled attempts at extorting OFWs.

Furthermore, the rise of NGOs such as Migrante International, which offers many of the same services RA 8042 asserts that the Philippine government provides to Filipino migrants, indicates that official programs have proven insufficient or ineffective. The 18 percent budget cut to governmental agencies serving OFWs in 2011 meant that roughly 261.83 pesos ($6.37 dollars) was spent annually per capita for 15 million Filipinos overseas. The dwindling funding indicates that the Philippine government currently cannot or will not take a leading role in following through with all the allowances for OFWs stipulated in RA 8042, whether due to financial difficulties, a lack of pressure from public, or the perception that its services are sufficient (and that NGOs will pick up the slack when they are not). Migrante International has branches worldwide and, like RA 8042, was created after the execution of Flor Contemplacion drew attention to OFW mistreatment. Migrante International’s 2009 initiatives included advocating on behalf of stranded and trafficked migrants, as well as helping OFWs imprisoned or on death row in Saudi Arabia who had been tried without legal representation (in some cases for crimes that were reportedly in self-defense). Although RA 8042 includes a Repatriation Bond and Legal Assistance Fund, which pledges funds for OFW repatriation and legal services, the NGO circulated reports of the lack of official aid for Filipino workers accused of crimes abroad, and in 2009 assisted in the return of 1,342 migrants to the Philippines.

Migrante International’s 2012 issue of Tinig Migrante (“Migrants’ Voice”) contends that continual job scarcity at home drives Filipinos to look for work overseas and migrate regardless of whether the government will protect their rights, which eliminates motivation for major reforms in migration policy. Some activists and scholars, including San Juan, equate labor exportation with neocolonialism, declaring that the Philippine state thrives on a system that deprives millions of

57 “SUMA,” Tinig Migrante, 4.
employment and forces them to leave their homes to serve foreign masters, often in inhumane conditions.\(^\text{58}\)

Likewise, the Overseas Absentee Voting Act is touted as a major step in protecting the rights of OFWs; however, consistently low voter turnout has indicated that the system thus far has been ineffective in giving a political voice to millions of overseas Filipinos. In 2003, overseas Filipinos achieved suffrage via absentee balloting through the Overseas Absentee Voting Act. Since its passage, nearly one million citizens have registered to vote from abroad. In early 2013, a new amendment simplified and digitized the absentee voting process. Current Senator of the Philippines, Aquilino “Koko” Pimentel III, asserted that this streamlining change could generate an overseas voter turnout of ten million by 2016.\(^\text{59}\) By Pimentel’s estimate, the overseas Filipino vote may soon become a major bargaining chip for OFWs, and thus a crucial one for political candidates to capture. Nevertheless, low voting rates abroad despite the number of Filipinos registered to do so still precludes any movement for sweeping reforms. In fact, voter turnout of overseas Filipinos has consistently declined since the first elections in which overseas Filipinos could vote in 2004. During the 2013 midterm elections, 25 destination countries for Filipinos recorded no voters.\(^\text{60}\) Migrante International cites a dearth of voter education for Filipinos abroad as well as demanding registration procedures, which inhibit greater turnout and render many unable to vote.\(^\text{61}\) Moreover, factors such as ethnic, religious, regional, and geographic disparity undermine the ability of overseas Filipinos to form a unified front.\(^\text{62}\)

Media attention on stories of injustice toward OFWs abroad has effectively sparked discourse about migrant workers’ rights overseas; however, it remains difficult for a critical mass of individual migrants to form a cohesive faction to advocate for themselves and connect with mainland politics. A mere 117,383 out of the 1 million Filipinos living abroad participated in the 2013 midterm elections, meaning that nearly 90 percent of overseas Filipinos did not cast votes.\(^\text{63}\) Unless overseas Filipinos can transcend their geographic separation and personal political loyalties to unite as a single solidarity movement bound together by a shared alien identity, the Overseas Absentee Voting Act, like other government-sponsored programs and policies intended to empower OFWs, will likely remain a ritual procedure rather than a meaningful democratic practice. In this regard, the Philippine government has failed to protect its citizens’

\(^\text{62}\) E. San Juan, email message to author, April 28, 2013.
enfranchisement rights through the Overseas Absentee Voting Act.

An Exported Workforce and the Economy

From an economic standpoint, one can rationalize why the Philippines might export its workforce. Still reeling from the yoke of Spanish colonialism and marked by defeat and forced democratization by the United States, the Philippines faced tremendous obstacles on the path to development. Corruption and debt inhibited the Philippine government’s ability to improve infrastructure and create jobs. The oil boom in the Middle East provided the Philippines with the chance to take advantage of being the twelfth most populated country in the world, sending citizens out to earn livelihoods and acquire skills they could then bring back to augment the nation’s global status. Marcos foresaw that the Philippines could ride a wave of growth that would create a balance of payments surplus, thus pulling the country out of destitution and into the economic arena of its neighbors South Korea and Japan.

In practice, however, the “exported workforce” business model propagates a cycle of inertia that inhibits national development. Labor migration in the Philippines enables a cycle of long-term economic stagnation obscured by short-term remittance-driven growth. Remittances are the largest earner of foreign exchange and do serve to relieve the domestic financial burden; the GDP growth rate grew from 2.9 percent in 2001 to 7.2 percent in 2013. However, because remittances to higher income households tend to be larger than those to lower income households, they in fact substantially increase the already wide income gap, and can contribute to complacency in receiving households (whereby dependents are discouraged from working).64 Efforts to mitigate the national debt (39 percent of GDP in 2013) have come at the expense of social programs and have had no effect on reducing poverty, yet the Department of the Treasury still proposed that 34 percent of the 2014 national budget go toward debt servicing.65 In 2009 over 40 percent of the domestic population lived on $2 a day or less, and Social Watch Philippines indicators show that the poverty situation worsened between 2000 and 2012.66 Furthermore, the Philippine economy is nearly 75 percent consumption-based, supporting Puri and Ritzema’s as well as Azad’s argument that in many remittance-reliant countries, money sent home primarily funds “basic subsistence needs” rather than “productive investment” (such as savings or entrepreneurial activities).67

Remittances appear to prolong a passive dependence on remittances to buffer economic shock, eliminating the motivation to industrialize and modernize infrastructure. The fact that agriculture employs 33 percent of Filipinos, yet contributes a mere 12 percent to national GDP despite the constant call for agrarian reform, also reveals deep-seated inefficiencies that, without the influx of capital from OFWs, would be forced to either evolve or yield to directed industrialization. In this manner, remittances in the Philippines de-incentivize improvements such as updating agricultural technologies, creating domestic jobs, addressing government corruption, and undertaking projects to improve infrastructure or shift toward manufacturing and heavy industry. In particular, low public investment has inhibited agricultural productivity, thus causing higher prices for food and agriculture inputs that in turn increase minimum wages and production costs in the agricultural sector, manufacturing, and services. The result is a higher cost of living and lower employment rates. This spending pattern sustains the economy but does not fund activities that would contribute to national development in the long term. In a sense, the Philippine government’s heavy reliance on remittances to counter its debt is a large-scale manifestation of this phenomenon, as the capital influx goes primarily toward furnishing immediate expenditures and debts rather than financing projects benefitting the entire population and future generations.

Remittances in the Philippines substantially bolster the national economy without laying the foundations for productive long-term development and economic growth. As mentioned above, the population’s consumption-dominated spending patterns stemming from remittances discourage public investment in infrastructure, while the economic buffer allows for a lethargic government response to high levels of unemployment and poverty. The challenges that remittances pose to economic growth, coupled with a transient workforce (in the form of OFWs) and restrictive foreign ownership rules (including clauses in the constitution that require that Philippine citizens have 60 percent ownership of local firms), discourage foreign investment. Potential investors are hesitant to take risks in a nation with high government corruption and an established pattern of under-investment in domestic development; however, remittances solidify the Philippines’s developmental lethargy and allow for a policy of inaction because money sent back from overseas supplements (and may even increase) national GDP. Scholars frequently describe the Philippines as suffering from the “Dutch disease” in that the flood of money into the country has strengthened the value of the peso and raised domestic wages, which undermines the country’s competitiveness as an exporter. In short, remittances are not used to fund initiatives that would mobilize the Philippine workforce domestically, engender sustainable development, encourage foreign investment, or develop public infrastructure and address unemployment and poverty. Instead, remittances enable artificial GDP growth, which prolongs inertia.

---

71 Bayangos and Jansen, “Remittances and Competitiveness,” 1834.
Assuming that a fundamental shift away from an exported labor force and the remittances it generates would most likely ensure sustainable domestic development, what circumstances would trigger a massive recall of OFWs to the Philippines? It is difficult to envision reform of the remittance system originating domestically. State-led reform is highly unlikely because government elites are the greatest beneficiaries of the remittance model. It is in their best interest to ensure its longevity, which guarantees the stability of a development structure that favors their prosperity. San Juan writes that OFWs “keep the neocolonial system afloat and the elite relatively safe in their gated luxury enclaves,” referring to Philippines as “a capitalist state regulating the sale/exchange of labor-power as commodities in the world market.”

After it came to light last year that dozens of legislators in the Philippines had siphoned over 10 billion pesos ($23.81 billion dollars) from public coffers for their personal gain, activists called for OFWs worldwide to participate in a “Zero Remittance Day.” They estimated that if every OFW were to not remit their earnings, the Philippines would lose an average of $63 million dollars per day, since a previous Zero Remittance Day protest in 2008 resulted in the loss of hundreds of millions of dollars. Nonetheless, the intention of the protest is perhaps a more powerful gesture than the actual economic shock. Achieving full OFW participation in Zero Remittance Day Protests is highly unlikely because the consequences of non-remittance for OFW families are much more immediate and potentially severe than those for the Philippine government. Social pressure from the bottom up has effected some change in Philippine policy on OFWs, notably demonstrated by the introduction of the Migrant Workers and Overseas Filipinos Act of 1995 following public anger at the execution of Flor Contemplacion. Nonetheless, grassroots movements have empirically not had enough clout to compel the government to offer more than superficial or palliative solutions. Highly publicized human rights scandals abroad have dampened OFW out-migration to some extent, but given the Philippines’s absence of a secure domestic job market, many Filipinos still feel that there is no alternative but to seek employment internationally. Contemporary Philippine society is constructed around the expatriate labor force, and so the most probable scenario for fundamentally reforming the country’s neoliberal economic policies is one in which external or macro-level factors impede overseas employment, whether it be an avian flu pandemic that forces the repatriation of hundreds of thousands of OFWs or the rise of a cheaper labor market in a different country.

In fact, various iterations of this scenario seem to already be in motion. Taiwan’s cooling of diplomatic relations with the Philippines and freezing of further hiring of OFWs in May 2013 following the Philippine Coast Guard’s shooting of a Taiwanese fisherman put the estimated 81,815 Filipinos currently working in Taiwan at risk of expulsion. This has forced the Philippines to search for alternative destinations for Filipinos

72 E. San Juan, “Overseas Filipino Workers,” 121-123.
seeking employment abroad. Likewise, Saudi Arabia’s crackdown on illegal and undocumented foreign workers, which began in early 2013, led to the deportation of over 40,000 Filipino workers and caused the country’s employment growth to drop to 50.2 points in April of that year (less than fifty points indicates a contracting job market). Because Saudi Arabia employs over one-fifth of OFWs from the Philippines, decreased demand for foreign labor could irreparably damage the Philippines’s remittance-driven economy. Racial hostility, political conflict with the Philippines, and a desire to reduce foreign competition in Singapore and Malaysia are lowering demand for Filipino workers in both countries. As a result, both nations, which in total are home to 1,050,000 Filipinos and 206,800 registered OFWs, recently announced policies to de-incentivize the hiring of migrant workers. Department of Labor and Employment officials in the Philippines have encouraged OFWs laid off in Taiwan, Saudi Arabia, Singapore, and Malaysia to seek employment elsewhere, including the Philippines; however, as international demand for foreign labor decreases, especially in top OFW destination countries, the option to do so may soon vanish.

If overseas employment opportunities were to substantially decrease, a critical mass of Filipinos would face the absence of a viable job market at home. Whether this confrontation would take the form of an organized movement or social instability, the Philippine government would be forced to enact reforms and develop policies promoting long-term equitable economic growth. Otherwise, the government would face potentially irreversible economic decline, national turmoil, or even deterioration of the state. If inflows from OFW remittances suddenly dried up, the Philippines would undoubtedly suffer a massive economic shock; it is not difficult to imagine the Philippines in a state of protest or unrest as a result. Families in the Philippines, no longer able to rely on a cash buffer, would be even more acutely confronted with the lack of employment opportunities and the high cost of living. In this scenario, the current Philippine government would be held actively accountable to its citizens for their welfare, and compelled to create jobs and lay the foundations for domestic development—before Filipinos at home and abroad radically reformed or overturned the government. Perhaps the most important question is not whether the Philippines would have to rethink its reliance on remittances, but rather whether the current state apparatus would adapt or perish in the process.

Conclusion

Overseas Filipinos are a massive international investment of human capital, and should

be regarded as major stakeholders in the Philippines’s national, political, and economic affairs. The remittances they send back to the Philippines have stabilized the country’s economy for decades, and in turn the Philippine government has taken political measures to valorize and promote the rights of OFWs. However, upon close examination this apparent “mutual empowerment” is not symbiotic for either OFWs or the Philippine nation-state. Rather, it enables a cycle of disenfranchised workers and economic stagnation. The under-utilization of government policies and programs, including the Overseas Absentee Voting Bill and government-run OFW placement services, highlights their ineffectiveness and limitations. In addition, government-imposed red tape for departing OFWs and proposed regulations on mandatory remittance levels suggest that the Philippine government is not actively promoting the interests of OFWs. OFW and lawyer Oscar Franklin Tan succinctly assesses the situation:

“OFWs remain treated as the perfect docile cash cows, voiceless in government as fee upon inane fee and procedure upon inane procedure are heaped upon us. It is not an option but a constitutional imperative to find a rational way to protect those who need protection while respecting the general population’s right to travel.”

At the same time, the remittances that apparently benefit the Philippine economy sustain a consumption-based economy and cause currency appreciation that undermines the country’s competitiveness as an exporter. The Philippines’s reliance on remittances has enabled the government to overlook domestic underdevelopment of infrastructure and education. Repatriation of OFWs would likely force the Philippine government to enact major reforms to address poverty, underemployment, and low productivity across sectors. The deficiencies of both political measures meant to promote OFWs’ civil liberties as well as the Philippines’s remittance-based economy suggests that rather than mutually empowering each other, the Philippine government and the Filipino migrant labor phenomenon are breeding a culture of rights violations and economic dysfunction that, if not radically reformed, prevents the Philippines from making significant progress to advance its status in the global sphere.

**Audrey Wozniak** graduated from Wellesley College, where she double-majored in East Asian Studies and Music. She is currently a Thomas J. Watson Fellow. Previously, she was a Fellow at the Madeleine K. Albright Institute for Global Affairs, an intern with the Beijing Bureau of ABC News, and an intern with the U.S. Department of State in Guangzhou, China.

---

References


Republic of the Philippines, Overseas Employment Administration. “Agreement on Domestic Worker Recruitment Between the Ministry of Labor of the Kingdom of Saudi Arabia and The Department of Labor and Employment of the Republic of the Philippines.” 2013.


