Paltry pay rise for workers in Philippine capital

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The daily minimum wage for workers in Metro Manila, the national capital region of the Philippines, is set to rise by just 30 pesos, or 70 US cents, after the National Wages and Productivity Commission (NWPC) last week dismissed objections by the Employers Conference of the Philippines (ECOP).

Local and foreign businesses bitterly opposed the paltry pay rise when it was announced in May. ECOP lambasted the increase as “excessive” and “confiscatory.” The Joint Foreign Chambers of Commerce warned of job cuts and business closures, blaming so-called high wages for the low level of foreign investment in the country. ECOP is expected to mount a legal challenge to the decision by the end of July.

The intransigence of the employers is in sharp contrast to the stance of the trade union leaders, who originally called for a rise of 90 pesos, or $US2.16, but quickly acquiesced to the NWPC decision. According to a *Business World* report, union officials declared they had done their “moral and political duty for minimum wage earning workers in Metro Manila… to cope during difficult economic times.”

The increase is to be doled in two parts—a 20-pesos rise last month and a further 10 pesos in November. It will peg the daily minimum wage at 456 pesos, directly affecting 700,000 workers, with a knock-on effect for 2.6 million workers earning above the minimum. The minimum wage will still be below the Metro Manila poverty threshold of 500 pesos a day for a family with 5 to 6 members. The increase is roughly equivalent to the price of a small burger with a bun.

By contrast, the lowest estimated compensation for a corporate CEO is just over 73,000 pesos per month. Acting ECOP president Rene Y. Soriano, a chief executive officer for a corporation specializing in manpower contracting services, undoubtedly earns nothing less than 100,000 pesos a month.

CEO pay packages are far higher for major corporations. In 2011, Federico R. Lopez, CEO of First Gen Corporation, was paid a monthly compensation of 2,987,333 pesos. Jaime Augusto Zobel de Ayala, CEO of the Ayala Corp, earned 2,418,056 pesos.

Corporate hostility to the pay rise reflects concerns that the Philippines is becoming “uncompetitive.”

In US dollar terms, Metro Manila has the third highest daily minimum wage—$US10.70—in South East Asia. The daily wage in China, according to NWPC, is $7.89 or less. Thailand’s daily wage peaks at $9.60, while in Vietnam it is $3.17 and in Cambodia just $2.03.

According to an ABS-CBN News report, over the four decades since 1970, $34 billion was invested in the Philippines, compared to $112 billion in Malaysia and $109 billion in Thailand.

Workers should not be under any illusion that the wage rise means that President Benigno Aquino has their interests at heart. In May, Aquino publicly refused to back a pending bill to raise daily wages across-the-board by 125 pesos.

The treacherous role of the trade unions was underscored by the fact that Aquino made the announcement during a breakfast meeting with officials from the Alliance of Progressive Labor (APL) and the Trade Union Congress of the Philippines (TUCP). The unions had claimed that the breakfast, held in the run up to Labor Day celebrations, would help “pressure” Aquino to make concessions on job contractualization, the demolition of squatters’ homes, wage increases, privatization and unemployment.

The small wage increase is simply the preparation for a further assault on the working class. Aquino is now pushing to end the minimum wage in an effort to attract foreign investment.

Instead of a minimum wage, a two-tier wage system is being implemented across the country. According to the Philippine News Agency, “the two-tiered wage system consists of a fixed ‘floor wage’ or entry-level wage for new entrants and low-skilled workers, and a flexible wage above the floor based on worker productivity and industry or enterprise performance which may be negotiated between the employer and the workers.”

The wage system is being tested out in the Cavite, Laguna, Batangas, Quezon and Rizal provinces. The floor wage has been set on the basis of regional poverty thresholds, the average of regional wages and cost of living conditions. The second tier, on the other hand, is to be set by Productivity Improvement and Incentives Committees established at the enterprise level. They will determine the “parameters, measurements, coverage, amount, frequency, and manner of payment of productivity-based pay to be given to workers.” The adjustment to the new wage system is to be completed by 2016.

The end result will be to condemn young, inexperienced, or new workers to near poverty wages while older workers will be pushed to accept speed ups and other so-called productivity measures to earn anything above the floor wage.

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