

Rising unemployment and poverty in the Philippines

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The Philippine economy is reeling under the impact of the global recession, with growth rates slowing from 7.3 percent in 2007 to 4.6 percent in 2008 and a further steep decline expected this year. While the country is not as heavily reliant on exports as Singapore or Thailand, exports nevertheless averaged nearly 45 percent of GDP between 2003 and 2008.

Last year exports fell sharply. Merchandise exports contracted by 1.7 percent, electronics by 24.3 percent, garments by 6.5 percent and other manufactured products by 32.9 percent. Exports of mineral products slid 2.92 percent, down from a growth of more than 20 percent in 2007. Agricultural exports measured by value rose 28 percent but only because of rising prices. By volume, this sector also declined by 2 percent.

The Philippines' other major export—cheap labour—rose sharply by 28 percent, up from 1.4 percent growth in 2007. More than 1.376 million workers left the country looking for work. Compared to 2007, remittances rose last year by 15 percent to \$17 billion, according to the World Bank.

Three months into 2009, eight of the country's top ten export destinations—including the US, its main trading partner—are in recession. As a result, the Philippine government has been forced to revise its forecast for 2009 downward from a range of 3.7-4.7 percent to 3.7-4.4 percent. Other predictions are worse—ranging from 3.8 percent by the Development Bank of Singapore to 1.8 percent by the Union Bank of Switzerland.

New year-on-year data for January 2009 underscored

the dimming economic prospects. Exports dropped by 41 percent after falling sharply in December by 40 percent. Exports of manufactured goods, which comprise 84.8 percent of the total, decreased year-on-year by 39.9 percent. Agricultural commodities dropped by 38.5 percent and mineral products by 43 percent.

Recently released Labor Department figures for 2008 attempted to paint a picture of a resilient labour market, highlighting the department's claim that over 530,000 jobs were generated in 2008. The figure was well below the 924,000 jobs created in 2007 and far less than the government's annual target of 1.6 million jobs. Nearly half—262,000—were in agriculture, forestry and hunting, with average pay of \$US2.7 a day, barely above the UN poverty threshold of \$2 a day. The government's minimum cost-of-living for a family of six is over \$18 a day.

The Labor Department report acknowledged that losses of better-paid jobs in other areas had been high. In manufacturing, 135,000 jobs with an average basic daily pay of \$6 were axed. The electricity sector lost 5,000 jobs with an average daily pay of \$9. In transport, 9,000 jobs with an average daily pay of \$7 were destroyed.

Intel Corporation shut down an assembly test facility on Luzon Island and terminated 1,800 workers, more than half its 3,000 workforce. By the midyear, it expected to halt production altogether. Panasonic announced plans to close a battery factory, with 60 employees to be terminated. The business processing and outsourcing company, Accenture, announced a 50 percent cut in its 1,000-strong workforce. Another

electronics company, Amkor Technology, retrenched 1,500 workers, 20 percent of its workforce. More recently, Fujitsu announced 2,000 job cuts last month, to take effect on April 18.

The official estimate for unemployment in 2008 was 7.4 percent or 2.7 million—an increase of 0.1 percent from 2007. These figures, however, are a gross understatement. The government defines the unemployed as those who are simultaneously without work, looking for work and immediately available for work.

Moreover, “working” is broadly defined to include unpaid work for family businesses (a small farm or a small variety store) and working for oneself (street vendors, jeepney drivers). If the 4.1 million unpaid workers in family businesses, and just half of the over 10 million “self-employed” were included, the jobless total would be more than 11 million people among those 15 years and older.

In its fourth quarter survey, the Social Weather Stations (SWS), a survey group, found that 11 million people or 27.9 percent of the adult labour force (over 18 years) were unemployed. The result was based on face-to-face interviews with 1,500 people across the country. Since 2005, SWS surveys have shown an unemployment rate in double figures. In 2007, 17.5 percent were unemployed despite record economic growth of more than 7 percent.

In another survey, SWS reported a record 23.7 percent increase in the number of families experiencing hunger at least once in three months, to 4.3 million families or more than 20 million people.

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According to a 2006 government survey, more than 27.6 million Filipinos or 32.9 percent of the population are poor. The figure includes those who could not “provide in a sustained manner for their minimum basic needs for food, health, education, housing, and other social amenities of life”. The number of “subsistence poor”—those unable to provide enough to eat—were over 12.2 million. The figures are undoubtedly worse today.

The government estimates that 935,700 workers are at risk of losing their jobs both locally and abroad this year. Over 362,000 jobs in the export sector are under threat—90 percent of those are in the electronics, garments and ignition wiring sub-sectors.

More than 500,000 overseas jobs are under threat. There are 129,000 temporary workers in the recession-racked US. Also in recession are South Korea and Taiwan, which between them employ 200,000 Filipino factory workers. Another 48,000 housemaids are employed in Hong Kong and Singapore, which are both contracting economically.

In addition, the government estimates that 130,000 seamen on cruise ships are facing layoffs. Japanese ship owners, according to Agence France Presse, have notified the government that more than 40,000 crew members on car carriers, bulk carriers and container ships will be laid off as world trade continues to slow.

President Gloria Arroyo’s administration has responded by shifting the burden onto working people. Labour regulations are set to be relaxed to allow for unpaid overtime and a compressed work week. Nearly half the workforce is employed in the so-called informal sector where workers are not even protected by the country’s weak labour code and regulations and receive less than the minimum legal wage.

As the economy sinks further and unemployment continues to grow, a social explosion is building up as working people find it increasingly impossible to make ends meet.



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