

# Philippine government implements two-tier wages

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Philippine President Benigno Aquino is dismantling the minimum wage system and, in its stead, establishing a two-tier wage system. Along with the ongoing destruction of regular employment and the expansion of contractualization and underemployment, this is a major assault on the already dire living standards of Filipino workers.

Under the current system, wages in the Philippines are higher than in other Southeast Asian countries. Daily minimum wages range from as low as \$US3.30 in a retail or service establishment with 10 or less workers to as high as \$10.37 for a non-agricultural worker in the national capital region. By comparison, the daily minimum wage in Cambodia is \$2.03; in Vietnam the rates are from \$2.27 to \$3.17. In Indonesia, the daily minimum wage ranges from \$3.03 to \$5.54. In Thailand, the range is from \$7.11 to \$9.60 and, in China, from \$4.00 to \$7.89.

Nevertheless, minimum wages in the Philippines are substantially below the poverty threshold. In the national capital region, the poverty line is \$15 a day for a family of five, or 50 percent higher than the existing regional wage rates. In addition, nearly 30 percent of all businesses do not comply with the minimum wage rates.

Unsurprisingly, the poverty and destitution of over 3 million workers who earn minimum wages have not assuaged the appetites of the bourgeoisie for ever increasing profits. According to a Manila Bulletin report, the Joint Foreign Chambers has called the minimum wage system unfair, uncompetitive and a barrier to attracting foreign direct investment. Earlier this year, the Employers Conference of the Philippines demanded a review of the pay system to take account of productivity and employers' capacity for expansion and growth.

Aquino is implementing the demand of foreign and local businesses. His administration's explicit goal is to dismantle the minimum wage system by 2013 and replace it with a two-tier scheme.

The two-tier system will consist of a mandatory floor wage for new hires and low skilled workers as the first tier, and a productivity-based pay system as the second tier. According to National Wages and Productivity Commission executive director Ciriaco Lagunzad, "the floor wage shall be higher than the poverty threshold but lower than average wages" while the "the productivity based pay system shall be issued in the form of wage advisories with industry-specific wage recommendations based on labor productivity growth, labor market conditions and business expectations, among others."

In other words, there will be near-poverty wages for young workers and new hires, and a ratcheting up of the rate of exploitation for older and experienced workers in return for paltry pay increases that have nothing do with inflation or increases in cost of living.

In addition, the government has officially reduced the poverty threshold from \$1.24 a day for a person to \$1.09 a day, indicating that massive cuts are in the offing, even for those earning the floor wages.

The two-tier wage system is already in operation in seven regions, affecting nearly 20 million workers.

The trade unions and the petty bourgeois radicals have responded opportunistically to this assault on the working class. While ostensibly opposing the two-tier wage system, they are pushing instead for a legislative wage increase, attempting to sow illusions among workers that the Aquino administration can be pressured to make concessions.

Every section of the so-called left in the Philippines pushes the line of an across the board legislative P125

(\$US3) wage hike. This includes the front organizations of the Maoist Communist Party of the Philippines (CPP), such as Kilusang Mayo Uno (KMU) and Anakpawis, and the various rival organizations that broke from the CPP in the 1990s. The demand was first put forward in 2000 and has been the central demand of these organizations for the past 12 years. They have directed the working class in rallies, marches, petitions and strikes to appeal to the Philippine government to increase wages.

Time and again the pseudo-left has directed the Philippine working class to beg each incoming administration for the same threadbare demand of a legislated wage hike. Bitterly opposed to an independent political struggle by the working class, the various Stalinist organizations have subordinated workers and the rural poor to one or other party of the national bourgeoisie, which has been falsely presented as “progressive.”

When the successive administrations of Joseph Estrada, Gloria Arroyo and Aquino have spurned these requests, the CPP and other groups have responded by denouncing the administration’s “treachery.” There is no treachery involved. The power of the state, embodied in its political representatives, serves the exclusive interests of the ruling class. The cycle of groveling appeals followed by moralistic denunciations has only produced one disaster after another for the working class.

The only way forward for the Philippine working class, in the face of the escalating attack on wages and working conditions, is to break from all the various Maoist parties and pseudo-left organizations and to take up the struggle for socialist internationalism. This requires a serious study of the difficult and protracted struggle of the Trotskyist movement against all varieties of Stalinism, including Maoism, and the building of a Philippine section of the International Committee of the Fourth International.



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