

Philippines: Wage increase needed to avert only real wage decline in 36 years

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If the Duterte administration does not give a large wage hike, it will finish its term with the only decline in real wages among all post-Marcos administrations over the past 36 years, research group IBON said. The group added that a wage increase will help cushion the impact of the rising prices of oil and other goods and services on Filipino wage-earners and their families.

The Duterte administration has been giving the least number and smallest amount of wage hikes of the last six administrations, said IBON.

There have only been [two wage hikes](#) in the NCR since Pres. Duterte assumed office in 2016, IBON noted. There were also only two wage hikes under the two-and-half-year Estrada administration. The two Aquino administrations gave six wage hikes each, while the Ramos and Arroyo administrations gave seven each.

The nominal wage in the National Capital Region (NCR) has also increased by only 9.4% from Php491 in 2016 to Php537 to date, just months until the end of the Duterte administration. This is much less than the increases in nominal wages under the administrations of Estrada (26%), Benigno Aquino III (29%), Arroyo (53%), Ramos (68%), and Corazon Aquino (219%).

The wage hikes under Pres. Duterte have not been enough to keep up with NCR inflation which has averaged some 3% monthly since July 2016 with a 19.2% increase in the general price level, from a CPI of 91.2 in June 2016 to 108.7 in February 2022. As a result, the real value of the minimum wage has fallen by 8.2% since the start of the Duterte administration.

In contrast, the real value of the minimum wage had always been increasing under past administrations. This rose 2.7% under Arroyo, 2.8% under Ramos, 10.9% under Estrada, 14.2% under Benigno Aquino III, and 53.2% under Corazon Aquino.* Under the Duterte administration, measured at constant 2018 prices, the real value of the minimum wage has fallen to its lowest since May 2012.

The drastic decline in real wages should compel the Duterte administration to implement a wage increase in the last few months of its term, the group said, even though it noted that past administrations did not usually do this right before elections. "The last time any president gave a wage increase in the months running up to national elections was nearly 25 years ago in February 1998," said IBON. The administration can direct regional wage boards to be more accommodating to wage hike demands by workers.

IBON added that a substantial wage hike is urgent as prices keep rising. Oil prices have been climbing since late 2020 and may stay higher than US\$100 per barrel from global oil market disruptions in the wake of the Russia-Ukraine conflict. Despite a rollback last week, the Department of Energy reports huge year-to-date net increases of Php18.30 per liter of gasoline, Php27.85 for

diesel and Php25.75 for kerosene.

Millions of poor households reportedly lost incomes and savings during the pandemic and have been without relief after the tranches of limited cash assistance in 2020. Meanwhile, inflation in some common food items and utilities accelerated under the Duterte administration. From June 2016 to February 2022, rice inflation increased by 2.3 percentage points, proving false claims that liberalization would lower inflation. Fish and other seafood inflation increased also by 2.3 percentage points. Inflation in housing, water, electricity, gas and other fuels hiked by 4.6 percentage points where electricity, gas and other fuels significantly increased by 17.8 percentage points.

IBON said that the government can immediately ease people's hardships by putting more money into people's pockets through wage hikes and emergency cash transfers. It can help small business give wage hikes by providing wage subsidies and other fiscal support. Beyond recovering from the pandemic lockdowns, it should also start on a [comprehensive program](#) that addresses the pre-pandemic, decades-long crisis plaguing the economy, said the group.

** Real wage estimates per administration are based on the following consumer price index (CPI) base years to reflect the closest possible basket of goods and services around the respective terms: Aquino, Ramos and Estrada, 2000=100; Arroyo, 2006=100; Aquino, 2012=2010; and Duterte, 2018=100.*

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