

Republic of the Philippines
HOUSE OF REPRESENTATIVES
THIRTEENTH CONGRESS

First Regular Session

House Bill No. 4293

Introduced by
Anakpawis Representatives Crispin B. Beltran, Rafael V. Mariano;
Bayan Muna Representative Teodoro A. Casiño, Gabriela Women's Party Rep. Liza Largoza-Maza;
Bayan Muna Representatives Satur C. Ocampo and Joel G. Virador

EXPLANATORY NOTE

The history of wage setting in the Philippines is characterized by labor exploitation and employers and capitalists' power and influence over the legislative processes of the land. Through the first wage law RA 602 enacted in 1951 to the present RA 6727 enacted in 1989, the Philippine government has guaranteed that Filipino workers remain virtual slaves - receiving the lowest wages even as they bring in the biggest profits for capitalists.

Since the 1950s, the productivity of the Filipino people has increased annually and at a steady rate. Wages paid to direct producers, however, averaged only to 30% of the wealth produced from 1951 to 1998. The biggest part of the unpaid value produced or about 38% is spent to finance the extravagant lifestyles of the rich and ruling sectors of society which constitutes only three percent of the country's population. About 12% is spent to finance the constant deficits in the colonial trade and to fund government operations, more than 60% of which are either spent on payments of local and foreign debt payments or lost to corruption. Finally, only 20% of the over-all wealth of the country is used for the development of the means of production.

Consequently, the economy has remained agrarian, backward and pre-industrial. The lives of the Filipino people - the working masses composed of the industrial proletariat, semi-proletariat, poor peasants and lower middle peasants who rely on selling their labor power to augment their farm income and the petty bourgeoisie - have deteriorated.

RA 6727 which was enacted after the ouster of the Marcos dictatorship is a glaring example of a wage law enacted by the government that heightened labor exploitation to unprecedented levels. Nearly two decades after this law was enacted, the working people remain victims of low wages. According to the analysis and stand of workers unions and ecumenical institutions advocating labor rights, RA 6727 enacted under the presidency of landlord president Corazon Cojuangco Aquino is the most notorious and violative of workers' rights to living and decent wages.

The transformation of the landlord and bourgeois comprador-dominated wage boards into formal organizations authorized to determine and execute the self-serving judgment and decision of its members from the ranks of big business and employers regarding wages was a violent and comprehensive attack against the economic interest of workers. The government, through this anti-labor, mercenary law, gave businesses and employers the direct power to determine the ultimate level of exploitation that they can impose on the working people.

The law also shields the Philippine government from direct accountability for the increased and worsened poverty of workers, correspondent to the increased magnitude of exploitation borne by the law's disastrous effects.

In the meantime, the granting of powers to the regional wage boards also dispersed the battle lines on the wage issue to other regions where, away from the scrutiny of militant public opinion, the landlord and bourgeois comprador classes hold firmer control. The creation of these regional wage boards had the effect of blunting the power of the country's militant labor movement to fight for nationwide and across-the-board wage increases through concentrated political battles in the National Capital Region (NCR) or in other centers of the government's authority and power.

RA 6727 employs the most deceptive language to mask its essential anti-labor nature and objective. It maintains a façade of having democratic, just and progressive aims. Section 2 of RA 6727 says that the State needs to *"rationalize the fixing of minimum wages..."*

- 1. To promote productivity-improvement and gain-sharing measures to ensure a decent standard of living for the workers and their families;*
- 2. To guarantee the rights of labor to its just share in the fruits of production;*
- 3. To enhance employment generation in the countryside through industrial dispersal; and*
- 4. To allow business and industry reasonable returns on investment.*

The first two supposed aims of the law are blatant lies. RA 6727, at the very first instance, ensured that the interest of landlords remained tightly entrenched by pegging the wages in feudal estates such as Hacienda Luisita lower by 34.27% compared to wages of workers in the service and industrial sectors. The law also discriminates against agricultural workers in Metro Manila who receive wages 14.24%-17.85% less than the wages of workers in the other sectors.

Consequently, the disparity between the wage levels for Metro Manila and the provinces, even for workers in the service and industrial levels, widened. Whereas wages for the two sectors throughout the Philippines were equal at P89.00 in 1989, a disparity of P4.81 or 4.5% appeared the following year and increased to P71.17 or 28% by 2001.

Enhancement of employment generation in the countryside through industry dispersal as maintained by the third aim is not a real intent RA 6727. It is a deceptive articulation of the government which gives wider opportunity to foreign big business monopolies and their local business partners to increase their profits by taking advantage of the cheaper labor cost in the provinces. The wide disparity between wages in Metro Manila and wages in the provinces created by the landlord bourgeois comprador-controlled regional wage boards induced multinational corporations to relocate to the provinces particularly in the export processing zones.

This fact exposes the real pro-foreign big business, pro-monopoly character and orientation of RA 6727. It has not only allowed business & industry reasonable returns on investment as maintained by the law's supposed fourth aim. It is clear that (from the government's own statistics) the law's only consequence is the increased exploitation of the working people. Since 1989, government and business leaders have exuberantly bragged on the constant growth of the industry, service and agriculture sectors. However, they remain indifferent to the stagnation of wages.

The masses' just demands for across the board wage increase are met with obscure and immaterial arguments. Among these are:

- 1.Higher wages is not good for the economy because it scares away foreign investments (*i.e. foreign monopoly capital*) that presently employs a big part of the labor force.
- 2.Wage levels in the Philippines are too high. In fact, it is highest in the region.
- 3.Granted wage increases would lead to the bankruptcy of small and medium scale enterprises.
- 4.Wage increase is impermissible at this time because of the fiscal crisis.

Blatantly and conspicuously absent from these discourses are the aims of *"guaranteeing the rights of labor to its just share in the fruits of production, and ensuring a decent standard of living for the workers and their families."*

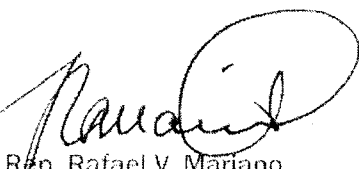
Likewise, these divert discussions away from the irrefutable relationship between ever-increasing profits and ever worsening poverty consequent to the machination of the ruling classes in implementing the law.

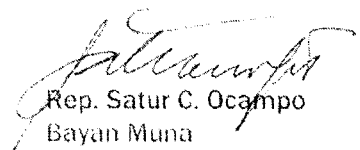
It is evident that labor productivity has been growing at a very past pace such that the productivity in 1994 almost doubled that of 1987. However, wages have stagnated at a mere quarter of the value each worker produced every year.

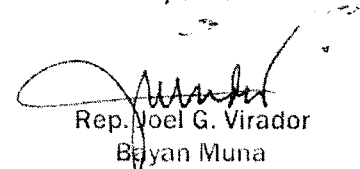
The 74.9% average of unpaid labor for the indicated years is the worst in Philippine history. Meanwhile, the allocation of the wealth produced show the increased avarice of imperialism and the ruling.

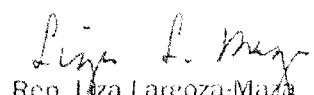
Clearly, the exploitation generated by the post Martial Law wage laws, especially RA 6727, has reached monstrous proportions. The repeal of these anti-worker, anti-poor wage laws and the enactment of pro-labor laws in their stead can provide temporary reprieve for the working people, and Congress must prioritize the repeal of these measures and legislate laws that will uphold the economic welfare of workers' and the rest of the working people.

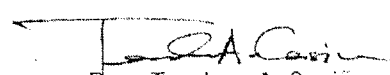

Rep. Crispin B. Beltran
Anakpawis


Rep. Rafael V. Mariano
Anakpawis


Rep. Satur C. Ocampo
Bayan Muna


Rep. Noel G. Virador
Bayan Muna


Rep. Liza Largoza-Maza
Gabriela Women's Party


Rep. Teodoro A. Casiño
Bayan Muna

Republic of the Philippines
HOUSE OF REPRESENTATIVES
THIRTEENTH CONGRESS

First Regular Session

House Bill No. 4293

Introduced by

Anakpawis Representatives Crispin B. Beltran, Rafael V. Mariano, Bayan Muna Representative Teodoro A. Casiño, Gabriela Women's Party Rep. Liza Largoza-Maza;
Bayan Muna Representatives Satur C. Ocampo and Joel G. Virador

AN ACT

REPEALING REPUBLIC ACT NUMBERED 6727, OTHERWISE KNOWN AS AN ACT TO RATIONALIZE WAGE POLICY DETERMINATION BY ESTABLISHING THE MECHANISM AND PROPER STANDARDS THEREFOR, AMENDING FOR THE PURPOSE ARTICLE 99 OF, AND INCORPORATING ARTICLES 120, 121, 122, 123, 124, 126, AND 127 INTO, PRESIDENTIAL DECREE NO. 442, AS AMENDED, OTHERWISE KNOWN AS THE LABOR CODE OF THE PHILIPPINES, FIXING NEW WAGE RATES, PROVIDING WAGE INCENTIVES FOR INDUSTRIAL DISPERSAL TO THE COUNTRYSIDE, AND FOR OTHER PURPOSES

SECTION 1. Any provision of law to the contrary notwithstanding, Republic Act Numbered 6727 otherwise known as An Act to Rationalize Wage Policy Determination by Establishing the Mechanism and Proper Standards therefor, amending for the purpose Article 99 of, and Incorporating Articles 120, 121, 122, 123, 124, 126, and 127 into, Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, fixing new wage rates, providing wage incentives for industrial dispersal to the countryside, and for other purposes, is hereby repealed.

SECTION 2. This Act shall take effect in fifteen (15) days after the completion of its publication in at least two (2) national newspapers of general circulation.

Approved,