Patterns in Overseas Filipino Worker (OFW) Flows: In Search of the Giant Leap And Small Step (GLASS) Effect

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UP SOLAIR

The Basic Economic Question

- Is our OFW program a good economic strategy?
- Two answers to this question
  - Open-ended (but comprehensive)
  - Close-ended (but less comprehensive)

The Open-Ended Answer

- OFWs as the modern-day heroes/heroines
- Heroism in Action
- Heroism in Vain

OFW

Kayod ng kayod para pamilya, maitaguyod!

Work hard to support the family!

Open-Ended Answer:
Heroism in Action

- Vent of surplus labor
- OFW remittances have a positive effect on poverty reduction
- OFW remittances have increased during global financial crisis situations

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HELP WANTED

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Heroism in Vain

- OFW problems before, during, and after

- The incentive problem

  – On a micro-level: lower employment

  – On a macro-level: Dutch Disease

"Ang Wakas ni Andres Bonifacio" ni Carlos Valino Jr.

Open-Ended Answer: Heroism in Vain

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a) Pre-employment/deployment
- High cost of placement fees
- Lack of information on policies of host country
- Lack of preparation of migrant workers and families
- Illegal recruitment/deployment/departure
- Lack of domestic economic/employment opportunities
- Limited job options

b) On-site
- Abusive and exploitative work conditions
- Contract substitution
- Inadequate protective mechanisms
- Inadequate compliance monitoring
- Limited on-site services/assistance to overseas workers
- Ill-attended health needs
- Rampant trafficking of women

"Ang Wakas ni Andres Bonifacio" ni Carlos Valino Jr.
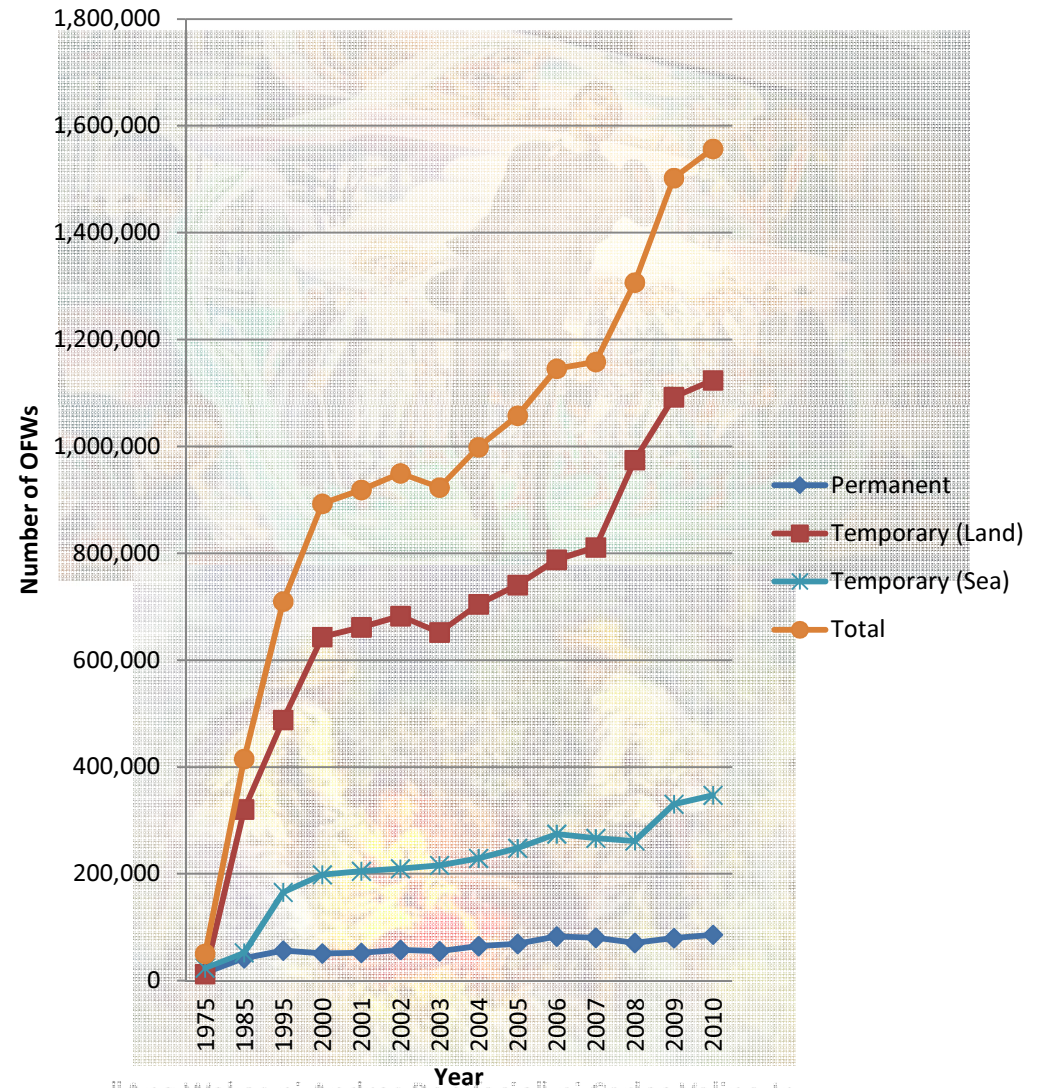
Open-Ended Answer:
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• Social and cultural adaptation problems
• Incidence of violence
• Inadequate preparation for interracial marriages
• Limited support services/system for women in interracial marriages
• Lack of welfare and other officials to attend to migrant worker needs '
• Lack of support or cooperation from government of host country
c) Post-employment/return
• Lack of opportunity to absorb returning migrant workers
• Lack of savings
• Inability to manage income
• Broken families
• Reintegration problem of women migrant workers

"Ang Wakas ni Andres Bonifacio" ni Carlos Valino Jr.
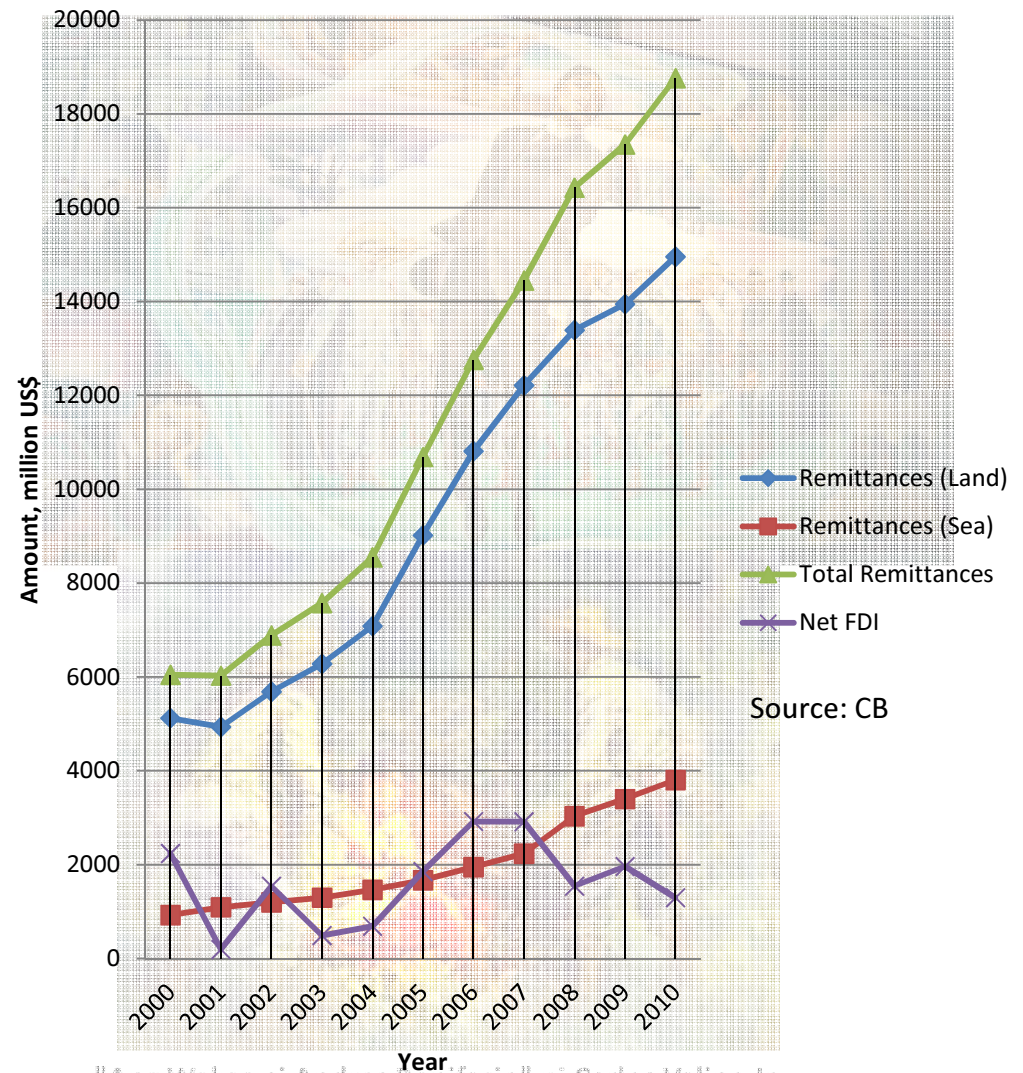
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"The End of Andres Bonifacio" by Carlos Valino Jr.

Open-Ended Answer: Heroism in Vain

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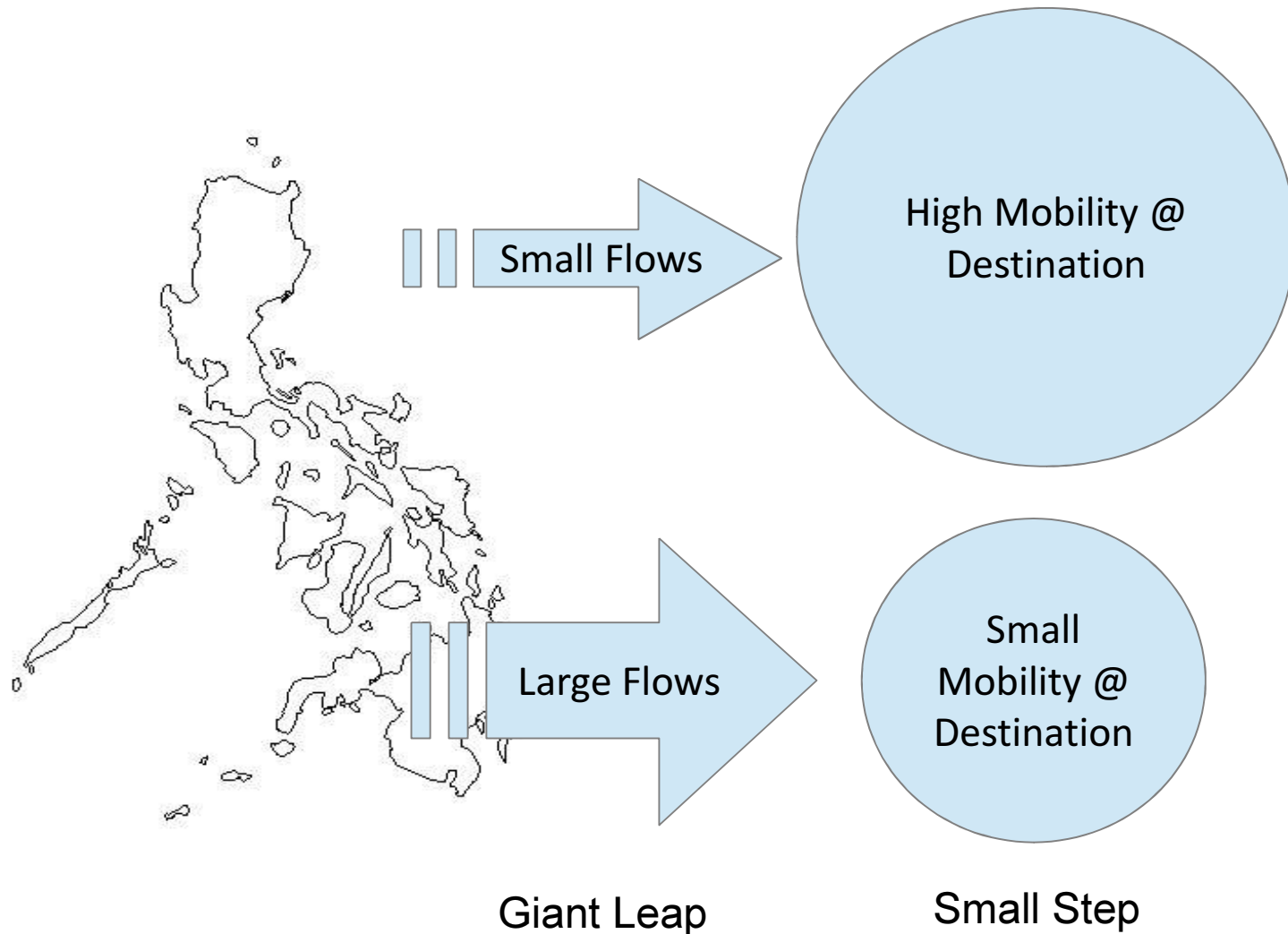
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Source: CB

"Ang Wakas ni Andres bonifacio" ni Carlos Valino Jr.

A Close-Ended Answer:
Attenuation of the GLASS Effect

Small Flows

High Mobility @ Destination

Large Flows

Small Mobility @ Destination

Giant Leap

Small Step

A Close-Ended Answer:
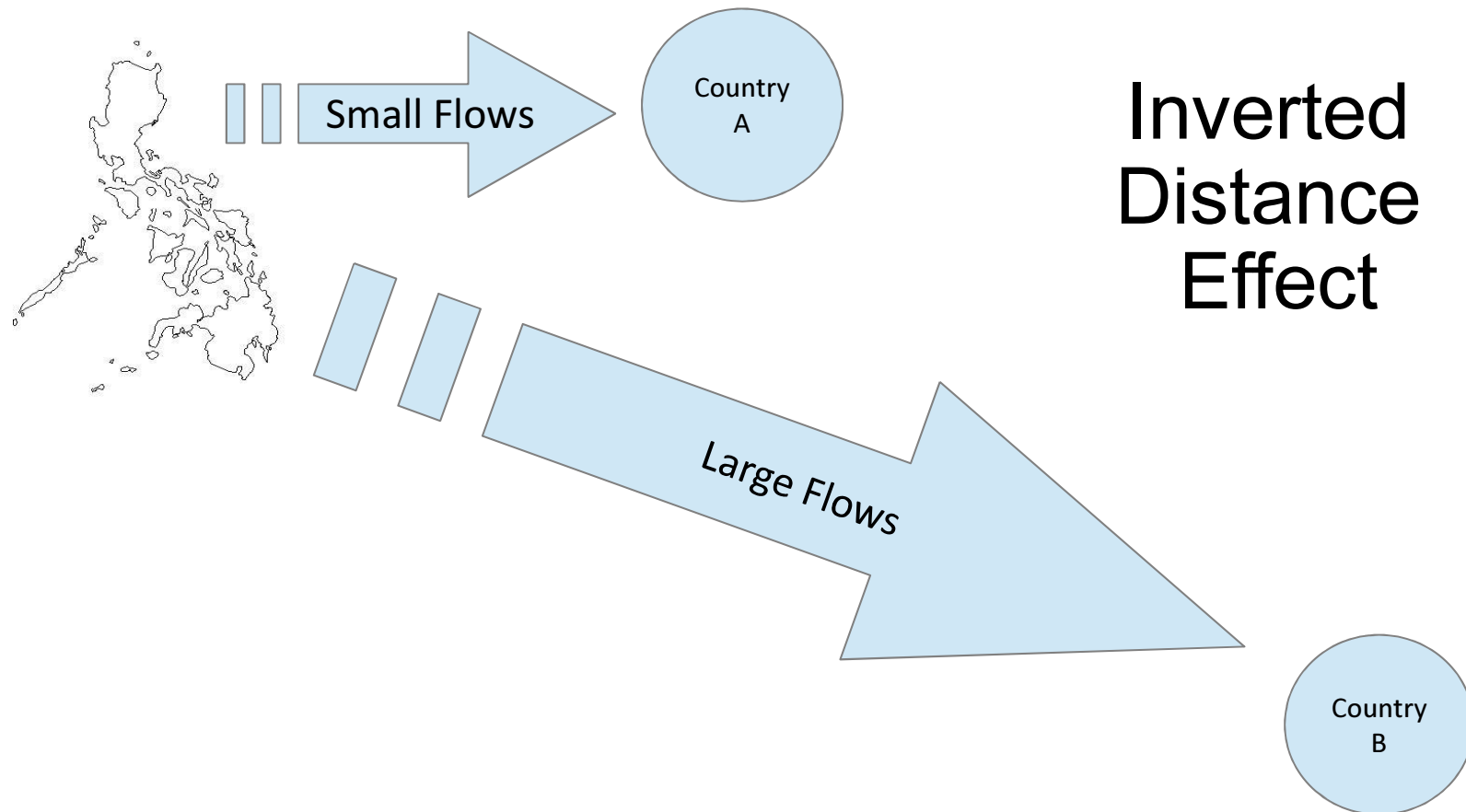# Attenuation of the GLASS Effect

- Two Economic Irrationalities in OFW flows
  - GLASS Effect
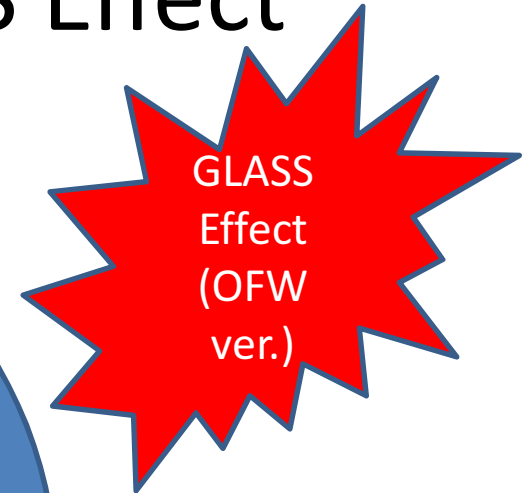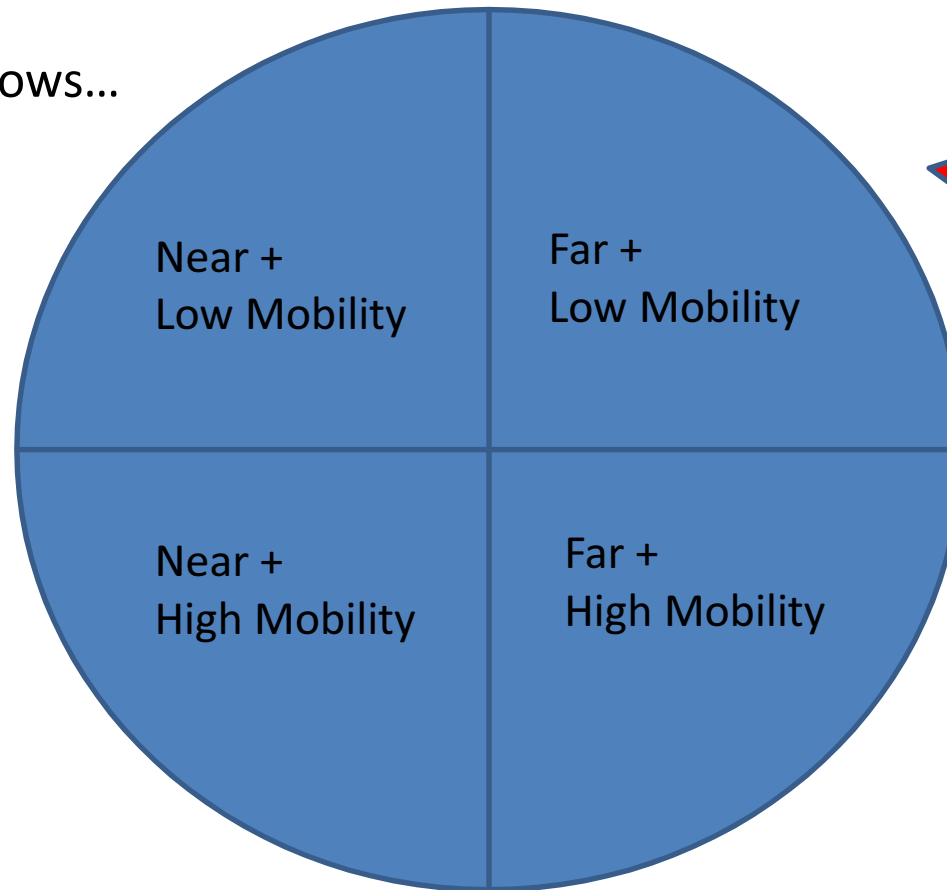 - + Inverted Distance Effect

GLASS Effect
(OFW Version)

A Close-Ended Answer: Attenuation of the GLASS Effect

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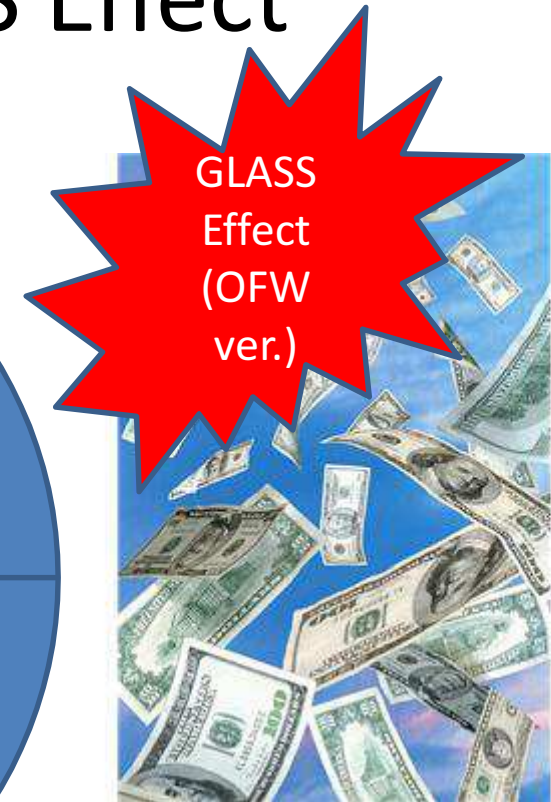# Attenuation of the GLASS Effect

Classifying OFW flows...

GLASS Effect (OFW ver.)

Near + Low Mobility

Far + Low Mobility

Near + High Mobility

Far + High Mobility
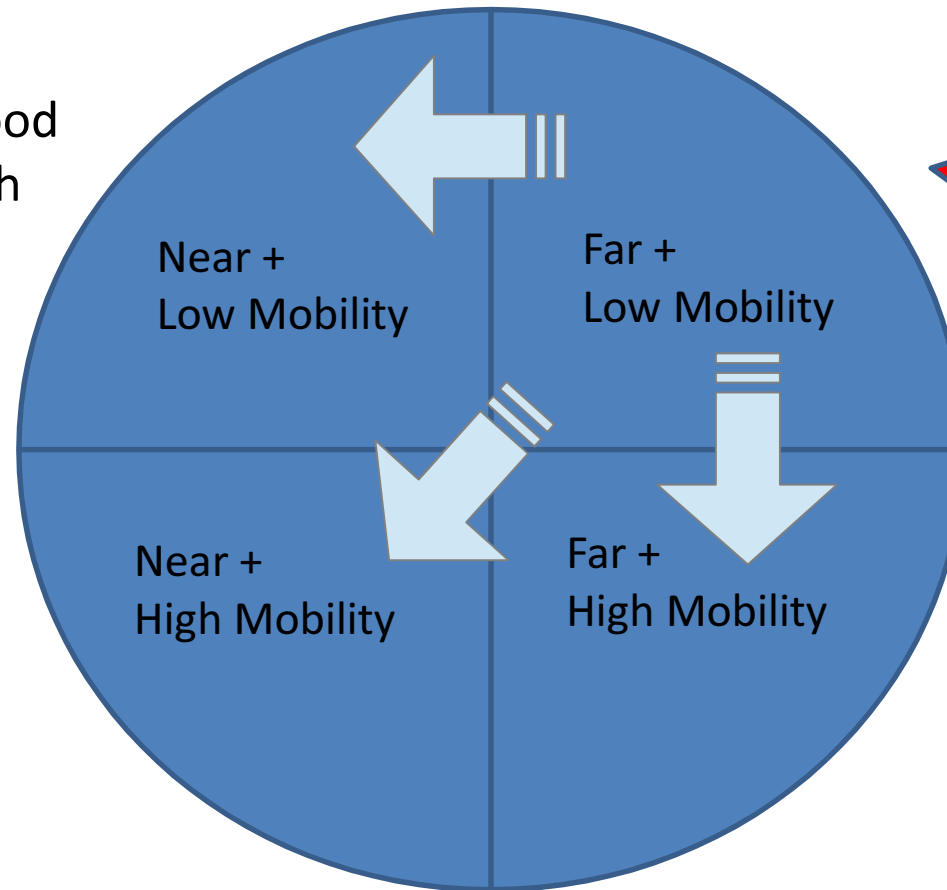
A Close-Ended Answer:
Attenuation of the GLASS Effect

Attenuation of
GLASS Effect is good
for Shared Growth
- ↑ efficiency
- ↑ equity

Near +
Low Mobility

Far +
Low Mobility

Near +
High Mobility

Far +
High Mobility

GLASS
Effect
(OFW
ver.)

B$ @ 8 years   '00 M$ /year

A 3-Pronged Development Strategy

Attenuation of GLASS Effect

- Mid-Term: save on remittance losses
- Long-Term: eliminate the permanent temporary strategy

Effective Industrial Policy

- Contributes to sustainable shared growth
- Absorption of labor

Product Prioritization

- Escape from the Lower Middle Income Trap
- Electronics need not be underrated
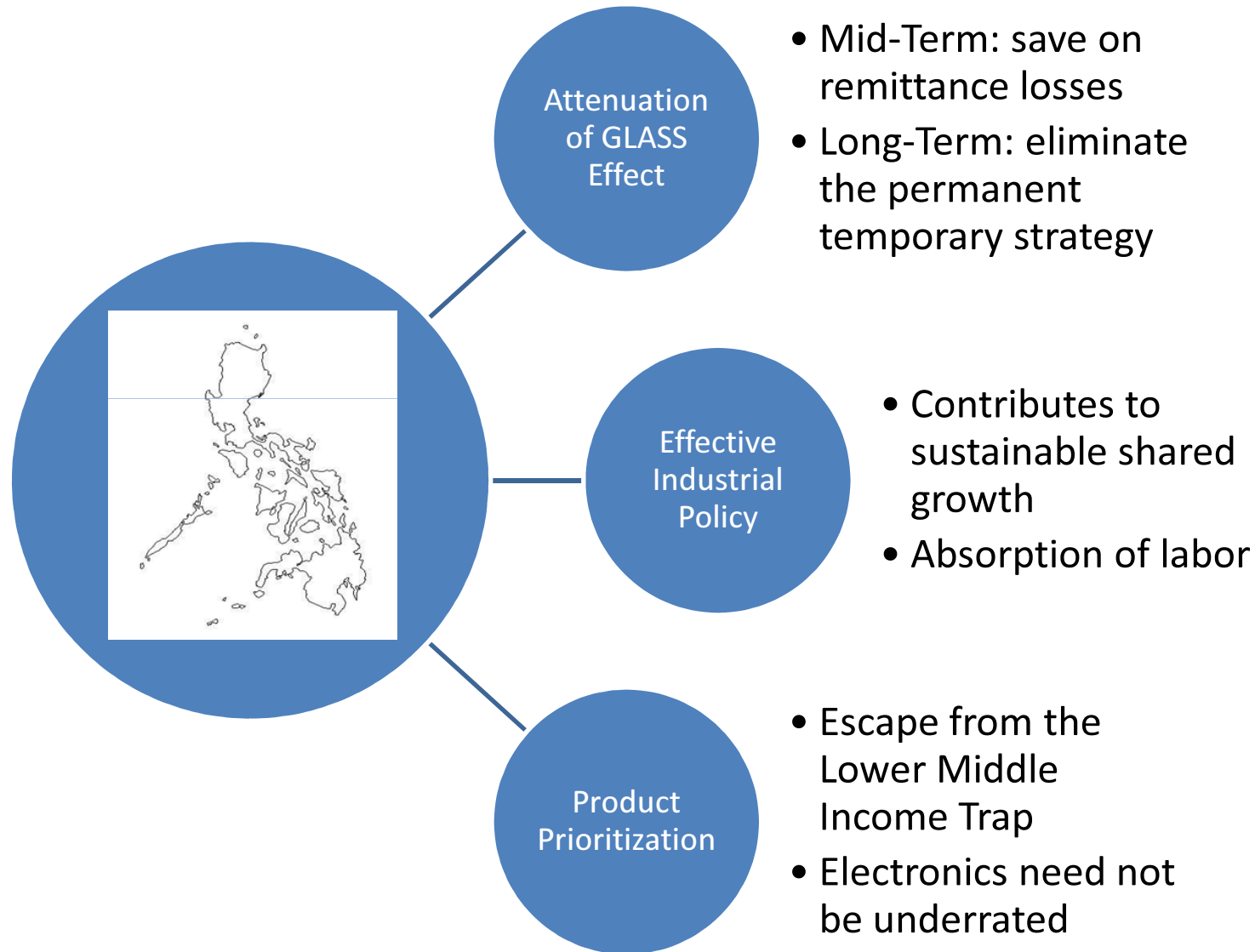
Thoughts from invited guest