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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

EMPLOYMENTS PROBLEMS AND POLICIES
IN THE PHILIPPINES

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East Asia and Pacific Department
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CURRENCY EQUIVALENTS

Before Feb. 21, 1970

US\$ 1.00	=	Pesos 3.90
Pesos 1,000	=	US\$ 256.40
Pesos 1 million	=	US\$ 256,400

After Feb. 21, 1970

US\$ 1.00	=	Pesos 6.00 (rate used in the report; official rate is floating between ₱5.80 and ₱6.30)
Pesos 1,000	=	US\$ 166.67
Pesos 1 million	=	US\$ 166,667

FISCAL YEAR

In the Philippines the Fiscal Year covers the period July 1 to June 30.

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INTRODUCTION

1. In taking stock of the employment situation and prospects in the Philippines, certain positive features are to be noted.

2. First - a prerequisite for action - there is considerable awareness of the gravity of the employment problem. "Substantial and growing unemployment" was identified as one of the basic problems of the Philippine economy in the Four-Year Plan for 1967-70. "Substantial unemployment and under-employment" are similarly identified as a basic problem in the preliminary draft (April 1970) of the 1970-74 Plan. In a joint resolution recently adopted in Congress "the attainment of maximum employment" is included among the paramount objectives of economic policy. 1/

3. Second, the idea that the Government has a responsibility for, and can and should take measures to improve, the employment situation is accepted in the Philippines, and some relevant experience has been acquired. A system of industrial priorities has been established in which a formula has been used that gives some weight to employment considerations. An Emergency Public Employment Program was carried out in the years following 1962. Employment promotion has been at least a subsidiary, if not a major, objective of a number of other programs, including programs of community development, public works, land settlement, agricultural extension, land reform and cottage industry development.

4. Third, the Philippines is one of the few developing countries in which regular statistical surveys of households are carried out - a valuable source of labor force data. Besides the Bureau of Census and Statistics (BCS), there are other public and private agencies which employ in the aggregate large numbers of statistical enumerators and have on their staffs professionals with experience in briefing and training them. There appears to be an exceptionally large number of people in the Philippines engaged in collecting and tabulating statistics in areas relevant to employment problems. It seems likely that with some redirection of effort all the statistics needed for a sound employment policy could be made available without additional expense.

5. The relatively high level of education of the Philippine population is another potentially favorable factor, though at present there is a serious problem of educated unemployed.

6. Unfortunately, there is also much to be said on the negative side in taking stock of the employment situation. First, there is a great deal of unemployment and particularly of under-employment. Second, the short-term prospects for the economy are such that it will be difficult to prevent some deterioration in the employment situation during the months immediately ahead. Third, the production targets in the 1970-74 Plan are

1/ Joint Resolution Establishing Basic Policies to Achieve Economic Development and Attain Social Justice, approved by the Sixth Congress at its Ninth Special Session.

such that the Plan's employment target can be attained only if production increases are associated, to a much greater extent than in the past, with increased employment rather than increased productivity. Fourth, no strategy for employment promotion has as yet been worked out.

The Nature of the Employment Problem

7. A number of tables have been assembled in the statistical annex to this report which throw light on the nature and extent of unemployment and under-employment, as well as on the structure of employment. The main source of these statistics is the BCS Survey of Households (BCSSH) carried out in May and October each year. The sample design is considered satisfactory and much valuable pioneering work has been done, but there has been difficulty, which seems to have increased in the most recent years, in providing adequate supervision of enumerators. The October returns are more revealing than the May ones since the latter include within the labor force a substantial number of school leavers who have not yet had time to find job and of students and pupils on vacation who are seeking only temporary jobs. But the results of the October surveys are available only up to 1967, and some questions included in the 1966 and some earlier surveys were not included in the October 1967 survey. It is hoped that it will soon be found possible to restore the prompt publication, continuity and comparability of the series, which can become a most valuable source of information for employment policy.

Unemployment

8. According to the October returns, unemployment 1/ dropped from 859,000 in 1956 to 469,000 in 1963, and then rose steadily to 909,000 in 1967. There seems to be no significant relationship between changes in unemployment and changes in the rate of growth of GNP. The May series

1/ Unemployment is defined in the following terms:

"Unemployed persons include all those who were reported as wanting and looking for work. The desire to work must be sincere and the person must be serious about working. Also included are persons reported as wanting work but not looking for work because of belief that no work was available or because of temporary illness, bad weather or other valid reasons" - BCSSH Explanatory Texts. Conceptually reasonable, this definition makes it difficult in practice in many cases to distinguish between an unemployed person and one who is not in the labor force, and leaves much to the discretion of enumerators, emphasizing the importance of adequate training and supervision of their work. In the Philippines, as in other developing countries, there is indeed no clear distinction, particularly in the rural areas, between members of the labor force and dependents.

suggest a decline in unemployment since May 1967, and particularly since May 1968, but this is not very convincing since this series has fluctuated erratically from year to year. Preliminary results for May 1969, compared with May 1968, showed a reduction in unemployment from 1,053,000 (7.8%) to 811,000 (6.7%). But little confidence can be placed in these preliminary results, another feature of which is an apparent reduction in the labor force from 13.5 to 12.0 million while the population over ten years of age increased by more than a million (Table 1). The apparent reduction in the labor force is almost certainly a statistical illusion resulting from changes in the methods of carrying out the enumeration. 1/ The 1970-74 Plan estimates the labor force in mid-1970 at 13.2 million and the unemployment rate at 7.7%. This would give a total of 1,016,000 unemployed.

9. Table 2 shows the different incidence of unemployment among different groups. Unemployment rates are much higher in urban than in rural areas, among females than among males and among young people (under 25) than among older workers. Averaged out over the last three October surveys the unemployment rate was 20.7% among young urban males, 16.6% among young urban females and 13.9% among young rural females. The rate was only 1.6% among older rural males and relatively low also (5.0%) for older urban males. However, three-fifths of all unemployed were under 25. 2/

10. This pattern explains why the proportion of heads of households among the unemployed is low - only 9.4% in 1966 and 14.5% on the average over the period 1956-66. These figures no doubt reflect partly the influence of high unemployment rates among young people in preventing them from setting up independent households.

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- 1/ There were two main changes in the conduct of the May 1969 enumeration as compared with previous ones. First, enumerators were briefed and trained at the provincial level instead of by the BCS in Manila. Second, the operation was computerized. The reliability of the earlier returns may also be impaired by the fact that it was not found possible to supervise the work of enumerators as thoroughly as would have been desirable.
- 2/ A better measure of unemployment might be obtained by omitting all those aged 10-14 both from the labor force and from the unemployed. The labor force in 1967 would then be reduced by 4.9% and the totally unemployed by 6.1% - i.e., the 10-14 year-olds have a higher-than-average unemployment rate, particularly among boys in the rural areas. Since they are a small group, the over-all percentage would be little altered, but the percentage of young people in the unemployment total would be more significantly reduced.

11. The median number of weeks spent looking for work among those unemployed in October 1966 was 9.6 (10.3 for males and 9.1 for females). This does not measure the median duration of unemployment since the people concerned would have remained unemployed for an unknown length of time after the survey week. But, with an increase in total unemployment, the unemployed had spent about two weeks longer looking for work than in the previous year. Only 19.2% of males compared with 29.3% of females had been looking for work for less than four weeks, but about 30% of each sex had been looking for work for 20 weeks or more. Workers seeking their first jobs had been looking for work for longer than experienced workers (median 11.1 weeks compared with 8.9). Male new workers had the longest median (13.1 weeks) and male experienced workers the shortest (8.7).

12. In one survey only - October 1965 - a question was included about the educational level of persons in the labor force, including the unemployed. Results in abridged form are given in Table 3. The impression created by the table is that people with higher education find it more difficult to get jobs. The explanation almost certainly is that they are more discriminating in the jobs they will accept, helped perhaps by the fact that parents or families who can give their children higher education are more likely than others to be able to support them while they look for work they consider suitable. It remains true that those with high school or college education accounted for 23.0% of all employed persons but for 38.7% of all unemployed persons. It is believed that as many as 250,000 of the unemployed have at least completed high school education.

Under-employment

13. Statistics concerning hours worked per week during the survey week were included in the survey results up to, but unfortunately not since, October 1966. Table 4 suggests that most employed persons, especially those in the "unpaid family workers" category, worked a reasonable number of hours per week. A somewhat different impression is given by Table 5, which shows that the average is as high as it is only because many people work very long hours (sunrise to sunset is considered a normal working day in agriculture). The proportion of employed workers working full time (40 hours or more) rose by 9.3% percentage points between October 1961 and October 1966 (Table 6). During this period the percentage of full-time workers rose from 77 to 85.1 in the case of wage earners; from 67.8 to 79.4 in the case of self-employed persons; and from 42.6 to 48.3 in the case of unpaid female workers. There is no means of knowing whether this improvement has continued in recent years.

14. There are well-known conceptual difficulties in trying to convert "visible" under-employment into a full-time unemployment equivalent. It may be estimated that the aggregate deficit in hours worked compared with the number that would have been worked if all those working less than 40 hours but wanting more work had worked at least 40 per week would have been equivalent to the full-time unemployment of about 320,000

people in 1966. In this calculation no allowance is made for the facts that (a) many people worked more than 40 hours (indeed, the average was 44.5 in October 1966 despite much short-time working), (b) many of those working less than 40 hours were unpaid family members, and (c) marginal productivity probably falls off as hours increase. On the other hand, if a working week in excess of 40 hours (say, 48) were taken as the normal standard for a fully employed person (which would perhaps be reasonable in view of the high average just mentioned) the deficit in hours worked, and the full-time unemployment equivalent calculated on the basis of this deficit, would be considerably increased - to about 445,000 if all those working less than 48 hours and wanting more work are regarded as under-employed.

15. There is no direct way of measuring the "invisible" under-employment that takes the form of a low intensity of work (even though hours of attendance may be long) in over-crowded occupations. One pointer (Table 7) is provided by the number of people who already work 40 hours or more per week and would like more work. Another (Table 8) is the number of families with very low incomes, since this group of families is likely to correspond largely though not entirely to the group of families whose breadwinners are unemployed or heavily under-employed.

16. No doubt many of the under-employed would show up as visibly unemployed in a country able to pay unemployment compensation. As things are, they have no alternative, unless relatives or others can support them in idleness, but to find something to do even if it only brings in a pittance. The high proportion of self-employed among those engaged in commerce and in "personal services other than domestic" (paragraph 19 below) is a significant indication of this, coupled with the fact that in 1965 75% of family incomes under ₦500 and 76% of family incomes in the ₦500 - 999 bracket (compared with only 56% of all family incomes) were derived from "entrepreneurial activities".

The Structure of Employment 1/

17. Nearly three-fifths of employed persons are engaged in agriculture, forestry, hunting and fishing (58.3% in October 1967). This was about 3% lower than in October 1962 but the drop had not been a steady one, a low point having been reached in October 1965. There appears to have been some further drop since 1967 if the May returns can be compared with the October ones. The next largest industry group in terms of employment is manufacturing, employing a percentage of the employed persons which has fluctuated between 10.9 and 11.7 but shown no tendency to increase. 2/ Commerce employs only slightly fewer people. The percentage

1/ Tables 9 and 10.

2/ Small changes may be within the limits of sampling error.

has fluctuated between 9.5 and 11.1% with, again, no discernible trend. The various service groups taken together, i.e., commerce, government and related services, domestic services and other personal services, employed 21.2% of the employed persons in 1962 and 24.5% in 1969, with a fairly steady upward trend. This about compensates for the drop in agriculture. Within this group, government and related services have shown the steadiest growth, from 5.9 to 7.9%. The proportion recorded as employed in construction, at around 2.5-3%, seems exceptionally low in view of the country's great needs for infrastructure development and for housing.

18. Between October 1961 and October 1967 the proportion of wage-earners among the employed increased steadily from 33.5 to 37.4%. For males the increase was from 31.6 to 36.6% and for females from 37.1 to 38.8%. About 40% of all employed persons are self-employed, including nearly half of all males, though the percentage dropped from about 50 to about 47 over the 6-year period. Among females the proportion of self-employed is only a little more than a quarter. The proportion of unpaid family workers is about 17% among males, with a tendency to fall, and about 35% among females with no discernible trend.

19. The proportion of wage-earners was lowest in agriculture - 16.4% for males, 22.5% for females and 17.9% for both sexes in October 1967. Other industry groups with a low percentage of wage-earners were commerce (25.2%) and personal services (48.5%). The same three industry groups had the highest percentages of self-employed workers - 48% in agriculture (60% among males but only 10% among females), 58% in commerce (reflecting no doubt a large amount of low-productivity petty trading), and 44% in personal services other than domestic. Unpaid family workers were concentrated in agriculture and commerce, where they accounted for 34% and 17% respectively of all employed persons, these proportions being much higher among females.

20. The October 1966 BCSSH included a question about the number of weeks worked during the previous 12 months. Table 11 shows the greater irregularity of rural employment and of female employment. As would be expected, the two industry groups with the greatest irregularity of employment, reflecting mainly seasonal factors, are agriculture and construction.

Summary

21. Nearly three-fifths of the Philippine labor force is engaged in agriculture. This proportion has dropped slowly but the absolute numbers have increased rapidly and are bound to continue to do so. The proportion of the labor force in manufacturing did not increase during the 1960s. Employment in services expanded to compensate for the (small) relative decline in agriculture. Much service employment is precarious and of low productivity. Employment in construction remains at a very low level. The proportion of wage earners in the labor force has been increasing.

22. This is the framework within which the Philippine nation confronts the challenge of absorbing an estimated 1,800,000 newcomers to the labor force during the Four-Year Plan period, and reducing the backlog of existing unemployment and under-employment. Overt unemployment is currently estimated at about one million. A high proportion of these are young people. Of all those with some employment, more than a quarter in 1966 worked less than 40 hours a week. This may involve a further waste of labor approximately equivalent to the full-time unemployment of some 320,000 people. Even more difficult to measure is the partial idleness or "invisible under-employment" associated with the overcrowding of many agricultural and service occupations, and reflected in very low productivity and incomes. One pointer to the extent of this kind of under-employment is that in October 1966 1,730,000 persons working 40 hours a week or more reported that they would like additional work. Another is that in 1965 nearly 30% of all families had annual incomes below ₱1,000 and about one in nine had less than ₱500.

THE CURRENT EMPLOYMENT SITUATION AND SHORT-
TERM EMPLOYMENT PROSPECTS

23. The only recent employment statistics are the provisional results of the May 1969 BCSSH, in which, as noted above, no great confidence can be placed, and an Employment Index of Reporting Non-Agricultural Establishments compiled by the Central Bank, which also has important limitations. 1/ For what they are worth, the movements of this index in recent quarters are shown in Table I, which would suggest, were it representative, virtual stagnation in the growth of non-agricultural employment in 1969.

24. The combination of the current credit squeeze and import restrictions, the very substantial increase in the prices of imported raw materials, components and equipment, the heavy dependence of the Philippine economy on these, and the prospect of a substantial increase in minimum wages 2/ will evidently make it difficult to maintain employment levels, particularly in the manufacturing sector, in the months ahead. There have already been lay-offs in industries heavily dependent on imports.

25. The motor car assembly plants, subjected to drastic import restrictions at present, have been the most heavily affected. In January 1969 members of the Philippine Automotive Association employed some 5,500 workers assembling motor cars and some 720 assembling trucks. These figures do not include workers engaged in selling, office work or repair work. Non-

1/ The reporting establishments do not constitute a probability sample and apparently include a disproportionately high percentage of large establishments in the Manila area. The weighting of the different branches appears to have been influenced to a great extent by the number of reporting establishments in each branch rather than by relative shares in total employment. A cumulative downward bias is imparted by the failure of the index to take account of the additional employment in new establishments that began operations after the index base year (1955). The Central Bank has plans for revising and improving the index, and has carried out much of the necessary work to this end, but has been much delayed by lack of cooperation from establishments asked to send in returns. The establishments to constitute the sample have been selected. Returns have been asked for since 1968 but only about 50% have responded and the results have not been published. Establishments are intended to include casual as well as permanent employees in their returns, but the instructions on this crucial point are not as clear as they might be. It seems desirable that more vigorous use should be made of statutory powers to call for information and returns, since it is scarcely possible to formulate a sound employment policy in the virtual statistical blackout that currently prevails.

2/ See below, para. 97.

TABLE I
Employment Index of Reporting Non-Agricultural Establishments, 1967-69
 (1955 = 100)

All Items	Mining & Quarrying	Manufacturing	Construction	Elec., Gas, Heat & Water		Commerce	Transport & Communications	Services
				Manufacturing	Construction			
1967	135.8	86.7	125.6	191.4	157.8	141.3	139.6	139.2
1968	139.8	85.4	130.6	199.9	165.7	141.8	146.6	162.0
1969	141.3	83.5	132.5	193.3	159.2	140.8	149.7	163.8
1968								
1st Quar.	136.6	85.1	130.6	189.7	161.2	140.1	143.4	161.5
2nd "	139.5	85.5	130.2	199.9	166.3	142.1	147.2	162.2
3rd "	139.8	85.4	128.8	205.8	167.6	144.5	147.8	163.4
4th "	141.4	85.4	132.8	204.1	170.7	140.4	148.1	160.9
1969								
1st Quar.	141.4	86.2	133.8	193.6	165.5	140.4	147.9	165.1
2nd "	141.0	83.9	131.9	193.1	161.8	140.8	148.9	166.0
3rd "	141.1	83.1	131.7	193.0	155.1	141.6	149.4	166.7
4th "	141.9	82.9	132.6	193.7	154.5	140.6	152.7	166.7

members of the Association may have employed a further 1,000 - 2,000 workers. Numbers have since fallen off, but it is not known by how much. Lay-offs started about the end of 1969. Some additional jobs in truck assembly may help. Some efforts have been made to organize rotation of work, but for the most part it is reported that workers have simply been laid off if they could not be transferred to repair or other work. In the months immediately ahead, the industry is looking mainly to repair work to provide its bread and butter. In the longer run a reorganization of the industry seems essential. The drastically increased prices of imported components may stimulate local manufacture of some of these, but for the most part the industry is not equipped for this. The large number of makes of car assembled, mostly on a very small scale, creates problems to which a drastic solution will probably have to be found.

26. Other industries in which lay-offs have been reported or in which prospective lay-offs have given rise to industrial disputes include electrical appliances, textiles, drugs and the fertilizer industry. 1/ When industrial disputes connected with lay-offs are reported to the Ministry of Labor it has been encouraging the parties to agree on rotation of work schemes, or encouraging employers to provide laid-off workers with separation pay in excess of legal requirements, or in case of need with loans on easy terms.

27. While there are no statistics, lay-offs to date have not been on so large a scale as to become a major issue. There appears to be a general expectation that stocks on hand will tide industry and commerce over for a few months without a critical deterioration in the employment situation, and it seems to be widely expected that within a few months credit restrictions will be eased. It is not certain that stocks are as large as they are sometimes thought to be, since import restrictions date back to November 1969. Nor is it at all certain that it will prove possible to ease credit restrictions within a few months. In the public sector too, particularly in public works, it may be difficult to maintain employment during the months immediately ahead. The Plan document reports that about two-thirds of the estimated total national Government expenditures for 1970 were spent during the first semester, and recognizes that heavy current and capital spending during FY 1969 and the first half of FY 1970 necessitates a slowing down in expenditures for the second half of FY 1970 and the entire FY 1971.

28. Of course, to the extent that the devaluation of the pesos stimulates exports and the production of import substitutes it will boost employment in the industries concerned.

1/ In addition, the need for economy after the election campaign led to the laying off of substantial numbers of casual workers who had been taken on to the Government payroll during that campaign.

THE EMPLOYMENT IMPLICATIONS OF THE 1970-1974
DEVELOPMENT PLAN

29. This is the first Philippine development plan to include a chapter devoted to employment requirements, and this is welcome. Some comments may, however, be made on the Plan employment targets, on planning procedures and on the selection of policy instruments for employment promotion. (These comments relate to the April 1970 draft of the Plan.)

Employment Targets

30. The Plan appears to include an overall employment target, but this is not listed among the basic targets identified in Section I. Instead in Section II, Chapter II, one of the three basic objectives of the economy is stated to be:

"To minimize unemployment and maximize utilization of the labor force through greater investment in human resources and incentives to production." 1/

Elsewhere it is stated that: 2/

"The unemployment problem cannot be solved during the Plan period. At best the target is for the reduction of the unemployment rate to 5% of the labor force in FY 1974."

31. If this is intended as a target it seems important in the final draft of the Plan to include it along with the other basic targets listed in Section I.

32. The BCSSH put the size of the labor force at 11.8 million in October 1967. The Plan estimates the figure at about 13.2 million in mid-1970 and projects a total of 15 million by mid-1974. The target of reducing the unemployment rate to 5% would thus mean cutting unemployment to 750,000 and ensuring 14.25 million employment opportunities. The number employed in October 1967 3/ as reported in the BCSSH for that month was 10.87 million, so attainment of the employment target would mean providing some 3.38 million new jobs over the seven-year period. [If the conjecture is accepted that employment in mid-1970 amounts to 12.2 million

1/ Page 12.

2/ Page 9.

3/ It seems best to start from this date since the employment figure for mid-1970 is highly conjectural and no sectoral breakdowns are available.

(a labor force of 13.2 million less 7.7% unemployment) this leaves the task of providing a total of slightly more than two million new employment opportunities over the Four-Year Plan period]. This is a net total. The gross total will have to be considerably larger since technological progress and other structural changes will inevitably destroy a number of jobs.

33. The Plan includes a table 1/ showing employment by industry in October 1967 and projected employment by industry in mid-1974. This is reproduced as Table II with a column added showing the percentage increase envisaged in each sector. The relative drop in agricultural employment seems to be about as rapid as can be considered at all realistic in view of the difficulty of rapidly expanding industrial employment and the overcrowded nature of many service occupations. It is hoped that the construction sector may be able to do a good deal better than the table suggests.

34. The rationale of the anticipated changes in employment by 1974 is explained as follows in the Plan document:

- (1) Domestic and personal services are likely to retain their relative position (6.8%) as a source of employment although in absolute terms employment in this sector is estimated to increase by 238,000. With the rising wages of domestic employees and increasing use of electric gadgets in the household, the number of full-time domestic helpers per family might decrease. For instance, families at present having three domestic servants may be able to afford only two within the next few years.
- (2) Current mining explorations have the prospect of employing several thousand additional workers during the Plan period.
- (3) Construction activity might gather considerable momentum, especially if the Government will be able to realize the plan infrastructure investments and if the extent of mechanization in construction is slowed down.
- (4) Expansion of existing plants and new manufacturing plants might create sizeable additional employment. Substantial employment might also be generated in small-scale and cottage industries which have large potential for employment increases relative to capital requirements.
- (5) The additional goods and persons to be transported, the growing network of communication, and the expansion of business activity might also provide the additional jobs in the transport, storage, communications and commerce sectors.

TABLE II
Employment by Industry during 1967 and 1974

	Employment in October 1967		Planned rate for mid-year 1974		Change over the 7 year period (including 4 years of the Development Plan)		Percent Increase In Each Sector
	In thousands	% of total	% of total	In thousands	%	Number	
1. Agriculture, forestry, hunting, fishing, etc.	6,330	58.3	54.5	7,770	- 3.8	+ 1,440	22.7
2. Mining and quarrying	45	0.4	0.5	72	+ 0.1	+ 27	60.0
3. Construction	276	2.5	3.1	433	+ 0.6	+ 157	59.9
4. Manufacturing	1,223	11.3	12.7	1,814	+ 1.4	+ 591	48.3
5. Electricity, gas, water and sanitary services	30	0.3	0.4	58	+ 0.1	+ 28	93.3
6. Commerce	1,078	9.9	10.5	1,497	+ 0.6	+ 419	35.6
7. Transport, storage and communications	375	3.4	3.9	547	+ 0.5	+ 172	45.9
8. Government, community, business & recreational services	769	7.1	7.6	1,080	+ 0.5	+ 311	40.0
9. Domestic and personal services, and industry not reported	741	6.8	6.8	979	-	+ 238	32.1
TOTAL	10,867	100.0	100.0	14,250		3,383	31.2

Source: Four-Year Development Plan, 1970-74, Table VI-1-2.

- (6) Due to an apparent over-staffing in certain sectors of the Government and the drive to effect economies in the public service costs, the additional employment opportunities in the Government services may be marginal or modest.
- (7) Although the proportion of workers engaged in agriculture and allied activities is anticipated to come down, additional employment in terms of absolute number seems to be inevitable.

35. We understand that it was not found possible to provide those working on the preparation of the employment chapter of the Plan with drafts of the chapters containing the sectoral production and the investment targets, and that the sectoral employment plans or projections had accordingly to be based on these very general considerations, and are therefore to be regarded as very provisional in character.

36. Drafts of the other chapters being now available, it is essential to make a careful study of how far the sectoral employment projections seem realistic in the light of the other parts of the Plan. If employment and growth targets over the 1970-74 period, at annual average rates, are compared with rates actually achieved over the period 1962-67, it can be shown that unless given rates of increase in output are associated with much greater increases in employment than in 1962-67, the 1974 employment target will not be even approached. In 1962-67 almost exactly 50% of the increased output was accounted for by increased employment and the other 50% by higher labor productivity. In the Plan period this proportion must change to 70:30 in favor of employment if the employment target is to be attained with the given production targets. If the relative contributions to growth of more employment on the one hand and higher productivity on the other were to remain at their 1962-67 levels, employment under the Plan would grow only to 13.14 million instead of to 14.25 million, and there would be 1.86 million unemployed in 1974 - almost exactly one in eight of the labor force. The needed shift in the relative contributions to growth of more employment and higher productivity respectively cannot be expected to come about spontaneously. New and vigorous measures to favor labor-intensive products and techniques will be needed.

37. With the intention merely of suggesting some questions for investigation, an attempt has been made in Table III to compare, as far as data in the Plan permit, sectoral growth, investment and employment targets. 1/

38. It is possible to make some very rough calculations of the amount of investment needed for the provision of one new job in the different sectors. Private enterprise is expected to invest ₦2,096 million 2/ in agriculture over the four-year period. If any public investment in agriculture is disregarded, the investment required for each of the 1,440,000 new employment opportunities expected to be provided in agriculture would be only about ₦1,450. (It should be added that a substantial part of the public investment program, particularly sums devoted to water resources development and to some extent to highways will also contribute to the opening up of new employment opportunities in agriculture.) ₦8,114 million invested in manufacturing and mining are expected to provide 618,000 new jobs, at an average investment cost of about ₦13,000. The public investment program is to cost ₦4,464 million and there will also be an unknown amount of private investment in construction. All this investment is expected to provide only 157,000 new jobs in construction, at an average investment cost (disregarding private investment) of ₦28,400.

39. Two important questions concerning the sectoral employment targets or projections are accordingly (i) whether the share of investment expected to go into agriculture will be sufficient to provide the job opportunities needed in that sector, and (ii) whether the relatively heavy investment proposed for the construction sector should not result in substantially more new construction jobs.

1/ In the preparation of this table, it has been assumed that the public and private investments summarized on pp. 19 and 20 of the Plan together constitute the total national investment program, and that references (e.g. on p. 168) to public investment in agriculture and natural resources refer to the water resources development part of the public investment program described on p. 20. The employment figures in the second column have been calculated from the last column in Table II. Note that the employment figures for all construction have been placed opposite the growth figures for public investment though the coverage would obviously be different. Further, the coverage of the growth and employment figures in the agriculture, mining and manufacturing sectors would match only if there are no public undertakings included in the employment figures for these sectors.

2/ All figures in this paragraph are at 1967 prices.

TABLE III

Sectoral Growth, Investment and Employment Targets
(Amounts in million pesos at 1967 prices)

	Annual Percent		Private Investment		Public Investment		Total Investment	Sectoral Percentages of		
	Increase in Growth	Employm't	Amount	Percent	Amount	Percent		New investment	New employm't	NPD
All sectors	5.5 ^{a/}	3.9	22,971 ^{c/}	100.0	4,464 ^{c/}	100.0	27,435	100.0	100.0	100.0
Agriculture	6.2 ^{b/}	3.0	2,096 ^{d/}	9.1	-	-	2,096	7.6	42.6	35.4 ^{e/}
Manufacturing	6.2 ^{b/}	5.8	8,114 ^{d/}	35.3	-	-	8,114	29.6	17.5	16.3 ^{e/}
Mining	18.5 ^{b/}	6.9								
Other private activities	n.a.	n.a.	12,761 ^{d/}	55.6	-	-	12,761	46.5	39.1	4.50 ^{e/}
Public investment projects ^{1/}	18.0 ^{d/}	6.7	-	-	4,464	100.0	4,464	16.3		

Source: Four Year Development Plan, 1970-74

1/ Including water resources development, transportation, power, telecommunications, social infrastructure and preliminary engineering.

^{a/} Plan, p. 1

^{d/} Plan, p. 20

^{b/} Plan, p. 2

^{e/} Calculated from Plan, Table III-1-3

^{c/} Plan, Table III-2-1

^{f/} All construction

40. The attempt made in the Plan to look at the sectoral implications of the overall employment target represents an advance over previous plans. But it might be desirable in the final draft of the plan to show separately the number of wage-earning jobs and of other employment opportunities envisaged in each sector. This would be useful from the point of view of keeping progress towards the targets under review. A wage earning job is a relatively unambiguous concept and the number of these can be measured rather precisely. There would be little dispute about whether or not this part of an employment target had been attained. A job as a self-employed person or as an unpaid family member is a much more ambiguous concept, and one cannot have the same degree of confidence in statistics relating to these.

41. It would also seem desirable to set targets for a reduction in (a) short-time working and (b) the percentage of families with incomes below, say, P1,000 at 1970 prices, since the rate of reduction in the number of very poor families would provide some indication of the success of employment policy measures. To keep under review progress towards targets of these two kinds it would be necessary to include regular questions on hours worked in the BCSSH, as was the practice up to 1966, and to carry out regular family income surveys as has been done on three occasions in the past.

Planning Procedures

42. One comment on the procedure adopted in the preparation of the Plan has already been made, namely that the sectoral production targets and the sectoral employment targets or projections were determined independently. Real integration of employment policy into general development policy can be achieved only if the number of jobs needed is regarded as a major consideration to be taken into account in setting the global and sectoral production targets. If these cannot realistically be expected to provide all the jobs included in the employment target, either they or the employment target or both will need revision. In any case, the production and the employment targets should be accommodated to each other, perhaps by making a series of adjustments, until they are in harmony. In the same way, the different sectoral employment targets need to be accommodated to each other so that each sector makes an appropriate contribution to the attainment of the overall employment target.

43. A sectoral approach to employment policy has the advantage that people with a good knowledge of the different sectors can be asked to propose ways in which each sector can be enabled to productively absorb more labor. But planning will be more realistic if attention is given at

the same time to the characteristics of the different groups of people in need of work or more work. These include, among others, rural workers with no land or with unduly small plots; rural workers with enough land but lacking the means or the motivation to increase their production and employment; newcomers to the towns in search of jobs; the urban under-employed in over-crowded occupations; and the overtly unemployed in urban areas. Each group is further divided into males and females, young and old, experienced and inexperienced workers, and people of different educational levels. The proportions in which these different elements are found are different in different regions.

44. This kind of classification helps in identifying appropriate policy measures for dealing with different kinds of unemployment and under-employment. Planners should look at the problems of these different groups and make sure that the combination of measures they recommend seems appropriate not only to the needs and possibilities of the different economic sectors but also to those of the different groups in need of work or more work.

45. As was shown above, unemployment in the Philippines is low among men over 25 in rural areas and not high among older men in urban areas. It is widespread among young workers (least so among young rural males) and among older women. Policy measures need to take account of this pattern.

Selection of Policy Instruments

46. The Plan has very little to say about how the Government intends to set about attaining the employment objectives included in it. Reference is made to greater investment in human resources and incentives to produce. These no doubt have their place in employment policy (though it might be more relevant to speak of "incentives to employment") but they are vaguely formulated and are clearly insufficient. In the chapter on employment the precept "Never use a machine when ... men can do the job as cheaply or nearly as cheaply" is quoted with approval 1/, and it is said that it is not enough that the Government adopt this as a guiding principle but that it should be applied in the private sector as well. Finally, certain special manpower studies are suggested as a basis for policy decisions. The occasional references in the Plan to certain policy instruments for employment do not add up to a strategy for employment promotion, which remains to be worked out.

SOME ELEMENTS IN AN EMPLOYMENT STRATEGY

Employment in Agriculture

47. The Need for Diversification of Agriculture. To expand productive employment opportunities in agriculture by 1,440,000 or 23% between 1967 and 1974 as the Plan calls for will evidently require very great effort. One part of this effort will have to be an early and thorough investigation of the employment implications of the high-yielding varieties (HYV's) particularly of rice but also of corn. At the time of the latest agricultural census in 1960, 48% of all Philippine farms, covering 40% of the cultivated area, were devoted to rice growing.

48. It is clear that HYV's of rice call for additional labor inputs per hectare when cultivated by approved methods, and there is also evidence that those farmers who have switched to HYV's have tended to change the whole package of inputs and not just the variety. An attempt by the Rice and Corn Production Coordinating Council to compare costs of and returns from the cultivation on irrigated land of three HYV's and of INTAN, a traditional variety of rice, is shown in Table IV. This is based on general impressions and experience. Average labor inputs using the HYV's are nearly 50% more per crop than when INTAN is cultivated by traditional methods. A similar result was found in a survey in Laguna province in Luzon - "Labor inputs between planting and harvest were 50% higher. Yields were approximately double." 1/

49. To the extent that HYV's facilitate multiple cropping, the difference in labor inputs and in yields per hectare will be even greater.

50. It is also clear, however, that labor inputs per ton of rice produced are lower with HYV's. The results quoted from the paper by Barker and others imply a reduction of one-third. The reduction implicit in Table IV is even greater. Unless, therefore, the demand for Philippine rice expands rapidly, the country confronts the prospect of a reduction in labor inputs in rice growing. Given the rapid rate of population growth and the considerable scope for improvements in nutrition, domestic demand can be expected to grow fairly fast. 2/ At present, export prospects for rice do not look encouraging, though devaluation might help.

1/ R. Barker, S.H. Liao and S.K. De Datta: Economic Analysis of Rice Production from Experimental Results to Farmer Fields, paper presented at Agronomy Department Seminar, UPCA, August 9, 1968, offset p. 12.

2/ High and low projections of production required to satisfy the local demand for rice are to be found in F.H. Golay and M.E. Goodstein: Rice and People in 1990, Manila, 1967. Over the period 1970 to 1990 domestic demand for rice would increase by 86% according to the low projection and by 158% under the high projection.

TABLE IV

Production Cost and Income of Varieties IR20, IR8,
BPI-76 and INTAN Under the Improved Cultural Practices
in Comparison with the Ordinary Method

Item	Improved Method				Ordinary Method
	IR20	IR8	BPI-76	Intan	Intan
A. Cost of Labor 1/					
Seedbed preparation & care of seedbed	₱ 27.00	₱ 27.00	₱ 27.00	₱ 27.00	₱ 19.00
Land preparation	71.00	71.00	71.00	71.00	66.00
Pulling & transplanting	62.00	62.00	62.00	62.00	52.00
Care of crop 2/	15.00	15.00	15.00	15.00	8.00
Weeding	56.00	56.00	56.00	56.00	24.00
Harvesting & threshing	218.20	235.80	199.80	203.40	152.73
Drying & hauling	44.00	48.40	33.20	34.80	13.27
Total Cost of Labor	<u>483.20</u>	<u>515.20</u>	<u>464.00</u>	<u>469.20</u>	<u>335.00</u>
B. Cost of Production Materials					
Seed	24.00	24.00	24.00	24.00	24.00
Fertilizer 3/	189.00	214.50	175.50	109.50	47.25
Insecticides 3/	84.80	84.90	84.90	82.50	6.00
Irrigation fee	30.00	30.00	30.00	30.00	30.00
Dep. for weeder & sprayer	9.30	9.30	9.30	9.30	-
Total Cost of Production Materials	<u>337.10</u>	<u>362.70</u>	<u>323.70</u>	<u>255.30</u>	<u>107.25</u>
Grand Total	<u>820.30</u>	<u>877.90</u>	<u>787.70</u>	<u>724.50</u>	<u>442.25</u>
C. Production per hectare (cavans)					
	124.00	134.00	94.00	98.00	41.70
D. Price per cavan					
	20.00	18.00	20.00	20.00	20.00
E. Gross Income per hectare 4/					
	2,480.00	2,412.00	1,880.00	1,960.00	834.00
F. Net Income per hectare 5/					
	1,659.70	1,633.90	1,092.30	1,235.50	391.75

1/ Family labor is included (at ₱3.50 per day).

2/ Includes irrigation, drainage, fertilization and spraying of insecticides.

3/ Computed on present prices of fertilizers, 50% higher than February prices.

4/ Based on government purchasing price.

5/ Food for laborers, interest on production loans, and land rental/tax.

51. Whatever the ultimate impact on total employment in rice production, an increasing concentration of rice growing on irrigated land is envisaged. This might precipitate a problem of labor displacement, or at least of diversification of farm production, on land, particularly in non-irrigated upland areas, in which rice production may be discontinued. Plans for agricultural diversification are not very specific and their implications for employment do not appear thus far to have been studied. Incentives may need to be provided by the Government, through support prices or in other ways, to promote labor-intensive crops.

52. Technically, the scope for absorbing large amounts of labor in a diversified agricultural economy seems to be great, at least in irrigable areas and provided that opportunities for multiple cropping are exploited as fully as possible. Some highly significant experiments in multiple cropping are being carried out at the International Rice Research Institute at Los Banos by Dr. Richard Bradfield, which seem to point to ways of greatly reducing under-employment in agriculture. 1/ Of course, results obtained in experimental conditions may greatly surpass anything that is possible in less favorable circumstances. Advantages under experimental conditions include, among other things, advanced scientific and practical farming knowledge, high motivation, no credit or marketing problems and complete water control. A mere listing of such advantage identifies a series of difficult problems to which solutions need to be sought urgently. But if even a small proportion of the increased production and the increased labor input per hectare that have been found possible experimentally could be attained by working farmers, much progress would have been made towards increasing agricultural incomes and employment. And farmers are much less dependent than industrial workers on markets for their products. Many of them could continue for many years to produce much of what they need for

1/ Various ways of minimizing the number of days that land is idle are discussed by Dr. Bradfield in an unpublished paper entitled: Opportunities for Increasing Food Production in Tropical Regions by Intensive Multiple Cropping. In one experiment Dr. Bradfield has a three-hectare plot divided into quarter-hectare strips. Taking advantage of the absence of winter and the rapidity with which growth occurs in a tropical climate, he grows either four or five crops annually on each strip, rotated in such a way as to give a good distribution of planting and harvesting dates throughout the year. From the twelve quarter-hectare strips there are some 54 harvests annually, and something to sell almost continuously, which should reduce credit problems. Rice is the basic crop, but included in the rotation are sweet potatoes, soy beans (dry and green), sorghum and sweet corn. The soil is kept in excellent condition by using about as much fertilizer per crop as a good commercial farmer uses. The other heavy input is labor. In another experiment Dr. Bradfield has grown 5-1/2 tons of rice and 17-1/2 tons of sorghum in 3 successive crops on 1 hectare of land in a year - enough grain to feed 230 people for a year.

themselves. A pattern of development that contained a substantial subsistence farming element (though the proportion of commercial farming would no doubt increase with time) during an interval while employment opportunities in the rest of the economy expanded would almost certainly be superior in terms of human welfare to one that reduced many former peasants to the status of unemployed or desperately under-employed urban hangers-on of a fully monetized economy.

53. Agricultural Mechanization. If the intention is to absorb, at least for a good many years to come, substantially larger numbers of people in a more diversified and productive agricultural economy, this means that agricultural mechanization should be pursued in a discriminating way. For the levels of output attained experimentally at the Internal Rice Research Institute a high degree of mechanization is essential. Crops have to be harvested, and the land prepared for new crops, without loss of time. In some circumstances tractors and their attachments are complementary to labor, permitting more continuous use of the land. In other circumstances they displace labor. In the Philippines with its surplus labor, Government subsidies on farm inputs should be confined to items that are essentially complementary to labor, and import duties and taxes should be imposed on inputs that are unduly labor-displacing. But much needs to be done in developing techniques for giving effect to this principle. "There is an acute need to determine whether, in a particular situation, tractors or other inputs are in fact unduly labor displacing, and to calculate the level of duty or taxation that should be imposed to make the private profitability of investment in such inputs reflect their social marginal productivity". 1/

54. Land Tenure and Taxation. Also very important for the future of employment in agriculture is the question whether the HYV's and the opportunities for multiple cropping will be exploited mainly on large farms or mainly on small ones. This is related to the question of farm mechanization since economic considerations favor mechanization on larger farms more than on small ones.

55. Wage labor in agriculture, amounting to only some one-sixth of the agricultural labor force, is found mainly on plantations and in export crops such as sugar, coconut, abaca, rubber, pineapples and tobacco. Rice

1/ Bruce F. Johnston and John Cownie: "The Seed-Fertilizer Revolution and Labor Force Absorption", American Economic Review, September 1969, p. 580. Though written with application to developing countries in general, the statement quoted applies with full force in the Philippines.

and corn farms, employing many more people, are mostly small, 1/ though many are tenant farms owned by, in some cases, substantial land owners who are often absentees. According to the 1960 Agricultural Census, about 40% of rice farmers were share tenants and somewhat fewer were full owners. The rest were part owners, tenants other than share tenants (e.g. cash tenants) or farm managers.

56. The share-crop tenancy system is open to well-known abuses, and under the Philippine Land Reform Program, it is the policy of the state to put an end to these abuses and "to establish owner-cultivatorship and the economic family-size farm as the basis of Philippine agriculture". 2/

57. This appears to be a commitment to the principle that agricultural management units will in general be small as the Japan and Taiwan, and that the improvements in rural incomes made possible by the HYV's and by the scope for multiple cropping should be widely shared. And this approach to rural development should be favorable to employment prospects in local manufacture - c.f. paragraph 69 below. 3/ But the administration

1/ In 1958 about one-seventh of all rice farms were less than one hectare in area. They accounted for 2.39% of the area planted to rice and for 4.59% of all rice production - i.e. they had higher than average productivity per hectare. Rice farms of less than three hectares, amounting to nearly three-fifths of the total, accounted for 34% of the area under rice and for 37.5% of rice production. Rice farms of 50 hectares and upward (less than 1% of the total) accounted for 3.2% of land planted to rice and for less than 1.9% of rice production - Selected Statistics on Rice and Corn, Department of Agriculture and Natural Resources, Bureau of Agricultural Economics.

2/ Conrado F. Estrella: The Philippine Land Reform Program (offset, 1969). Administrator Estrella is Chairman of the National Land Reform Council.

3/ C.f. also Johnston and Cownie: "The impact of agricultural development on the expansion of local manufacturing industries will depend on the composition of farm demand for manufactured inputs and consumers' goods, and on the extent to which this demand is satisfied by domestic production. The increase in demand for farm inputs by large scale, capital-intensive units will to a large extent be directed toward imports of farm machinery. Even if local assembly plants are established, the foreign exchange requirements for imported components will be large. The effect on domestic value-added and on nonfarm employment will be small. Conversely, a pattern of agricultural development similar to that pursued in Japan or Taiwan maximizes the positive interactions between the farm and domestic manufacturing sectors. It means a large increase in demand for simple, inexpensive farm equipment that is well suited to local manufacture by small- and medium-scale rural workshops; these workshops can be expected to employ capital-saving, labor-intensive techniques, and thus make a significant contribution to the expansion of nonfarm output and employment." - loc. cit., p. 577.

and financing of the Land Reform Program have not matched the announced intentions of the originators of the Program. Substantial areas have been proclaimed land reform areas. The first phase of the Program is the conversion in proclaimed areas of share crop tenancies into leases. Progress has been slowed down by much litigation regarding the terms of leases. More serious perhaps, under the crop-sharing system, the landlord was the traditional source of credit to the cultivator. Government credit agencies do not appear to have been able to fill the credit gap created by the rupture of traditional relations between landlords and share-croppers. The second phase of the Program is the conversion of lease holdings into land belonging to owner cultivators, and here almost no progress has been made. At this stage the landlord has to be bought out, though he receives only 10% of the value of the land in cash and the rest in bonds. Funds made available for the compensation of owners, like those made available for rural credit, have been quite inadequate. As at present financed and administered, the Land Reform Program cannot make a serious contribution to the solution of rural employment problems. 1/

58. From the point of view of productive employment, it is of course not essential to transfer ownership to cultivators if they can be given security of tenure and the means as well as the motivation to improve their holdings and to adopt approved methods of cultivation. It would seem appropriate to devote funds available under the Program to ensuring these conditions in the first place.

59. Consideration should also be given to the possible role of land taxation as a source of funds for rural development, including agricultural credit facilities and extension work, and as a means of discouraging the unproductive use of land. There is no land tax in the Philippines at present. Nor is one included among the means proposed for raising additional revenue in the Plan.

60. Land Settlement. Conversion of share-crop tenants into lease holders and of the latter into owner cultivators may improve the motivation of the cultivator, but does nothing to provide land to the landless or to those who occupy unduly small plots. The average size of farm fell from 4.09 to 3.59 hectares between the census years 1939 and 1960, but since the rural labor force grew proportionately much faster than this, the number of landless, as well as of those occupying unduly small plots, must have increased. It has not been possible to obtain an estimate of the number of landless rural family heads. In most barrios there are believed to be some, and in some barrios the numbers are believed to be substantial. For example, many extremely poor fishermen live in primitive isolated communities, selling dried fish to itinerant fish buyers. They may number up to 500,000, judging by the number of boats they are known to own, and it is believed that about three-quarters of them have no land; many squat on

1/ For a review and some constructive suggestions see A.N. Seth: Land Reform in the Philippines - An Evaluation, FAO Regional Office for Asia and the Far East, Bangkok, January 1969 (offset).

publicly owned land. They are believed to be one of the poorest groups in the country and are a good example of a group for whom a special effort to provide productive employment is necessary. The fishing grounds have been over-exploited and catches are shrinking while the numbers depending on them continue to increase.

61. Both for those with no land and for those cultivating unduly small plots, land settlement schemes could offer a chance of more work or more productive work. "To provide a more vigorous and systematic land resettlement program and public land distribution" is one of the aims of the Land Reform Program. 1/ Ten settlement projects on public land have been opened, benefitting 4,127 settler families. In addition, 17 private landed estates have been acquired, with 2,862 beneficiaries. 2/ Any substantial expansion of land resettlement schemes would probably encounter considerable resistance to moving, particularly to other islands where there are language barriers. But the contrast between the heavy population pressure in Luzon and the availability on other islands of unused land suitable for agriculture is a fact that cannot be ignored.

Employment in Manufacturing

62. Manufacturing in 1967 employed 1.2 million people or 11.3% of all employed persons. According to the BCSSH, the proportion of employed persons in manufacturing has fluctuated during the 1960's between 10.9 and 11.7% with no discernible trend.

63. The Plan's chapter on industry, unlike its chapter on agriculture, explicitly recognizes the generation of greater employment opportunities as one of the specific objectives of the indicative industrial plan. The rate of growth of manufacturing output is expected to be modest while that of manufacturing employment is expected to be high. This means placing greater emphasis on labor-intensity in selecting manufacturing products and techniques. Two important elements in a strategy for employment promotion in the manufacturing sector should probably be (1) some change in the policy, and if necessary in the legislation, governing the activities of the Board of Investments and (2) increasing emphasis on the growth of a "semi-modern" labor-intensive manufacturing sub-sector.

64. Reorientation of BOI Policy. The manufacturing sector is of course almost entirely in private hands. The main government instrument for influencing its decisions has been the valuable concessions in the form of tax exemptions and other privileges given to establishments (which have been mostly in manufacturing) registered with the BOI as "preferred" or "pioneer" enterprises. According to the Plan document, BOI projects

1/ Conrado F. Estrella: Loc. cit., page 3.

2/ Conrado F. Estrella: The Philippine Land Reform Program, 1966-69: Progress, Problems, Onward Goals, page 19.

are expected to account for 60% of investment in manufacturing during the Plan period. The incentives provided under the Investment Incentives Act of 1967 establishing and defining the terms of reference of the BOI are related mainly to the use of capital equipment. This greatly limits the extent to which the BOI can be used to encourage labor intensity. 1/ When the BOI has to choose between applicants for registration, the mission was informed that it would give weight to employment considerations if there were scope for doing so, but that in the cases that have arisen there appears to have been little flexibility in factor proportions and little to choose between applicants on employment grounds.

65. New employment generated by projects approved by the BOI during the 18 months ending December 31, 1969 amounted to 28,900 persons, 2/ of whom more than one-quarter were engaged in the production of forest and fiber products and more than one-eighth each in food processing and in livestock and fishing. The average amount of fixed capital required to employ one person ranged from over ₦430,000 in basic iron and steel industries and nearly ₦400,000 in the industries classified as metallic to ₦22,000 in crop production, about ₦19,000 in electrical equipment and about ₦10,000 in footwear. That employment considerations received little weight is shown by the fact that about 52% of the total spent on financing the projects provided 3,883 jobs in the metallic and iron and steel basic industries; the remaining 48% provided over 25,000 jobs in the other industries. 3/

66. It would seem reasonable to amend the legislation and policies governing the operations of the BOI so as to ensure that those who benefit from tax concessions and other privileges make a more substantial contribution to the absorption of labor. A proposal is under consideration for an Act to provide export incentives and to relate these to labor intensity - for example, to relate the amount of the incentive to the proportion of labor costs to total costs. A better formula might be to link the incentive to the number of workers employed divided by total costs, value added or turn-over. Use of a formula that linked the incentive to the number of workers on the payroll divided by the value of fixed capital equipment would presumably be still more effective in encouraging the use of labor and discouraging that of capital equipment, and might encourage more thought to be given to ways of making wider use of multiple shifts. Nor is it clear that incentives of this kind need be confined to exporting

1/ But some of the incentives provided for under the Act are of value to labor-intensive as well as capital-intensive enterprises. As noted below, some labor-intensive enterprises have benefitted from these incentives, and more might do so.

2/ Some of the projects would almost certainly have been undertaken even without the special incentives provided by the BOI.

3/ Calculated from BOI: Profile of Approved Projects, July 1968 to December 1969.

undertakings. It is in any case reassuring that the Plan document, without going into details, does recognize that "in the formulation of subsequent investment priority plans of the BOI, special attention should be given to labor intensive projects". 1/

67. A "Semi-Modern" Manufacturing Subsector. As can be seen from Table V there were in 1966 just over 8,000 manufacturing establishments employing more than five workers. (There were also an unknown number employer fewer.) 2/ Nearly three-quarters of these establishments employed five to nineteen workers. This group accounted for 16% of all employment, about 5.5% of all value added and about 2.4% of all capital expenditure. Capital expenditure refers to "costs actually incurred or payable during the year for the purpose of obtaining additional fixed assets". Though labor productivity was relatively low in the small establishments, capital productivity, measured by the ratio of value added to capital expenditure, was nearly 2-1/2 times as high as in the larger establishments. 3/ For every ₱10,000 spent on capital equipment during the year, there were 4.7 jobs in the larger establishments and 36 in the smaller ones. For every ₱10,000 spent on wages, there were 3.5 jobs in the larger establishments and 7 in the small ones.

68. Efforts have been made to encourage the growth of cottage industries, particularly under the program of the National Cottage Industries Development Association (NACIDA). NACIDA has done some useful work but lacks the means for providing credit to cottage undertakings. It also appears short of technical expertise. NACIDA is concerned only with cottage industry. There has been no national policy or program to promote less small- and medium-sized undertakings, though the Institute for Small-Scale Industries set up within the University of the Philippines with aid from the Dutch Government has to some extent filled this gap. The scale on which activities in support of smaller industrial undertakings are carried out is however such that these activities do not at present make an important contribution to the solution of employment problems.

1/ p. 103.

2/ The BCS Survey of Manufactures is stated to cover all known manufacturing establishments with an average total employment of five or more workers, yet the total employment figure in the Survey of Manufactures is only 27.5% of that for manufacturing in the BCSSH for October 1966. The discrepancy seems too great to be accounted for by the exclusion from the Survey of Manufactures of manufacturing establishments employing fewer than five people.

3/ A different picture is presented by preliminary statistics for 1968 issued in 1970 and made available to the mission only when the preparation of this report was well advanced. According to these statistics, while value added in small manufacturing establishments increased by about 60% between 1966 and 1968, capital expenditure in these establishments in the latter year was more than four times as great as in the former. The effect was to reduce value added per pesos of capital expenditure in small establishments from ₱12.04 to ₱4.67, while the figure for large establishments rose from ₱4.98 to ₱6.29. [Preliminary Report on the BCS Annual Survey of Manufactures 1968, (Manila 1970)].

TABLE V

Value Added, Capital Expenditure and Employment in Manufacturing, 1966

No. of Establishments	Employment ('000s)		Census Value Added		Capital Expenditure		Payroll		CVA per pesos of capital expenditure	
	Total	Paid Employees	Total P millions	Per employed person P	Total P millions	Per employed person P	Total P millions	Per paid employee P		
Establishments with										
5 or more workers	8,031	327.7	316.7	3,097.2	9,451	602.1	1,837	848.0	2678	5.14
20 or more workers	2,070	276.3	274.9	2,925.0	10,586	587.8	2,127	788.6	2869	4.98
5-19 workers	5,961	51.4	41.8	172.2	3,350	14.3	278	59.4	1421	12.04

Source: RCS Survey of Manufactures, 1966 (Preliminary Report)

69. The strategy for promoting employment in manufacturing needs to be linked in an imaginative way with that for promoting employment in agriculture. Rising agricultural incomes will create an additional demand for consumer goods and for farm equipment. It was suggested above that many types of simple farm equipment necessary for taking advantage of the high-yielding varieties and multiple-cropping possibilities lend themselves well to local manufacturing in small- or medium-sized enterprises using local materials and relatively labor-intensive methods. Economies of scale are relatively unimportant in the metal working processes required for producing such items, and can be readily offset by the lower wages that characterize smaller firms.

70. It should then be an important part of development strategy to find the most appropriate and effective ways of helping new small establishments to come into being to meet the increasing rural demands for consumer goods and farm equipment created by the green revolution. NACIDA and the Institute for Small-scale Industries have already acquired much valuable experience of providing training, technical assistance and marketing assistance, and small firms registered with NACIDA can obtain tax exemptions. But credit needs are very inadequately met at present.

71. To the greatest possible extent new small undertakings should be encouraged to set up within the rural communities they serve or in neighboring small towns, and not in the few large cities. This would lead to further diversification of the economy of the countryside and would provide an alternative to the excessive inflow of population to the few large cities, particularly the Manila area with its high unemployment and under-employment and its 200,000 families of squatters and slum-dwellers.

Employment in Construction

72. As noted above, the construction sector in 1967 was recorded as employing only 2.5% of all employed persons, and the plan envisages increasing this to 3.1% by 1974. W.P. Strassmann has found that the arithmetic mean of the proportion of the labor force in construction for a group of 10 developing countries including the Philippines for which data are available for most of the years 1955 to 1964 was 3.9, and that this proportion rose to 6.7 in a "middle group" of seven countries and to 7.2 in a group of 14 developed countries. He suggests that: "Entirely reasonable targets for the sector would be an 8% share of GDP and a 10% share of non-agricultural employment". 1/ In the Philippines in 1967 4% of NDP originated in construction, which provided about 6% of non-agricultural employment. The target would raise the latter percentage to about 6.8.

1/ W.P. Strassmann: "Construction Productivity and Employment in Developing Countries", International Labor Review. May 1970, pp. 508, 515.

73. Even in a predominantly private enterprise economy such as that of the Philippines, it is believed that a large public investment program is an essential element in an employment strategy. There are two main reasons for this: first, the needs for infrastructure development such as irrigation, roads and power which can create new permanent employment opportunities are very great; second, the Government can more easily influence decisions in the public sector regarding the choice both of projects and techniques - it does not have to rely on devices for influencing the decisions of private enterprises.

74. The exigencies of the short-term situation compel a reduction in the level of public spending in the months immediately ahead, but the rapid expansion envisaged in the later years of the Plan is welcome. It is planned to increase public investment (in pesos at 1967 prices) from 633 million in 1969 to 1,390 million in 1974. There appear to be no projections in the Plan of private investment in construction, but, as noted above, the bulk of private investment over the Plan period as a whole is expected to occur outside agriculture, manufacturing and mining. Since service activities on the whole do not call for very heavy investment, much of this will presumably be in construction. In view of the very substantial sums expected to be invested in this sector, the construction employment target seems rather unambitious.

75. Of approximately 350,000 workers employed in construction in 1969 according to the preliminary May 1969 returns, substantial numbers are employed on public works and on the irrigation projects handled by the National Irrigation Administration. The evolution of employment in the implementation of the Public Works Acts is depicted in Table VI. If man-days of labor are divided by 250 to give an idea of the number of persons employed on an annual basis, it will be seen that some 15,300 man-years of employment were provided in these public works on the average from 1955 to 1969, and about 27,400 in 1969. Each ₱1,000 spent provided 47 man-days of work on the average over the whole period, and 37 man-days in 1969. In 1969 the substantial elements in the program, in order of importance, were highways, airports, etc., school buildings and port works. All of these had increased in relative importance over the period and all except the last provided less than the average amount of employment per ₱1,000. Notwithstanding an increase in average labor costs per man-day, there was a drop from 29% to 26% in the proportion of total expenditure devoted to labor. In highways, much the biggest single element in the program, the drop was from 25% to 21%. Not only have the more capital-intensive categories of public works increased their relative importance, but methods have been becoming more capital-intensive virtually throughout the program.

76. These statistics relate to national projects, not including provincial or community ones, in which perhaps 60% of expenditure would be spent on labor. In the selection of projects and methods, employment considerations are stated to be secondary to the economic prosecution of the project, except perhaps in the case of community projects, namely projects which benefit only the municipalities concerned.

TABLE VI

EXPENDITURES AND ESTIMATED EMPLOYMENT

Generated under the 11 Public Works Acts, R.A. 1200 to R.A. 5187
From Fiscal Year 1955 to Fiscal Year 1969

CATEGORY OF PUBLIC WORKS	Expenditures (P millions)		Estimated Amount Spent for Labor (P millions)		Average per cent Spent for Labor		Average Rate of Labor per Man-Day		Estimated Man-Days of Labor Generated (millions)			Breakdown of the Public Works Pesos	
	Annual Ave. 1955-1969	FY 1969 Only	Annual Ave. 1955-1969	FY 1969 Only	FY '55 to FY '69	FY '69 Only	FY '55 to FY '69	FY '69 Only	Annual Ave. 1955-1969	FY '69 Only	Per 1000 P spent Ave. 1955-'69	Ave. Annual Expenditures	Expenditures for FY 1969
Highways	28.95	82.94	7.16	17.51	25	21	6.24	6.90	1,139.81	2,539.69	39	.298	.443
School Buildings	13.77	32.05	3.75	8.06	27	25	6.00	6.97	624.37	1,155.81	45	.168	.171
National Bldgs. and Sanitaria	6.05	4.44	1.88	1.46	31	33	6.03	6.80	312.23	214.52	52	.074	.024
Other Pub. Bldgs. and Misc. Pub. Works	4.91	3.06	1.52	0.99	31	31	6.00	6.65	253.22	148.80	52	.060	.016
Waterworks	4.93	2.08	0.98	0.42	20	20	6.49	7.99	150.40	52.01	31	.060	.011
Airports and Air Navigation Facilities	7.42	32.65	2.19	9.17	29	28	6.68	8.00	326.87	1,146.39	44	.090	.175
Artesian Wells and Spring Development	2.91	2.21	1.87	1.35	64	61	7.45	7.25	251.07	186.54	86	.036	.012
Portworks	7.72	22.25	2.31	6.67	30	30	6.00	6.50	385.43	1,026.74	50	.094	.119
River Control	4.77	4.86	2.17	2.25	46	46	6.00	6.52	362.37	345.31	76	.058	.026
Shore Protection	0.51	0.65	0.15	0.19	30	30	6.01	6.59	25.27	29.79	50	.006	.003
TOTAL	81.94	187.16	23.99	48.07	29	26	6.27	7.03	3,831.02	6,845.58	47	.100	1.00

Source: Annual Report, 1968-69, on the Implementation of the Public Works Acts, Department of Public Works and Communications.

77. Irrigation projects, except for a few minor categories of little quantitative importance, are handled by the National Irrigation Administration. Total investment on water resources development, placed at ₱136 million (1967 prices) in FY 1969, is intended to rise to ₱296 million in 1973 and drop back to ₱238 million in 1974. No estimate of total numbers employed in irrigation work was available, though there are statistics of the numbers employed by the Administration itself, which have been falling off in recent years. Rehabilitation work is normally undertaken by the Administration, new work normally contracted out. It would be done by the Administration only if no acceptable tender were received. Communal projects are, however, mostly carried out by the Administration because they are usually small. The mission was again informed that employment considerations would not normally be taken into account in the choice of techniques.

78. Nor does it appear that any special effort has been made, either in irrigation or in public works, to use work study or other management tools to improve the organization of work by labor-intensive methods and thus make such methods more competitive. It is hoped that import restrictions and the greatly increased price of imported equipment will stimulate efforts in this direction. Strong efforts should be made to keep to a minimum the proportion of the heavy investment envisaged in this sector that will be spent on imported equipment, particularly of a labor-displacing kind.

79. It is suggested that studies should be made of the main alternative techniques available for use in the different processes of construction of roads, dams, and irrigation canals, and that these alternatives be costed at the prices and in the conditions prevailing in the Philippines. It is believed that international help could be obtained in this task. The alternative methods might be costed using both prevailing market prices and accounting prices deemed to reflect more accurately the opportunity costs of the different alternatives. Techniques of construction could then be chosen with full awareness of both their financial and their employment implications.

80. It is further suggested that on an experimental basis in the case of one or two projects where shadow pricing may suggest the superiority of labor-intensive methods despite higher financial costs, and where the difference in financial costs is not great, the Government should meet the extra money cost of the labor-intensive methods. This would be a specific application of a more generally valid principle that policy should be determined in the light of economic rather than financial costs. If the amount of work to be completed under the program were not to suffer, supplementary finance would be needed, but there would be no additional "real" cost to the community as a whole, 1/ but on the contrary a real

1/ Save to the extent that the raising of additional tax revenue might impair incentives or involve additional costs of collection.

saving of capital. There would be a transfer payment from taxpayers to the workers engaged on the project. Work study should be used to keep the financial costs of the labor-intensive methods as low as possible. Records should be kept that would enable performance to be compared with the expectations contained in the cost estimates, and that would show in particular the amounts of capital and foreign exchange saved, the amounts of additional labor used, and the effects on the quality of the work done and the time taken to complete it all as compared with what would be expected if the methods with the lowest money costs had been used, or with results obtained in similar projects using the financially cheapest methods. These experiments should then be evaluated. They should throw valuable light on the efficacy of a little-used instrument for employment promotion, and would help in deciding how widely it should be used in the future.

81. There seems, in any case, to be substantial scope in the Philippines for the organization of labor-intensive public works in rural areas for the construction of feeder roads, irrigation canals, wells, school buildings, and other purposes. There are not many fully unemployed men over 25 in rural areas, but there are many who are heavily under-employed, particularly during the dry season. And there appear to be substantial numbers of wholly unemployed youths (whose chances of finding work if they move to the cities are even less). Some of the work that needs doing can doubtless be organized on a self-help basis without the payment of wages, though community development schemes appear to have encountered some difficulty in finding projects that benefit everybody about equally and some reluctance on the part of those who benefit less to contribute labor free. The opportunity cost of such schemes can in any case be kept low, whether they are organized on a self-help or a wage-earning basis, by using locally available materials and tools and equipment produced, or capable of being produced, locally. The need for special efforts to promote the development of a widely dispersed semi-modern manufacturing sub-sector has already been suggested. The need for scarce resources withdrawn from other uses may then be largely confined to limited amounts of organizing ability, training capacity and ancillary capital equipment not emenable to local production. Already it is understood that each barrio receives a very limited sum annually to be used for local improvements as determined by it.

82. Opportunities exist for making a given cash expenditure on wages go twice as far in providing jobs by making use of international food aid. The World Food Program (WFP) currently has eight operational projects in the Philippines, and another seven under consideration. The usual practice is that workers hired under WFP projects receive in cash an amount equal to not less than half the prevailing or legal minimum wage in the area in question, the balance of the remuneration taking the form of free WFP rations for a worker and his dependants. The WFP also in some cases provides rations to persons engaged not as hired workers but on self-help projects to improve their own holdings. In these cases, only food rations and no cash wages are provided.

83. The biggest operational project (No. 285) is designed to improve national irrigation systems and prevent their falling into disrepair. The targets of the project are the renovation of 4,903 kilometers of existing canals, construction of 150 kms. of new canals and 826 kms. of farm ditches, repair and improvement of 495 existing canal structures and construction of 701 new canal structures. This work was to be carried out by 11,340 farmers and 7,560 hired laborers - a total, with dependants, of about 95,000 beneficiaries for whom the WFP was to provide a partial diet for three years. Workers were divided into groups, each of which was to work an average of 60 days per year, involving a total of 3.4 million man-days. The Government was to provide the cash element in the workers' remuneration. One of the difficulties has been insufficient release of funds to pay cash wages, which has held up the distribution of food rations also. Procedures for obtaining release of funds are described as extremely complicated and time-consuming. At a time when the minimum wage for agricultural workers was ₱3.50 per day, the Government started paying cash wages at this rate and then ran short of funds. The mission was assured that workers would have been glad to work for ₱2 per day, plus rations. The executing agency is the National Irrigation Administration.

84. Among the projects under consideration is one (No. 640) for the development of Candaba floodland for fish farming. There are about 180,000 hectares of low-lying floodlands in the country. A floodland fish farming expansion program was approved by the Philippine National Food and Agricultural Council in February 1969 as one of the nation's food production priority projects. WFP assistance has been sought in connection with a pilot demonstration project in the Candaba area in Central Luzon not far from Manila. The project envisages the farming of fish on scientific lines on about 3,000 hectares of land which remain under water for seven months of the year and where only one crop of melons can be grown during the dry season. The principal items of work, to be performed manually, involve earth-moving for development of fish ponds and construction of dykes and water control structures. Work is expected to be provided for 6,000 laborers for 350 days during two successive dry seasons, a total of nearly 2.2 million man-days of labor. It is stated that the work will be provided by volunteer workers who are at present unemployed or underemployed and are anxious to find work to feed themselves and their families. For each day of work performed a laborer will receive six food rations, this being the average size of a family in this densely populated region. Apart from the work provided during the construction phase, there will be permanent benefits in the form of a much higher yield of fish. Under the over-all supervision of the National Economic Council, the Philippine Fisheries Commission will be responsible for the project. If the pilot project proves successful, it is hoped to extend the program widely.

85. In urban areas the country confronts a major problem of slum clearing and rehousing. A program to direct more resources into housing should be another element in a strategy for the promotion of employment in construction, and some novel tax measures may be necessary in this connection. 1/

Employment in other Sectors

86. The remaining sectors of the economy are a heterogeneous group. No attempt can be made to suggest even the main features of an employment strategy for all of them. Heavy reliance must be placed on the service sector in view of the limitations of the manufacturing sector as an employment-provider. Yet vast numbers of service jobs that accompanied the process of industrialization in Western Europe and North America, ranging from copying documents through keeping accounts to retail selling, are rapidly being transferred to machines. This raises particularly serious problems for a developing country like the Philippines with a relatively highly educated population and a problem of educated unemployment. Questions for investigation include, among many others, (a) what can be done to check unnecessarily rapid mechanization and computerization of various service occupations, bearing in mind the fact that for the most part the service sector does not produce for export nor have to meet the competition of imports, (b) what are the employment possibilities of the tourist industry?

Training

87. One reason why people cannot get jobs is that they are not trained in skills that are in demand. Bottlenecks in certain skills may also prevent the employment of additional unskilled or semi-skilled labor. It might, for example, be impossible to put on a second shift in some industrial establishments even though markets and raw materials were available, for lack of supervisors or certain key skills. Improvements

1/ See, for example, suggestions contained in A National Housing Program for the Seventies, prepared by the Bancom Development Corporation. This suggests a corporation tax of 5% on total payroll to raise funds for the implementation of a national housing program. Corporations investing in company housing plans would receive a compensating tax credit. An annual tax on idle urban land and a progressive tax on high-cost dwellings are also proposed. A corporation tax based on some other index than the payroll might be preferable.

in vocational training are therefore important for employment as well as for industrial performance. It is not certain that priorities in vocational training have as yet been adequately thought out. 1/

88. An accelerated training program providing short and superficial courses to substantial numbers of people has drawn attention to vocational training needs and possibilities. In FY 1969, according to preliminary figures, some 62,000 people attended these courses, more than 50,000 of them being over 21 years of age. Over 70 courses in all were provided, of which those in dress-making and driving were the most popular. These courses were organized by the National Manpower and Youth Council using the facilities of the vocational schools in the Department of Education.

89. The Bureau of Vocational Education controls 222 vocational schools throughout the country, most of which are said to be inadequately equipped to meet the training needs. They admit pupils after completing the elementary grades, and constitute an educational stream alternative to, but much smaller than, the secondary school system. They have a secondary school level and a collegiate level. The collegiate level is concerned mainly with teacher training and technical education in agriculture and industrial trades. The total enrollment in 1968-69 was over 105,000, with 96,000 at the secondary level.

90. It is not known whether students who pass through the system get jobs more easily than others. From several contacts made with industry, it appears, however, that they are widely considered inadequately trained for industrial needs, so that further training is required in-plant. Few companies, however, have formal training programs under the direction of full-time training officers. In-plant training accordingly tends to be informal and haphazard, carried out by people with job experience but without training skills, though the tripartite National Apprenticeship Council and the Office of Apprenticeship in the Department of Labor are seeking to improve this situation.

91. Financed by the UNDP, the ILO is providing technical cooperation in establishing a national industrial vocational training program, under which efforts are being made to identify training priorities as well as to provide high quality training adapted to industrial needs. Negotiations are proceeding with a number of countries for bilateral aid to improve the vocational training system.

1/ Some manpower supply and demand projections in critical occupations, described as preliminary estimates, have been attempted by PES. They cover the period 1967-75 and suggest that the greatest shortages in 1975 will be for managers, proprietors and administrators; next in order of magnitude come electricians, masons, painters, plumbers and related craftsmen; carpenters, cabinet-makers and related wood-working craftsmen; and clerical and related workers. The methods used however were experimental and the preliminary results will need to be carefully reviewed.

Employment Service Organization

92. An Act establishing a National Employment Service was passed nearly 20 years ago, 1/ but the existing public employment service operated by the Office of Manpower Services in the Department of Labor does not at all adequately serve its purpose of putting workers seeking jobs in touch with employers seeking workers.

93. At present regional employment offices (REO's) exist at Quezon City, Legaspi (newly opened), Cebu City, Iloilo, Bacolod (not yet fully operating), Cagayan de Oro (opened recently) and Davao. Only three of these have placement services; the rest concentrate on providing labor market information. The present number and location of REO's does not fully take into account the distribution of the working population or the number and importance of employing establishments. For example, no REO's exist in central or northern Luzon. The Manila office in Quezon City is too far from most of the industrial and residential areas, and one office is in any case inadequate to cover the Greater Manila area with its concentration of establishments and workers.

94. Communications between headquarters and REO's are very inadequate. No regular information or training are provided by headquarters, and inspection and control of the field staff hardly exist. Cooperation of the REO staff with the regional labor administrators and local Manpower and Youth Committees seems to be satisfactory. But with its many shortcomings it is not surprising that the Service is reported to be little used by the better class of either employers or workers. Yet it employs 90 people, not counting 35 vacancies on its establishment.

95. The existence of a large number of profit-making employment agencies 2/ shows that there is a substantial demand for the kind of services that the national Service is failing to provide. Some employment offices have also been set up by civic and religious organizations. While most of these work on a small scale, without trained staff, at least one -- Bayanihang Manggagawa at Davao -- has developed into a real employment office and achieved very creditable results in both training and placement activities.

96. The ILD is providing technical cooperation in the organization of the National Employment Service. The vigor with which the work of reorganizing and improving this service is taken in hand will be one test of the seriousness with which the employment objectives of the Development Plan are regarded.

1/ Republic Act No. 761, approved on June 20, 1952.

2/ By 1969, 63 agency operators and 382 agency recruiters had been licensed by the Office of Manpower Services.

Wage Restraint

97. The minimum wage law, passed by Congress in May 1970, raises the minimum wage from ₱6 to ₱8 for industrial workers and from ₱3.50 to ₱4.75 for agricultural workers. The present minimum wage levels were fixed in April 1965. Between then and December 1969 the consumer price index in Manila rose by some 24%. Increases in money wages actually paid in Manila and suburbs appear to have lagged behind consumer price increases even before the recent devaluation. ^{1/} Since then the cost of living has already risen appreciably and it must be expected to go up considerably more. For this reason and to maintain established wage differentials, there will probably be widespread re-negotiation of wages fixed above the minimum level by means of collective agreements.

98. In a country with such extremes of wealth and poverty as the Philippines any talk of wage restraint tends naturally to be strongly resented in workers' circles - the more so in as much as statistics suggest that wage earners have not shared in the growth in average real incomes that has occurred in the last 15 years. But wage earners are not the poorest of the poor. In each of the three family income surveys undertaken in the Philippines (in 1956-57, 1961 and 1965) ^{2/} median urban incomes, containing a high proportion of wage incomes, were almost exactly double median rural incomes, earned mainly by peasant cultivators. In the case of average incomes the difference was greater but equally consistent - average urban incomes were on each occasion very close to 2-1/2 times average rural incomes. There are well known difficulties in making accurate urban-rural income comparisons, but these results and their consistency seem to point to a real and persisting difference between typical urban and rural living standards. In 1965 only 5.5% of family incomes taking the form of wages and salaries were below ₱500 compared with 11.6% of all incomes and 15.4% of incomes derived from entrepreneurial activities. The corresponding figures for incomes below ₱1,000 were: wage incomes, 14.7%, all incomes 29.3%, entrepreneurial incomes 39.4%.

99. The tendency for wage increases to cause employment opportunities to contract, or to expand less rapidly than they otherwise would, is least marked when higher wage costs can readily be passed on in the form of higher prices. Two sectors where this can not be done are the export sector and the public investment program. The devaluation gives the export sector a substantial margin for absorbing additional wage costs. But higher wages

^{1/} According to a Central Bank index based on returns from a number of private firms - not a representative sample. This index is given in Table 128 of the September 1969 edition of the Central Bank Statistical Bulletin. A different picture, suggesting a less unfavorable evolution of real wages, would be obtained by deflating the earnings series for all workers (wage earners) given in Table 127 of the same issue.

^{2/} Statistical Annex, Table 8.

will tend to curtail employment under the public investment program unless appropriations can be correspondingly increased. The importance of expanding employment under this program, both for its own sake and for the sake of the permanent employment that infrastructure development creates in the form of improvements in the yield of land, access to markets and so on, has been emphasized in earlier parts of this Appendix. The statistics quoted in paragraph 98 provide rather convincing evidence that the Philippines is a classical example of a developing country in which people who are pushed out of wage earning employment, or prevented from getting into it, by wage increases have to turn to other less productive and less remunerative ways of making a living.

100. This does not mean that so long as there is unemployment there should never be any wage increases. It does mean that in the situation currently prevailing in the Philippines, employment promotion should in general have a higher priority than wage increases, and that wage increases must be expected, in general, to make the attainment of employment targets more difficult. Once a condition approaching full employment has been attained, the bargaining power of workers is greatly enhanced.

Public Finance and Income Distribution

101. A number of ways have been suggested 1/ in which fiscal measures may contribute to employment promotion. Funds will have to be found, as the Plan recognizes, for a large public investment program. The use of land taxes to discourage the unproductive use of land, and of taxes on unused urban land and luxury dwellings to finance a national housing program, should be considered. It should be an objective of the fiscal system to provide incentives and deterrents ensuring that capital-intensive technology is confined to uses in which it is clearly more economical in real terms than more labor-intensive technology would be.

102. As a final element in a strategy for employment promotion, it may be suggested that it is important to reform the tax structure in the direction of making it as progressive as possible. To use the fiscal system to reduce the inequality of income distribution fits well into a strategy for employment promotion for two reasons. First, consumption by low income groups, concentrated largely on food, clothing and housing, may be expected to have a larger domestic employment-generating effect than an equal amount of consumption by high income groups (save to the extent that the rich might economize on person services). Second, if trade unions are asked to acquiesce in (and still more, if they are asked to support) a strategy of employment promotion that calls for a measure of wage restraint, this sacrifice of aspirations for rapid wage increases (which are in many cases desperately needed) could only be made acceptable if those who are much richer are also called upon to make, and are seen to make, sacrifices in the interests of a national employment policy.

1/ Paragraphs 59, 66, 80.

Employment and Growth

103. The benefits of more employment where many people are in need of work are clear enough. Leaving aside for the moment the question of effects on output and growth, more employment in these circumstances (i) makes for a more equitable distribution of income; (ii) satisfies the human needs for useful and creative activity; (iii) provides more people with opportunities for acquiring skills and the habit of work and thus participating in the tasks and benefits of economic development; and (iv) for all these reasons contributes to a reduction of political and social tensions. The fact that the incidence of unemployment and under-employment is so high among young people in the Philippines, and that these form so large a proportion of the population, enhances the value of these benefits.

104. If any country could be confident of having these benefits without cost, it would obviously wish to have them. Even if it were certain that a price would have to be paid for fuller employment, the price might be considered well worth paying, up to a point. But few governments would wish to sign a blank check. Hesitation to do what has to be done to promote employment, even in countries that have accepted employment objectives in their development plans, seems to arise rather largely out of uncertainty about the costs of employment promotion.

105. The cost that is most discussed is a possible slowing down of economic growth. It is certainly true that ill-chosen measures of employment promotion could lead to this - for example, subsidizing people to produce expensively in cottages things that can be produced at lower opportunity costs in factories. But there appears to be plenty of scope in the Philippines for measures that can be expected to promote employment and growth simultaneously. There is some evidence (paragraph 55) that in the Philippines as in many other countries the productivity of land (though not of labor) is higher on small than on larger farms. The kind of approach to rural development that has been suggested here, based predominantly on small farms, seems likely to promote the productive use of scarce natural resources and capital. In the manufacturing sector the figures in Table V suggest that the productivity of capital is in general higher in small than in large manufacturing undertakings. 1/ This would not necessarily be true of every small undertaking, but discriminating support for small-scale industry should promote growth by making more productive use of scarce capital. In construction an experimental approach has been suggested that would throw light on the financial costs and the real capital savings of measures to promote labor-intensive methods. There seems in any case to be much scope for organizing labor-intensive public works in rural areas that would contribute substantially, and at very low opportunity costs, to development and growth in these areas.

1/ But see the second footnote to paragraph 67.

106. What these policy measures have in common is that they seek to harness the country's unutilized labor potential to the development process, making more productive use of scarce capital where possible by combining more labor with it and confining highly capital-intensive techniques to uses in which these techniques have lower opportunity costs than more labor-intensive ones would have. This is a strategy for growth as well as for employment. The question whether at some stage a conflict between growth and employment objectives may occur, in the sense that not enough employment can be generated by measures that do not impede growth, does not arise so long as priority is given to unexploited opportunities for promoting both growth and employment.

107. Another reason for expecting the kinds of measures here suggested to promote growth as well as employment is that the quality of the labor force is likely to benefit from the higher average incomes, better nutrition, better health and better housing that would accompany a successful policy of employment promotion. An employment policy is a form of investment in human resources, and this can be a highly productive form of investment. The Philippines, with one of the most highly educated populations of any developing country, is already investing much, and is rightly committed to continuing and increasing this investment, in the development of human resources. But the country is partly wasting this investment by not combining with it measures to ensure that there is work for all who have completed their education - and also for not having adapted its educational and training system sufficiently to labor market needs.

Conclusion

108. This Report has suggested a many-pronged attack upon the problem of unemployment and under-employment in the Philippines. Three of the most important elements in this attack are:

- rural development and diversification of agriculture with the small family farm as the typical unit; this would not exclude some large-scale farming where economies of scale are important;
- a larger public investment program; this is important because of (i) the need for infrastructure development and the new permanent employment opportunities created through multiple-cropping on irrigated land, access to markets through feeder roads, etc., and (ii) the scope for providing additional employment in the construction sector in the Philippines.

- measures to promote the use of more labor-intensive methods of production in all sectors to the extent that this is or can be made economically feasible.

109. The Government's land reform policy and its intention to greatly expand its public investment program show that, so far at least as the first two of these elements in employment policy are concerned, the Plan is broadly along the right lines. What is now needed is to translate broadly formulated intentions into precise policy measures. While the Plan contains a commitment to promote productive employment and reduce unemployment and under-employment, the action needed to meet this commitment has yet to be worked out. There is no real employment policy in the Philippines at present and much work remains to be done in clarifying ideas and intentions. Many elements in an effective employment policy will cost money, and it will be difficult to find substantial funds for employment promotion in the months immediately ahead. This makes it all the more important to use these months to bring into focus the questions on which decisions will have to be taken and to put forward clear-cut proposals for action that will add up to a comprehensive and integrated employment policy.

110. For this purpose, the Government might wish to consider setting up a series of task forces, perhaps six, to investigate the following topics:

- (1) employment objectives, planning and statistics
- (2) employment in agriculture
- (3) employment in manufacturing
- (4) employment in construction
- (5) employment in other sectors
- (6) fiscal measures for employment promotion.

111. In organizing the work of the task forces and in the preparing and evaluating their conclusions, the services of the ILO expert in manpower planning are already at the Government's disposal. The ILO experts in vocational training and employment service organization would also have a role to play. Further help might be sought from the ILO under its World Employment Program.

112. Each task force might consist of from four to eight members, comprising at least one member from the private sector and at least one from workers' circles, including peasant cultivators in the case of the agricultural task force. Other members should be drawn from Government departments or agencies closely concerned, or from academic circles. It is not necessary that every department or agency interested should provide a member, but all should be invited to contribute to the work of the

task forces by expressing their views and ideas and providing documentation. Members of the task forces should serve in an individual capacity and not as representatives of agencies or interests. They should be selected for their competence and knowledge, and preference should be given to persons who could be expected to produce dynamic ideas. Special care should be taken in the selection of chairmen of the task forces. To ensure links between the task forces, there should be some overlapping of membership. Indeed, task force No. 1 might include a member of each of the other task forces. The establishment of the task forces should not be held up pending decisions on the reorganization of Government agencies.

113. The chairmen of the task forces might meet, under the Chairman of the National Economic Council, and prepare clear-cut proposals for action. These proposals, with the reports of the task forces attached to them, should if possible be ready in 1971.

114. The terms of reference of the task forces should be clearly defined. The following paragraphs, though they should not be regarded as draft terms of reference, contain some indications of matters on which the different task forces might be instructed to come up with proposals.

Task Force on Employment Objectives, Planning and Statistics

115. This task force might be instructed to formulate proposals regarding (i) employment objectives, (ii) improvements needed in labor force statistics and (iii) improvements needed in planning procedures to ensure integration of employment policy into overall economic and social development policy. Some questions for investigation under each of these headings have been indicated in earlier sections, 1/ and should receive the careful attention of the task force.

The Sectoral Task Forces

116. The sectoral task forces suggested above [numbers (2) to (5)] could each have the same general terms of reference, namely to examine the employment implications of the sectoral production targets and recommend appropriate sectoral employment targets and the measures needed to attain them. Another common feature is that they should each examine what can be done to ensure that more weight is given to employment considerations in the choice of products and techniques in each sector. A third common feature is that they should each try to identify the key training needs of their sectors and make recommendations for meeting these needs. The following are some more specific matters (by no means a complete list) that might be looked into by the individual sectoral task forces.

1/ See especially paras. 7, 23, and 30-46.

Employment in Agriculture: the employment implications of the spread of high-yielding varieties of rice; farm mechanization; land reform in relation to employment promotion; land resettlement schemes.

Employment in Manufacturing: Legislation and policy governing the operations of the Board of Investments; scope for and obstacles to increasing shift work in manufacturing; promotion of small-scale industries well adapted to the needs of the country.

Employment in Construction: some practical experiments in shadow-price costing; use of work study to reduce the money costs of labor-intensive techniques; organization of labor-intensive rural public works; and low-cost housing projects.

Employment in Other Sectors: problems associated with mechanization and computerization of various service occupations; the employment possibilities of the tourist industry.

117. A word may be added that the relationship between the work of the sectoral task forces and that of task force No. 1. Task force No. 1 could not do a realistic job of target setting without having before it the provisional conclusions of the sectoral task forces; the work of the latter would not add up to a comprehensive and integrated employment plan unless they in turn had before them the provisional results of the work of task force No. 1. Task force No. 1 could provide the sectoral task forces with provisional sectoral employment targets. If they found it not feasible to recommend measures that would meet these needs, or feasible to recommend measures that would more than meet them, they would so report to task force No. 1, which would adjust the targets, and the process could be repeated within the limits of the time available. (A similar process of mutual accommodation should take place between production targets and employment targets, and the production targets in the Plan should be considered provisional until their consistency with acceptable employment targets has been checked.)

Task Force on Fiscal Measures for Employment Promotion

118. Some matters for investigation by this task force have been suggested in paragraphs 53, 59, 66, 80, 85, and 102.

Final Observations

119. Full investigation of these questions would take a long time. Perfectionism is not to be looked for. What is important is to have practical recommendations soon, taking account of what is now known about strategic elements in the employment situation. Already it is possible

to discern the basic framework of a strategy for employment promotion. Recommendations can be improved as knowledge and experience accumulate, but action should not await the completion of long drawn-out studies.

120. The task forces should make every effort to provide quantitative information not only about the number of jobs expected to result from the measures they recommend, but also about the costs of implementing these measures.

121. The Government should make every effort to associate representatives of the private sector, organized labor and working farmers as fully as possible not just with the preparation of measures of employment promotion, but also with their implementation. It should seek to promote widespread understanding of and support for the measures considered necessary. A national employment policy is a matter for the whole nation, not just for its Government.

STATISTICAL ANNEX

The source of these tables, except
when otherwise indicated, is the BCS
Survey of Households Bulletin, various
issues.

STATISTICAL ANNEX

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Table 1

Labor Force and Related Statistics(Except participation and unemployment rates which are in %,
all figures are in thousands)

	1965		1966		1967		1968		1969	
	May	Oct.	May	Oct.	May	Oct.	May	Oct.	May	Oct.
1. Persons 10 years old and over	20,000	20,261	20,950	21,336	21,703	21,521	22,108	-	23,157	-
2. Labor force	11,491	10,764	11,886	11,757	13,274	11,776	13,534	-	12,040	-
3. Participation rate <u>b/</u>	57.5	53.1	56.7	55.1	61.2	54.7	61.2	-	52.0	-
4. Employed	10,543	10,101	11,032	10,936	12,185	10,867	12,481	-	11,229	-
5. Totally unemployed	947	663	854	821	1,089	909	1,053	-	811	-
6. Unemployment rate <u>c/</u>	8.2	6.2	7.2	7.0	8.2	7.7	7.8	-	6.7	-
7. Not in the labor force	8,510	9,492	9,064	9,579	8,429	9,747	8,574	-	11,117	-
8. Change in the labor force from the preceding year			+395	+993	+1,388	+19	+322	-	-1,494	-

a/ Preliminary results.b/ The proportion of persons in the labor force relative to the total population aged 10 years and over.c/ The proportion of the unemployed relative to the labor force.



Table 2
The Structure of Unemployment
October 1965, '66 and '67

	October 1965		October 1966		October 1967		Average 1965-67	
	Number (in 000s)	Percentage	Number (in 000s)	Percentage	Number (in 000s)	Percentage	Number (in 000s)	Percentage
PHILIPPINES								
Total unemployment	563	6.2	821	7.0	909	7.7	799	7.0
Female	312	8.6	407	9.8	518	12.0	415	10.3
Male	351	4.9	414	5.4	391	5.2	385	5.2
Young	414	10.9	538	12.9	507	13.0	486	12.3
Old	249	3.6	283	3.7	402	5.1	311	4.2
Rural unemployment								
Total	303	4.1	464	5.7	551	6.6	441	5.5
Female	158	6.8	246	8.9	356	11.9	253	9.4
Old	65	4.6	97	5.8	176	9.2	113	7.8
Experienced	27		53		86		55	
Inexperienced	38		44		90		57	
Young	93	10.2	149	14.0	180	16.9	141	13.9
Experienced	15		62		70		49	
Inexperienced	78		87		110		92	
Male	150	2.9	218	4.0	194	3.7	187	3.5
Old	48	1.4	58	1.6	61	1.7	56	1.6
Experienced	33		50		48		44	
Inexperienced	16		8		13		12	
Young	102	5.8	160	8.4	133	7.6	132	7.3
Experienced	34		71		49		51	
Inexperienced	67		89		84		80	
Urban unemployment								
Total	355	10.7	357	10.0	359	10.3	357	10.3
Female	154	12.0	161	11.4	162	12.1	159	11.8
Old	62	8.6	53	6.5	81	10.0	65	8.3
Experienced	26		19		28		24	
Inexperienced	36		34		53		41	
Young	92	16.4	108	18.0	81	15.2	94	16.6
Experienced	18		18		18		18	
Inexperienced	74		90		63		76	
Male	201	9.9	195	9.0	197	9.2	198	9.4
Old	74	5.1	75	4.8	83	5.3	77	5.0
Experienced	45		49		61		52	
Inexperienced	29		26		22		26	
Young	127	21.7	120	20.2	114	20.2	120	20.7
Experienced	30		25		34		30	
Inexperienced	97		95		80		91	

Note: Young = 10-24 years.
Old = all others.



Table 3

Percentage distribution of employed and unemployed persons
by educational level.

October 1965

	<u>Philippines</u>		<u>Urban</u>		<u>Rural</u>	
	<u>Employed</u>	<u>Unempl.</u>	<u>Employed</u>	<u>Unempl.</u>	<u>Employed</u>	<u>Unempl.</u>
<u>Both Sexes</u>						
Thousands	10,101	663	2,958	355	7,143	303
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Elementary	62.3	55.1	46.6	41.8	68.8	70.4
High School	14.8	26.0	26.4	35.3	10.1	15.2
College	8.2	12.7	20.9	19.6	2.9	4.7
No grade completed or grade not reported	14.7	6.3	6.1	3.3	18.2	9.7
<u>Males</u>						
Thousands	6,805	351	1,832	201	4,973	150
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Elementary	63.4	50.5	44.0	41.6	70.5	62.4
High School	16.3	29.5	29.9	35.9	20.8	19.0
College	7.4	14.0	20.9	19.7	2.5	6.4
No grade completed or grade not reported	12.9	6.0	5.2	2.8	15.7	10.4
<u>Females</u>						
Thousands	3,296	312	1,126	156	2,170	158
Percent	100.0	100.0	100.0	100.0	100.0	100.0
Elementary	60.1	60.3	50.7	42.1	64.9	78.0
High School	11.7	22.0	20.6	34.5	7.1	9.8
College	9.8	11.1	21.0	19.5	4.0	3.0
No grade completed or grade not reported	18.3	6.5	7.6	3.9	23.9	9.1

Those reported as having received elementary, high school or college education had received some education at the level indicated but in many cases had not completed all grades at that level.

Table 4

Average hours worked during the survey week by employed persons at work

	Oct. 1961	Oct. 1962	Oct. 1963	Oct. 1965	Oct. 1966
All employed persons at work	42.2	41.7	42.0	46.1	44.5
Wage and salary workers	45.7	44.4	44.9	47.8	47.6
Self-employed workers*	43.7	44.3	44.7	49.4	47.9
Unpaid family workers	34.9	33.8	33.6	37.7	36.5

* Includes employers.

Table 5

Employed Persons at Work by Number of Hours Worked
During the Survey Week.

	Number ('000s)		Per cent Distribution	
	Oct. '65	Oct. '66	Oct. '65	Oct. '66
Total employed at work	9,813	10,663	100.0	100.0
Less than 20 hours	924	1,032	9.4	9.7
20-39 hours	1,667	1,754	17.0	16.5
40 hours and over	7,213	7,875	73.5	73.9
Not reported	-	-	0.1	-
Wage and salary workers	3,576	3,986	100.0	100.0
Less than 20 hours	204	170	5.7	4.3
20-39 hours	413	422	11.5	10.6
40 hours and over	2,958	3,393	81.7	85.1
Not reported	-	-	-	-
Self-employed workers	4,010	4,080	100.0	100.0
Less than 20 hours	198	198	4.9	4.9
20-39 hours	709	643	17.7	15.8
40 hours and over	3,100	3,237	77.3	79.4
Not reported	-	-	0.1	-
Unpaid family workers	2,186	2,573	100.0	100.0
Less than 20 hours	501	619	22.9	25.2
20-39 hours	540	682	24.7	26.5
40 hours and over	1,141	1,262	52.2	48.3
Not reported	-	-	0.2	-
Not reported	-	24	-	-

Table 6

Percent of Employed Persons at Work who were working full-time
during the survey week, by major industry group

	<u>October</u>				
	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1965</u>	<u>1966</u>
Total employed, at work	64.6	64.6	65.0	73.5	73.9
Agriculture, forestry, hunting and fishing	58.3	58.5	59.0	73.6	69.3
Construction	83.9	87.9	86.0	84.7	89.7
Manufacturing	60.0	63.8	65.1	63.6	70.6
Commerce	70.9	65.8	65.5	68.0	72.4
Transport, storage and communication	82.4	79.7	77.1	86.7	91.6
Government, community, business and recreational services	92.7	91.6	93.2	93.0	92.8
Domestic services	89.4	87.8	89.1	89.3	93.0
Personal services other than domestic	69.0	62.2	57.4	71.3	70.0
Other industries	88.7	94.9	95.5	99.1	93.8
Industry not reported	35.4	54.2	33.3	41.4	24.0

Table 7

Persons working 40 hours or more per week and
desiring additional work

	<u>Oct. 1961</u>	<u>Oct. 1962</u>	<u>Oct. 1963</u>	<u>Oct. 1965</u>	<u>Oct. 1966</u>
Number of persons ('000s)	1,010	1,249	1,642	1,492	1,730
Percent of total employed	11.3	13.3	17.1	15.2	17.3

Table 8

Percentage Distribution of Families and of Total
Family Income, by Income Class

Income Class	1956-72/ Families	1961b/ Income	1965b/ Families	1965b/ Income
<u>P H I L I P P I N E S</u>				
Total ('000s)	3,959	₱ 5,821,296	4,426	₱ 7,981,766
Percent	100.0	100.0	100.0	100.0
Under ₱ 500	22.5	5.3	17.0	3.3
₱ 500-999	32.4	16.0	29.3	12.0
₱ 1000-4999	41.2	54.5	47.9	53.1
₱ 5000 and over	3.9	24.2	5.8	31.3
Median income (pesos)		924		1,105
Average income (pesos)		1,471		1,806
<u>URBAN AREAS</u>				
Total ('000s)	1,308	₱ 3,222,497	1,505	₱ 4,468,973
Percent	100.0	100.0	100.0	100.0
Under ₱ 500	10.1	1.4	8.8	1.0
₱ 500 - 999	21.2	6.6	16.3	4.1
₱ 1000 - 4999	58.6	52.5	61.1	46.8
₱ 5000 and over	10.1	39.5	13.8	48.1
Median income (pesos)		1,517		1,799
Average income (pesos)		2,427		2,970
<u>RURAL AREAS</u>				
Total ('000s)	2,631	₱ 2,601,799	2,921	₱ 3,512,793
Percent	100.0	100.0	100.0	100.0
Under ₱ 500	28.8	10.1	21.2	6.3
₱ 500- 999	38.8	27.7	36.0	22.0
₱ 1000 - 4999	32.5	56.9	41.1	61.7
₱ 5000 and over	0.7	5.3	1.7	10.0
Median income (pesos)		779		900
Average income (pesos)		989		1,203

a/ Twelve-month period ending 28 Feb. 1957

b/ Calendar year.

Source: BCS: Family Income and Expenditures, 1965

Table 9

Employed Persons by Major Industry Group, for the Philippines: October 1962 to October 1967

Major industry group	Number of employed persons (thousands)					Percent distribution				
	October 1962	October 1963	October 1965	October 1966	October 1967	October 1962	October 1963	October 1965	October 1966	October 1967
Total	9,603	9,764	10,101	10,936	10,867	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, hunting and fishing	5,898	5,779	5,725	6,290	6,330	61.4	59.2	56.7	57.5	58.3
Mining and quarrying	40	29	24	26	45	0.4	0.3	0.2	0.2	0.1
Construction	236	271	295	283	276	2.5	2.8	2.9	2.6	2.5
Manufacturing	1,052	1,139	1,101	1,229	1,223	11.0	11.7	10.9	11.2	11.3
Electricity, gas, water and sanitary services	30	22	22	37	30	0.3	0.2	0.2	0.3	0.3
Commerce	911	1,026	1,114	1,126	1,078	9.5	10.5	11.0	10.3	9.9
Transport storage and commun- ication	286	318	339	384	375	3.0	3.3	3.4	3.5	3.4
Government, community, business and recreational services.	568	582	708	788	769	5.9	6.0	7.0	7.2	7.1
Domestic Services	377	355	500	502	502	3.9	3.6	5.0	4.6	4.3
Personal services other than domestic	178	228	227	242	229	1.9	2.3	2.2	2.2	2.1
Industry not reported	28	16	47	30	10	0.3	0.2	0.5	0.3	0.1

Note: No labor force survey was taken in October 1964.



Table 10

Employed Persons by Major Industry Group, Urban and Rural: May 1968 and May 1969

(In thousands, except percent. Data refer to the household population. Figures for May 1968 are final, while those for May 1969 which are based on the results of a hand tally made of pertinent entries in the schedules, are preliminary and subject to change. Details may not always add up to the totals because of rounding.)

Area and major industry group	Thousands		Percent	
	May 1968	May 1969	Distribution May 1968	Distribution May 1969
PHILIPPINES	12,481	11,222	100.0	100.0
Agriculture, forestry, fishing and hunting	7,202	6,329	57.7	56.4
Mining and quarrying	46	50	0.4	0.4
Manufacturing	1,387	1,292	11.1	11.5
Electricity, gas, water and sanitary services	27	29	0.2	0.3
Construction	378	351	3.0	3.1
Commerce	1,379	1,105	11.1	9.8
Transport, storage and communication	380	384	3.0	3.1
Government, community, business and recreational services	851	886	6.8	7.9
Domestic services	507	519	4.1	4.6
Personal services other than domestic	268	244	2.1	2.2
Industry not reported	58	40	0.5	0.4
Urban	3,602	3,267	100.0	100.0
Agriculture, forestry, fishing and hunting	635	540	17.6	16.5
Mining and quarrying	16	14	0.4	0.4
Manufacturing	634	596	17.6	18.2
Electricity, gas, water and sanitary services	20	24	0.5	0.7
Construction	186	158	5.2	4.8
Commerce	724	605	20.1	18.5
Transport, storage and communication	250	234	6.9	7.2
Government, community, business and recreational services	600	602	16.7	18.4
Domestic services	344	321	9.5	9.8
Personal services other than domestic	170	148	4.7	4.5
Industry not reported	24	25	0.7	0.8
Rural	8,879	7,963	100.0	100.0
Agriculture, forestry, fishing and hunting	6,567	5,789	74.0	72.7
Mining and quarrying	30	36	0.3	0.5
Manufacturing	754	696	8.5	8.7
Electricity, gas, water and sanitary services	7	5	0.1	0.1
Construction	192	192	2.2	2.4
Commerce	655	500	7.4	6.3
Transport, storage and communication	130	150	1.5	1.9
Government, community, business and recreational services	251	285	2.8	3.6
Domestic services	163	198	1.8	2.5
Personal services other than domestic	97	96	1.1	1.2
Industry not reported	34	14	0.4	0.2

^{1/}Provisional results.

Sources: ECS Social Bulletin no. 104, Feb. 1970.

Table 11

Percentage Distribution of Number of Weeks Worked during 12-months
ending in October 1966

<u>Philippines</u>	<u>Number ('000s)</u>	<u>%</u>	<u>Less than 19</u>	<u>20-39</u>	<u>40 or more</u>
Both sexes	13,167	100.0	18.2	21.2	60.6
Males	7,870	100.0	11.6	16.1	72.3
Females	5,296	100.0	27.9	28.7	43.4
<u>Urban</u>					
Both sexes	3,550	100.0	31.5	15.7	72.9
Males	2,104	100.0	8.6	12.9	78.4
Females	1,447	100.0	15.4	19.5	65.0
<u>Rural</u>					
Both sexes	9,616	100.0	20.7	21.2	56.0
Males	5,766	100.0	12.7	17.3	70.0
Females	3,850	100.0	32.8	32.1	35.2