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The empress has no clothes

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First on President Macapagal-Arroyo's 10-point agenda is the creation of 6 million to 10 million jobs in the next six years. This merely extends the administration's million-jobs-a-year program. But by aggregating results over a six-year period, the President and her advisers found an excellent soundbite: 6 million to 10 million jobs over six years.

Behind those seemingly impressive numbers lies a grim scenario. Creating six million jobs over six years will leave more than six million Filipinos unemployed and raise the unemployment rate to a high 14.5 percent in 2010.

Here's some unpleasant arithmetic using official statistics. In the last three years, the working age population (15-65 years old) grew three percent per year while the labor force expanded four percent. If we take the midpoint and assume that the labor force will grow 3.5 percent in the next six years, it will reach 43 million in 2010, from 35 million today, an increase of eight million workers. But since only six million jobs will be generated (the lower end of the administration's target range), two million workers will swell the ranks of the unemployed.

With four million unemployed today, this will bring the number to six million in 2010. Already, the current unemployment rate of 12 percent matches levels reached during the mid-1980s depression. With its 10-point legacy, the Arroyo administration will drive unemployment to record highs in the next six years. Ms Arroyo may have offered a measurable target against which to judge her administration's performance six years hence, but the target hardly measures up to the task at hand.

Superfluous jobs

Aiming for six million jobs over six years, or a million jobs a year, is neither being bold nor ambitious. The Arroyo administration did it in its first three years when the economy created more than three million jobs. Yet the same period saw unemployment climb up to 4.2 million from 3.6 million when Ms Arroyo came to power. Obviously, a million jobs are not enough.

That is not to mention the poor quality of jobs generated-self-employment and part-time work in low-wage industries. Four out of 10 jobs generated in the last three years were self-employment, mostly unproductive and superfluous ones taken up by workers unable to land jobs in the formal sector.

Six out of 10 jobs created were part-time work; four of these employed work for less than 20 hours a week. There are today as many workers employed for no more than 20 hours a week as there are absolutely unemployed workers.

Finally, six out of 10 jobs added were in the service sector and three in agriculture. The industrial sector contributed only one new job for every 10. Service sector jobs came from private households, wholesale and retail trade, and repair services, as well as transport, storage and communication. Although the latter includes the high-wage communications industry, the bulk are transport workers-tricycle and pedicab drivers.

Population growth

Besides needing to raise the quality of employment, the government faces a major challenge in relation to job creation. High population growth has become a big burden today with the working age population growing by close to three percent annually. The problem is compounded by the massive backlog in job creation accumulated over the last six years, despite respectable economic growth during this period. The result is a rapidly growing labor force.

The challenge to economic policy, therefore, is how to improve the capacity of the economy to generate adequate quality employment. The issue goes beyond sustaining the current growth cycle, which has had little impact on employment generation. Rather it is how to close the gap between economic growth and employment generation.

The disconnect between growth and job creation can be traced to the poor quality of growth. Economic growth has been concentrated in areas where job generation is limited and quality of employment is poor (agriculture, exports, and informal services). Economic reforms such as trade liberalization and the absence of an industrial strategy have undermined further job creation.

The administration thus faces a truly enormous task. To make a dent on unemployment, it must attain the higher end of its target range: 9 million to 10 million jobs in the next six years. Only then will it begin to make a difference.

That's a tall order. Based on performance in the last three years, the economy must grow 6 to 7 percent each year in the next six years to generate 9 million to 10 million jobs. It has been expanding 4 to 5 percent annually in the last six years. Twelve years of sustained growth at this pace would signal a clear break from the short, 5 to 6 year boom-bust cycles of the last 20 years.

Deficit and debt

Is this a likely scenario? Not with government sinking deeper into deficit and debt by the day. The unresolved fiscal crisis, which amazingly has proved resistant to economic growth, threatens to end the current upswing. Like weak job creation, our fiscal woes have more to do with dysfunctional growth than corruption and poor governance, with the economy growing in non-taxable sectors. Past economic reforms even eroded the revenue base. Continuing with current economic policies now merely brings us closer to the next recession.

Six million Filipinos have been promised with jobs over the next six years. But for another six million, the outlook is bleak.

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Not just GMA's, but everyone's work

By Rigoberto D. Tiglao, Presidential Chief of Staff

First, let's get this out of the way. From April 2003 to April 2004, 1.9 million new jobs were created, according to the latest labor force survey.

If that rate can be maintained from April 2004 to April 2010, that would mean 11.4 million new jobs, a million more than President Macapagal-Arroyo's upper target of 10 million jobs. It is 3 million more than the slapdash extrapolation of 8 million Filipinos needing jobs by 2010. What "unpleasant arithmetic" is the Labor Education and Research Network talking about?

Understanding what the job-creation goal is all about and why it is listed as No. 1 on the list of Ms Arroyo's 10-point agenda is more important than rebutting phony arithmetical arguments.

Most urgent

First, it focuses her administration on fulfilling a basic task of a republic: to take care of its members. Having a livelihood is the most urgent need of five million unemployed Filipinos. Poverty alleviation cannot be through dole outs, but through jobs.

Second, job creation is the outcome of practically all reform efforts. It is the overarching goal of the President.

Job creation will be the outcome of fixing everything that needs to be fixed in the economy in order to spur business investments and make ours a vibrant market. After all, it is not government that can provide jobs. It is enterprises, from the biggest conglomerates to the smallest carinderia.

Job creation involves achieving such things as keeping low inflation rates, maintaining a stable exchange rate, offering a regulatory framework that makes starting and operating a business easy, making capital available to entrepreneurs, providing sufficient infrastructure, strengthening government finances, and empowering people with the skills needed for employment.

Ms Arroyo's 10-point agenda is not a mere shopping list. Job creation is the end-result of the rest of the 10-point agenda. Look at each goal and their outcome will be job creation.

Clark and Subic

For instance, look at Goal No. 7: the development of Clark and Subic into the best international service and logistic centers in the region. That means taking advantage of Clark and Subic's infrastructure and strategic location to make them an ideal site for international service and logistic enterprises, which obviously would require thousands of new employees. Clark and Subic will also be catalysts for growth in Central Luzon, creating opportunities for farmers' children to seek new careers.

Universal education, Goal No. 2, obviously will result in providing the poorest with the mental and skills capacity to get jobs. Note that the unemployed are mainly the uneducated. Of the five million Filipinos unemployed, nearly two-thirds did not complete high school or even elementary, according to the April 2004 labor force survey.

Even Goals 8, 9 and 10, or the political goals, will really lead to job creation: automation of the electoral process, an end to insurgency, and closure of the divisions spawned by the Edsa people uprising.

Our country's big lesson since 1983, when the Marcos regime started tottering, is that political stability and peace and order are essential for investments, and therefore job creation.

Wakaoji kidnapping

Why have Malaysia and Thailand overtaken us?

Little notice is given to the fact that from 1987 to 1990 Japanese business started its "hallowing out" move in which industries relocated to Asia and Latin America to take advantage of the devalued yen. It was that migration of Japanese investments that triggered the growth of Malaysia and Thailand.

But we missed that wave of Japanese investments because of the coup attempts and the Wakaoji kidnapping, which was allegedly perpetrated by the New People's Army (NPA). While Gringo Honasan and the NPA were basking in their swashbuckling rebel image, the country was saying goodbye to probably more than a potential million jobs a year.

Mindanao has rich resources and is an agri-business site. But tell that to foreign investors who read newspaper accounts of attacks by the Moro Islamic Liberation Front and kidnappings by the Abu Sayyaf.

Automation of the electoral process ensures removing the de facto interregnum between the casting and the counting of ballots. An end to the communist and Moro insurgency opens up vast areas for business investment. Healing the wounds caused by Edsa II will end destabilization plots and unite the country into focusing on implementing policies that will stimulate economic growth.

Yes, job creation is ultimately the result of sustained economic growth, and estimates are that the creation of 10 million jobs requires the gross national product (GNP) to grow by an annual average of seven percent.

Elite

So why didn't the President simply declare something like a "747" goal, that is, a GNP growth of 7 percent every year over the next 7 years?

It focuses her government not on the means, economic growth, but on the end: jobs for all. After all, economic growth without providing jobs to members of most of the republic will make it only a republic of the tiny elite.

It represents a commitment: that the poor cannot wait for the GNP to grow. There is such a thing as "jobless growth," a phenomenon some economists say occurred in 1994 and 1995.

Setting the provision of jobs as a primary goal requires that government find the ways and means to create them without distorting the economic structure and making capital investments unattractive.

Road maintenance

For instance, the President's "Kalsada Natin, Alagaan Natin," a road maintenance program, could have been undertaken by importing New-York or Tokyo-type road cleaning tractors.

But with job-creation as her priority, the President directed that the program be designed as an employment mechanism for the least skilled of our countrymen. Estimates are that the Kalsada program created jobs for about 250,000 Filipinos. A mechanized design would have generated only 20,000 jobs.

Another example is the President's focus over the past two years on making available financing not only to small and medium enterprises (SMEs) but also to micro-businesses, which account for the bulk of employment. Her focus creates a different mindset for the rest of the bureaucracy.

The Development Bank of the Philippines has scrambled to find ways to provide SMEs with easier access to working capital. Thus, there is the DBP's newly unveiled program for SMEs to sell their receivables in an exchange.

For its part, the Land Bank of the Philippines had provided about P10 billion to cooperatives, non-government organizations, and thrift banks for lending to micro-businesses, or those requiring a capital of P10,000 and below.

Loan for students

Even the Students' Assistance Fund for a Strong Republic, a loan window for graduating students, is intended to create jobs, as a college degree is a requirement for most jobs.

The jobs-creation program is hardly just a soundbite, much, much less an overly ambitious program.

The past three years saw serious armed and unarmed attempts at overthrowing the government, a full-blown global terrorist threat with the Philippines as one of its targets, an international health problem, and the world economy still in the doldrums.

Despite these difficulties, jobs created from January 2001 to January 2004 totaled 3.4 million, or an annual average of 1.1 million, more than double the 500,000 generated yearly under the Estrada administration. The annual rate of job creation under Ms Arroyo's first term already means 6.6 million jobs in six years.

Faster

The figure cited at the start of this piece, 1.9 million jobs created from April 2003 to April 2004, represents faster job creation as political instability receded. But that rate was achieved without a full-blown economic reform program, without the rest of the 10-point agenda.

The domestic and internal clouds are indeed fast clearing. The other nine goals of the 10-point program will accelerate job creation, and Ms Arroyo will be undertaking her reform program unburdened by politics.

But job-creation is not only the work of government. It requires that all Filipinos embrace a sense of community, of brotherhood in the republic.

This is especially so for the elite: Does one really need that P6-million Jaguar XJ or that \$500,000-Manhattan apartment? Shouldn't one just expand his factory, or set up a paluwagang pangnegosyo, or micro-financing facility for his employees?

Rather than ideologically motivated doomsaying and "that's-impossible-to-achieve" ranting, why don't we all just buckle down and create jobs?