

## ***Globalization = Mobility = Freedom***

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Many people, me included, like to travel, whether domestic or international. Especially if it is your first time to set foot on a particular place. Transporting oneself from one place to another is very liberating because it allows him/her to observe other people's culture, economic systems, and natural environment. But very often, one does not have to transport himself to those beautiful or enchanting places. Technology brings those sights in front of him through the internet, magazines, newspapers, and other media. Or people who have seen those places narrate to their friends what they have observed, showing photos from their digital cameras or posted in their own blogs and the web.

People want mobility; they aspire for it. The more mobile you are, the more freedom you have. You can escape or avoid unsightly or undesirable neighborhood, residential communities, schools or workplaces, and go to other places. Such mobility is not contained within the country, but across countries.

Some people tend to associate "globalization" only with capital movement across countries, and the perceived exploitation by foreign capitalists of local workers and the environment. Hence, the opposition to "corporate globalization". The implication is hard lobbies and political pressures to their governments to control and minimize the inflow of foreign capital and foreign technology into the country.

But globalization is mobility not only of capital, but also of labor, music, dances, sports, education, technology; activists, capitalists, professionals, entertainers, athletes, and so on. When cable tv and the web brings us exciting races in Formula 1 or Tour de France, or the triumphs of Michael Jordan and Roger Federer, or the live concerts of Eminem and Shakira, or the latest bombings in Iraq and Israel, that is globalization. When many of your countrymen move abroad to work or study, or the famous white sand beaches and mountain resorts in your country attracts lots of tourists and vacationers from abroad, that's globalization.

Many people on their own want free mobility as much as possible. But governments, backed up by certain protectionist interests, dislike free mobility of people, goods and services. Visitor visa system, high import tariffs rates and other import restrictions, not only restrict freer mobility of said people and things, but also bring in cash to the state for the official and/or personal expenditures of politicians and bureaucrats of such countries.

Mobility means freedom. Freedom or liberty means the absence of external coercion on men and women by others. Various forms of restrictions to mobility of people, goods and services constitutes varying forms of government coercion. People should assert their inherent right to mobility. Only the threat of a potentially harsh environment (economic and natural) in destination place should prevent people from moving away, not government.

During the last World Cup, a small and "lowly" African country, Senegal, beat the defending world champion France in the eliminations round. It was one of the "shocking" results of that world cup. Why? One important reason is because Senegal "exported" or "brain-drained" some of its best soccer players to play abroad, in European football clubs, especially. Then one day the boys came home to play for their national flag, and the players used the experience and talent they gained while working and playing abroad. And they beat and eliminated the reigning, the defending, world champion!

For me that's one big advantage of brain gain. And I don't believe in "brain drain". Overseas Filipino Workers (OFWs) or other nationalities leaving their countries to work abroad should never be considered as brain drain. When Filipino nurses and doctors leave the hospitals they are working in the Philippines, go abroad to work in a hospital in the US or Canada or Europe or elsewhere, the health displacement is temporary. One day, some of those health professionals will come back, not as nurses or doctors, but as owners and administrators of new clinics, new hospitals, or an HMO company. The experience, talent, network and business partners, and savings they got abroad. Meanwhile, for every vacancy in nursing staff in Philippine hospitals, there are at least 2 or more new replacements, young and eager nurses who are gaining experience and possibly contemplate on working abroad after sometime too.

So simple formulation on people mobility is:

Migration = Mobility = Freedom.

Whether such migration results in some broken families back home, these are some of the costs that households can decide and risk. The same way that there are costs and risks for staying in the country for many people when jobs and pay are not enough.

The OFW phenomenon has been with us for the past 30 or hundred years, though it grew noticeably larger and faster over the past 20 years, along with faster pace of globalization (more work opportunities abroad, more competing international airlines, cheaper info and communications dissemination among families, etc.).

Maybe we just don't notice it, but the new medical and nursing schools, the new clinics and private hospitals, new HMO companies, that we have NOW, are put up or managed by health OFWs who have left the country 10, 20, or 30 years ago. They may or may not be in the Philippines physically, but the resources and network are all here.

For whatever reason or alibi, government should not put up any barrier or hurdle or hindrance to migration and mobility of people, whether health professionals or rock bands or investment analysts. If people want to go abroad, allow them. People respond to incentives, and shy away from disincentives. If staying here in the country means bearing low incomes while paying high personal income taxes, then many people would think of working abroad.

So government policies are not a good reference point for many individuals and households to decide to stay. While government says it wants to lure health professionals to stay in the country, it whacks them with double taxes -- VAT on health services (which possibly reduce their clients

since medical check-ups and medicines are now subject to higher VAT), and high personal income tax. This is not to mention the other taxes and govt. fees on their household consumption, from VAT on hamburger to excise tax & VAT on fuel products. So, households weigh the costs/risks and benefits of staying in the country. And it turns out that for many households, the costs far outweigh the benefits.

If government really wants to help the poor and the sick, government should abolish income taxes (or keep a low, flat tax) and retain VAT (I'd even favor a 15% VAT if income tax is zero) as main govt. revenue source. So that if you're a doctor (or engineer or manager or...), you keep all of your incomes (no confiscation by govt.), you keep your friends and family members here, you pay tax only when you spend, better stay here. Because in the US and Canada and UK, incomes are high but income taxes are also very high.

And yes, churn out more health professionals and other skilled people in the education and formal training institutions. So what if 200,000 nurses and doctors leave every year, if you also graduate 250,000 nurses and doctors every year. This means deregulating the education, health care, and the business environment in general. Less permits and licenses, less charges and fees, less signatures and paper work, less taxes and bureaucracies, and you'll have lots of entrepreneurial initiatives.

There are policy implications for this formulation. If migration is good (since it is voluntary, not forced), then government should not get in the way over-regulating and choosing players (and disallowing many others) in the manpower recruitment agencies. Let the sector regulate themselves, like forming their own industry associations, and these associations will police their ranks who are the recognized members (ie, good recruitment agencies) and who are not. One reason why "placement fees" for potential OFWs are very high is because there are just too few "licensed" recruitment agencies. And I would presume that the licensed ones have paid huge amount of fees, legal and under-the-table, to the government overseas placement agency, the POEA, and other government agencies. This makes working abroad an expensive option.

Finally, when people wish that "all (or most) politicians would leave and be exported", unconsciously I think, people are wishing that there be "less government". Because politicians and many many bureaucrats represent taxes, charges and fees, permits and licenses, that the citizens bear. And very often, the wastes and corruption that come with the presence of too many politicians and government bureaucrats.

### ***Migration and welfare: why they mix***

The "guest worker" and similar proposals related to migration was a hot topic in the US. In Europe, raising the mandatory retirement age and migration is a continuing hot issue too.

Some people, including previous migrants who were granted residency or citizenship in their adopted countries, want to restrict if not close the migration door since they're already in, because they see the influx of more migrants as potential competitors for the jobs or professions that they are currently practicing. If they think that way, then the locals and original citizens who

were displaced, even temporarily, when they were allowed entry, should have been correct in opposing the entry of early batches of migrants.

If you are a businessman in the US or western Europe or Japan, with global competition getting more fierce, you have 2 main choices to bring down your costs and enable you to sell at a more competitive price: (a) relocate your business or factory outside to countries where labor, taxes, land lease or rental, are cheaper, or (b) retain your business or factory in your country but hire cheaper labor, that migrants are willing to supply.

The argument of some people against the "guest worker" program in the US is that it will encourage more illegal immigration because more and more people will just make their way to the US (esp. from Mexico where one can literally run or to the border). The program proposes that those who don't have the papers to stay in the U.S. legally will be allowed to stay as long as they could find an employer who will hire them. This will irritate and give undue friction to people who apply for migration through legal ways because this is a costly and time-consuming process. Thus, the "guest worker" program is seen as rewarding violators of US migration laws while penalizing those seeking formal and legal migration entries.

I think the "guest worker" program is one way to circumvent the bureaucratic process by the US immigration laws. Many people in the US, businessmen and ordinary households alike, are in desperate needs of hiring foreign workers (like a Filipino household with young children in need of a Filipina nanny), but the US immigration procedure is so bureaucratic and strict, so some guys lobbied to have "guest worker" program rather than lobbying to change and relax the current immigration laws.

Governments (US, European, others) are supposed to be out of the picture in voluntary contracts between private companies and their potential employees, between private households and their potential household workers. Labor costs in those countries are expensive mainly because of rigid labor laws like high minimum wage, expensive mandatory health insurance, unemployment insurance, maximum working hours, paid leaves, etc. So some migrant households would rather hire their relatives or neighbors from their original countries to render household work for them at a much cheaper pay.

But the governments of rich and welfare countries would assert that they need to intervene in the private and voluntary contracts between employers and potential workers because of the "social welfare to be given" to the new-comers. One medium- to long-term option is to cut government welfare programs in exchange for tax cuts. A household who got cheap foreign workers to help in their house and take care of the kids already experience welfare, much better and more direct than some government welfare programs that require high and multiple taxes to sustain. With tax cuts, households can save more for their own HMOs and other personal and pension needs someday.

The US government can learn from the current serious "French (and German and Italian and Dutch and...) labor problem". The labor laws of the latter are so rigid, so "pro-labor", that companies and households are not hiring many people, so that unemployment is so high (10-11% unemployment rate for France for the last 30 years). The government and labor laws are too

interventionist and threatening that many companies and households are scared to hire additional workers.

The Danish government was reported to have proposed to raise retirement age from 65 to 67 (in Sweden, they're proposing retirement of up to 69 or 70+ years old). That is, for the younger generation to work longer, to maintain the expensive welfare system for an ageing and "greying" population. Another option by the Danish government is to allow more migrants, young ones. They will work long and hard, to pay high taxes, so the generous pension of the retirees will be paid by the government.

On the extension of retirement age, one may ask -- which gives more welfare: more pension but retirement age of 67 or older, or less pension but you retire at 65? And you go back to the Newtonian 3rd law of motion: for every action, there is an equal opposite reaction. Reformulated in the current issue as: for every welfare, there is an equal opposite diswelfare.