Wage freeze hits Philippine workers and poor

By Keith Morgan
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Philippine President Joseph Estrada, popularly known as “Erap” (Buddy), came to power last year in a populist campaign. He presented himself as a “friend of the poor”. In May, however, he rejected outright union demands for an increase to the minimum wage—a decision that will condemn many workers to hardship and poverty.

Labour unions have been campaigning for increases of between 40 to 100 pesos [$US1.1 to $2.70] in the daily minimum wage, which is presently pegged at P198 per day to offset the falling value of the peso and the rising cost of oil products.

Estrada refused to legislate a pay increase, saying that regional boards should set minimum wages based on the capacity of various industries to pay. He declared: “Workers have different worth of pay in different regions; that's why we created the regional boards to determine how much the increase in each region should be.” If the boards decided not to increase pay, he said, there was nothing he could do.

At present, workers in Metro Manila are paid the highest minimum rate of P198 a day. But Ibon Databank Statistics has calculated that the daily cost of living for a family of six in Manila has increased to P439 and P410 in the provinces. In addition, companies often fail to pay the minimum rate—5,500 firms violated the wage laws in 1998.

A Kiilusong Mayo Uno (KMU) union official, Felixberto Irag, from the Southern Mindanao region said Estrada would go down in history as the most anti-worker president in Philippines history. Past presidents, he said, had made a point of announcing labour packages, no matter how small.

Estrada's unwillingness to consider a wage increase follows attempts earlier this year to scrap the minimum wage law, a move which is being pushed by the Employers Confederation of the Philippines. If the wage law were removed, the vast majority of the 26 million-strong workforce would have no protection at all. Only a small percentage of workers—3.7 million—are covered by unions.

Estrada claimed that a national pay rise would lead to further job cuts and to a flight of investment. Yet records from the Department of Labour and Employment show that more than 16,000 workers lost their jobs between January and March this year. Data released from the National Economic and Development Authority reveal that 6,762 of those retrenched came from the economic zones of Southern Mindanao and Central Luzon. The figure for the three months is only 2,000 less than the official figure for job losses for the whole of 1998.

In a speech on Labour Day, Estrada claimed: “I am appealing to all of you to sacrifice since all sectors of our society are sacrificing.” Workers, however, are sacrificing far more than the rich and indeed the members of parliament. An article in the *Philippine Daily Inquirer* on May 12 revealed that out of 220 House of Representative members, 205 are millionaires, according to records of their assets and liabilities submitted last year. Their combined net worth reached a staggering P4.1 billion, equivalent to the budget of the Department of Labour and Employment. An elected house member has an average net worth of P18.7 million.

At a ceremony to mark the 101st anniversary of Independence Day, Estrada said his goal was to free the Filipino people from their enslavement to poverty. Yet the National statistics office released a survey showing the widening gulf between rich and poor. In 1998, the top 10 percent received 42.9 percent of all income; up from 33.9 percent in 1997, while the proportion received by the lowest 10 percent fell from 2.3 percent to 1.2 percent. All other income brackets declined.

The trend will continue as the International Monetary Fund (IMF) and World Bank demand that the government raise the cost of electricity in order to service its debts. The country's foreign debt now stands at more than $US45 billion. With real investments down by 7.7 percent this year, the Philippines is being forced to borrow from the international banks to service its short-term loans.

The country's three biggest oil companies—Shell, Petron and Caltex—raised the price of oil products in April from 42 to 50 centavos per litre. Shell has announced a further increase of 57 centavos per litre, with the other two companies expected to follow. Helen Alveraz, research director of All Asia Capital and Trust Corporation, said the price increase would flow through to other goods, including food.

The price increases will have a devastating impact on the lives of millions of Filipinos who are already living in poverty. Lani Samonte, who runs a government program for street children, said there were more then 220,000 homeless children in the country's 65 major cities, with more than half in Metro Manila. Most of the children have been forced to try to supplement the family income by begging, peddling goods or doing odd jobs. Samonte said the figure is certain to grow.

Agricultural companies are using children as labourers to carry out adult tasks such as planting and cutting cane, while children are being forced to work in processing plants as cheap labour in unsafe conditions. A group known as the Citizens Alliance Unified for Sectoral Empowerment said the practice of hiring children as labourers continued unchecked by government agencies, which, when challenged, denied it.

While the government can find no funds to help the poorest layers of Philippine society, there continue to be reports of the rich rorting government funds. By Estrada's own admission, 20 percent of all government funds for projects end up as kickbacks for individuals and companies. Last year the kickbacks totalled P24.13 billion.