

We're Not Hiring: The impairment of the right to work in the Philippines



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A NUMBER of factors restrict the right-to-work environment in the country: the employment crisis; the wage crunch; labor “contractualization”; and the repression of trade unions and labor leaders, including the arrest and assassination of labor leaders and activists.

Employment crisis

Unemployment is the biggest problem in the Philippines today.

In April 2006, 2.9 million Filipinos were jobless, and 8.4 million were seeking additional jobs. (Table 1)

TABLE 1: Key Employment Indicators April 2005-2006 (*in thousands except rates*)

Indicator	April 2006 (p)	April 2005	Year-On-Year Change
Population 15 years and over	55,393	54,195	+1,198
Labor Force	35,954	35,130	+824
- Employed	33,024	32,221	+803
- Unemployed	2,930	2,909	+21
Underemployed	8,401	8,421	-20
Unemployment Rate (%)	8.2	8.3	
Underemployment Rate (%)	25.4	26.1	

(p) Preliminary.

Source: National Statistics Office, Labor Force Survey.

Of the unemployed, more than one-half (53.2% or 1.6 million) had stopped looking for work because they could not find any, according to data from the National Statistics Office (NSO).



The 2.9 million unemployment figure is based on a new definition introduced by NSCB Resolution No. 15 Series of 2004 which took effect in April 2005. In the old definition, the number of unemployed would have already reached 3.8 million in January.

The new definition restricted the category of unemployed to those who "satisfied simultaneously the three criteria" which are persons in the labor force who are (1) without job or business, (2) looking for work, and (3) available for work. The "availability for work" constitutes the new criterion for defining the unemployed.

With the new definition, the unemployed figure has been slashed by 1.02 million, leaving only 2.8 million unemployed in January. Correspondingly, the unemployment rate declined from 10.7 percent in the old definition to 8.1 in the new definition.

With the revised definition that adds "availability for work" as the third criterion, the 1.02 million persons were no longer considered unemployed but classified as persons not in the labor force. (Table 2)

TABLE 2: Key Labor Force Indicators Using Old and New Definitions of Unemployment, January 2005 and 2006 (in thousands except rates)

Indicator	New Definition (1) Jan. 2006 (p)	Old Definition Jan. 2006 (p)	Old Definition Jan. 2005
Population 15 Years and Over	55,248	55,248	53,975
Labor Force	35,224	36,248	35,664
- Employed	32,384	32,384	31,634
- Unemployed	2,840	3,864	4,030
Underemployed	6,895	6,895	5,098
- Visible Underemployment	4,186	4,186	3,286
Not in the Labor Force	20,024	19,000	18,311
Labor Force Participation Rate (%)	63.8	65.6	66.1
Unemployment Rate (%)	8.1	10.7	11.3
Underemployment Rate (%)	21.3	21.3	16.1
Visible Underemployment Rate (%)	12.9	12.9	10.4

(1) Based on NSCB Resolution No. 15 s 2004.

(p) Preliminary

Source: National Statistics Office, Labor Force Survey

An underemployed person is one "who expressed the desire to have additional hours of work in their present job, or in an additional job, or to have a new job with longer working hours." It is a steadily increasing phenomenon in the Philippines over the years, one indicator of the shrunken incomes of Filipino workers.

In 2005, around 48 percent of the underemployed came from the wage and salary workers; 40 percent were own-account workers; and 11.4 percent were unpaid family workers. (Table 3)

TABLE 3: Underemployed by Class of Worker, 2005 (in '000)

Class of Worker	Number	Percent
Total	6,787	100.0
Wage and Salary	3,267	48.1
Own-Account	2,740	40.4
Unpaid Family	781	11.5

The increasing number of wage and salary workers among the ranks of the unemployed points to the related problem of “casualization” in industries. On the other hand, there has been a steadily growing number of the unemployed who could not find work in industries and have to do odd jobs (mostly ambulant vendors, tricycle drivers, seasonal workers, and the like) in order to survive.

Adding the 8.4 million figure to the ranks of the unemployed, there is a total of 11.3 million people out of the 36-million workforce who need jobs. The real unemployment figure would then amount to 33.6 percent of the labor force!

The numbers show that the country is facing an employment crisis, a situation not lost on the tens of thousands of Filipinos leaving for work abroad every year. But the Department of Labor and Employment does not call it a crisis, saying that the jobs are aplenty. According to the Labor Department, the unemployment problem is due to a “mismatch” between the skills for available jobs and the skills of those seeking work.

Trade Secretary Peter Favila has another explanation for the unemployment problem. “We have plenty of jobs available in the country today, but the problem is some Filipinos are just choosy,” he said. (PDI, April 30, 2006, p. A16)

Four regions recorded unemployment rate higher than the national average of 8.2 percent. These included the National Capital Region (Metro Manila) at 14 percent, Region 3 (Central Luzon) at 11.3 percent, Region 4 (Calabarzon) at 10.3, and Region I (Ilocos) at 8.3 percent.

Joblessness is particularly acute among young people. About one-half (48.5%) of the unemployed were young workers in the age bracket 15 to 24 years. Their unemployment rate at 17.4 percent was more than twice the national figure. Unemployed men (64.4%) outnumbered unemployed women (35.6%) by a ratio of two to three.



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In January 2005, women in the 15-24 age group have the highest unemployment rate at 25 percent, compared with 20.5 percent among their male counterparts.

By education, workers with higher educational attainment reported a higher unemployment rate. In 2002, the latest year for which data is available, unemployment among workers with college education was 13.8 percent, compared with 11.6 percent for those with high school education, and 6.0 percent for those with elementary education. There were 1.3 million jobless workers who had reached college in January 2005, including 668,000 degree holders. High unemployment even among the relatively educated workers indicates the inability of the economy to generate adequate quality jobs.

Wage crunch

In May 2006, the estimate for a family living wage for wage and salary workers in Metro Manila is P748 per day according to the National Statistics Coordination Board (NSCB). This is based on the food expenditure, non-food expenditure, and 10% savings for a family of six persons.

The current daily minimum wage rate in Metro Manila is P350 per day, i.e., if we include the recently issued wage order under NCR-12. The wage order raised the basic wage to P300, and including the two previous emergency cost-of-living allowance of P50, the total amount is P350. (Table 4)

TABLE 4: Current Daily Minimum Wage Rates at NCR Per Wage Order No. NCR-12* Effective 11 July 2006 (in pesos)

Industry/Sector	Basic Wage	ECOLA (NCR-9)	ECOLA (NCR-10)	Total
Non-Agriculture	300.00	30.00	20.00	350.00
Agriculture	263.00	30.00	20.00	313.00
Private Hospitals with bed capacity of 100 or less	263.00	30.00	20.00	313.00
Retail/Service Establishments employing 15 workers or less	263.00	30.00	20.00	313.00
Manufacturing Establishments regularly employing less than 10 workers	263.00	30.00	20.00	313.00

*Granted wage increase of P25.00 per day to all minimum wage workers in the private sector. Issued on 23 June 2006 and published in the Philippine Daily Inquirer on June 26, 2006. National Wages and Productivity Commission.









The difference between the living wage and the minimum wage is more than 100%.

Extrapolating the P350 daily minimum with the May 2006 Consumer Price Index, the real wage would only amount to P250.53 compared to its full value in 2000.

On top of that, not all wage workers in private sectors will receive the new minimum. Establishments employing 15 or less workers are exempt, including workers of so-called registered Barangay Micro Business Enterprises (BMBEs). Also exempted are distressed establishments, those facing "potential losses", and those whose total assets, excluding the land where the establishment is situated, are not more than P3 million.

In 2003, the latest year for which data is available, the Department of Labor & Employment reported that the compliance rate on minimum wage laws of establishments at Metro Manila was only 61%.

Labor "contractualization" and "casualization"

Even the Department of Labor and Employment has noted that one of the "important changes" taking place in the labor sector is the increasing "casualization" of the workforce as more and more employers are resorting to labor flexibility arrangements to compete in the market, such as subcontracting and hiring of agency workers.

This understatement covers up the main problem brought about by these type of labor arrangements – this leads to a general decline in wages and welfare for the workers and a curtailment of their inherent right to organize and bargain for more benefits in the workplace.

This explains why the increase in wage and salary employment over the years was accompanied by a rise in part-time employment. The number of persons in part-time employment grew by 17.0 percent (+1.962 million) compared to April last year. Conversely, full-time employment fell by 6.6 percent (-1.332 million).

In a survey conducted by the Department of Labor and Employment as of June 30, 2003, the establishments that resorted to subcontracting was placed at 17.6 percent or 4,328 of the total 24,533 establishments surveyed.

In absolute terms, the bulk of establishments resorting to subcontracting were mainly in the manufacturing (32.5%) and wholesale and retail trade (23.3%). This is expected since both industries comprised the

largest groups of establishments among non-agricultural establishments with large number of workers. (Table 5)

TABLE 5: Establishments with 20 or more workers resorting to subcontracting, June 2003

Major Industry Group	Total Firms	No. of Resorting to Subcontracting	Distribution %
All Industries	24,533	4,328	100.0
Manufacturing	6,718	1,406	32.5
Wholesale & retail trade	6,008	1,008	23.3
Real estate, renting and business activities	2,072	484	11.2
Hotels & restaurants	2,298	361	8.3
Financial intermediaries	1,312	304	7.0

Source: 2002/2003 BLES Integrated Survey

In establishments with unions, it was found out that subcontracting usually takes the form of hiring the services of private job contractors to provide new workers.

Repression of trade union leaders and political killings

But the biggest issue hounding the labor front today is the increasing attack on trade unions and labor leaders and organizers in the Philippines.

In 2005 alone, according to the Center for Trade Union and Human Rights (CTUHR) out of the 151 political killings, 31 were union leaders, organizers of trade unions and urban poor communities. Majority of these killings (20) occurred in the last four months of last year. Last year's figure raised to 43 the number of unionists and labor and community organizers killed during the administration of President Gloria Macapagal Arroyo (from 2001 to 2005).

These include the assassination of Diosdado Fortuna, union president of Nestle Philippines; Ricardo Ramos, union president of Central Azucarera de Tarlac Labor Union (CATLU); and Teotimo Dante, a unionist gunned down by company guards during a strike at Scheider Company in Caloocan City.

There were 226 cases of trade union and human rights violations last year. According to CTUHR, in nearly five years of the Arroyo government, the center has documented 886 cases of violation of workers' democratic and human rights. Assault at the picketlines



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accounted for the majority of cases (26%), followed by illegal arrest and detention, which stood at 13%.

This year alone, the number of killings of political activists, including militant trade union leaders and organizers, have already reached 244. There were also 47 journalists killed during the administration of President Arroyo.

These killings were perpetrated by motorcycle-riding men in bonnets or helmets. Victims were also reported to have been under surveillance by suspected PNP and AFP elements before the killings.

The most celebrated case of arrest and detention was that of Crispin Beltran's. Ka Bel, as he was fondly called by the workers, is a longtime labor leader and a party-list representative in Congress. He was taken by the military in February 2006, at the height of the Proclamation 1017 which was later on revoked by President Arroyo herself. Up to now, Ka Bel still languishes in detention.

Conclusion

The Philippine labor environment has always been a veritable wasteland. Lack of employment opportunities has driven thousands of Filipinos to seek employment in other countries, there to work in every imaginable job possible. While the mass migration of workers has somehow helped keep the economy afloat over the years, this has likewise deprived the country of much-needed human resources. The policy of exporting human labor will surely hurt the country in the long run (and the damage is already felt right now in crucial sectors like health).

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