

Labor under globalization - On the job: The Filipino precariat

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There is enough proof that economic development that relies on precarious work is not the ideal or practical way to build or sustain the wealth of nations.

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The 19th century Marxist term “proletariat” has recently been revived – with a twist – by the emergence of another term that describes the working class: the precariat.

Obviously a merger of the words “precarious” and “proletariat,” the term was popularized by British economist Guy Standing and is now widely used, often in reference to the “99%” of the occupy (protest) movements that sprouted in the US and Europe in the aftermath of the global financial crisis of 2008.

The precariat, according to Standing, is “that multitude of insecure people, living bits-and-pieces lives, in and out of short-term jobs, without a narrative of occupational development, including millions of frustrated educated youth who do not like what they see before them, millions of women abused in oppressive labour, growing numbers of criminalized tagged for life, millions being categorized as ‘disabled’ and migrants in their hundreds of millions around the world.”

This precariat, he adds, is the “new dangerous class” because they are not only anxious, they are also angry. Often unprotected either by trade unions or public legislation, they are easily drawn to the discourse of neo-fascist politicians who blame “big governments and strangers” for societal ills. Standing’s discourse, in fact, has been an exhortation for the “mainstream left” and “social democrats” to “appeal to the precariat” before the far Right – “the US Tea party, the True Finns, the Swedish national democrats, the French National Front, the English defense league, the Japanese copycats, and the originals, Berlusconi’s neo-fascist supporters” – devours them completely.

Indeed, the western world has not seen such an extreme jobs crisis – perhaps not since the Great Depression of 1929 when unemployment rates skyrocketed to more than 20%. Today, the unemployment figures in those parts are as staggering.

In the EU, unemployment rate is at a record high of 12%. Greece and Spain have been the hardest hit, with 28% and 25.8% unemployment rates, respectively. In this region, 23.4% or 5.5 million individuals under the age of 25 are unemployed. In the United States, the unemployment rate is lower at 6.7% but still much higher than the pre-crisis rate of 4.7%. By December 2013, only 74,000 jobs were generated in the US as against their 196,000 job target.

According to the International Labour Organization (ILO), there are now 202 million unemployed people worldwide and in the past year alone, the number of jobless people rose by 5 million. Since the financial crisis started around 5 years ago, there has been a jobs gap of 62 million. Of these, 23 million are considered “discouraged workers” – those who have given up on job hunting altogether.

Filipino precariat

Here at home, we have our version of the precariat.

In fact, I couldn’t stop thinking of this term after watching Erik Matti’s “On the Job.” The award-winning film is primarily about corruption in the country but to me it depicts precarious work at its extreme. For what could be more extreme than contracting killers who are doing prison time? And what could be more precarious than hired killers not knowing if they will get that next job contract?

“On the Job” depicted the extreme phenomenon. But killers-for-hire-while-in-prison could very well be representative of the “multitude of insecure people” in our midst. Our unemployment figures, too, are staggering. The official estimate of our unemployment rate is 7.1%. This is small compared to the two-digit unemployment rates of Europe but it still means we need to generate, at least, 2.8 million jobs. The Department of Labor and Employment (DOLE) estimates that 20% of the unemployed are discouraged workers. Thus, we have around 590,000 Filipinos who are fit to work but are no longer seeking work.

The bigger picture of our jobs problem can also be seen in our employment trends, not just in our unemployment trends. At least 37,917,000 Filipinos or 92.9% of our workforce of 40,813,000 are employed. Of these, 7,325,000 or 19.3% are underemployed or have work but “have expressed the desire to have additional hours of work in their present job, or to have an additional job, or a new job with longer working hours” (definition as per labor force survey of the DOLE). The contractuales and non-regulars are technically part of the underemployed. Simple mathematics will show that 2.8 million unemployed plus 7.3 million underemployed means that we need to generate 10.1 million jobs.

The World Bank, as per its Philippine Economic Report of 2013, claims that this estimate is conservative and that, in fact, the country needs to generate 14 million jobs. This count includes the unemployed, underemployed and new entrants estimated to reach roughly 1.1 million per year.

In my view, the World Bank count, too, is conservative since it does not take into account the roughly 5 million temporary migrants or overseas Filipino workers (the OFWs are counted as part of the labor force of migrant-receiving countries and not as part of our labor force). It is common knowledge that not a few OFWs seek work abroad for lack of job opportunities here at home. Let’s just say that half of the OFWs or 2.5 million constitute “forced” migration, then, our jobs problem is not 14 million but 16.5 million.

Given these figures – conservative or otherwise – we see a distinct feature of our Filipino precariat: our workers perform precarious, insecure work, here and abroad. Moreover, unlike the precariat of the western world, our precariat are not (visibly) angry. They are (visibly) insecure, yes, but not (visibly) angry. There are pockets of resistance mostly from organized labor but the majority has evidently chosen to either seek work abroad or to accept pitiful, unstable jobs here at home.

In this country, precarious work is the norm rather than the exception. Our precariat is the product, not just of global crises but also of our own processes of internal development, most of which are linked to processes in the international political economy.

Contractualization, labor export are solutions?

We have heard this assertion often enough: contractual, irregular jobs are better than no jobs at all.

Contractual work has been presented as a benign concept. Said concept can be properly located in the broader discourse of workplace flexibility, which pertains to the ability of both businesses and workers to adapt to changes in their work environments. For businesses, the change often involves fluctuation in demand including labor demand. Some businesses would claim for example that high demand for their products is seasonal. This is true especially in the agricultural sector whose production depends, literally, on seasons. Some tasks can be fulfilled on definite timelines. A classic example would be landscaping projects or construction works. Still, other tasks entail specialized work such as computing services and businesses are said to be better off contracting out or outsourcing these services rather than developing the same from within their businesses (outsourcing of computerized payroll services is a good example).

For workers, contractual work is said to be advantageous as well especially when changes in the family or community occur. New parents, for example, are likely to prefer flexi-hours so they can attend to their children's needs. For others, nine-to-five jobs just don't cut it (especially given heavy traffic) and tele-commuting or working from home at a schedule that suits one's lifestyle presents the better option.

Contractualization, thus, can be viewed as a work arrangement that addresses a mutual need – the need of employers as well as employees – for flexibility in terms of when to work (not the usual 9 to 5 daily, 40-hour work week), where to work (hence the concept of “work at home” and telecommuting), and, how much work to do (part time rather than full time). Wages and benefits for these workers are also flexible (not the usual minimum wages or standard social security benefits).

The concept ceases to be benign, however, when viewed in a larger context, that is, as part of the historical process of market deregulation – including labor market deregulation – that initially took place in the '70s and '80s particularly in advanced economies. Deregulation replaced the post-war “fordist” model of assembly lines and mass production that relied heavily on full employment, strong unions and welfarist states. When the oil crisis hit in the early '70s and profits of corporations in the United States and Europe started to fall (also because Japan's economy was rising), the fordist model was identified as the culprit: profits were falling allegedly because workers' wages were too high, unions were too strong and demanded too much, and, governments were meddling unnecessarily into markets.

Corporations then proceeded to increase profits by lowering production costs which entailed controlling labor markets through the strengthening of management prerogative over hiring arrangements, the hiring of flexible labor included. These corporations started to move to less developed countries where large-scale production was not the norm and workers were willing to take on low-paid, non-regular jobs. Unions were also much weaker in these parts. In the Philippines, for example, the emergence of export processing zones in the '80s brought with it the development of union-free enclaves.

By that time, markets in the industrialized world proved insufficient, economies of scale became problematic and corporations needed to expand their markets. International financial institutions such as the World Bank, the International Monetary Fund (IMF) and the World Trade Organization (WTO) then came into the picture and insisted on structural adjustment programs that would open up the markets of developing countries and thereby solve the problem of overproduction in the industrialized world.

In an article entitled "Precarious Philippines: Expanding Informal Sector, Flexibilizing Labor Market," Dr. Rene Ofreneo, former Dean of the University of the Philippines School of Labor and Industrial Relations (UP SOLAIR), presents contractualization not as a neutral concept but as "short-term and unprotected hiring arrangement" that forms "part of the process of informalization in the formal labor market." Contractualization, Ofreneo adds, comes in several forms and processes: (i) hiring of workers as temporaries or on probation with no intention of regularizing them; more popularly known as "endo" (end of contract) or 5-5-5 (five months only) (ii) hiring workers as project employees (iii) hiring of trainees (iv) job contracting within company premises, using the services of third-party agencies, and (v) more traditional forms as work on commission basis, boundary system, piece-rate system and seasonal workers.

Today, non-regular work is so prevalent in the country that it is considered desirable even by workers - and sometimes, even by unions - themselves. According to Tony Salvador, lawyer of the labor center SENTRO, workers who have been erroneously classified as contractual workers and thereby not given the wages and benefits due them usually do not go to court or to unions because "they cannot afford to." Salvador says there is no law stipulating that contractual workers cannot join unions but almost all collective bargaining agreements cover only "regular" workers. Many corporations, he adds, also use contractualization as a divide-and-rule tactic by convincing unions that contractualization is the only way to keep regular/unionized jobs. Even more corporations, Salvador claims, replace unionized jobs with irregular work. In both cases, contractualization becomes a union-busting strategy.

Another alleged desirable track is outmigration. While Philippine governments have repeatedly denied - on paper - that sending workers abroad is the country's development strategy, in practice, they have been actively promoting outmigration. Tagged as the "bagong bayani", OFWs are depicted not as suffering workers but as heroes and to many Filipinos, migration is a positive phenomenon. In fact, only those who are too poor to migrate choose to stay behind.

Obviously, the economic imperative of outmigration is the inflow of remittances. Year after year, these remittances have been increasing and have kept the Philippine economy afloat. As per the figures of the Bangko Sentral ng Pilipinas, last year, personal remittances reached \$25.351 billion, representing a 9.2% increase from the previous year's remittances of \$23.352 billion.

Moreover, overseas remittances far exceed other sources of national income. Still according to the BSP, the direct investment account registered net inflows of \$218 million in 2013 and foreign direct investments was at \$3.97 billion. Even the contribution of the much-acclaimed BPO sector paled in comparison (to remittances) at \$13.34 billion.

No alternative?

Contractualization and (forced) outmigration cannot be claimed as solutions because they are, in fact, precarious work.

Both tracks have been used as a pretext to pay workers low wages, transfer business risks to workers, and prevent trade unionism from thriving. To say that there are no alternatives is thus to accept the continued exploitation of workers.

It is also not true that there are no alternatives being offered. At least two, in fact, have been gaining ground but support for these alternatives have not reached the point where they can be immediately implemented.

The first is a legislative proposal to strengthen the security of tenure of workers. At the lower house of Congress, party-list groups such as Akbayan through Representatives Walden Bello and Ibarra Gutierrez, the Trade Union Congress of the Philippines (TUCP) through Representative Raymond Mendoza, and the DIWA party list through Representative Emmeline Aglipay have filed “security of tenure” (SoT) bills. These bills were already approved by the committee on labor and employment in the previous 15th Congress but have not moved past committee referral in the current 16th Congress under the committee leadership of Representative Karlo Nograles. At the Senate, the labor committee head himself, Senator Jinggoy Estrada, has also filed a counterpart bill, but this too has not moved beyond committee referral.

The right to security of tenure is already enshrined in the 1987 Constitution and the proposed SoT bill thus serves as an enabling law to a constitutional provision. Concretely, the bill seeks to (i) make the violation of contracting laws an ‘unfair labor practice’ (ii) penalize said violation by a fine of not less than P50,000 – on top of the payment of wages and benefits due workers wrongly classified as contractuels; and (iii) limit valid subcontracting from anywhere between 10% to 20% of a firm’s workforce.

Several labor groups, particularly those belonging to the NAGKAISA umbrella – composed of the Alliance of Filipino Workers, Associated Labor Unions-Trade Union Congress of the Philippines, Sentro ng mga Progresibong Manggagawa, Bukluran ng Manggagawang Pilipino, Confederation of Independent Unions in the Public Sector, Federation of Free Workers, Manggagawa para sa Kalayaan ng Bayan, National Federation of Labor Unions, National Mines and Allied Workers’ Union, National Confederation of Labor, Philippine Airlines Employees Association, Philippine Government Employees Association, Partido ng Manggagawa, Public Services Labor Independent Confederation, Philippine Transport and General Workers Organization, among others – are supportive of the SoT bill.

Other labor groups, those belonging to the Action Against Contractualization and Towards Significant Wage Increase Now or ACT2WIN alliance – composed of the Kilusang Mayo Uno, Alliance of Filipino Workers, Federation of Free Workers, National Labor Union, Makati Medical Center Employees’ Association, Koalisyon ng Progresibong Manggagawa at Mamamayan and Banking and Financial Unions Against BSP Circular 268 – are calling for the “overturn” of contractualization and not just its regulation.

Notwithstanding debates within the broad labor movement, labor groups are now apparently united in the position that abusive contractualization needs to stop. They all also seem to have a common preference for regular work over contractual labor. Thus, while contractualization has proven debilitating to workers and unions, the same has also emerged as a mobilizing and unifying issue.

Only the business sector has been unconvinced. According to the position paper of the Employers Confederation of the Philippines (ECOP), a security of tenure law will be destructive to businesses that are simply trying to ‘compete’ and/or specialize in ‘core competencies’. For the ECOP, the problem is “over-regulation of the formal sector where only the employed wage and salaried workers benefit not only at the expense of the informal sector but also of competitiveness, productivity, and employment.” Clearly, the business sector sees contractual labor as a solution rather than a problem.

Malacañang, meanwhile, has remained silent on the matter. To date, it has not certified the SoT bill as urgent or made any pronouncement supporting said bill.

Malacanang, however, has forwarded its own proposal on how to generate jobs, which is through the development and implementation of an industrial policy. Spearheaded by the Department of Trade

and Industry (DTI) this industry policy includes “recommendations to overcome constraints, upgrade industries, make markets work” and “roadmaps for the facilitation and coordination to address market failures.” The DTI has already collected and reviewed a number of industry roadmaps and has also consulted some labor groups regarding the proposed policy.

Other groups, meanwhile, such as the Action for Economic Reforms (AER), have been engaging government by forwarding their own version of an industrial policy. Like the SoT bill, the proposal for an industrial policy has spurred competing ideas but at the very least there is common recognition that labor export should not be “the” development strategy and that jobs need to be generated here at home.

The industrial policy proposal of the PNoy government is well within the administration’s main development framework of “inclusive growth.” The proposal and the framework, however, focus primarily if not solely on “growth” or on economic activities. The plans promise job generation but do not categorically state that these jobs will no longer be precarious. It has in fact often be argued that labor protection is not the job of government’s economic institutions such as the DTI but only of its employment arms such as the DOLE and the POEA. That precarious work is one of the main problems of development is therefore not recognized. The reality that economic growth without decent work leads to more and not less poverty is also ignored.

Ultimately, the struggle to end precarious work is not only a legal-political-economic battle, it is also a battle of ideas and viewpoints. Mindsets about work and not just about laws or policies or structures have to be changed. As long as certain types of work and workers are viewed as inferior – karpintero lang ‘yan, maid lang ‘yan, dyanitor lang ‘yan, migrante lang ‘yan – the value and dignity of work will remain diminished.

Laissez faire without labor rights: this is what’s really happening. Even Adam Smith – and not just Karl Marx – will probably disapprove of this kind of capitalism. There is enough proof that economic development that relies on precarious work is not the ideal or practical way to build or sustain the wealth of nations. More importantly, an “insecure, bits-and-pieces” kind of life is untenable. Precarious work is a dignity issue and not just an economic concern.

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* Rappler.com. Published 10:46 AM, Apr 30, 2014. Updated 10:46 AM, Apr 30, 2014:
<http://www.rappler.com/thought-leaders/56706-jobs-filipino-precariat>

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