

Globalization and Human Resource Development for the Informal Sector

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Backgrounder

Globalization comes to the Philippines at an inopportune time. Countries which have benefited optimally from globalization went through inward-directed phases in their social and economic development. The Group of Seven Western Powers, the Asian tigers like Japan, Taiwan, South Korea and now, the dragon economy of China, first made themselves ready before joining the global competition - they implemented land reform, became self-sufficient in food, engaged in self-reliance programs for basic industries, experienced import-substitution in various degrees, launched locally-driven industrialization and had centuries of closed-door trade policies. These countries first undertook phases of self preparation and protectionism before going all-out in the global fray. Even today, Japan, the European Union and the United States of America remain protectionist in their policies (e.g. key industries, labor supply, migration, etc.) even while mouthing platitudes on the supposed borderless world. Norway and its Scandinavian neighbors are among the ten (10) most progressive nations but have opted to stay away from the globalization charade.

Our country's lack of preparedness puts us at a disadvantage as we join the global competition without reservations. We have

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made little headway in self-preparation through four decades of development efforts. Our economy is structurally flawed, with agriculture stagnating, industry constricting, and the tertiary sector over-expanding. The informal sector hovers between 45% - 55% of the labor force, manifesting the paradoxical contraction of the formal sector throughout more than ten (10) years of liberalization and deregulation since the Marcos administration's structural adjustment program (SAP) in 1983. Yet the Philippines is among the most enthusiastic of global players, lowering its tariffs faster than its neighbors and opening its entire economy, including land ownership and retail trade, without caution. Apparently, the lessons of "parity rights" and "free trade" during the American colonial period have hardly been learned.

Our country's extreme outward-orientation is reflective of Filipino culture. Our gregariousness, hospitality and over-eagerness often border on naiveté. Another possible explanation could be that we succumbed too soon to the scare tactics of the First World: "go global or perish." In the past, sages talked of "bringing the present to the future, not bringing the future to the present." But the over-zealousness of government and its macro-economic planners allowed the Philippines to be easily overtaken by the future. Globalization is unavoidably now with us to stay; it has now become one of the "givens."

Globalization as world environment

The United Nations Development Programme's (UNDP) Human Development Report 1999, describes globalization as the increasing interdependence of people in today's world characterized by shrinking space, shrinking time and disappearing borders. UNDP proceeds to distinguish today's globalization from that which occurred in the early 16th century during the age of exploration and colonization.

Today's globalization has four elements: (1) new markets (foreign exchange and capital markets linked globally, operating 24 hours a day, with dealings at a distance in real time); (2) new tools (internet links, cellular phones, multi media networks); (3) new actors (the World Trade Organization [WTO] with authority over national governments; the multinational corporations with more economic power than many states; the global networks of non-government organization and other groups that transcend national boundaries); and (4) new rules (multilateral agreements on trade, services and intellectual property, backed by strong enforcement