

# Cheating with statistics

The right to work under  
the Arroyo administration



BY **SONNY MELENCIO**

**W**HEN GLORIA Macapagal-Arroyo took power as a result of Edsa 2 in 2001, the country's unemployment stood at 4 million workers. Today, unemployment still hovers around this number. The reported decrease in unemployment figure is not brought about by an improvement in the employment situation, but rather, by an "adjustment" in the definition of "unemployment".

## **Manipulation**

According to the National Statistics Office's Labor Force Survey, the number of unemployed in January 2009 stands at only 2.9 million. This figure seems to be fewer (by about 1.1 million) than the 4 million unemployed workers in 2001. The rosy figure belies what is actually happening in the industrial front, where workers are losing jobs, and industries closing down, almost week after week (See Box 1).

This seeming contradiction is not difficult to explain. In 2005, the National Statistical Coordination Board (NSCB) put in place a new unemployment definition. This new definition has led to the decrease of the unemployment figure by around 20% since then.

The new definition removes a big number of the so-called "inactive unemployed" from the roster of the unemployed. The inactive unemployed are those persons with no job or business but are not considered seeking work, merely because they were not looking



for work during the past two weeks of the survey period. Any sane person would have surmised that those who have been looking for work for years on end could have given up looking for jobs in the 'past two weeks' time frame of the survey period.

This explains why prior to 2005, the inactive unemployed constituted about 70 percent of the total unemployed. After the adoption of the new definition in 2005, their share in the unemployed went down substantially.

These inactive unemployed are taken out of the unemployment roster and are reclassified as "not in the labor force" (NILF). The number of the inactive unemployed removed from the roster ranged from half a million to more than a million people in the years following 2005. In 2007, IBON Foundation reported that the new definition reduced the number of reported jobless by some 1.4 million and the unemployment rate by 3.5 percentage points. The new definition hides the fact that unemployment has been more or less continuously rising from 8.4% in 1990 to around 10.8% in 2007.

The so-called inactive jobseekers were mostly non-heads of households (82%), around 15-24 years old or those considered "very young" in the statistics (46.9%), and had secondary education (46.3%) or college education (33.4%).

## **Growing unemployment**

This only means that the unemployment situation is far worse than the reported 2,855,000 figure. But even if we take the new definition as the starting point, the unemployment problem in the country has in fact not abated during the GMA years. There has been growing unemployment year after year. The unemployment rate in January 2009 was estimated at 7.7 percent, higher than the 7.4 percent posted in January 2008.

There is also a trend of growing unemployment among young workers (aged 15 to 24 years old). Youth unemployment rate at 16.6% was more than twice the national average of 7.7% for all age groups.

## Hidden unemployment

The Labor Force Survey, which determines the number of population 15 years and older that can be considered part of the labor force, discriminates against women (those who are doing household and family duties), persons with disability, the elderly or retired, and those still studying. They are classified at once as outside the labor force and are not even asked if they want to be in the labor pool.

There is also a large number of hidden unemployment in the Autonomous Region of Muslim Mindanao (ARMM) which is predominantly Muslim. The ARMM has a per capita regional domestic product that is consistently the lowest in the Philippines. And yet it is the region which has consistently obtained the lowest unemployment rates over the years.

According to a study made by the Bureau of Labor and Employment Surveys (BLES), the Labor Force Surveys (LFS), interviewed only the male members of the household, who would not admit that their women members are ready and looking for jobs. This explains the low level of labor participation rate of women in the ARMM region.

## Sluggish employment record

Even if we take the revised statistical definition and the method of surveys as fair, the employment figure during the GMA years has

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**A**S WE go to press, the Social Weather Station, a reputable survey institution in the country, debunked the unemployment figure coming from the government. The SWS reported a record high of 34.2% unemployment rate in February 2009. In real figures, this means some 14 million Filipinos are out of work. The SWS is correctly using a definition of unemployment which is based on reality as opposed to the deceptive definition being used by the NSCB. The SWS defines unemployment as those respondents 18 years old and above who are not working and at the same time looking for work. The SWS avoids the "looking-for-job time frame" that the NCSB has been using.

According to SWS, of the 14 million unemployed, 13% voluntarily left their old jobs, 9% were laid off, 3% had their contracts finished and were not renewed, and 3% lost their jobs due to factory closures. Six percent of the unemployed had never worked before at the time of the survey.



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quite been sluggish. Employment grew by 1.7% per year, which means a net addition or new employment that is not even enough to absorb the 779,000 average new entrants to the labor force every year.

In January 2009, the services sector was the main source of growth in employment (3.8%). Little growth occurred in the combined agriculture, fishery and industry sector (0.4%). It was in the industry (manufacturing) sector that employment was on the slump (-2.4%). Employment was also reported to have fallen in construction (-112,000). Manufacturing absorbed the full brunt of the crisis as it posted the biggest employment cutback (-3.8%) across sub-sectors.

While this would tend to show that the workers in the formal sectors (industry and manufacturing) are the ones hardest hit by the ongoing economic crisis, the statistics also show that the number of self-employed workers (part of the informal economy) also fell (-156,000). This shows that both the workers in the formal and informal economy are reeling from the crisis.

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## **Unemployment by region**

Among regions in the country, the highest unemployment rate was recorded in the National Capital Region, at 14.0 percent in January 2009.

According to BLES, the three regions which suffered employment losses were Region XI (Davao Region), NCR, and CAR (Cordillera Administrative Region). However, reports from DOLE continue to show that the Calabarzon area (Region IV-A) is at the forefront of retrenchments.

## **Underemployment**

Underemployment in the Philippines is becoming a serious matter. The underemployed, according to NSO, are those employed (with a job or business) who express the desire to have additional hours of work in their present employment, or to have a new job with longer



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working hours. Visible underemployment is evident among those working less than 40 hours during the reference week in survey. This is the working hours threshold except for agriculture and fishery which could have a threshold lower than 40 hours.

The underemployed numbered 6.24 million in January 2009 (18.2% of total employed). If we take both the unemployed and the underemployed as people seeking work in order to have decent standards of living, then we would have close to 26% of the labor force population crying for more work.

Bear in mind that the underemployed are usually in jobs with minimum amount of income and would include the growing numbers of tricycle drivers, vendors and others.

## **Dismal**

What is the record of the GMA administration in implementing the right to work provision of the International Covenant, especially in terms of providing jobs for the people?

In 2001, during President Arroyo's first State of the Nation Address (SONA), she declared that her administration would pursue the "philosophy of free trade" as a guarantee for more jobs. But trade liberalization only proved to be a bane especially against farmers who lost their jobs due to massive dumping of imported agricultural products.

In 2002, GMA promised a million new jobs especially in agriculture. A year after, in her 2003 SONA, GMA declared that she only attained more than half a million of jobs and that she needed to put into law the land-as-collateral bill so as to provide for rural credit and capital.

In her 2004 SONA, no mention was made about job generation and job targets. The one million job target was all but forgotten.

In 2005, the tune was to create six million jobs in a year, which would be pursued through the development of 2 million hectares

of agribusiness land, increased lending, and expansion of so-called key sectors of the economy (information and communications technology, mining, housing construction and site development, public construction and maintenance, and economic zones).

In 2006, GMA bragged about an employment growth of 2.5%, or 803,000 additional employment from April 2005.

In her 2007 SONA, GMA talked about the business services sector providing 400,000 jobs.

In 2008, GMA reported that there had been an increase in workers' income ranging from P10 to P20. The President boasted of 9.7 million jobs generated in the five-year period starting 2004 to 2008. She however failed to specify that the data pertained only to jobs targeted by various government programs and was not adjusted to include jobs that were lost or workers terminated during the period covered.

Meanwhile, according to the IBON Foundation in the paper submitted to the Supreme Court Forum on Increasing Access to Justice (June 30-July 1, 2008), the Philippines has been facing record joblessness despite supposedly rapid economic growth from 2001-2007. With the average annual unemployment rate of 11.3% and underemployment rate of 18.9%, this period was the worst 7-year period of unemployment in the country's history.

The average annual job creation in this period was not able to meet the demands of the growing labor force. There were 597,000 more jobless Filipinos and 803,000 more underemployed in 2007 compared to 2000. By 2007, the report stated that there were 4.1 million Filipinos unemployed (back to the 2001 figure) with another 6.8 million underemployed labor force.

## **Record number of OFWs**

The inability of the Arroyo government to provide jobs to the people pushed record numbers of Filipinos to seek work abroad. According to the Commission on Filipinos Overseas, there are about five million OFWs worldwide (not counting the 3.6 million permanent),





including some 900,000 undocumented ones who managed to find work abroad.

## **Lack of social services**

Another proof of the GMA administration's callous attitude to the right to work provisions of the International Covenant on Economic, Social and Cultural Rights is its low priority for social services in the national budget, despite the increasing misery and poverty of the people.

In the 2009 budget, the government would spend P7,391.54 per person for debt servicing while allotting only P2,050.98 per person for education, P301.52 for health, P57.48 for housing and P112.80 for social services. In a crisis situation, such a budget is clearly anti-people and anti-human rights.

## **Bogus stimulus package**

The Arroyo administration has proposed a P330 billion "economic stimulus package" to allegedly ease up the effects of the global financial crisis amongst the poor and to stimulate the economy.

As it turned out, the multi-billion package would come from the funding for infrastructure and social services which are already allocated by the national budget, the tax breaks given to corporations and entrepreneurs, and the budget earmarked for "temporary short-term jobs" such as street sweeping and cleaning, tree planting and a goat dispersal program. The funds for the latter are nothing more than vote-buying tactics by the administration, with national elections less than a year from now.

The government is also proposing the use of P12.5 billion from SSS funds for the stimulus package. The Bukluran ng Manggagawang Pilipino, a labor group which has been feeling the brunt of union losses due to factory closures and retrenchments, calls this "squeezing the blood out of working people and a blatant attempt to get the working class to pay for the crisis caused by the government

and the capitalist system.”

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## **HOW CAN WE HAVE ‘THE RIGHT TO WORK’ WHEN WE DON’T HAVE JOBS?**

THIS is the growing lament today of workers in the Philippines who find themselves jobless and unable to find decent living.

Joblessness is becoming widespread as the impact of the global economic crisis hits the country. The most immediate and serious impact of the crisis are felt in the continuing retrenchments in industries, especially in export-driven industries such as electronics, car assemblies, garments and textiles, and other manufacturing. The global crisis is also felt in the reduction of remittances by overseas Filipino workers.

According to economist Benjamin Diokno, 11 million workers could lose their jobs as the full impact of the crisis hits the economy in 2009. In 2008, according to International Labor Organization researchers, some 250,000 workers in plant and machine operation and assembly were retrenched. If we include the workers in the electronics and the garment and textiles industry, the total number of retrenched will be over 300,000 last year, mostly since October when the economic crisis hit the country. The ILO figures belie the claim of the Department of Labor and Employment that only some 40,000 workers were laid off in 2008.

Some of the industries hardest hit so far are garments, textiles and electronics. Women account for 72.3% of the work force in the electronics and 86.5% in the garments sector. The Calabazon area has been hardest hit. Seven to eight out of ten laid off workers in the export processing zones (EPZs) are women.

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The workers facing layoff in four electronics factories at the Cavite Economic Zone in Rosario, Cavite, are mostly women. Women workers in the EPZs are also suffering big reductions in wage incomes due to compressed work week schemes, with women workers only allowed to work for two to three days a week.

Meanwhile, thousands of OFWs are returning home as factories close overseas. Those most affected include factory workers in Taiwan and domestic workers in Singapore, Hongkong and Macau, a majority of whom are women. And workers who are still employed are facing a major attack on their wages and working conditions through wage cuts as a result of reduced working hours, suspension of implementation of wage orders, contractualization and outsourcing, as well as cutbacks in overtime and holidays.

While there has been an increasing unemployment and decreasing income for

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