

Foreword 1

On behalf of the UNDP, I would like to congratulate the Philippine Human Development Network for its production of the fourth Philippine Human Development Report.

The choice of the theme on employment cannot be more timely. In March last year, an Employment Summit was convened by the Government and widely participated in by the various sectors to address the urgent need to preserve and generate more and decent jobs in the face of the extended effects of the Asian economic crisis and prospect of continued global economic inertia.

While the overall health of the global economy sets the environment for increased investments and expectedly, job generation, the nature of employment in the world has seen dramatic changes in the last fifty years, which raise issues about job quality and security. Rapid technological developments, especially in the field of information and communications, and the globalization of production of and trade in goods and services driven by competitiveness, have shaped the changes in modes of employment, altering traditional employer-employee relationships, and in many situations, creating large pockets of unemployment in the process of restructuring during phases of adjustment.

The cost of social adjustment and displacement calls for serious rethinking of employment strategies. However, as the Report points out, the issue is not simply about jobs as source of livelihood and incomes, which is a fundamental right, it is also about the right to work as a source of human dignity and realization, and the right to social security. These are at the core of human development.

An employment policy cognizant and anchored on human rights — the right to just and favorable conditions of work, fair wages, non-discrimination and the right to social protection — is more likely to yield a different set of outcomes for society, outcomes that speak of better quality of human conditions, social equity and harmony.

We hope that the Report provides the added value of bringing the human development perspective in the ongoing discussion and consensus building for the country's human resource and employment policy.

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Foreword 2

In producing a Philippine Human Development Report (PHDR), every effort is taken to ensure the independence and integrity of its analysis and recommendations. The result is a document that is regarded by all stakeholders in the Philippine development process to be a fair and accurate depiction of the state of human development in the country as well as a comprehensive treatment of whatever issue is the special focus of the Report.

The recognition of the value of the PHDR and its contributions in pushing forward the quest for human development from concept into reality is not limited to local stakeholders. At the conclusion of the Second Global Forum on Human Development held in Rio de Janeiro, Brazil, in October, 2000, the first annual National Human Development Report (NHDR) Awards Programme was launched, and the PHDR 2000, was among the awardees.

PHDR 2000 won awards in three categories: Excellence in the Innovative Use of Human Development Measurement Tools, Excellence in Presentation and Design, and Excellence in Participation and Policy Impact. It shared the top honors in the Asia-Pacific Region with China's HDR. One can thus be pardoned for being proud not only of our award-winning Report, but for the two earlier ones, which almost surely would have been recognized as well had the NHDR Awards Programme been conceived earlier.

The theme of this year's Report, the fourth since 1994, was chosen, like those of its predecessors, after a process of consultation participated in not only by members of the Philippine Human Development Network, but also by other interested stakeholders. This time, unlike the others, the choice was relatively easy. Since the third PHDR zeroes in on the issue of increasing capabilities, it seemed only logical that the fourth PHDR should concentrate on the issue of increasing the opportunities for using those capabilities. Thus, while education was the special focus of PHDR 2000, employment is the special focus of PHDR 2002: Work and Well-Being.

This Report aims to trace the complex relationships between growth, employment, poverty and human development. A thorough survey of the existing literature, as well as studies commissioned specifically for the purpose of this Report and which will comprise a companion volume to this one, form the basis for the analysis and conclusions contained herein.

During the course of the Report preparation, the initial findings were the subject of a workshop-seminar, which was attended by the Advisory Board of the Report [comprised of Meneleo Carlos, Florian Albuero, and Edicio dela Torre] as well as selected members of the academe, government, and non-government organizations. The workshop, aside from identifying research gaps, served to enforce a proper balance between the requirements of scholarly investigation and the need for reader-friendly research output.

Some of the findings contained in Work and Well-Being are well known, others are intuitively obvious. Some will cause raised eyebrows, and still others may provoke heated debate. A few illustrations, all discussed at length and empirically validated in Chapter 1, will suffice to make the point:

- Philippine economic growth has been low for the region, has been erratic and unsustainable.
- What little growth there has been in the Philippines has benefited the rich disproportionately more than the poor.
- Okun's law holds weakly in the Philippines. Unemployment does not easily respond to growth.
- Unemployment and poverty in the Philippines do not amount to the same thing. 82.6% of the unemployed are non-poor, only 17.4% are poor. It is more accurate to say that poverty is associated with the low quality of employment.
- "Leapfrogging" from agriculture to services (by-passing industry) may not be such a good idea, after all is said and done. There is no automatic process by which poverty in agriculture will be wiped out merely by an expansion of services sector employment.
- The output a worker produces depends on much more than the worker's individual qualities. Labor productivity depends just as much – if not more – on the employer's direction, business organization, and management practice. General economic conditions themselves and the availability of quality jobs in the economy play an even greater role than perhaps the characteristics of individual workers and firms in determining labor productivity in the aggregate.
- While liberalization has benefited almost all classes of workers, it has thus far not yet accomplished what it was supposed to do, namely, raise the wages of unskilled workers relative to skilled workers and property owners. Instead it has benefited skilled workers more than the unskilled.
- There is a direct link between inequality of educational opportunities and inequality of income. Ultimately, the inequality in access to education shows up as sheer poverty: the poor are also generally poorly endowed in education.
- The presence of the 110 state universities and colleges (SUCs) does not appear to have significantly reduced unequal access to higher education
- Working for foreign labor markets should now be recognized for the contribution to employment and income that it represents and should be encouraged
- The most important determinant of child labor is the household's ownership of an enterprise.
- If social insurance premiums must indeed be raised anyway, it may make more sense to raise them sufficiently and expand benefits to include limited forms of unemployment benefits.
- A significant if ambitious proposal is that of establishing unions along craft lines or by field of specialization.

Whether the Report's findings are met with agreement, surprise, or outrage, they provide a lot of food for thought — and an excellent basis for action.

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