PHILIPPINE LABOR - [OPINION]

Philippines: Labor year-ender: Wage deflation and jobs gap continue to plague workers

Tuesday 2 January 2024, by MAGTUBO Renato, MIRANDA Judy Ann (Date first published: 30 December 2023).

’Caught between shrinking amounts of products and shrinking value of wages, workers are reeling from hardship during the holidays’

How did the Filipino working class fare in 2023? Wages and jobs remained the most pressing issues for workers and the poor. Indeed, surveys have repeatedly borne this out.

The cost of living crisis in the country is expressed, on the one hand, in the deflation of real wages and, on the other hand, in the shrinkflation of commodities. Caught between shrinking amounts of products and shrinking value of wages, workers are reeling from hardship during the holidays. No wonder that a survey has shown that one of every four employees prefer to monetize the Christmas parties held by companies for their workforce. It is better to have money in the pocket than to have fun with workmates.

In 14 out of 17 regions, minimum wages were increased by P30 to P40 in the second half of this year, bringing them to a high of P610 in Metro Manila to a low of P368 in Zamboanga Peninsula. However, the equivalent real wages remain depressed. The real wage in Metro Manila is only P504. That is, P610 in 2023 can only buy the equivalent of P504 in 2018, or a gap of P106.

Regions	CPI Oct. 2023	Nominal Wage	Real Wage	Lost value
NCR	121.00	610	504.13	105.87
CAR	123.30	400	324.41	75.59
Ilocos Region	122.50	400	326.53	73.47
Cagayan Valley	123.80	435	351.37	83.63
Central Luzon	127.70	500	391.54	108.46
CALABARZON	123.70	520	420.37	99.63
MIMAROPA	128.90	355	275.92	81.08
Bicol Region	127.60	366	286.85	78.95
Western Visayas	125.00	450	360.00	90.00
Central Visayas	118.00	468	396.61	71.39
Eastern Visayas	122.10	375	307.13	67.87
Zamboanga Peninsula	121.00	368	304.15	63.87
Northern Mindanao	125.00	405	324.00	81.00
Davao Region	125.00	443	354.40	88.60
SOCCSKSARGEN	125.20	390	311.50	78.50
Caraga	123.70	350	282.94	67.06
BARMM	123.7	341	275.67	65.33

The difference between nominal and real wages is a result of inflation over the years: wage hikes have not kept up with the rise in prices and so workers’ purchasing power has been depleted. The nominal versus real wage gap ranges from P63 in Zamboanga Peninsula to P108 in Central Luzon. Thus the necessity for Congress to plug the gap by enacting the bill for a P150 salary increase.

The minimum wage adjustments were a belated response from the government to organized labor’s demand for salary increases since last year. In December 2022, the group Kapatiran ng mga Unyon at Samahang Manggagawa filed a petition for an additional P100 in minimum wage so that workers can recover their lost purchasing power. Similar petitions were filed in Calabarzon, Cebu, and Western Visayas. The wage orders from the different regional wage boards then fell short of the wage recovery demand. Expectedly, real wages stayed deflated despite the latest round of minimum wage hikes.

Shrinkflation is just one problem facing workers and the poor. Rice cannot shrink and so its price continues to rise. One kilo of rice today costs from P52 to P68. The onset of El Niño next year is bound to push the price of rice even more. As a preemptive move, the President has already extended the tariff cut on imported rice up to the end of next year to ease rice inflation. Still, this is a band-aid solution. His election promise to bring the cost of rice to P20 per kilo is even further from reality.

Food in general remains the biggest expenditure for ordinary households. This reveals not just the survival challenges for the working class but the underdevelopment problem faced by Philippine society. Higher expenses for non-food items are a characteristic of more developed countries.

Reality of jeepney livelihood loss and myth of new jobs created

In a year-end statement, Malacanang avers that 200,000 new jobs were created as a result of investment pledges accruing from the President's trips abroad. Assuming this is true — Malacanang needs to explain how they guessed these figures — this is almost matched by the number of traditional jeepney operators and drivers who will lose their livelihood as a result of the cancellation of their individual franchises. The President does not need a 58% hike in his travel budget to P1.4 billion to generate new jobs; he just needs to extend the individual franchises so that existing livelihoods are preserved.

At the stroke of midnight on December 31, 144,000 will lose their livelihoods. This is conservatively estimated as one operator and one driver for the 74,000 jeepneys units which have not been consolidated either into cooperatives or corporations, according to the Land Transportation and Franchising and Regulatory Board. This is a significant number, comprising an additional 7% to the 2,090,000 officially unemployed Filipinos as of October 2023.

The current administration is just implementing a business-as-usual and hands-off approach to plugging the jobs gap: let the private sector, whether local or foreign, direct economic development. In place for 50 years or so, this broken system has led us to double-digit unemployment plus underemployment and permanent overseas migration.

It is high time to contemplate a better way: an industrial and agricultural policy that focuses on job creation. The state — not the oligarchs — must lead economic development similar to the East Asian model. This should be at the top of the wish list for 2024.

While unemployment in October has gone down to 4.2%, underemployment is more than double at 11.7%. The underemployed are those who want more hours of work, presumably because they do not earn enough. This is a result of the very broad definition of an employed person — somebody who has worked for at least one hour in the previous week! No wonder there is very low official unemployment given that very loose meaning.

Another telling statistic that reveals the extent of the jobs gap is the high rate of migration. The latest figures from the Philippine Statistics Authority show that almost two million Filipinos worked abroad annually or some 5,000 OFWs were deployed daily. This sums up to about 2.6% of the total population that is over 15 years old. In other words, the unemployment rate would go up by more than half — at the very least — to 6.8% if Filipinos did not leave for gainful employment abroad.

Slightly more than half of Filipino migrant workers are female and more than one fourth of them — the largest cohort — are young workers aged 30 to 34 years. An overwhelming number of OFWs are in the elementary occupations, a euphemism for unskilled and menial jobs such as domestic and care work, and construction jobs. Meaning, Filipinos are working abroad not for dream jobs but for 3D work — dirty, dangerous, and demeaning — that just happens to pay better than what is available in the country. Again to stress the point, the Philippine migration profile exposes the open secret of the deficits of good-paying jobs in the country.

The late Susan Ople's father, Blas Ople, was then Labor Minister in 1976 when a temporary program to place Filipino workers in the Middle East started the current wave of migration. It was deemed temporary since it was a disgrace for the Martial Law regime to admit that workers had to be deployed abroad to ease unemployment. A temporary scheme that has lasted 47 years from the father, Ferdinand Marcos Sr., to his son and namesake, Bongbong Marcos Jr., is a testament to the utter bankruptcy of the economic and employment models followed by all the past governments, whether pre- or post-EDSA. The establishment of the migrant workers department is a tacit admission that the government considers migration to be a permanent not provisional system to create jobs for Filipinos. – Rappler.com

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• RAPPER. DEC 30, 2023 4:47 PM PHT:
https://www.rappler.com/voices/ispeak/opinion-labor-year-ender-wage-deflation-and-jobs-gap-continue-plague-workers/

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