

**Column for Manila Bulletin**  
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## **Of Trees and Forest**

### **Open Factories!**

MANILA, Philippines — The Social Weather Stations (SWS) last week reported that its survey on the unemployment rate rose to 24 percent or an estimated 9.7 million people as of December 2011 compared to the 20.2 percent or about 7.6 million people in September of the same year.

The results of the survey, conducted on December 3-7, 2011, showed that the unemployment rate consisted of 10% who were retrenched, 9% who resigned or voluntarily left their old jobs, and 5% first-time job seekers.

The report also noted that from May, 2005, to December, 2011, the adult unemployment had been below 20% in only 3 out of 26 surveys, that it was 19.9% in March, 2006, 17.5% in December, 2007, and 18.9% in September, 2010.

The government may question the accuracy of the SWS survey, but at the very least it reflects the persistence of unemployment as a serious problem in the Philippines.

On a related issue, the number of students who finished college (and are prepared to take on jobs) remained way below the number of students who enrolled in the elementary grades.

The 2003 Functional Literacy, Education, and Mass Media Survey (FLEMMS), which gathers nationwide information on basic and functional literacy status of the population, found that only 16 percent of students who finished high school went on to college. Of the 16 percent that entered college, only 8 percent finished college.

Other reports, citing 2008 data from the Commission on Higher Education, said that out of 100 Grade 1 pupils, only 66 finished Grade 6; only 43 finished high school. Of the 43 who finished high school, only 23 enrolled in college and only 14 of the 23 graduated from college.

The emergence of the business process outsourcing (BPO) opened many job opportunities for the small percentage of college graduates or college-level jobseekers. However, for the majority of Filipinos who joined the labor force with no college education, the chances of finding work were few.

Their prospects were diminished because of the decline in Philippine industries, particularly the labor-intensive manufacturing industries, as a result of the previous administrations' adoption of liberalization policies.

In my view, the rise of the BPO industry, which has been driving the growth of the real estate and retailing businesses, has lulled us into complacency to the extent of neglecting the need to revitalize our industries.

The Asian Development Bank has correctly pointed out that we cannot depend solely on services like BPO to solve our unemployment problem, which affects mostly those who do not have college education.

ADB Vice President Stephen P. Groff said that workers in the BPO industry actually represented only 1 percent of the total labor force. And for the majority of jobseekers, he stressed, what's needed is a strong industrial base.

Ideally, the services sector like the BPO will provide employment opportunities for the college-educated members of the labor force while manufacturing industries will absorb those who did not reach college.

Even the United States is adopting this tack. No less than President Barack Obama has been meeting with business leaders to revive their manufacturing operations in the US and generate jobs for Americans. He is confident that US manufacturers can produce goods that can compete with those made in other countries like China, where wages have been increasing fast, thus diminishing that country's wage advantage.

The Philippines, with its large pool of skilled and trainable workers and competitive wages, can also compete with other countries in the area of manufacturing.

Reviving our manufacturing industries will not only help solve the unemployment problem. It will also attract more investments because manufacturing is a capital-intensive activity, stimulates other businesses, spreads development outside urban centers, and generally drives economic growth.

So, let us not just declare the Philippines open for business. Let us announce to the whole world that the Philippines is opening up its manufacturing industries!

(Please send comments, feedback to [mbv\\_secretariat@yahoo.com](mailto:mbv_secretariat@yahoo.com))

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