

# Philippine labour migration to Taiwan: Social, political, demographic, and economic dimensions

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## Abstract

The Philippines has become one of today's leading exporters of migrants. This migration flow largely results from internal demographic and economic pressures, but has also been brought about by the policy decisions of the Philippine government which sees potential relief from remittances and reduction of unemployment. The continued cycling of labour migrants for more than 30 years has resulted in a "culture" of migration. Destinations for temporary labour migrants are influenced as well by demographic determinants such as low birth rates in the destination country, leading to a need for labourers, and high birth rates in the sending country, leading to surplus labourers.

**Keywords:** Philippines; Taiwan; labour migration; culture of migration.

## Historical Background

The Philippines has a long history as a sending nation and has become one of today's leading exporters of migrants (Abella 1993; Martin 1993; Tan 2001). According to the Philippine Overseas Employment Administration (POEA), over one million Overseas Filipino Workers (OFWs) are deployed overseas. Departures for overseas employment have reached over 2500 daily as the government encourages the under/unemployed to go abroad. The Philippine government claims that sending large numbers of workers abroad helps

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ease the strain on the local economy while providing billions of US dollars in remittances.

Because of their historical, linguistic, cultural, and political ties with Western nations, Filipinos began to emigrate to Europe, Mexico, and the United States in the late 1800s. In the period from 1900 to the 1930s in particular, labor migrants were recruited from the Philippines to work in farming in Hawaii. Migration slowly increased throughout the mid 1900s. By the early 1970s, then President Marcos had begun the “temporary” policy of government driven labor migration “to ease massive unemployment and to bring in foreign currency” (Lan 2000). By the early 1980s, many Filipinos had permanently emigrated to the US and other countries and nearly a half million labor migrants were working abroad as domestic servants, construction workers, skilled technicians, nurses, factory workers, and seafarers. The government of the Philippines, seeing the potential in remittances and reduction of unemployment, further encouraged labor migration as one of its official development strategies (Martin 1993; Aguilar 2000; Tan 2001). In 1982, the government established the POEA to promote and regularize a then mostly illegal labor migration. Throughout the 1980s and 90s, remittances from OFWs accounted for up to 9% of the GNP (Tan 2001; Migration News 1999).

### **Demographic and Economic Push Mechanisms**

There are a number of macro-level explanations for the necessity of Philippine labor migration. In particular, a combination of economic and demographic mechanisms has resulted in a very sizeable, young population with high rates of unemployment and a lack of domestic opportunities. Furthermore, an absence of direct foreign investments, a weak export market, and considerable foreign debt left few possible solutions for an unstable government in the years after the fall of the Marcos regime. Finally, protectionist economic policies and a dependency on export of labor have hindered development of domestic markets and thus require the continued export of labor.

While most Southeast Asian countries have progressed through the demographic transition, the Philippines has been slow to reduce fertility rates while life expectancy has increased (Skeldon 1992; Abella 1993; Asis 2000). For example, the total fertility rate for the Philippines was 6.1 in the 1960s, falling to 4.3 in the late 1980s (Abella 1993), and to 3.2 by 2005 (U.S. Census Bureau 2006). In the last century, the population has increased from approximately 7.6 million to 76.5 million (National Statistics Office, 2005) resulting from these high fertility rates and ultimately leading to a high dependency ratio (Abella 1993). While beginning to show recent evidence of slowing, the population increase and resulting population momentum has added almost a million new job seekers to the work force annually (Abella 1993).

New employment opportunities are few. Unemployment rates in Philippines ranged between 8 to 14 percent in the period 1986 to 2005. Underemployment remained consistently above 20 percent, hitting as high as 26 percent in April 2005 (National Statistics Office 2006). Yet economic conditions and government practices did not allowed industries to keep up with the demand for jobs throughout most of the late twentieth century. Protectionist industrial policies of the 1960s to 1980s, designed to support domestic producers, have been blamed for limiting development by creating disincentives to upgrading industrial infrastructure (Bautista 1985; Abella 1993; Alburo 1993; Habito et al. 1993; Medalla 2006). In the 1990s, more liberal economic policies were adopted, yet were hampered by the high rates of unemployment and population growth. An international recession in the early 1990s and high rate of inflation slowed economic development (Asian Development Bank 1997). While the economy began to recover to some degree in the mid to late 1990s, foreign debt levels, due to governmental spending, reached nearly 80% of the GDP (Asian Development Bank 2006).

Thus, the increasing labor pool and high unemployment together with lack of funds from export of goods or investment created a situation in which the only remedy was to

send young laborers abroad. A study of migrants from four sending communities found that these macro-level, economic and demographic causes translate directly to the micro level: "Respondents' explanations as to why many people in their community migrate were essentially economic: lack of employment opportunities, meager incomes and the desire to improve status compel people to seek work outside the country" (Asis 1995). Abella (1993) further explains how the choice to migrate occurs at the family level as a reaction to macro-level forces:

*The Filipino family has become "transnational" in an effort to protect itself from declining real incomes and standards of living, and to achieve family aims for investment in education and acquisition of other productive assets including land and housing. The opening up of labour markets overseas during the last two decades gave an international dimension to what would otherwise be an internal reallocation of family labour to minimize risks. Since opportunities for complete relocation of the family in the more affluent countries are very limited, the large proportion have opted for the only avenue possible by sending one or more family members abroad.*

It was argued by the government that export of labor would produce economic returns for the country in the form of remittances and savings brought back to the families remaining in the Philippines. However, Alburo (1993) shows that while earnings from OFWS have had very marginal positive effects on domestic growth, most spending has been on imported consumer durables and improvements to residential properties with less than two percent of remittances going toward small businesses or investment.

### **Governmental Policies Maintain Culture of Migration**

The government's involvement in organizing and promoting labor migration has created a "culture of migration" that permeates all levels of the society. Overseas employment is highly organized and bureaucratized and is overseen by an Inter-Agency Committee including the Philippine Overseas Employment Administration (POEA), the Overseas Workers Welfare Administration (OWWA), and the Bureau

of Immigration (BI) and governed by the Migrant Workers and Overseas Filipinos Act of 1995.

Filipino workers are screened and then go abroad with special contract worker passports. Private Filipino recruiters go abroad to find jobs for Filipinos to fill, get the Philippine government to approve the contract, and then find Filipino workers to go abroad. But these recruitment activities and protections come at a cost, which is typically borne by the worker. Since most Filipinos go abroad legally, they cannot escape these costs. However, as labour exports shift to Asia – where salaries are lower and employee-paid recruitment fees are higher- the wedge between gross and net foreign earnings widens to the disadvantage of the worker (Martin 1993: 643).

While the majority of the total permanent emigration from the Philippines is destined for the United States, there is an almost equally sizable flow of *temporary* workers to the Middle East and Asia. More than one million OFWs were legally deployed abroad. Of those, 93.8 percent were overseas contract workers (OCWs), 76.5 percent working in Asia alone. Unlike other nations, the migrant flows are relatively balanced between genders with 52.5 percent males and 47.5 percent females (National Statistics Office 2003).

There is strong significance placed by the Filipino government on the workers it sends abroad. Repeatedly OFWs are portrayed as “modern day heroes” for the economic support they give their nation. Annually select workers are recognized by the POEA and presented an award by the Philippine president (Department of Labor and Employment 2003). Similar to the way the USO visits troops, government officials, famous performers, and cultural icons regularly visit OFWs abroad. In 2002, President Macapagal-Arroyo addressed the “kababayans”<sup>2</sup> in Taiwan specifically emphasizing the strong ties between the two nations and the importance of their work: “As Filipinos living in a foreign land, you have the distinct role of serving as our country's ambas-

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<sup>2</sup> Literally *townspeople* or *countrymen* in Tagalog.

sadors of goodwill in your host country. You are called upon to serve as agents of our country in fostering stronger cultural, political and economic ties between our country and Taiwan” (Macapagal-Arroyo 2002).

Unlike many other sending countries, the Philippines tries to retain its labor migrants, encouraging them to go abroad, but granting them benefits and enticements to return. While working abroad, Filipinos may receive many of the benefits of citizenship such as entitled to sickness, maternity, disability, retirement, death, and 13th month benefits through the Social Security System, as well as absentee voting and dual citizenship. Thus, governmental policies of encouraging temporary migration, providing services for migrants abroad, helping them to maintain cultural and political ties to the homeland and granting benefits to them has created a culture of migration. For almost thirty years, the government has promoted the exportation of labor, creating a constantly circulating population and the expectation that one will go abroad at some point in their lives. Asis (1995) explains, “migration has become routine and taken-for-granted... woven into the community’s everyday life.”

### **Taiwan: History of Reception**

Taiwan is in many ways the opposite of the Philippines. A rapid transition from a total fertility rate of 5.10 in 1964 to 1.4 in 2001 (Chang 2003), as well as rapid industrialization and development of a robust export market encouraged by government policy, have placed Taiwan among Southeast Asia’s “Four Tiger” economies (Skeldon 1992). Taiwan has a work force of 10 million and an unemployment rate of around 4% (Bureau of Statistics 2006). Major reasons for the importation of labor have included: slow population growth, aging workforce, gendered division of labor, increased educational attainment, attempts to unionize labor, and rising domestic labor costs (Martin 1993; Chan 1999).

Taiwan’s diminishing importance of agriculture in the 1960s and growth in labor intensive industry and service sectors led to a greater demand for labor (Chan 1999). By the

1980s, the decline in the fertility rate had resulted in slower population growth and fewer available workers. In addition, while female labor participation had increased to 40 percent there was a well-defined gendered division of labor. At the same time, the increasing years spent in education delayed entry into the labor market of younger generations. Finally, as labor became better educated and in shorter supply, labor costs began to rise. Workers involved in the “3D” occupations (dirty, difficult, and dangerous) had begun to unionize arguing for better working conditions and more pay. This conflict between labor rights organizations and industry has been attributed by some as the true cause for importation of foreign labor (Ciceri 2003). As it was, by the mid 1980s, up to 100,000 foreign workers were employed illegally in Taiwan. At this point the government decided, under pressure from industry and growing public concern, to legalize and regulate the importation of foreign workers in designated projects and with strict quotas.

While the Council of Labor Affairs (CLA) approved legal importation of workers for specific government infrastructure projects it was not until the ‘Employment Service Act’ of 1992 that the government officially outlined its policy on importation of labor. Migrant labor activist Lorna Kung, former Director of the Foreign Workers’ Counseling Service in the Taipei Labour Affairs Bureau, describes the policy as being “coercive,” “conservative,” “isolation oriented,” and “marginalizing.”

By limiting work visas to construction positions on major government infrastructure projects, factory labor jobs, heavy industry, export processing zones and low wage service positions such as domestic workers and nurses aides the CLA has not allowed foreign labor to fully compete with the domestic labor pool. Likewise, by requiring employers in these select industries to first search for local hires before petitioning for foreign labor, as well as setting quotas for each employer with a 30 to 35 percent cap on foreign hires, the CLA has attempted to satisfy industrial demand for workers while attempting to protect jobs for native-born workers.

However, industries are still eager to increase the number of foreign workers (while simultaneously dropping wages). Domestic labor activists see this as extremely detrimental to local workers.

In an attempt to thwart permanent immigration due to the importation of labor migrants, the government has taken to limiting the period of time a foreign worker may stay in Taiwan. According to the 1992 laws, workers could stay up to two years before having to return to their home countries. Today, while workers may stay for up to three years then reapply to return for up to three more years, they are still barred from becoming permanent residents. There is no provision for changing their visa status from contract foreign laborer to resident as Stein (2003) illustrates, "The contracts are meant to be short term. Once they have finished, importing nations are eager to ensure that the workers won't find a way to stay... Foreign workers who think marriage to a Taiwanese national is the route to permanent residency are out of luck: Marriage is grounds for immediate deportation."

While there is great fear that the migrant will want to settle permanently in Taiwan, there is also fear that they bring with them social and health problems. For this reason, workers are required to provide a background check or "certificate of good conduct" from their homeland as well as submit to a medical exam including tests for HIV and other STDs, parasites, tuberculosis, pneumonia, and other communicable diseases (Lee and Wang 1996). These medical checks are required before departure to Taiwan, as well as bi-annually while residing there. Until 2002, they also included mandatory pregnancy tests to limit births to foreign mothers while in Taiwan.

By 1995, the CLA had established the first Foreign Labor Affairs Center to prepare policy, coordinate and manage agencies involved in the importation of labor, as well as oversee the paperwork involved in the recruitment of laborers (Chan 1999). Paradoxically, the Foreign Labor Affairs Center was also to act as mediator for labor complaints and provide information on rights and responsibilities to laborers



(Chan 1999). In 1998, nine more regional centers were established to complete the Nationwide Foreign Labor Management and Information System. While the objective of this system is obviously to manage labor migration in a unified and comprehensive manor, the result is often discordant and even inconsistent. Fr. Bruno Ciceri, director of Stella Maris International Service Center in Kahosiung, Taiwan, was interviewed on this matter. He explained:

*...it depends on which labour bureau you are dealing. You have a different thing. Sometimes we have a case, I would say, with the Labour bureau in Kaohsiung, and we deal in a certain way. After, you have the same case with the Kaohsiung Shien [County], and it's totally different because the interpretation of the law is different... There is no common interpretation, so it's really difficult to deal with because it's all up to the mood of the person there.... There should be a common policy that is implemented from the north to south and south to north. That would be better. But, there's no such a thing.*

### **The Chen Administration**

According to Lorna Kung (2003), the 2000 election of President Chen Shui-Bian led to important policy changes in Taiwan's importation of labor migrants. The Chen administration's goals were to reduce the quotas of foreign workers by 15,000 annually, institute direct hiring of workers in the sending countries, and, in response to international pressure from NGOs, improve human rights. By early 2002, many of these new policies had been made law; however, as Kung claims, little has actually changed. For example, she explains that while it is illegal today for the employer to administer pregnancy tests, when they find a worker is pregnant they still send her home, as there is no way for her to change her employment status under the current law. Fortune magazine writer Nicholas Stein agrees: "Though Taiwan recently changed its law to allow pregnant workers to stay, in practice they are typically given the choice of abortion or deportation" (Stein 2003). Forced savings likewise has been illegal since 1998 and reiterated in the new policies, nevertheless

deductions in the form of bonds or liens and “voluntary” savings still occur.

Changes were made to the broker’s placement fees, wages, and policies regarding direct hiring. The effect however, has been disadvantageous to the worker. The new limits on broker placement fees were intended to work in the interest of the worker and restrict their systematic exploitation. Yet, these changes, while indeed restricting and limiting the placement fee, simply resulted in a legalized “monthly service charge” that in many cases was greater than the original placement fee. At the same time that fees were increased, real wages were cut as employers were allowed to deduct fees for room and board (once a contractual benefit to the worker). These cuts and fees total more than a third of the workers minimum monthly salary.

The change to allow direct hiring also was intended to benefit the foreign worker. Employers were granted the ability to by-pass brokers in Taiwan and placement agents in the sending countries and directly hire employees. However, with very few exceptions, direct hiring was not instituted as, according to Kung (2003), the cost to employers in time, money, and resources to negotiate the highly bureaucratized system were too prohibitive.

In theory there are many possible benefits to the importation of foreign labor: “Poor countries reduce their unemployment, wealthy countries get cheaper labor, and the workers earn far more abroad that they could at home” (Stein 2003). However, in actuality the Philippine - Taiwan labor migration results in abuse and mistreatment. Policies that are intended to protect foreign workers as well as domestic labor markets have often worked instead to further exploitation. Moreover, as Stein (2003) explains:

*The labor trade means jobs and capital will stay in their countries and not get shipped to China. Nations that import labor also tailor their laws to keep local factories happy. To hold turnover to a minimum, governments allow factories to retain workers' passports, impose curfews, and deduct compulsory*

*savings bonds--or "run-away insurance"--which workers get back only when they have completed their contract.*

### **Conclusions**

Much of the flow of labor migrants from the Philippines to Taiwan may be attributed to macro-level demographic, social, and economic pressures. Policy changes have also played an important role. The Philippine policy of promoting labor migration while supporting the eventual return of these migrants and the shift in Taiwan's policy toward open recruitment of foreign workers have contributed to the normalization and regularity of the migrant flow between these countries. The role of NGOs and labor rights groups in influencing policy decisions has been especially important during the administration of President Chen. However the changes in policy made by Chen, which were intended to satisfy both human rights groups and industry, have only contributed to the problems faced by labor by reducing their real incomes and restricting their rights while residing in Taiwan. Moreover, policies that were intended to restrict the size of the migrant population and minimize the social impact on the populace have promoted an increase in the number of migrants and insured the constant circulation of new individuals. Following the theory of Cumulative Causation (Massey et al. 1994) as more Filipino migrants are exposed to Taiwan they will gain social and human capital in that setting, and then return to the Philippines where they will, by example, promote a continued migration flow.

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