

## PART TWO:

# The Situation of Filipino Workers

1. What are the major economic problems of Filipino workers?
  - a) Employment issues: unemployment, underemployment, labor flexibility

Job security, unemployment, underemployment and labor flexibility are the biggest concerns of the working people today. Even those who are fully employed live in fear knowing they could lose their jobs anytime.

The type of jobs available remains to be a major issue. Companies seldom regularize their employees (this explains the data on part-timers) designating most of the employed as “permanent casuals” with contracts ranging from 6 - 5 months and some for even only 3 months.

Unemployment is getting worse (statistical trends support this) largely because of national policies that rigidly adhere to neo-liberal prescriptions. The problem with unemployment nowadays is that in most cases, displacement is structural in nature. This means that people who lose their jobs, especially those 30 years and above, remain jobless for a long time because of the huge amount of surplus labor or because their marketable skills have been rendered obsolete by development. (ex. 11,000 onboard radio operators permanently lost their jobs when computerized radio sets took over)



Since the “job market” is very small, most are forced to accept jobs in the so-called informal economy. Others, understandably, go abroad to work as OCWs (even without documents) because there are no available jobs for them here at home.

While a lot of workers in the formal sector, especially those employed in “sunset industries” are faced with the “hollowing out” (or the drastic reduction of workforce due primarily to outsourcing), workers in the informal sector are faced with the wholesale loss of their source of income (ex. phasing out of “outmoded” forms of transportation like tri-cycle, pedicabs, even jeepneys.)

The following are some facts and figures regarding these employment issues:

#### Unemployment

- ▣ As of April 2001, the Philippine labor force consists of 33,621,000 workers. This is approximately 48% of the total population of 70 million people.
- ▣ Of the 29,160,000 employed workers, 11,283,000 million work as part-timers who work less than 40 hours a week.
- ▣ Only 51.3% or 17,247,573 workers are wage-and-salaried earners.
- ▣ Unpaid family workers account for 11.5% of the

employed or 3,866,415.

- 12,507,012 or 37.2% are own-account workers.
- Only 68.5% or 23,030,385 work for 40 hours (and over) per week.
- 13,458,000 workers are found in the service sector, 10,915,000 in agriculture and only 4,786,000 in industry.
- With an unemployment rate of 13.3%, around 4,461,000 Filipinos are out of jobs.
- Of the unemployed, 2,609,000 are men while 1,853,000 are women.
- Most of the unemployed — 58% — come from the ages 15-24. This means new “entrants” to the labor force find it much harder to find jobs.
- Unemployment is worse in Region II at 8.5 - 10% and three regions in Mindanao: Region IX at 10 -12%, Region XI at 11.3 - 12.5% and the Caraga Region at 10.6-11.9%.
- The labor force increased by 1.05 million in the past year while only 345,000 new jobs were created.
- From January - November 2000, at least 2,030 establishments closed shop or reduced their workforces displacing a total of 61,239 workers.
- In January 2001, 231 establishments in the NCR closed down displacing 6,096 workers. A month later, 31 more companies shut down.

## Underemployment and Labor Flexibility

- As of April 2001, underemployment rate is 17.5%. This means at least 5,092,000 workers are underemployed (i.e. they do not have full and regular jobs)
- There are 2,344,000 underemployed persons working less than 40 hours a week.
- There are 2,399,000 underemployed persons working for 40 hours or more a week.
- Over 16 million workers (or more than half of the labor force) are believed to belong to the “informal sector”. These include all those working without security of tenure like contractuels, subcon-tractuals, and casuals. These workers in the informal sector also comprise the “urban poor”.

### b) Low Wages/ Income

Like all workers under capitalist systems, Filipino workers are never paid wages commensurate to their labor especially when compared to what their employers profit from such labor. Labor, after all, is not considered as capital or as an important part of the means of the production, rather, as costs of production.

While the Philippine Constitution guarantees the workers' right to a living wage, what they actually get are pitiful wages set by the Regional Tripartite Wages and Productivity Boards (RTWPPBs).



The living wage is defined by the National Wages and Productivity Commission (NWPC) as “the amount of family income needed to provide for the family’s food and non-food requirements, with sufficient allowance for savings and investments for social security, so as to enable the family to live and maintain a decent standard of human existence beyond mere subsistence level, taking into account all of the family’s physiological, social and other needs.”

Regional minimum wage is defined by the Wage Rationalization Act (RA6727) as the wage rates for each and every region of the country prescribed by the RTWPBs! And this is where the problem lies. The RTWPBs are composed of representatives from government, employers and the workers. In most cases, however, government and employers’ representatives collude with each other to come up with measly minimum wage adjustments, if at all.

The minimum wage is way below current computations for the living wage. In the NCR, as of May 2001, minimum wage is at P250 per day or P6,500 per month, while the estimated family living wage is at P15,269. This means that a family in the NCR has to have more than two wage earners to ensure a “decent standard of human existence beyond mere subsistence level.”

With the rising prices of prime commodities, obviously, the regional minimum wage is hardly enough to cover the daily requirements of the worker, not to mention the needs of his or her family.

What is more problematic is that regional minimum wages are usually violated.

Worse, women gets lower wages than men.



To top it all, it is actually the working people who are shouldering the bulk of the government's tax collection since the bulk of the BIR collections comes from indirect taxes such as the VAT. This, while rich people like Lucio Tan get away with tax evasion worth billions of pesos.

Here are some facts and figures:

- The national average daily minimum wage in the Philippines is P185.00 (as of 2<sup>nd</sup> quarter of 2000) . Daily minimum wage means basic pay plus COLA or cost of living allowance.
- The regional average daily minimum wage, i.e average pay of all regions outside the NCR is lower at P148.10
- The nominal/daily wage (what workers individual receive) in the NCR is P223.50. This is already the highest rate.
- Lowest wage rate is found in the Autonomous Region of Muslim Mindanao or ARMM with minimum wage set at P134.60
- The national average real wage is only P103.70. Real wage is the "how much the current minimum wage compares to the wage of a given base year. In this instance, the base year is 1994.
- The regional average real wage is lower at P100.43

- For every peso that a man gets in income, a woman gets only 55 centavos.
- Minimum wage violations have dramatically increased from 20.7% in 1999 to 28.4% in 2000. In other words, at least 9,165 firms are giving workers wages below the minimum wage.

### c) Poor Living Conditions



Evidently, massive unemployment and low wages cause severe poverty for a large section of the Filipino population. Poverty has many social indicators: malnutrition, lack of housing, poor quality of education, even prostitution, and drug addiction.

Below are some social indicators of poverty:

- 36.8% of the Filipinos, most of whom are workers or out of jobs, live below the national poverty line
- 21% are considered undernourished.
- At least 13% do not enjoy improved water services.
- Most of the children of workers are underweight. 28% of children under 5 years old is underweight while 30% are under height
- Those who do not know how to read or write (i.e illiteracy rate) account for at least 4.9%

## 2. What are the immediate causes of these economic problems?

### a) **Adherence of Philippine governments to neo-liberal globalization**

The Philippine government signed the GATT agreement in 1994. Gloria Macapagal-Arroyo, a senator at that time, was the leading advocate for Philippine our participation in the GATT agreement and the WTO. She is now president of the republic. We now have a leading free-market advocate for president.

Almost all presidents after “People Power 1” (the popular uprising that ousted the Marcos dictatorship) have supported neo-liberal globalization and its economic policies. Cory Aquino first ushered in these policies while Fidel V. Ramos, president from 1992 - 1998, developed them into a full blown economic plan named Philippines 2000 – basically a blueprint aimed at putting our economy into the mainstream of neo-liberal globalization.

Concretely, these governments have privatized public services and utilities. The public water system is now owned and managed by two powerful families — the Lopezes (Maynilad) and the Ayalas (Metro Water Services). With the recent passage of the “Power Sector Reform Bill”, the National Power Corporation (NAPOCOR) is now up for privatization. Most likely, these companies will again be bought and run by powerful family corporations.

### b) **Cronyism and corruption**

Cronyism essentially involves the profiting of the private sector through getting special government favors. A glaring example of a crony is Lucio Tan, a Filipino-Chinese



taipan who was able to dodge tax collection amounting to billions because of sheer friendship with former President Joseph “Erap” Estrada. It should be noted, however, that all presidents had their share of cronies.

In a way, therefore, cronyism is connected with government corruption. It is a kind of corruption that is severely damaging on the entire economy. In 1999, for instance, when Dante Tan, another Erap crony manipulated the stock market, stock exchange rates went down drastically. Luis “Chavit” Singson, the Ilocos Sur governor who blew the whistle on “juetengate”, is another example of a crony. He was the “sole collector” of profits made from illegal jueteng or gambling activities.

**c) Lack of sound economic planning at the national and local level**

Because of their bias for “international competitiveness” and for the interests of the economic elite, governments have not been keen on planning allocation of our resources in a way that would re-distribute wealth and develop a domestic market (i.e. strengthen the purchasing power of Filipinos). Many prime agricultural lands have been converted into either industrial estates, export processing zones, or golf clubs. There is no careful land use planning. Social services (such as housing) necessary to improve workers’ lives and their productivity are not prioritized as well.

**3. What are the major political problems of Filipino workers?**

**a) Lack of participation in all levels of decision-making**

Workers have no meaningful participation in policy

making in the enterprise level all the way up to the national level.

In the enterprise level, decisions are made from top to bottom. Workers are hardly consulted nor are they given accurate information regarding the financial health of the company. This makes it difficult for the workers to assert their demands during negotiations.

This is more pronounced in the level of the local and national governments. While theoretically there is worker's representation in Congress, the reality is that most members of the Congress do not represent the interests of the working people.

The same goes for most, if not all, local government units (LGUs). Most LGUs make policies that do not consider workers' welfare. Workers are also hardly consulted in such policy-making. e.g, policies on traffic re-routing are legislated without meaningful participation from the transport workers; regulations for the public market are changed without consulting the vendors themselves.

Although these ways are highly undemocratic, they are considered "normal" and "usual" practices.

## **b) Anti-Labor laws, policies and programs**

Not surprisingly, most labor laws, policies and programs are "anti-labor". In fact, one of the major obstacles to the growth of union membership in the country is the highly legalistic labor relations system that consist of very restrictive laws on union organizing.

- Up to now, public sector workers' basic trade union rights are restricted. They have a right to organize

unions but not to collectively bargain. They can negotiate collective agreements on minor issues but they cannot go on strike.

- Managerial employees have no right to organize unions.
- The Supreme Court recently decided that rank and file unions and supervisory unions are prohibited from joining the same federation.
- Collective bargaining is limited to the enterprise level making it legally impossible to set-up different forms of unions with different modes of bargaining. (ex. Area-based unions bargaining with employers in that area)
- Every aspect of the union's life is subjected to State regulations: when and how to elect officers; who should be its members; how to wage strikes; even, questions on how much to spend for education.
- The Labor Code, Supreme Court rulings and DOLE decisions contradict each other giving numerous opportunities for the employers to delay decisions on cases involving certification elections (CE), labor disputes and even union local elections (LEs). Example: While employers are supposed to be "by standers" in CE processes, in reality they are not. They can easily intervene in CE proceedings using technical legalities (ex. Questioning the union registration, the validity of the documents being submitted, etc.)
- Despite the promises of Cory Aquino to change the anti-labor provisions of the Labor Code, especially those pertaining to the right to strike (such as BP227 and BP 130 — laws on ingress and egress), such

promises are yet to be realized.

Because Philippine labor laws are so complex, the country's industrial relations system have become dominated by a triumvirate of lawyers — company lawyers, government lawyers and union lawyers. In this equation, workers are effectively alienated and marginalized.

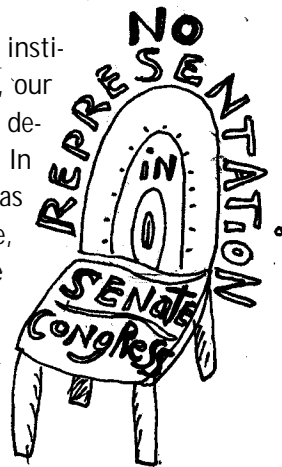
Above-mentioned situation is in fact contrary to basic ILO conventions that says the principal rules governing unions should be their own Constitution and Bylaws, not state-imposed regulations.

Furthermore, some local politicians even freely and unilaterally declare their jurisdiction as "union free", "strike free" zones! (Example: Cavite). No less than presidents (such as ousted president Erap), infact, have declared that there should be a CBA and strike moratorium!

#### 4. What are the immediate causes of these political problems?

##### a) Elite democracy

Although Philippine democratic institutions have been restored since 1986, our democracy remains simply a "formal" democracy and not a "substantive" one. In other words, no real democratization has taken place. Majority of the people, especially the workers continue to be powerless. In almost all levels of government, elite interests — whether land or corporate-based — are in place.



This kind of democracy extends to the arenas even outside government. It has in fact, become a consciousness and a culture. The elite are considered wiser and more important than ordinary people and are deemed more fit to manage the workplace, the communities and the whole country.

### **b) Patronage politics**

Majority of Filipinos, particularly the workers, participate in the political system only as “clients” of wealthy “patrons”. They can benefit from either protection or funds from these patrons provided they vote for them during elections and support them when they become politicians. Workers’ interests are not truly represented in Philippine politics.

In fact, the name of the political game is “KBL: Kasal, binyag, libing”. In this arrangement, the patron-politician provides for everything that a client-voter needs in life: funds for marriage rites, funds for baptism when a child is born, funds for burial services when one dies. The voter then becomes indebted to the politician for life.

## **5. How do Filipino workers cope with their problems?**

### **a) Escapism**

Most workers cope by watching movies, gambling, or going to beerhouses — anything to keep them entertained and divert their attention away from their burdens.

### **b) Machismo**

Often another form of escapism, workers hide behind machismo to divert their vices and sometimes violent acts.

As “machos” they are not supposed to be bothered by problems nor oppressed by anyone.

### **c) Fatalism**

Filipino workers often say “bahala na” or “leave things to fate”. They actually often do so. Instead of struggling for higher wages, for instance, they would rather just let things be or turn to overtime work as the solution.

Many others say “bahala na ang Diyos” and turn to religion as a lifeline they have to hold on to.

### **d) Utang na Loob**

Being grateful is always a good trait. Utang na loob (or debt of gratitude), however, usually breed and maintain unequal relations. A worker, for example, may refuse to go against an employer if he/she were a “ninong” or a relative.

All of these coping mechanisms reflect and reinforce a “culture of fear” and a “culture of silence”. A worker may refuse, for instance, to go against an employer or challenge unfair labor practices because of fear of losing his/her job. People with very few options often cannot risk doing anything that would lead to further loss or displacement. Others, especially the women, simply suffer in silence.