

# Philippines: P10 wage hike won't make growth inclusive

Tuesday 12 November 2013, by [FORTALEZA Wilson](#) (Date first published: 9 September 2013).

## Contents

- [Palace defense](#)
- [Faces of inequality](#)
- [Feel the pain](#)

## **Saan makakarating ang P10? P10 wage hike won't make growth inclusive**

It will take 20 years for a minimum wage earner, assuming he starves himself and his family to death in order to save the full amount in two decades, to gain what Labor Secretary Rosalinda Baldoz earned in just a span of one year. Secretary Baldoz was a non-millionaire in 2011 but became one in 2012 with a net worth of P2.9 million owing to the assessed value of her properties, according to a news report. [1]

The recently issued Wage Order granting P10 wage hike in the National Capital Region won't change this picture of inequity. For while presidential and legislative pork and perks shored up the lavish and comfortable lifestyles of a few VIPs in government, millions of workers live a life of hopelessness and deprivation in this country.

Ten pesos (P10) can't even buy a half kilo of rice or bring a minimum wage earner farther than a five-kilometer bus ride. That is exactly how ordinary workers translate the P10 wage increase. In fact many reactions from those interviewed on-cam, though they vary on what a P10 coin can instantly buy for them, point to the common view that the new wage order is a comic relief or a "painful joke" as described by the spokesperson of the Trade Union Congress of the Philippines (TUCP).

Nevertheless, whether it is a painful joke or a whipping insult to workers under a prevailing environment where billions of public funds are lost to official fraud and scams, the new wage order exposes in a more shameful manner the ugly face of inequality in this country. And unless this problem is addressed through major policy shifts in the remaining years of the Aquino administration, PNoy will be remembered as a president whose legacy was making the VIP treatment of Napoles possible, but not for making Philippine growth inclusive for the poor.

## **Palace defense**

Malacanang, through assistant Presidential Spokesperson Abigail Valte, defended the P10 wage hike as a balancing act on the part of the government. We keep on hearing this line since time immemorial. And nobody, including experts, dared to dispute this argument that sees the ghosts of inflation and mass unemployment once wages are adjusted to satisfactory levels. If such is true, other countries may have taken the same course and by mistake joined our cluster at the lowest bottom of the global pay scale. On the other hand, the experience of other countries is that wage

increases do not only provide workers a decent living but more importantly it creates demand and contributes to the sustainability of economic growth.

A study on global pay scale [2] conducted by the International Labor Organization (ILO) using 2009 data showed the Philippines landing at the bottom third in the list of 72 countries. The global average was US\$1,480 per month. The Philippines with US\$279 only was slightly higher than Pakistan's US\$255 and Tajikistan's US\$227.

Furthermore, even in terms of GDP share per capita, the ASEAN comparison also showed that the Philippines is lagging behind its neighbours, besting only Vietnam, Cambodia and Lao PDR.

What "balance", therefore, is Ms. Valte talking about? Did the government achieve balance with the P10 wage increase? Can this amount correct the imbalance between the swelling fortunes of the Philippines' richest capitalists and the starvation wage levels for their thousands of contractual employees? The President told us during his SONA last July that the strategy in making growth inclusive is "sagarin ang oportunidad para sa lahat". Again we ask: Sagad na ba ang P10?

### **Faces of inequality**

Balance, for us, is none other than the presumed regulatory framework of the State. As such, before a sense of balance comes out, a social framework has to be established first to arrive at a measurable outcome. Therefore, if the framework is inclusive growth, then the objective should be set on lifting the many from the margins and bringing them into the center of economic growth. On the contrary, if balance is understood as plain neutrality, which is downright hypocrisy, with regards to contending class interests in the country, State policies in effect reinforce or worsen rather than rectify the chronic social imbalance.

For instance, we only have, in the number of employed persons, 4.6% professionals and 16% government and private executives who enjoy relatively high wages and other privileges. But a third of 37 million "employed" Filipinos, based on April Labor Force Survey, are laborers and unskilled workers. Another 25% are service and sales workers, farmers, fisherfolks and forestry workers. They are the majority of underpaid workers who receive the barest or even less of the mandated minimum wages all over the country.

Our own estimate suggests that a family of six in Metro Manila need at least P1,200 per day to enjoy decent food and non-food requirements. The new minimum of P466 is not even half of that amount. It's almost sure that workers in other regions will receive lower than the P10 wage hike granted in NCR and have to wait for a longer period of time before they are issued a new wage order.

This is the face of labor in the country today. On the other side are capitalists, big and small, who also demand balance from government policies that they effectively get most of the time. The Forbes Magazine's latest list of richest people in the world includes 50 Filipino billionaires who control more than one fourth of the country's GDP. Their combined net worth of US\$65.8-B is equivalent to the one year income of 30.9 million minimum wage earners. From 2006 to 2013, their fortune increased by 348%, the richest ten of them by 1,005%.

During the same period, however, real wage in Metro Manila increased by only 41% from P258 to P363. Now how is balance settled in this case?

I am sure the Palace's spokespersons will evade the question by pointing out that small scale enterprises comprise more than 90% Philippine business, many of which were exempted from

previous wage orders. Hence the small but many become the cover of a general policy on cheap labor.

If such is the logic of balance, does this mean Filipino workers have to first wait for these small businesses to grow big, which is next to impossible under the era of globalization, before a living wage provided under the Constitution is achieved? The bosses deserve no less than a straightforward answer from our well-paid, porked-up executives and policymakers in government.

If the answer is yes, the more we want to hear about concrete strategies on how to make the country's growth more equal or inclusive through other social policies. What we see, however, is the reverse. Instead of providing universal social protection in the absence of full and gainful employment, it is the government itself which pushes for the removal of government subsidies for instance in MRT and LRT systems, the corporatization/privatization of government hospitals, budget cuts in state colleges and universities, the appropriation of city spaces to giant land developers, delays in land reform, and the unrestrained execution of privatization and deregulation policies that keeps prices of water, power, and other basic needs such as oil and staple food to inordinate levels.

Perpetuating the pork barrel system through other forms or through other name will only aggravate the problem with the same breed of politicians presiding over the body in charge of policy making.

### **Feel the pain**

But how can we expect an honest-to-goodness response from our well-paid government functionaries when they don't feel the pain of living the life of a minimum wage earner? For the past 20 years, for instance, Congress turned a deaf ear on workers' plea for a legislated wage hike and proposed reforms in wage fixing mechanisms. In the last two decades, the regional wage boards—as a wage fixing mechanism— have been proven ineffective in addressing the gap between minimum wage and the cost of living. Hence the wage boards should be abolished and replaced with a national wage commission mandated to fix minimum wage at the national level and to provide other relief measures to workers in order to approximate national minimum wage to the cost of living.

What Congress has passed, on the contrary, were measures that imposed undue burdens to workers and the poor such as contractualization; privatization of essential services such as power and water; EVAT and other taxes; automatic appropriations on debt payments; and outright trade liberalization that effectively killed local industries and pulled the break to our march towards industrialization.

Perhaps it is because 98% of members of Congress are multi-millionaires and their main pre-occupation was not the chronic problem of social inequality in the country but the equal division of their pork and perks. The same is true for the Executive branch where the President leads a club of millionaires aided by VIP technocrats recruited from big business.

The Philippines, the government brags, is the fastest growing economy in Asia today. But who is going to sing hallelujah to this triumph when inequality persists and labor productivity is rewarded with a measly increase of P10 per day? Wage increases in times of economic growth is not only just but a rightful share of workers to the fruits of their labor since it is the factor of production that is key to the growth of the economy and the profits of employers.

We have had positive economic growth during the last 30 years except for the crises years of 1984, 1985, 1991, and 1998. Yet chronic pain has remained because past and present governments continue to pursue the same policy of cheap labor while the country is under the perpetual rule of corrupt politicians.

**Wilson Fortaleza**  
**Partido ng Manggagawa**  
09 September 2013

---

---

## **Footnotes**

[1] <http://manilastandardtoday.com/2013/05/18/palace-bares-cabinet-officials-net-worth/>

[2] <http://www.bbc.co.uk/news/magazine-17543356>