



Letter to the Editor  
July 13, 2004

### **Reply to Mr Tiglao: More Unpleasant Arithmetic**

Presidential Chief of Staff Rigoberto Tiglao in his article ('Talk of the Town: Will GMA's 6 M jobs ease unemployment?,' *PDI*, 7/11/2004) asks: "What 'unpleasant arithmetic' is the Labor Education and Research Network talking about?" We were clear enough: six million jobs in the next six years is less than the eight million workers expected to join the labor force. That will leave six million Filipinos jobless, raising the unemployment rate to a record high 14.5% in 2010.

Nowhere in his article does Mr Tiglao refute this point. Instead, he evades the issue by saying that if the pace of job creation in April 2004 can be maintained to April 2010 the Arroyo administration would create 11.4 million jobs during its term. He calculated job creation in April 2004 at 1.9 million.

Well, here's more unpleasant arithmetic. According to the latest labor force survey, the number of jobs in the economy stood at 31.5 million in April 2004, compared with 30.4 million in April 2003. Net job creation—the difference in the number of jobs between two periods—was 1.1 million (35.2 million – 34.1 million = 1.1 million), not 1.9 million as Mr Tiglao calculated. The number of jobs created in April translates to 6.6 million new jobs over six years, not 11.4 million as Mr Tiglao extrapolated.

We point out this error only because it seems this was the basis of the President's promise to create "perhaps, even 10 million jobs". We hope we are wrong.

While the April round of the quarterly labor force survey is not a good basis for projecting annual trends, the latest survey highlights the predicament facing government, namely, that the number of job seekers is growing faster than the number of jobs, a fact that Economic Planning Secretary Romulo Neri admits (*PDI*, 7/13/2004). For example, the labor force grew 5.4% in April 2004 from its year-ago level. If this pace were sustained in the next six years (we think this is highly unlikely), it would mean an increase of 14.6 million workers in the labor force by 2010. That is 4.6 million workers *more than* the administration's upper target of 10 million jobs.

Nonetheless, two important points emerge from Mr Tiglao's article. First, government should aim for *at least* 10 million jobs if it is to make a dent on unemployment. That should end all talk of creating six million jobs as if it were such a big thing, which it isn't. This leads to false conclusions, like that of one economist congressman, a reputed finance wizard, who has been going around town proclaiming that the President will soon wipe out unemployment!



Second, once we get our numbers right, the real issues are whether the government is serious in its promise, and whether it has the right economic strategy to back it up. Mr Tiglao's lengthy exposition of the rest of the 10-point agenda makes us worry even more that the government is trying to tackle joblessness, the country's no. 1 problem, with solutions that do not directly address the problem. While student loans, computerization of elections, peace talks, and a portfolio of ODA projects may generate some social good, they do not constitute a full-employment strategy.

Like Mr Tiglao we do recognize the need to buckle down, especially on the part of our political leaders starting with the President. But unlike him, we do believe that a public debate on economic targets and policies—as well as the ideology behind those policies—is not a waste of time. Indeed, it is necessary if we are to begin to reverse the two decades-long decline in the economy. Despite his undisguised irritation, Mr Tiglao must be commended for taking up the challenge.

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