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# Bayan

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## On the vital issues regarding the current struggle of Filipino workers for a P125 wage increase

**T**he Communist Party of the Philippines fully supports the struggle of the Filipino working people for a P125 across-the-board wage increase. This is entirely reasonable and urgently needed in the face of the severe impact of the sharp economic crisis on the toiling masses.

The Party condemns the maneuvers of the Macapagal-Arroyo regime to reject the demand for a wage increase. The regime firmly upholds the neocolonial policy of cheap labor. The big capitalists, the reactionary state and the petty bourgeois reformist groups are banding together to block the advance of the workers' struggle.

In chorus, they mouth propaganda against a significant wage increase in an attempt to drown out the workers' demands. Their propaganda machinery is in full throttle to oppose wage increases and rationalize the policy of cheap labor.

They no longer directly question the reasonable basis of the demand for a wage increase. No matter how much they manipulate statistics or paint a beautiful picture, they could no longer cover up the glaring situation of widespread poverty. That an increase in workers' wages is necessary and just, is evident for all to see.

In their propaganda, they make it appear that increasing

workers' wages would be detrimental to the country's economy because it would result in company closures and discourage the entry of new foreign investments. More than anything else, these are problems of foreign big capitalists and their co-conspirators. But they would like to make it appear that these would ultimately be the workers' problems. They employ false, distorted and unabashedly pro-imperialist arguments in order to attack the standpoint and struggle of the workers and people for a wage increase.

The Macapagal-Arroyo regime and the propagandists of big capital try to portray the demand for a P125 increase in workers' daily wages as unrealistic and anti-development. They present "alternatives" in an attempt to show that there are "more flexible" options outside of granting wage increases which can help workers face the severe crisis.

However, no token "alternative" can ever address the need for a wage increase. The stand for a wage increase will never be undermined by these deceptive "alternatives".

The question of low wages and the demand for a wage increase is a central question for Filipino workers. The policy of cheap labor imposed by US imperialism and upheld by the reactionary state is one of the pillars

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of exploitation in the current semicolonial and semifeudal social system. Depressing the wages of Filipino workers is the principal method of exploiting Filipino workers.

### THE REAL REASONS BEHIND GROWING UNEMPLOYMENT

The argument that increasing wages would result in widespread closures and workers being thrown out into the streets is an idle threat. The big capitalists exploit the dire situation of small businesses in order to cover up the fact that it is the big capitalists who are more to blame for the widespread layoff of workers. This also obscures the real reasons behind the difficult situation of small business—the policy of liberalization which serves the interests of big capitalists. This argument draws attention away from the fact that big capitalists are very much capable of granting a P125 increase in daily wages if one were to consider the productivity or value that is created daily by workers for the capitalists.

First of all, let us examine the reasons behind the recent widespread layoff of workers. Let us take a look at the survey conducted by the Bureau of Labor and Employment Statistics (BLES) of the Department of Labor and Employment (DOLE) in June 2001. This involved 1,083 firms which reported closures or a reduction in the workforce from January-May 2001 resulting in the layoff of 26,901 workers. Eighty percent (80%) of these firms reported that their closure or workforce reduction was due to the following: reorganization/downsizing/redundancy (46%), lack of market (20.5%) and financial losses (13.5%). These reasons were behind the layoff of 21,521 workers or 80% of the total number of workers who lost their jobs during this period. The survey also shows that 80% of workers who lost their jobs came from big or relatively big firms employing 100 or more workers.

On the other hand, only a little more than 2% of these firms blamed wage increases for their closure or layoff of workers.

Thus, many more cases of layoffs were caused not by wage increases. Rather, they were caused by the unbridled implementation by foreign and local big capitalists of labor “flexibilization”. This has been a problem even before the current issue of a significant wage increase for workers became prominent. Industry in the Philippines is, first of all, in crisis. For many years now, the entry of foreign direct investments has been dwindling while big firms have been closing shop wholesale and laying off workers.

This situation has been worsening in the face of a production slowdown in the past several months. This is

due to the problem of overproduction of the world capitalist system resulting in shrinking markets for the country’s principal exports such as electronic components, garments and coconut oil. Because of this, exports of electronic components dropped by P29.27% in the first half of the year; garments, 9.1%; and coconut oil, 26.29%. Electronic components exports comprise 50 to 75% of total exports. Overall, there is a downtrend in the usage of the country’s total productive capacity from 79.8% in 1999 and 80.1% in 2000 to 77.8% in the first quarter of 2001 and 76.3% in May.



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The crisis besetting industry is within the context of a continuing and much greater problem of “globalization” or the further and virtually complete opening up of the economy of the Philippines and other semicolonies to allow all-out exploitation by foreign monopoly capitalists. Pushed by “globalization”, the big capitalists are inflicting the worst forms of destruction on the country’s productive forces. Among these are the policy of cheap labor; various forms of labor “flexibilization” such as contractualization, casualization, downsizing and other ways of reducing the workforce; imperialist dumping of surplus products; shifting of operations to other countries with cheaper wages and more incentives for foreign investors; and others.

### THE P125 WAGE INCREASE THAT IS BEING DEMANDED IS NOT EXCESSIVE AND IS IN FACT, INSUFFICIENT

The big capitalists and their mouthpieces feign sympathy for workers when they claim that increasing wages would result in company closures and layoffs. More than anything else, the big capitalists grieve for themselves because they could not allow even a small reduction in profits to raise workers’ wages.

Let us now train our attention on the question of the amount that is being demanded for a wage increase. In actuality, increasing the present P250 minimum wage by P125 would result in a minimum wage figure that would still fall short of the P510 needed by a family of six to meet its daily needs. Still, this is much more significant than the measly wage increases granted by the reactionary government in the past years. The additional P125 in daily wages would serve as a just remedy for the severe poverty

## Leading causes of permanent closures/retrenchment and number of affected workers (January-May 2001)

| Cause                             | Total number of factories | Closed factories | Reduced their workforces | Affected workers |
|-----------------------------------|---------------------------|------------------|--------------------------|------------------|
| Total                             | 1083                      | 218              | 870                      | 26,911           |
| Reorganization/ <i>redundancy</i> | 498                       | 8                | 493                      | 7,084            |
| Drop in demand                    | 222                       | 67               | 156                      | 8,626            |
| Bankruptcy                        | 146                       | 65               | 81                       | 3,188            |
| Lack of capital                   | 53                        | 24               | 30                       | 2,311            |
| High costs of production          | 41                        | 10               | 31                       | 2,364            |

Source: Bureau of Labor and Employment Statistics

and difficulties of workers, and thus, would stop the rapid deterioration of their quality of life. This would also further invigorate workers' struggles for their and the people's benefit. Their refusal to grant a wage increase manifests the avariciousness of big capitalists.

Some big business associations assert that they are incapable of granting a P125 increase. This, however, is belied by statistics.

Ibon Foundation, Inc. points out in a study of some manufacturing sectors, that workers receiving P290 were creating daily a value of P1,213 for the capitalists. This means that from the labor of each worker, the capitalist rakes in a net profit of P924 daily. Thus, even if they grant a P125 increase in daily wages, they would still pocket a net profit of P799. Workers in large firms where productivity is at a high level create a value much greater than this. Even if they receive higher than minimum wages, it would still be reasonable for them to demand a P125 wage increase.

Small and distressed firms have long been granted exemption from fully implementing the minimum wage law. The responsibility of asking for such an exemption lies with them. On the other hand, the workers' movement has in the past shown flexibility and provided allowances in dealing with small businessmen. This policy of the workers' movement stems from a recognition of the fact that small businessmen are experiencing a crisis principally brought about by the stifling domination of foreign big monopoly capitalists, comprador big capitalists, bureaucrats and big landlords. The small businessmen are further devastated by the all-out liberalization of trade and investment, which further pushes up their costs of production and eases them out of the market.

The workers' movement should encourage small and

middle capitalists to resist the domination of foreign and local big capitalists.

### HIGHER WAGES AGAINST HIGH PRICES

Workers should not fear the threat of big capitalists and reactionary government that increasing wages would only result in rising prices of commodities. This is a threat that should be faced by workers with greater courage and resolve to struggle.

Big capitalists refuse to have their profits reduced even by a small amount. If they should be compelled to pay higher wages, they will retaliate against workers by increasing the prices of commodities.

In a situation where there is a threat of price increases, it is the responsibility of government to prevent them by various means, including monitoring of prices, institution of price controls, providing support and subsidies for basic commodities and others.

In the face of government neglect, workers are likewise compelled to struggle against higher prices by struggling anew for wage increases.

While struggling for wage increases, the working masses and people should also bolster their readiness to oppose unrestrained price increases and government neglect of its responsibility to prevent the latter. Workers and other impoverished folk must unite to demand a reduction in the prices of basic commodities.

### ATTRACTING FOREIGN INVESTMENTS

Reactionaries assert that increasing workers' wages will stifle economic growth as this would block the entry of new foreign investments.

This argument upholds the neocolonial policy of "cheap

labor”, the policy of depressing workers’ wages in order to attract foreign investments. The concept of economic “development” that is dependent on attracting foreign investments and opening the economy fully to plunder is a distorted one. This argument thoroughly does away with the historical truth that economic growth rests on developing national industry, where local factors, not foreign investments, are stressed.

Besides being out and out anti-worker, this conceals the real and more fundamental factors behind the continuing and ever worsening economic crisis.

The economic crisis in the Philippines is permanent because of the lack of national industrialization and land reform. Imperialism has locked the Philippines into a backward state in order for it to simply become a supplier of cheap raw materials and cheap labor power for semiprocessing and a consumer of imperialist finished products.

It is a wrong policy to give priority to attracting foreign investments instead of carrying out national industrialization and its concomitant program for genuine land reform. Several decades of imperialist neocolonial rule in the country have proven that investments by foreign big capitalists do not bring advancement or progress. Instead, they wreak greater oppression and exploitation and impose

greater hardships on the national economy and the people.

Upholding imperialist “globalization” has further ravaged the already backward state of the country’s economy. This has dismantled whatever is left of economic sovereignty. Even the smallest aspect of national patrimony has been auctioned off to foreigners. The people’s interests, including the demand of workers for higher wages, have been sacrificed at the altar of “globalization”.

In the past years, the financial and economic crisis has further worsened because of the unrestrained opening up of the economy vigorously pushed by the Philippines 2000 program or the Medium Term Philippine Development Plan (MTPDP) which is in accordance with the policy of liberalization initiated by Ramos in 1992, continued by Estrada in 1998 and now perpetuated by Macapagal-Arroyo.

Under this program, the worst forms of exploitation and oppression of Filipino workers have been perpetrated. Among these are labor-only contracting, casualization, downsizing/streamlining, suppression of the right to form unions and to strike. These are all directed against increasing workers’ wages and making workers docile in order to attract foreign investments.

To resolve the Philippine economic crisis, it is necessary to carry out national industrialization and genuine land

*Daily minimum wage per region and family living wage (FLW) of a 6-person family (Mayo 2001)*

| Region    | Last increased wages | Minimum wages | FLW (Mayo 2001) |
|-----------|----------------------|---------------|-----------------|
| NCR       | November 2000        | 250           | 502             |
| CAR       | May 1 2001           | 185           | 490             |
| Region I  | December 15 2000     | 190           | 459             |
| Region 2  | November 1 2000      | 180           | 428             |
| Region 3  | November 16 2000     | 208.50        | 446             |
| Region 4  | October 19 2000      | 217           | 473             |
| Region 5  | November 1 2000      | 182           | 438             |
| Region 6  | November 16 2000     | 170           | 378             |
| Region 7  | January 1 2001       | 185           | 454             |
| Region 8  | May 1 2001           | 177           | 332             |
| Region 9  | December 1 2000      | 165           | 440             |
| Region 10 | May 1 2001           | 180           | 401             |
| Region 11 | May 1 2001           | 180           | 385             |
| Region 12 | November 16 2000     | 160           | 424             |
| CARAGA    | May 1 2001           | 173           | -               |
| ARMM      | November 19 2000     | 140           | 636             |



Source: Bureau of Labor and Employment Statistics

reform. Only through this can the economy grow in all aspects. Paying just wages to the working masses and raising the quality of life of the peasant masses through land reform would expand the consumer base of basic necessities and the market to spur local industrial and agricultural production. This would lay the basis for advancing national industrialization. On the other hand, the policy of cheap

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labor is consistent with and perpetuates the backward and unindustrialized economic state. This is contrary to the reactionaries’ assertion that raising wages of workers will hinder industrialization.

#### **THE REGIONAL WAGE BOARDS**

In order to further depress workers’ wages, the reactionary government has dismantled the national minimum wage and localized the determination of minimum wages through the Wage Rationalization Act of 1990 or Republic Act 6727. This law created the Regional Wage Boards. Its objective is to break up the ranks and disperse the struggle of workers. The Regional Wage Boards have been effectively used to keep down the level of workers’ wages despite the rapid decline in the quality of life. Since 1997, orders for increases in workers’ wages have not exceeded P67 daily even as workers need an additional P300 to procure the basic necessities for their families to live decently.

Yellow leaders in the labor movement support the deception of Regional Wage Boards by yearly submitting petitions for wage increases and expressing utmost gratitude for measly wage increase orders.

With regard to the struggle for wage increases, workers should thus, also demand for the repeal of RA 6727 and the dismantling of the Regional Wage Boards. The workers’ movement should unite in the current struggle for a legislated national and across-the-board P125 increase in daily wages.

#### **“ALTERNATIVES” TO WAGE INCREASES**

The regime is presenting various token “alternatives” in order to conceal what in essence is a refusal to grant a significant increase in workers’ wages. In her July 23 speech, Gloria Macapagal-Arroyo appealed to capitalists

to grant workers Emergency Cost of Living Allowances and hinted at the possibility of workers receiving other “benefits” including a reduction in taxes, housing programs and others. Macapagal-Arroyo is one with the reformists and other yellow leaders in forwarding these “alternatives”.

In her call to capitalists to grant ECOLA, Macapagal-Arroyo assured businessmen that this would be considered as advances to be returned by workers should they be granted wage increases. Besides, it was merely an appeal on the part Macapagal-Arroyo—and bore neither weight nor the force of law.

Another “alternative” that reformists and yellow leaders have long been calling for, and which is now being supported by Macapagal-Arroyo is the removal or reduction of withholding taxes (which are automatically deducted from workers’ wages). This is a big deception. First of all, no such tax is imposed on minimum wage earners.

Aside from this, the government’s tax collection deficit will be covered by levying additional indirect taxes which will be shouldered by the people, through cost-cutting measures in basic public service programs which the people, especially the toiling masses, are in dire need of, such as health services, education, housing and others and directly imposing ever-increasing fees on people.

Last month, public hospital fees increased by 20%. During the recent opening of classes, public colleges increased fees by 5-15%. Fees for public utilities such as water and electricity are also about to increase. There is also a plan to raise SSS contributions from 8% to 21%.

This early, a memorandum from the International Monetary Fund called for raising the value-added tax from 10% to 11%, as well as excise taxes (taxes on consumption) on cigarettes, beer and alcoholic drinks.

The basic framework of the arguments of the capitalists and the regime against granting a significant increase in workers’ wages is the neocolonial policy of cheap labor. Alongside the struggle for just wages for workers and the struggle to resist the refusal, maneuvers, deception and propaganda of the big capitalists and regime, there must be a struggle against the basic oppressive and exploitative social system.

THE STRUGGLE OF THE WORKING CLASS FOR A WAGE increase is part of the Filipino people’s struggle against the current oppressive social system. A victory for the working masses in this struggle is a victory for the entire people. It is therefore correct for all democratic and patriotic forces to show support for the struggle for wage increases and contribute their all in advancing and securing victory in this struggle. **AB**